

April 10, 2014

Thank you for contacting me to urge my support for expanding Medicaid. I had hoped that by now I would be able to give you a full report of how the issue had been resolved. Unfortunately, I cannot.

First, let me be clear: I firmly believe that Virginia should expand its Medicaid program. I've seen so many examples over the years of what it means in needless human suffering and in avoidable costs because Virginia is one of the bottom two or three states in Medicaid coverage. I have been and I would be advocating expansion with or without the greatly increased federal contribution.

However, with the federal government paying 100% of the cost of expansion through 2016 (which drops to 90% by 2022 but still far exceeds the long-standing 50% federal share of basic Medicaid), I am incredulous that the General Assembly House majority is refusing to even consider covering approximately 400,000 Virginians – many of whom are working but earn less than \$32,000 for a family of four or \$15,302 for an individual. The House majority has stated repeatedly that they do not believe that the federal government will be able to continue to pay 90%. They would rather not cover *anyone*, in the event we might have to cut back coverage for *some* if federal budget cuts reduce the program.

In contrast, I've thought from the beginning that, even if cuts are made in the future, Virginia should welcome the opportunity to have a federally-funded "pilot" program. If cutbacks must be made in future years, we will have the benefit of the experience of actual coverage for the estimated 400,000 individuals and will be able to better judge how the needs are most effectively addressed and where cutbacks would be least detrimental.

Indeed, the pilot concept is the thrust of Governor McAuliffe's budget alternative and he has obtained a letter from the federal government authorizing Virginia to try to expand Medicaid for two years, then drop the plan if it doesn't work out. In addition, the Governor's proposed budget sets aside \$100 million of the projected savings to deal with future healthcare costs if Virginia did withdraw. The House majority rejected these proposals.

The House majority's second argument has been that Virginia's Medicaid program must be reformed before it is expanded. In response to this same argument last year, a high-level Commission was formed and it is proceeding with numerous reforms from physician records and electronic payments to managed-care coverage, co-pays, and prescription limitations. The Governor's budget includes language for ongoing efforts: "Reforms to be considered include but are not limited to health information exchange, health innovation, data transparency, health workforce development, payment reform, reduction in fraud and abuse in public programs, and waiver redesign."

Delegate Vivian Watts – page 2
April 10, 2014

In response, the House majority now advocates that we wait until reforms are in place and there is proof of how much money reforms will save. They also want an outside audit, not just the numerous government audits previously performed. This last demand for an outside audit reminds me of the over-a-decade-long refusal to raise the gas tax, which was marked by similar demands, resulting in more than 8 audits. The “millions of dollars” that was “found” by an outside transportation program audit was from two major recommendations to (1) not be so conservative in projecting how much gas tax revenues would increase and (2) apply for more federal funds (!) I would expect a similar conclusion from another audit of Medicaid. As one of the leanest Medicaid programs in the nation, Virginia’s problems are not driven by wasteful spending.

Finally, the House majority has repeatedly stated that neither the Governor’s nor the Senate’s proposals are fleshed out in enough detail. And, yet, the House Appropriations Committee summarily rejected the Governor’s budget within 2 hours. In contrast, the Senate spent 2 weeks going over it in detail and making modifications that passed the Senate with bi-partisan support 22-15. The budget as it passed the Senate is now just sitting in the House Appropriation Committee – no action despite the entire House being brought down to Richmond on Tuesday only to turn around and go home an hour later.

I do not recall ever writing a letter like this in all my years in the General Assembly. My frustration is deep. Expanding healthcare is crucial. Returning federal tax dollars collected from Virginians to meet the needs of Virginians also means we can pass a budget that puts some additional funding into education (which is still below per pupil spending in 2008) and into mental health, two of my top priorities. I can only hope that dialogue and compromise will finally prevail.

Sincerely,

Vivian E. Watts