



Nevada Policy Research Institute

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NPRI: Sandoval's decision to expand Medicaid will actually *hurt* Nevadans

LAS VEGAS — Responding to the news that Gov. Brian Sandoval has decided to support expanding Medicaid under Obamacare, NPRI's Deputy Policy Director, Geoffrey Lawrence, released the following comments:

If approved, such a short-sighted decision to expand Medicaid will have grave consequences for taxpayers — crowding out spending on other governmental services and harming current Medicaid beneficiaries.

State Medicaid spending is already growing at an unsustainable pace and will soon displace K-12 education as the state's largest budget item. Although Congress has pledged that federal taxpayers will cover a majority of costs for the newly eligible population through 2020, the increased federal match rate will likely decline toward the standard federal Medicaid match.

Moreover, that pledge by the 111th Congress is no sure thing: No Congress can legally bind any future Congress, and the federal government is already *broke*.

Because Medicaid systematically under-reimburses health-care providers, many are not taking new patients. This means current Medicaid enrollees — by definition the *most vulnerable* populations — will now be competing with healthy adults for fewer and fewer doctors. Governor Sandoval's decision will exacerbate the doctor shortages already faced by the children and the disabled who use Medicaid.

It's important for the public to understand that this competition will come from single, childless, able-bodied adults with incomes above the poverty line. In other words, those who are healthy and capable of working will wind up displacing those who have the most need.

When the full weight of Governor Sandoval's unfortunate decision falls upon Nevadans, he may well have moved on from his current office. The consequences experienced by the state's citizens, however, will be no less real.

All this said, one must applaud the governor's decision to finally institute consumer co-pays and thus introduce some real-world price sensitivity into the calculations of Medicaid

consumers. The primary reason for the health-care system's high costs is the government-induced breakdown of the price system.

When consumers need exercise no price sensitivity, they more likely will seek superfluous care. With the costs being socialized, neither they nor providers are motivated to hold costs down. Imposing co-pays is a proven way of encouraging individuals to seek only the care they really need, helping to control cost growth.

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