

*This Week's Issue:*

Medicaid Expansion FAQ	1
Medicaid Expansion Alternative Proposal	2
Notes From GOP Leader	3
More on Anthem "Narrow Network" Plan	4

## Frequently Asked Questions on Expansion of Medicaid

We thought it would be helpful for us to provide some answers to questions you may have about Medicaid expansion in New Hampshire. These 4 points cover some of the main political issues surrounding expansion.

*Note: These do not address the alternative proposal that was brought before the commission last week. We have a separate piece on the alternative proposal on page 3.*

### **Proponents of Medicaid expansion are calling it a \$2.5 billion infusion into the New Hampshire economy. Is that an accurate statement?**

**No.** As part of Obamacare, Medicaid expansion is funded, in part, [by over 20 new or increased taxes](#), including taxes on employers and individuals who choose not to buy health insurance, a surtax on investment income, a tax on health savings accounts, a tax on medical device manufacturers, and taxes on insurance companies, drug companies and charitable hospitals, among others. According to the Congressional Budget Office (CBO), only 65% of the federal health law's funding comes from these new taxes and fees —and the Obama Administration's recent decision to delay penalties for the employer mandate is expected to reduce these revenues even further.

Also, in order to pay for Obamacare, [there will also be cuts to Medicare that could total over \\$700billion](#). Seniors may have to deal with higher out-of-pocket costs, fewer benefits, and fewer plan choices.

There is no dedicated federal funding stream specifically for Medicaid expansion except for borrowed dollars that will increase our already staggering nearly \$17 trillion national debt. The CBO estimates that the federal government is expected to run annual deficits. If New Hampshire expands Medicaid, it will add \$2.5billion to those deficits and debt.

This is not "free money" from Washington. New Hampshire citizens and businesses will be paying for this expansion through federal taxes, and future generations will be burdened with even more debt than we see today.

Continued on page 2...

## Important Upcoming Dates & Events

- Friday, September 27, 2013 Last day to file LSRs (4:00 p.m.)
- Tuesday, October 15<sup>th</sup>, 2013 Deadline for the Medicaid Expansion Commission to Issue their report and recommendations
- Friday, November 15, 2013 Last day to sign off LSRs (4:00 p.m.)
- Friday, November 22, 2013 Last day to report retained Bills
- Wednesday, January 8, 2014 Last day to introduce House Legislation

## Frequently Asked Questions on Expansion of Medicaid (Continued from page 1)

### But this money will only go to insure people who are currently uninsured, right?

**Wrong.** [According a study by the Lewin Group](#), of the 100,000 New Hampshire citizens who become newly eligible for Medicaid, 51,000 of them already have private insurance. Of the 58,000 citizens who are expected enroll in Medicaid, an estimated 20,500 would leave their employer sponsored private health insurance and enroll in Medicaid. These 20,500 who are already insured will shift from private insurance, for which they have to contribute, to Medicaid, which is free to them but paid for by other taxpayers. This is called “crowd-out”.

Research focusing specifically on the populations targeted by the federal health law predicts a much higher crowd-out effect. Some economists predict that the federal health law’s Medicaid expansion could produce a crowd-out rate of 82%, suggesting that the optional expansion will merely shift workers and their families from private to public insurance, rather than reduce the number of uninsured. In New Hampshire, a crowd-out rate of 82% could mean more than 40,000 privately insured people could switch to tax-payer funded Medicaid.

### Will the State incur any costs as a result of expanding Medicaid?

**Yes.** In addition to an annual \$3.5m administrative cost borne by the state, the federal health law promises to pay for Medicaid expansion at 100% for the first few years, then tapering down to 90% in 2020 in beyond. A [study commissioned](#) by the New Hampshire Department of Health and Human Services determined that the State costs from 2014-2020 could be as high as \$102million.

There have already been proposals to cut Medicaid funding to the states. President Obama’s FY 2012 and FY 2013 federal budgets proposed a “blended rate” that would dramatically increase states’ share of Medicaid expansion costs over time.

Using CBO numbers, The Heritage Foundation estimates that with just a 10% cut to what the federal health law has promised, New Hampshire’s share of Medicaid expansion costs could more than double. With a continuing resolution funding the federal government, nearly \$17 trillion in debt, and continued gridlock in Washington, federal funding cuts to Medicaid will always be on the table.

### Could New Hampshire expand Medicaid now but end the program if the federal government doesn’t uphold their end of the bargain?

**Yes**, but it would necessitate specific language in the New Hampshire law to trigger a withdrawal. For example, Arizona’s expanded Medicaid law contains language that would end the program if federal funding drops below 80%. As most people would realize, it is much more difficult, if not nearly impossible, to rescind these types of programs after they’ve been instituted.

#### Medicaid Fast Facts:

- The population newly eligible for Medicaid includes all adults under age 65 whose household incomes are less than or equal to 138 percent of the federal poverty level (FPL)
- For a unmarried childless person, 138% of FPL = \$15,856. For a family of 2, \$21,404. For a family of 3, \$26,951. For a family of 4, \$32,499. For each additional member, add \$4,020
- According to DHHS, as of July 2012, NH had 142,198 Medicaid beneficiaries
- According to DHHS, caseload is directly related to the unemployment rate with no appreciable reduction after economic recovery

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## Medicaid Expansion Alternative Presented to Commission

After a week of technical issues, the Commission was able to post video of Dr. Avik Roy's testimony from September 10<sup>th</sup>.

The video is accessible here: [Medicaid Expansion Video](#). Dr. Roy's testimony begins at around 9:00min and the question and answer period following his testimony last until approximately 01:30:00. To follow along, you can access the hand out provided to commissioners [via this link](#).

By now, you may have already heard most of the major details of the alternative concept plan he offered, as represented in the media coverage late last week. Here are a couple of the stories that followed the testimony:

[Doctor presents on alternative to expanding Medicaid in NH - Nashua Telegraph](#)

[Alternative plan offered to expansion of Medicaid in NH - Union Leader](#)

There are a few important things to point out. First, this is a hypothetical proposal based on some suggested guidelines. It is not an official plan being offered, but a concept on how to expand health insurance coverage, through private insurance, rather than by expanding Medicaid. There are many variables that can and most likely will be adjusted as the concept is explored further.

As Senate President Morse said on WMUR's Close Up program on Sunday morning, when the creation of Commission was approved as part of the State budget, there was bipartisan agreement in both the House and Senate that the Commission fully explore the Medicaid Expansion issue, and that includes exploring alternatives. Dr. Roy's concept one alternative that offers a way to privately insure low income Granite Staters with what many believe is better access to health care through private, not government, insurance options.

We look forward to learning more about potential costs associated with this type of plan, and how the concept may be tailored to create maximum benefit for New Hampshire's citizens and taxpayers. We will keep you informed as things progress and as the Commission develops its recommendations in the coming weeks.

## Notes From the House Republican Leader

Friends,

I hope you had an enjoyable summer. The House Republican office has stayed quite busy following and analyzing all of the developments here in New Hampshire regarding Obamacare as it relates to Medicaid Expansion and health insurance exchanges. We are also carefully watching bills retained last session that will come to the floor before the year is done.

As many of you know legislative aide Andrew Provencher departed to pursue an opportunity in the private sector. He is also helping out the NHGOP with special elections. We welcomed Meg Stone to the House Republican Office staff in late August. Meg had previously worked with us during the 2013 session 3 days per week. She will now be here on a full time basis as legislative aide. Aside from her previous experience with the House, Meg has held communications and field positions with the NHGOP and Mitt Romney for President. She is a graduate of Keene State College.

We will continue to send regular updates throughout the fall.  
Please send us your thoughts and suggestions.

*Gene G. Chandler*

## Anthem Briefs State Senate on Narrow Network Plan

Senate Leadership invited Anthem to brief Senators on their recently unveiled “Pathway” individual health plans that will be sold on the Obamacare (ACA) health exchange in the State. The plans, as you may recall, offer a narrower network of hospitals and physicians as a means to offset costs associated with Obamacare mandates.

**The video is posted here:** <http://www.ustream.tv/recorded/38929059>. You will have to turn up the volume a fair amount. They were not using microphones and the acoustics in the room are not great.

The materials they handed out are [available by clicking here](#), which include rates on selected plans. They did not provide a copy of the presentation; however, most of the information in their presentation is included in the handouts.

A couple of key points given by Anthem this morning:

- Because of the groups coming into the individual plan market as a result of ACA mandates, many of whom are currently uninsured or in the high-risk pool, claims would rise significantly and therefore rates for individual plans would have risen 30-40%.
- They felt that this rise in cost due to the ACA would “not meet their customers’ need for affordability” and therefore because of ACA mandates, their plans needed tailoring because they would be unaffordable to those who would most likely seek coverage in the individual market.
- Rates agreed to by hospitals in the narrowed network help offset the costs to Anthem, associated with the ACA, as a result of higher claims, that would have otherwise resulted in a spike in premiums.
- The reduction in network was designed to give these select hospitals some guarantee of increased volume of patients in order to balance what we can assume are lower reimbursement rates.
- The hospitals in network were not chosen by quality of care, but on the availability of services and geographic location. Hospitals who were not consulted to be in the network were, more often than not, the victim of their proximity to other hospitals that provide a broader range of services and/or can service a maximum geographic area.
- The network meets the state’s adequacy standard. They claim 90% of insureds will be within 20mi of a hospital.
- They concede that many people will have to switch physicians or opt to purchase coverage through another provider, with higher premiums, to retain their current physician.

*“I’m very unhappy with how Obamacare is rolling out in the state. We were told two things were going to happen. First, there would be competition through the [insurance] marketplace, so the patient would have the best competition and lowest premium. That has not happened. It’s not Anthem’s fault but it’s real. Number 2, That patients can keep their doctors. That’s not going to happen for many people... Why are people having to give up their doctors? Why are charity hospitals that have been around 75, 100 years being unilaterally excluded from Obamacare? This is not fair.” ~ Frisbie Memorial Hospital CEO Alvin Felgar at the Anthem briefing on Wednesday (at 1:08:30 of the [linked video](#)).*