



AMERICANS FOR PROSPERITY

MONTANA

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EXHIBIT 11
DATE 4/15/13
SB 395

Testimony of Henry Kriegel

My name is Henry Kriegel, Deputy State Director of Americans For Prosperity—Montana and I submit this testimony in opposition to SB395. Unfortunately, due to other pressing commitments, I am not able to join you today so I have asked one of our volunteer activists to read this testimony and stand in for me. Since I already spoke in opposition to HB 590, the Governor's Medicaid expansion bill just three weeks ago, this testimony provides a recap of the reasons we oppose expansion. It'll suggest some reforms to consider and it will urge you to fix Medicaid first and not expand it.

Expanding Medicaid is bad policy and bad medicine. Contrary to supporters of the bill, Medicaid expansion is an integral component of ObamaCare, a federal mandate and the only component of ObamaCare which was ruled unconstitutional by the US Supreme Court. This ruling gives you, the legislature the opportunity to reject it. It is a major step closer towards a completely government-run system and should be opposed for many good reasons.

Medicaid expansion is costly and very risky to Montana. Despite promises for 100% federal funding for the first few years, the federal government, with \$17 trillion in debt excluding over \$120 trillion in unfunded liabilities is virtually broke and is an unreliable partner. Additionally, Montana would have to pay up to \$138 million in Medicaid administration costs through 2022—costs not covered by federal dollars. The research done by the University of Montana's Bureau of Business and Economic Research, while it has some important research that should be studied, unfortunately did not take into account the level of risk Montana is assuming by counting on the federal government for funding. Neither did the Montana Chamber of Commerce or others "business leaders" who have publicly supported Medicaid expansion. It simply has not been part of the discussion. To be clear, the federal government has \$17 trillion in debt and over \$121 trillion in unfunded liabilities and is an unreliable partner. Even with a sunset clause in the event of a cut-off of federal funds, we have no guarantee that the governor or the legislature would end the expansion program. Just what would we do with all the new people hired and the new people participating in the program?

Medicaid expansion will result in poorer health care. Emerging evidence suggests that private insurance works better than Medicaid. Linda Gorman, the Health Care Policy Center Director at the Independence Institute reported that, "after adjusting for patient characteristics, people with commercial coverage are more likely to survive surgery, and have better outcomes for cardiac procedures, better access to care, shorter hospital stays, lower total charges, and generally faster recoveries." **Why push 1 in 3 Montanans onto this inferior system?**

Medicaid expansion will be an incentive to poverty. Because Medicaid is means tested, expanding Medicaid provides a disincentive for success, especially for younger populations. The impact of this cultural shift from self-reliance to government dependency will be felt for generations. Young, single and healthy individuals are thought to comprise 44% of the newly eligible Medicaid participants. Many of these are college students and have inexpensive health insurance already. Why shift them to Medicaid at taxpayer expense?

Medicaid expansion may result in decreased quality care and may limit access to medical care for everyone. Including thousands of new participants in Medicaid may overwhelm our medical infrastructure.

Medicaid expansion may drive out more doctors from private practice. This would put a further crimp on rural Montana where there are fewer doctors. ~~Due to the regulatory burdens, 35% of family/general practice doctors nationally do not accept new Medicaid patients.~~ It greatly increases patient work load and provides lower reimbursement. Medicaid inserts the bureaucracy into the doctor-patient relationship. Instead of providing the best individualized treatment, doctors tend to provide what Medicaid will reimburse.

Proponents have argued that this is a jobs creation bill. There are numerous studies which show that increased government spending does not lead to job growth but actually reduces economic growth and wage growth. They have argued that if we don't expand Medicaid, our tax dollars will be going to other states when in fact, Montana receives more federal funding than we contribute. Hospitals have overstated the alleged problem of "cost-shifting" from patients without insurance coverage to patients with coverage. Many uninsured people still pay their bills, sometimes at higher rates for the same services than what insurance allows. National studies show the true rate of non-payment to hospitals is only around 3%. This is lower than the bad debt percentage in many industries – Even national credit card companies show 4% uncollectible.

Lastly, free federal dollars for Medicaid expansion is very enticing. However, nothing in life is truly free. As the indebted federal government prints and borrows more money it devalues our currency and assets and burdens our children and grandchildren with even more debt. I wish we could solve Medicaid's problem by throwing more money at it but that's not real life.

Rather than expand a system in need of improvement, AFP-Montana recommends we study ways to reform and innovate the system. Once you agree to expand Medicaid there is no incentive and little likelihood that the system will ever be reformed. Oppose SB395 and fix Medicaid first.

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