

The State of Medicaid Expansion Post-Midterms

By most accounts, the biggest winner of the U.S. midterm elections was Medicaid Expansion. On November 6, 2018, three states passed ballot measures to expand Medicaid, while the residents of two other non-expansion states voted in Democratic governors in favor of expanding Medicaid. This recent overt display of support for expansion comes on the heels of a number of additional states that have reconsidered, and expanded, Medicaid.

The ballot measures passed in three Republican majority states, i.e., Idaho, Nebraska, and Utah, will increase the number of Medicaid Expansion states to 37.¹ For Idaho, expanding Medicaid had become more favorable over the past couple of years.² The ballot initiative passed easily, with 61% of residents voting for expansion, and 39% voting against it.³ However, the ballot did not include any plan for paying for the expansion, which task will now be the responsibility of the state legislature.⁴ Upon expansion, an estimated additional 69,000 residents will be covered (reducing Idaho's uninsured rate from 14.6% to 9.9%).⁵

In Nebraska, the expansion ballot initiative passed by a relatively tighter margin (53% in favor to 47% opposed).⁶ Of note, Nebraska's governor has stated that while he would "follow the will of the voters," he would not sign any bill that financed Medicaid Expansion through a tax increase – no financing plan is currently in place for the expansion.⁷ Upon expansion, an estimated additional 45,000 Nebraskans will be covered (reducing the uninsured rate from 12.4% to 9.6%).⁸

Utah's expansion initiative margin of victory was the same as in Nebraska – 53% in favor to 47% opposed.⁹ Unlike Nebraska and Idaho, however, voters agreed upon a partial financing plan for the expansion, by adding 0.15% to the state sales tax (which is expected to generate approximately \$90 million in revenue).¹⁰ This passage is expected to expand Medicaid eligibility to approximately 150,000 Utahans, lowering the state's uninsured rate from 13.3% to 10.5%.¹¹

The state of Montana, on the other hand, voted to reject a plan to preserve the funding for their current Medicaid Expansion program through 2019.¹² The initiative, the "single most expensive ballot measure in Montana history," with over \$17 million alone coming from tobacco companies,¹³ was shot down, with 53% of votes against the measure, and 47% of votes in favor.¹⁴

A significant reason for the opposition was that, attached to the expansion extension measure was the \$2-per-cigarette-pack tax hike, as well as additional taxes on other tobacco products, such as e-cigarettes (which are not currently taxed), which would have helped to fund expansion going forward.¹⁵ If the state legislature does not find an avenue to continue funding Medicaid Expansion in Montana, it will expire in 2019, leaving almost 100,000 individuals without health insurance,¹⁶ and making it the first state to un-expand Medicaid.¹⁷

In addition to the three states expanding Medicaid through ballot initiatives, two states, Kansas and Wisconsin, voted in Democrats who made Medicaid Expansion a campaign priority, replacing Republican governors who had previously stonewalled expansion efforts in those states. In the Kansas gubernatorial race, Democrat Laura Kelly defeated Kansas Secretary of State Kris Kobach.¹⁸ The former governor, Sam Brownback, vetoed a 2017 expansion bill presented to him by the Kansas legislature, denying extending coverage to approximately 150,000 Kansans.¹⁹ In Wisconsin, Democrat Tony Evers narrowly defeated incumbent Governor Scott Walker.²⁰ Although Evers has stated his intent to work with the state legislature to pass an expansion bill, the legislature has explicitly opposed expanding Medicaid.²¹ Any potential development in the state will be unique, as Wisconsin's application to add work requirements to its current Medicaid program was recently approved by CMS, adding a novel wrinkle to any potential expansion.²²

The recent wave of voter decisions regarding Medicaid Expansion builds upon the development of another two states over the course of 2018. As discussed in the June 2018 *Health Capital Topics* article,²³ Virginia and Maine have recently taken steps to expand Medicaid in their respective states. In May 2018, Virginia's Republican-controlled Senate voted to expand Medicaid to cover "an additional 400,000 low-income adults" starting in 2019,²⁴ but is seeking a work requirement amendment that non-disabled adults must either work or volunteer to be eligible for the expanded program.²⁵ In the fall of 2017, Maine voters became the first in the nation to approve Medicaid Expansion through a public referendum, but Maine's Governor, Paul LePage, refused to move ahead with the expansion.²⁶ The newly-elected Democratic governor, however, has stated that one of her

first acts, upon the commencement of her term in January 2019, will be to implement the expanded program.²⁷

Despite the ebb and flow of public support over the past seven years related to the *Patient Protection and Affordable Care Act* (ACA), which instituted the Medicaid Expansion program, Medicaid Expansion support appears to be gaining steam. In states where elected leaders would not adhere to the will of their

constituents, residents nevertheless largely either voted to expand Medicaid through popular referendums or ousted leaders who would not expand the program. Whether the remaining 14 states that have not voted to expand Medicaid will now follow suit before they lose out on more federal government funding through the program (which funding will be reduced to 90% in 2020²⁸) remains to be seen.

- 1 “Idaho, Nebraska and Utah Vote to Expand Medicaid” By Abby Goodnough, *New York Times*, November 7, 2018, <https://www.nytimes.com/2018/11/07/health/medicaid-expansion-ballot.html> (Accessed 11/15/18).
- 2 “The ballot revolt to bring Medicaid expansion to Trump country” By Paul Demko, *Politico*, October 19, 2018, <https://www.politico.com/story/2018/10/19/medicaid-expansion-trump-country-864421> (Accessed 11/15/18).
- 3 “Idaho, Nebraska, and Utah vote to expand Medicaid” By Sarah Kliff, *Vox*, November 7, 2018, <https://www.vox.com/2018/11/7/18055848/medicaid-expansion-idaho-nebraska-utah> (Accessed 11/15/18).
- 4 Goodnough, November 7, 2018. The federal government funded 100% of Medicaid Expansion between 2014 and 2016, but is now in the midst of phasing down to 90% (which threshold will be in place from 2020 on). “Medicaid Financing: How Does it Work and What are the Implications?” By Laura Snyder and Robin Rudowitz, Henry J Kaiser Family Foundation, May 20, 2015, <https://www.kff.org/medicaid/issue-brief/medicaid-financing-how-does-it-work-and-what-are-the-implications/> (Accessed 11/19/18).
- 5 “The Implications of Medicaid Expansion in the Remaining States: 2018 Update” By Matthew Buettgens, Robert Wood Johnson Foundation, and Urban Institute, May 2018, https://www.urban.org/sites/default/files/publication/98467/the_implications_of_medicaid_expansion_2001838_2.pdf (Accessed 11/15/18), p. 5; “Idaho Medicaid Expansion Sails To Victory” By Bruce Jaspens, *Forbes*, November 7, 2018, <https://www.forbes.com/sites/brucejapsen/2018/11/07/idaho-medicaid-expansion-sails-to-victory/#2b0817ec3ecb> (Accessed 11/15/18).
- 6 Kliff, November 7, 2018; “Unofficial Results: General Election - November 6, 2018” Nebraska Secretary of State Election Results, November 9, 2018, <https://electionresults.sos.ne.gov/resultsSW.aspx?text=Race&type=SW&map=CTY> (Accessed 11/15/18).
- 7 “Midterm Election Boosts Medicaid Expansion, But Challenges Remain” By Phil Galewitz, *Kaiser Health News*, November 8, 2018, <https://khn.org/news/midterm-election-boosts-medicaid-expansion-but-challenges-remain/> (Accessed 11/15/18); Goodnough, November 7, 2018.
- 8 Estimates as to the number of residents who will now be covered under Medicaid Expansion have ranged as high as 80,000. Galewitz, November 8, 2018; Buettgens, May 2018, p. 5.
- 9 “UT Ballot Propositions” Utah Election Preliminary Results, <https://electionresults.utah.gov/elections/ballotprops> (Accessed 11/15/18).
- 10 Galewitz, November 8, 2018; “150,000 more Utahns poised to get medical coverage as voters OK Medicaid expansion” By Benjamin Wood, *The Salt Lake Tribune*, November 7, 2018, <https://www.sltrib.com/news/politics/2018/11/07/utah-voters-back-medicaid/> (Accessed 11/15/18).
- 11 Wood, November 7, 2018. Another study has estimated the “take up” to be closer to 76,000. Buettgens, May 2018, p. 5.
- 12 “After Midterm Defeat, Advocates For Montana’s Medicaid Expansion Turn To Legislature” By Erick Whitney, *National Public Radio*, November 8, 2018, <https://www.npr.org/sections/health-shots/2018/11/08/665770578/after-midterm-defeat-advocates-for-montanas-medicaid-expansion-turn-to-legislature> (Accessed 11/15/18).
- 13 Of note, Montana has fewer than 200,000 smokers. Whitney, November 8, 2018.
- 14 “Legislative Referendum No. 129 - Prohibition of Ballot Collection by Certain Individuals” Montana Secretary of state, <http://mtelectionresults.gov/resultsSW.aspx?type=BQ> (Accessed 11/15/18).
- 15 Whitney, November 8, 2018.
- 16 “Tobacco Tax Battle Could Torch Montana Medicaid Expansion” Eric Whitney, *Montana Public Radio*, *Kaiser Health News*, November 5, 2018, <https://khn.org/news/tobacco-tax-battle-could-torch-montana-medicaid-expansion/> (Accessed 11/15/18).
- 17 Whitney, November 8, 2018.
- 18 “Voters expand Medicaid in red states; gridlock in Congress likely to protect Obamacare” By Ken Alltucker, *USA Today*, November 7, 2018, <https://www.usatoday.com/story/news/politics/elections/2018/11/07/health-care-politics-medicaid-expansion-affordable-care-act-obamacare/1916657002/> (Accessed 11/16/18).
- 19 *Ibid*; “Governors’ seats turn blue in Wisconsin and Kansas with Medicaid expansion on the line” By Eli Richman, *Fierce Healthcare*, <https://www.fiercehealthcare.com/payer/election-2018-governors> (Accessed 11/16/18).
- 20 Alltucker, November 7, 2018.
- 21 “Vos Vows to ‘Never’ Take Medicaid Expansion Money” *Associated Press*, October 2, 2018, <https://www.usnews.com/news/best-states/wisconsin/articles/2018-10-02/vos-vows-to-never-take-medicaid-expansion-money> (Accessed 11/16/18).
- 22 Letter to Casey Himebauch, Deputy Medicaid Director, Wisconsin Department of Health Services, from Seema Verma (October 31, 2018).
- 23 “Healthcare Reform Update” *Health Capital Topics*, Vol. 11, Issue 6 (June 2018), https://www.healthcapital.com/hcc/newsletter/06_18/HTML/REFORM/convert_healthcare_reform_update_topics_article_6.28.18.php (Accessed 11/16/18).
- 24 “After Years of Trying, Virginia Finally Will Expand Medicaid” By Abby Goodnough, *The New York Times*, May 30, 2018, <https://www.nytimes.com/2018/05/30/health/medicaid-expansion-virginia.html> (Accessed 11/16/18).
- 25 *Ibid*; “Virginia looks to add Medicaid work requirements, premiums” By Virgil Dickson, *Modern Healthcare*, September 24, 2018, <https://www.modernhealthcare.com/article/20180924/NEWS/180929946> (Accessed 11/16/18).
- 26 “Maine Voted to Expand Medicaid. Judge Orders the State to Get Moving.” By Abby Goodnough, *The New York Times*, June 4, 2018, <https://www.nytimes.com/2018/06/04/health/maine-medicaid-expansion.html> (Accessed 6/23/18).
- 27 Of note, Governor LePage was term-limited and thus did not seek re-election. “Maine and the ACA’s Medicaid expansion” By Louise Norris, *healthinsurance.org*, November 7, 2018, <https://www.healthinsurance.org/maine-medicaid/> (Accessed 11/16/18).
- 28 The federal government funded 100% of Medicaid Expansion between 2014 and 2016, but is now in the midst of phasing down to that 90% threshold. Snyder and Rudowitz, May 20, 2015.



(800)FYI - VALU

*Providing Solutions
in the Era of
Healthcare Reform*

Founded in 1993, HCC is a nationally recognized healthcare economic financial consulting firm

- [HCC Home](#)
- [Firm Profile](#)
- [HCC Services](#)
- [HCC Experts](#)
- [Clients & Projects](#)
- [HCC News](#)
- [Upcoming Events](#)
- [Contact Us](#)
- [Email Us](#)

HCC Services

- [Valuation Consulting](#)
- [Commercial Reasonableness Opinions](#)
- [Commercial Payer Reimbursement Benchmarking](#)
- [Litigation Support & Expert Witness](#)
- [Financial Feasibility Analysis & Modeling](#)
- [Intermediary Services](#)
- [Certificate of Need](#)
- [ACO Value Metrics & Capital Formation](#)
- [Strategic Consulting](#)
- [Industry Research Services](#)



[Todd A. Zigrang](#), MBA, MHA, ASA, FACHE, is the President of **HEALTH CAPITAL CONSULTANTS (HCC)**, where he focuses on the areas of valuation and financial analysis for hospitals, physician practices, and other healthcare enterprises. Mr. Zigrang has over 20 years of experience providing valuation, financial, transaction and strategic advisory services nationwide in over 1,000 transactions and joint ventures. Mr. Zigrang is also considered an expert in the field of healthcare compensation for physicians, executives and other professionals.

Mr. Zigrang is the co-author of "[The Adviser's Guide to Healthcare – 2nd Edition](#)" [2015 – AICPA], numerous chapters in legal treatises and anthologies, and peer-reviewed and industry articles such as: *The Accountant's Business Manual* (AICPA); *Valuing Professional Practices and Licenses* (Aspen Publishers); *Valuation Strategies*; *Business Appraisal Practice*; and, *NACVA QuickRead*. In addition to his contributions as an author, Mr. Zigrang has served as faculty before professional and trade associations such as the American Society of Appraisers (ASA); American Health Lawyers Associate (AHLA); the American Bar Association (ABA); the National Association of Certified Valuators and Analysts (NACVA); Physician Hospitals of America (PHA); the Institute of Business Appraisers (IBA); the Healthcare Financial Management Association (HFMA); and, the CPA Leadership Institute.

Mr. Zigrang holds a Master of Science in Health Administration (MHA) and a Master of Business Administration (MBA) from the University of Missouri at Columbia. He is a Fellow of the American College of Healthcare Executives (FACHE) and holds the Accredited Senior Appraiser (ASA) designation from the American Society of Appraisers, where he has served as President of the St. Louis Chapter, and is current Chair of the ASA Healthcare Special Interest Group (HSIG).



[John R. Chwarzinski](#), MSF, MAE, is Senior Vice President of **HEALTH CAPITAL CONSULTANTS (HCC)**. Mr. Chwarzinski's areas of expertise include advanced statistical analysis, econometric modeling, as well as, economic and financial analysis. Mr. Chwarzinski is the co-author of peer-reviewed and industry articles published in *Business Valuation Review* and *NACVA QuickRead*, and he has spoken before the Virginia Medical Group

Management Association (VMGMA) and the Midwest Accountable Care Organization Expo. Mr. Chwarzinski holds a Master's Degree in Economics from the University of Missouri – St. Louis, as well as, a Master's Degree in Finance from the John M. Olin School of Business at Washington University in St. Louis. He is a member of the St. Louis Chapter of the American Society of Appraisers, as well as a candidate for the Accredited Senior Appraiser designation from the American Society of Appraisers.



[Jessica L. Bailey-Wheaton](#), Esq., is Vice President and General Counsel of **HEALTH CAPITAL CONSULTANTS (HCC)**, where she conducts project management and consulting services related to the impact of both federal and state regulations on healthcare exempt organization transactions and provides research services necessary to support certified opinions of value related to the Fair Market Value and Commercial Reasonableness of

transactions related to healthcare enterprises, assets, and services. Ms. Bailey-Wheaton is a member of the Missouri and Illinois Bars and holds a J.D., with a concentration in Health Law, from Saint Louis University School of Law, where she served as Fall Managing Editor for the *Journal of Health Law & Policy*.



[Daniel J. Chen](#), MSF, CVA, is a Senior Financial Analyst at **HEALTH CAPITAL CONSULTANTS (HCC)**, where he develops fair market value and commercial reasonableness opinions related to healthcare enterprises, assets, and services. In addition, Mr. Chen prepares, reviews and analyzes forecasted and pro forma financial statements to determine the most probable future net economic benefit related to healthcare enterprises,

assets, and services, and applies utilization demand and reimbursement trends to project professional medical revenue streams, as well as ancillary services and technical component (ASTC) revenue streams. Mr. Chen has a Master of Science in Finance from Washington University St. Louis.