

Medicaid expansion can lift health care

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States do not have to be forced to board a runaway Medicaid budget whose brakes have failed. By combining Medicaid expansion with federal funding designed to reward innovations in health care delivery, states can better manage care, improve the health of more of their residents and reduce costs.

Medicaid is under the microscope these days. And it should be. It's one of the most important tools we have in the United States to protect our most vulnerable citizens. The Affordable Care Act will take it even further. But if we look at Medicaid only as a budget issue, we miss the significance of expanding it.

Pundits and politicians continue to fixate on how many states will opt out of the Affordable Care Act's Medicaid expansion because of its cost. The [Congressional Budget Office](#) recently estimated that state opt-outs will leave 3 million people uninsured. In California, however, I have seen evidence from a natural experiment that the Affordable Care Act has the potential to deliver improved care to more Americans.

In 2010, the federal government approved a waiver for California that helped it to expand access to health care for the poor while improving the quality of care in safety-net hospitals. To help counties take advantage of this waiver, the foundation where I work made funds available to expand health insurance coverage to low-income adults.

In the program's first nine months, more than 360,000 previously uninsured Californians gained health care coverage. This increase alone is greater than the total number of uninsured people in 18 other states.

Not only have both red and blue counties developed these programs, but they also have instituted changes that can reshape [Medi-Cal](#), which is what California calls its Medicaid program. These counties have begun to integrate their health and mental health safety-net programs, set up health information exchanges and use technology to improve access to medical specialists.

Once the federal Affordable Care Act is fully implemented, an estimated 4 million uninsured people in California alone will gain health coverage. A key point the [Supreme Court](#) addressed, when deciding the legality of the Affordable Care Act, was the financial incentives the act authorizes to encourage states to expand Medicaid.

These incentives, together with investments by the federal [Center for Medicare](#) and Medicaid Innovation, have the potential to improve the health of the previously uninsured. They also will greatly reduce the amount of uncompensated care provided by hospitals, physicians and community health centers.

Despite what the pundits say, Medicaid is much more than a drain on state budgets. It is a dynamic set of health programs that has evolved to meet the health needs of its 68 million

diverse beneficiaries. Medicaid funds are essential to support safety-net health care providers to care for uninsured patients as well.

It may be entertaining to conjure images of the federal Medicaid director rampaging through South Carolina and Florida on horseback, handing out satchels full of cash to state officials in order to coax them into providing better access to care for more poor adults. However, it is more effective to seed 21st century health care innovations at the state level.

That is what the Center for Medicare and Medicaid Innovation, a federal agency created to work with states and health systems to create and administer innovative health programs, has already begun. Acting as an angel investor for states to advance new tools and ideas, it will improve care for all.

Ultimately, the success of federal health reform will not be determined by what the law does to us or for us, but by the tangible changes it spurs in the American health care system.

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