



## **Testimony on Senate File 5 by Deputy Director Christina Wessel to the Senate Committee on Health, Human Services and Housing, January 30, 2013**

The Minnesota Budget Project supports Senate File 5 as amended, which will improve access to affordable and comprehensive health insurance for 87,000 Minnesotans by expanding eligibility for Medicaid for nearly all adults with incomes up to 138 percent of the federal poverty line (that's \$15,415 for an individual, or \$20,879 for a couple).

Passing this bill is an essential step in expanding health coverage in Minnesota. It also has great advantages for the state, for health care providers and for Minnesota families because it will save the state money, result in fewer unpaid health care bills, and improve health outcomes

1. Senate File 5 will save the state money. Expanding Medicaid to cover nearly all eligible adults will bring hundreds of millions of dollars in federal funding to Minnesota. The federal government will pick up 100 percent of the cost for newly eligible Medicaid participants for the first three years. Although Senate File 5 does not have a fiscal note yet, a similar Medicaid expansion proposal in the Governor's budget saves the state a total of \$373 million in the FY 2014-15 biennium and \$655 million in the FY 2016-17 biennium.
2. Senate File 5 will mean fewer unpaid health care bills. People need health care, whether they have insurance or not. Many doctors and hospitals treat patients who do not have insurance, knowing they are unlikely to get paid for their services. The cost for these unpaid bills gets shifted elsewhere, with health care providers making up for some of the losses by increasing the costs for those who do have insurance. Increasing the number of people with insurance by expanding Medicaid will reduce the amount of uncompensated care. Having more patients able to pay for health care services will help control costs for everyone.
3. Senate File 5 will improve health outcomes. The Department of Human Services estimates that this expansion will help 34,000 currently uninsured Minnesotans access affordable and comprehensive coverage and will help an additional 53,000 individuals access better coverage than they currently have. This will translate into better health outcomes, stronger and more stable families, and a more productive workforce.

But we need to pass this legislation in order to see these benefits.

It is important to note that if the state fails to expand Medicaid, there will be few affordable health insurance alternatives for these Minnesotans.

- MinnesotaCare is not a reliable option. While many of these low-income individuals currently qualify for MinnesotaCare, they often can't afford the premiums, or find the limited benefits don't meet their health care needs. Furthermore, the future of MinnesotaCare is in doubt. Some elements of MinnesotaCare don't meet the higher standards of the Affordable Care Act, and the state is likely to lose the federal funding that currently helps Minnesota pay for the program.

Without significant changes, MinnesotaCare is unlikely to continue to be there for these low-income Minnesotans.

- Private insurance in the Exchange will be unaffordable. Although some of these individuals will be eligible to receive premium and cost-sharing subsidies in the Exchange, private insurance will still not be a viable option. If you look at the family budget for Minnesotans in this income range, they have no income left after paying for essentials like food, housing, transportation and child care. They are likely to choose a health care plan in the Exchange that has no monthly premiums, but very high out-of-pocket costs. This often ends up as a trap for low-income people who, despite having health insurance, avoid seeking needed medical care because they cannot afford the co-payments and deductibles. And very low-income individuals with incomes below 100 percent of poverty are not eligible for premium tax credits or cost-sharing subsidies. These Minnesotans (particularly adults without children) would be left without any affordable health care options.

Simply put, failure to cover more low-income Minnesotans under Medicaid would push our state backward when it comes to access to comprehensive and affordable health insurance.

We greatly appreciate that Minnesota Senate is taking leadership on this issue and is acting early in the session to make sure Minnesota remains a national leader in health care reform, and we strongly urge your support for this bill.

The Minnesota Budget Project also strongly supports the provisions that were removed from this bill:

- Meeting federal maintenance of effort requirements by maintaining Medicaid eligibility for children and pregnant women with incomes up to 275 percent of the federal poverty line;
- Meeting Affordable Care Act requirements to remove barriers that keep people from enrolling (such as asset limits), or make it difficult for them to stay enrolled (such as six-month eligibility certification).

We look forward to seeing these provisions move forward in other legislation.

*The Minnesota Budget Project, an initiative of the Minnesota Council of Nonprofits, provides research, analysis and advocacy on tax and budget issues, looking at how they will impact low- and moderate-income families, as well as other vulnerable populations.*