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Medicaid Expansion in Health Law to Cost States \$118 Billion Through 2023

Joint Congressional Committee Report Details New Health Law's Fiscal Burden on Fragile State Budgets, Sustainability of Medicaid Program

WASHINGTON, DC - In advance of today's House Energy & Commerce Committee hearing examining ObamaCare's impact on Medicaid and state health care reform, U.S. Senator Orrin Hatch (R-Utah), Ranking Member of the Senate Finance Committee, and Fred Upton (R-Michigan), Chairman of the House Energy and Commerce Committee released a comprehensive report outlining the \$118 billion price tag to states of the massive expansion of the Medicaid program in the health law.

The joint Congressional Committee report, Medicaid Expansion in the New Health Law: Costs to the States, put together by the Senate Finance Committee, Minority and the House Energy and Commerce Committee, Majority is the first to provide a comprehensive overview of state government estimates regarding the cost of the Patient Protection and Affordable Care Act (PPACA) to state Medicaid programs. The report estimates the health law will cost state taxpayers at least \$118.04 billion through 2023--more than double the Congressional Budget Office's (CBO) recent estimate of \$60 billion through 2021.

"Governors of both political parties were clear when Congress was debating the \$2.6 trillion health law that they could not afford a massive expansion in Medicaid. Washington didn't listen and plowed forward instead by putting 16 million Americans onto the Medicaid rolls to keep the federal price tag down," said Hatch. "With this report, we see the true cost to states, who are already facing a collective \$175 billion budget shortfall, of this unsustainable expansion. Any sustainable attempt by Governors to balance their budgets is undermined by the \$118 billion cost of the massive growth of this federal program. It's time for Congress to peel this program back by putting states, not the federal government, back in charge. "

"Nearly one year after the president signed the health care package into law, we are still finding more costly consequences," said Upton. "The health care law's onerous and unsustainable mandates altered the relationship the federal government has with the states by requiring that states dramatically expand their Medicaid populations. Governors are deeply concerned about the new unfunded mandates in the law and their impact on current state budgets—which are already strained. The laws enacted in Washington have a profound impact on state budgets, and it is critical we provide Governors with the flexibility they need to create innovative health programs in a way that helps the people they serve, preserves quality, and reduces the financial burden."

Established in 1965, Medicaid was designed as a limited, shared state-federal safety-net

program for low-income Americans. When it was first established, less than five million Americans used Medicaid services, however, today nearly one in four are enrolled in the government program. Furthermore, today, Medicaid spending absorbs nearly a quarter of state government budgets, often forcing significant cuts to other state programs, such as education and law enforcement.

The enactment of PPACA in March 2010 was the largest expansion of the entitlement program since its inception more than 45 years ago. Half of those obtaining health care coverage under the new law will get it through Medicaid. This bicameral report, Medicaid Expansion in the New Health Law: Costs to the States, provides an in-depth state-by-state analysis of the financial impact ObamaCare will have on States and demonstrates the unsustainable fiscal burden this new law will foist upon taxpayers.

California, for example, will spend at least another \$19.4 billion on Medicaid. The Texas Health and Human Services Commission has estimated that Texas will be forced to spend another \$27 billion, which is more than the program's entire annual budget today. Kentucky will get hit with \$675 million in news costs to Medicaid and the state of Idaho found that the law would grow its Medicaid program by nearly 50 percent.

A copy of the full report can be viewed [HERE](#).

<http://energycommerce.house.gov/media/file/PDFs/030111MedicaidReport.pdf>

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