

Maine Department of Health and Human Services

Mary C. Mayhew, Commissioner

www.maine.gov/dhhs

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FOR MORE INFORMATION, PLEASE CONTACT:

John Martins, Director Employee and Public Communications
(207) 287-5012 or john.a.martins@maine.gov

NEWS RELEASE

Medicaid Expansion Could Cost Maine \$807 Million or More

MaineCare enrollment could grow nearly 100,000 in the first two years alone.

AUGUSTA – Even with 100 percent federal funding promised in the first three years, expanding Medicaid in Maine will cost the state an estimated \$807 million over the first 10 years and could cost much more.

On Friday, Department of Health and Human Services Commissioner Mary Mayhew and Gary Alexander, founder of the Alexander Group, presented these findings as part of the Alexander Group's report: *The Feasibility of Medicaid Expansion under the Affordable Care Act*. The report, which cost the state \$54,000, is the first of several to be produced by the Alexander Group.

"The Alexander Group's Financial Model demonstrated that Maine can hardly afford the MaineCare program now, and it will continue to annex larger shares of Maine's state revenue in the future," the report stated. "With true flexibility from the federal government, other viable alternatives might allow Maine to improve access and quality, as well as prioritize needs and save precious tax dollars."

The report first analyzed the proposed Medicaid expansion from the current baseline enrollment in MaineCare, which is the state's Medicaid program, then applied several risk factors to the data. These include the cost of providing care; the growing rate of poverty; the number of people and employers who may drop private insurance; and the decreasing rate of federal money available for the MaineCare program.

"This report highlights the fact that Maine's General Fund is on track to be consumed by the MaineCare program, even without expanding eligibility," said Gary Alexander. "Expanding eligibility for MaineCare to the able-bodied residents of working age will place at risk existing commitments Maine has to their traditional Medicaid recipients: those who are disabled and those who are elderly."

Some additional key facts from the report include:

- Expanding Medicaid to people whose incomes are 138 percent of the Federal Poverty Level will add another 98,873 individuals to the MaineCare program in State Fiscal Years 2014-15.
- Enrollment will grow from roughly 318,000 to 584,000 in 10 years.
- State and federal costs will grow between \$6.3 and \$9.4 billion from 2014-15 to 2023-24.
- The percentage of the Maine population on Medicaid will grow from 22.6 percent to between 31 and 36.5 percent by 2023-24.

“This study reinforces the unsustainable costs associated with MaineCare expansion and the importance of returning the program to one that cares for its most vulnerable,” said Maine Department of Health and Human Services Commissioner Mary Mayhew. “We cannot, in good conscience, ask the taxpayers of Maine to foot this very large bill to care for able-bodied adults. We must prioritize spending to ensure that the elderly and people with development disabilities who are on wait lists—sometimes for more than two years—get the critical services they need first and foremost.”

The full report can be found at: www.maine.gov/dhhs/Alexander

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