Maryland Should Prepare to Address Federal Health Care Policy Changes

Position statement supporting Senate Bill 571
*Given before the Senate Finance Committee*

Despite some early hiccups, Maryland’s implementation of the Affordable Care Act (ACA) has been successful in many ways. Most importantly, the percentage of Marylanders without health coverage dropped to 6.6 percent in 2015, down from 10.2 percent just two years earlier. That means more Marylanders are able to get the health care they need, and that we are spending much less on caring for people who wind up seeking care in the emergency room because they can’t afford to go to a doctor. In part, this success was due to careful planning and coordination of the implementation process.

However, Congress and the President could quickly change the current positive direction by repealing the ACA and replacing it with an inadequate substitute. Repealing the bill would leave at least 430,000 Marylanders—and perhaps close to half a million—suddenly without health coverage and the state facing a budget gap of at least $1.3 billion. Some of the replacement plans under consideration could cause further harm by uprooting the heart of the Medicaid program. The Maryland Center on Economic Policy supports Senate Bill 571 to ensure that state policymakers and stakeholders have a way to respond to a radical upheaval of our current health care system in a measured, well-researched manner – as the state did with the ACA implementation process.

In addition to the high costs to Marylanders’ health and the state budget, repealing the Affordable Care Act would have a devastating impact on the state’s economy. Repeal would reduce total employment in Maryland by 1 percent—more than 27,000 jobs—according to the Economic Policy Institute. Including the subsidies people receive to purchase health care on the exchange, Maryland would lose an estimated $2.3 billion in federal dollars. The total loss over the next decade would be $23.8 billion federal dollars.

While members of Congress are now debating possible replacement plans, rather than a strict repeal, these proposals still include significant changes that would be incredibly disruptive to our health care system. Congressional leaders have recently said their replacement plan would radically restructure the entire Medicaid program, not just the portion expanded under the ACA, with block grants or per capita caps.
Unlike the current Medicaid system, block grants and per capita caps don’t respond well to major changes that suddenly increase health care costs, such as a downturn in the economy, the opioid addiction epidemic, a disease outbreak like the Zika virus, or a new blockbuster treatment. Under the current system, the state and federal government share the costs of responding to these changes. But with a block grant or per capita cap, the state would be on its own to cover the increased costs, meaning we must either cut other parts of the budget to pay for Medicaid or begin rationing care. Again, thousands of Marylanders, the state budget, and the state’s economy would be significantly harmed by such an action.

Regardless of what path Congress ultimately takes, we know major changes to our health care system may be coming soon. Forming a commission to review the changes, assess their impact for Marylanders, and consider appropriate responses is simply common sense and good governance.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Senate Finance Committee make a favorable report on Senate Bill 571.

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1 Assessing the Impact of Health Care Reform in Maryland, Maryland Department of Legislative Services, January 2017. http://dls.state.md.us/data/polanasubare/polanasubare_heandhumser/Assessing-the-Impact-of-Health-Care-Reform-in-Maryland_FINAL.pdf
4 Ibid.