

# Wyoming Medicaid Expansion: Myths vs. Reality

To: FGA Partners

From: Hayden Dublois, Data & Analytics Director, Foundation for Government Accountability (FGA)

**Claim:** *“Medicaid expansion is health insurance for those with low incomes.”*

**Reality:** Medicaid expansion is not “health insurance” for those with low incomes. It is a payment system that will give 100 percent free health care with no accountability and no skin in the game to more than 50,000 Wyoming recipients.<sup>1</sup> It is **full-blown welfare for able-bodied adults** and would be the largest expansion of welfare in the history of the State of Wyoming. It also would include individuals with incomes above the poverty level.

**Claim:** *“Medicaid expansion doesn’t include other programs like nursing homes and care for the blind.”*

**Reality:** This claim is correct, and an important point. **Medicaid expansion does nothing at all to help the elderly, people with disabilities, children, or parents who have little to no income.** In fact, Medicaid expansion will add thousands of able-bodied adults to Medicaid, siphoning already limited resources away from those most vulnerable populations. In other states, Medicaid expansion has **crowded out scarce resources for individuals with severe disabilities** stuck on government waiting lists.<sup>2</sup> Tens of thousands of vulnerable individuals have died while waiting for care in Medicaid expansion states, even while those states expanded welfare to able-bodied adults under expansion.<sup>3</sup> In Wyoming, the hundreds of individuals with intellectual and developmental disabilities on Medicaid waiting lists would sit and watch as able-bodied adults are pushed to the front of the line.<sup>4</sup>

**Claim:** *“The state only picks up 10 percent of the cost.”*

**Reality:** The 10 percent state share alone **would cost Wyoming approximately \$330 million** over the next decade.<sup>5</sup> In other expansion states—like Ohio—Medicaid now consumes roughly 40 percent of their state budget.<sup>6</sup> And since Wyoming taxpayers also pay federal taxes, they would inherently bear a portion of the federal costs that are not part of the state share.

**Claim:** *“Medicaid expansion has produced a net savings for many states.”*

**Reality:** This is patently false. In Idaho, for example, Medicaid expansion has seen untenable cost overruns.<sup>7</sup> In fact, in every state with available data, Medicaid expansion has shattered cost expectations.<sup>8</sup> This is in part because actual expansion enrollment is roughly 160 percent greater

than projections.<sup>9</sup> For example, in Montana, expansion enrollment was supposed to cap out at 59,000 - 73,000.<sup>10</sup> **Today, it sits at nearly 120,000 enrollees**—and was already at nearly 100,000 before COVID-19 even began.<sup>11</sup>

***Claim: "By not expanding Medicaid, Wyoming left \$274 Million of federal dollars on the table in 2022."***

***Reality:*** There is no magic pot of federal money sitting idle or being left on the table. As the Congressional Research Service has noted, **"If a state doesn't implement the ACA Medicaid expansion, the federal funds that would have been used for that state's expansion are not being sent to another state."**<sup>12</sup> Medicaid expansion simply means an expansion of federal debt. Plus, Wyoming already receives more dollars than it sends to Washington, D.C.<sup>13</sup>

***Claim: "There is no record of states raising taxes to pay for Medicaid expansion."***

***Reality: This is simply wrong.*** For example, Montana implemented a \$15 million hospital tax to pay for Medicaid expansion.<sup>14</sup> A total of 11 states have levied these types of taxes to pay for expansion.<sup>15</sup> And in both Indiana and Louisiana, taxes were raised on tobacco products—hitting the lowest-income residents the hardest—to pay for expansion.<sup>16</sup> **Medicaid expansion is almost always associated with higher taxes and/or fees, and to suggest otherwise is entirely false.**

***Claim: "Medicaid expansion will have a net positive benefit on providers."***

***Reality:*** This is not true. According to independent analyses, 40 percent of expansion states lost hospital jobs in the first year of the program; promised hospital jobs never materialized in states like Arkansas, Iowa, Kentucky, and more; non-expansion states have experienced greater hospital job growth; and **hospitals are still closing in expansion states** despite promises from expansion advocates.<sup>17-18</sup>

***Claim: "Medicaid expansion will decrease bad debt for providers."***

***Reality:*** This is incorrect. After expansion began, hospitals' Medicaid shortfalls grew by more than \$5 billion, including in states from California to West Virginia.<sup>19</sup> This same study found that **Wyoming could expect to see an additional \$16 million in hospital Medicaid shortfalls** if it expanded Medicaid, as cost shifts from moving individuals from private insurance to Medicaid would exceed any savings from uncompensated care reductions.<sup>20</sup>

***Claim: "Medicaid expansion will bring additional financial stability to eight Wyoming hospitals that are at risk of closure."***

***Reality:*** Medicaid expansion does not save hospitals. For example, in Montana, an independent study found **the Big Sky State was ranked worst in the nation for at-risk rural hospitals after expansion was implemented**—despite the claims of expansion advocates that it would save hospitals.<sup>21</sup> Hospitals have continued to close in expansion states across the country.<sup>22</sup>

***Claim: "Approximately 19,000 Wyomingites are eligible for coverage, 56 percent of whom were never employed, 56 percent of whom were never insured, and 38 percent of whom had insurance but dropped it due to cost."***

**Reality:** This inaccurate enrollment estimate is based on false projections. Data based on the actual experiences of other expansion states suggests **Wyoming could expect to enroll 52,000 able-bodied adults on welfare** if it expanded Medicaid.<sup>23</sup> Moreover, these figures—which suggest virtually all potential enrollees were never insured or were previously insured but are not insured currently—are incorrect. According to the Wyoming Department of Health, roughly 40 percent of potential expansion enrollees are between 100 and 138 percent of the federal poverty level (FPL), meaning they already qualify for free health insurance paid for entirely by the federal government.<sup>24</sup> However, expansion would make these individuals ineligible for this free federal coverage, and instead move them onto welfare at the partial expense of the State of Wyoming.

**Claim: “Benefits to insured include better health, better chronic disease management, earlier detection of cancer and chronic diseases, and fewer premature deaths.”**

**Reality:** A January 2023 found that **Medicaid expansion has no effect on major health outcomes.**<sup>25</sup> The gold-standard study of the impact of Medicaid expansion on health outcomes found expansion had no effect at all on major health indicators like blood pressure and cholesterol.<sup>26</sup> Other studies have found that individuals on Medicaid have higher risks of death and worse health outcomes compared to even individuals without any insurance at all.<sup>27</sup>

<sup>1</sup> Hayden Dublois and Jonathan Ingram “An Unsustainable Path: How ObamaCare’s Medicaid Expansion is Causing an Enrollment and Budget Crisis,” Foundation for Government Accountability (2022), <https://thefga.org/research/how-obamacares-medicaid-expansion-is-causing-crisis>.

<sup>2</sup> Nicholas Horton, “Waiting for Help: The Medicaid Waiting List Crisis,” Foundation for Government Accountability (2018), <https://thefga.org/research/medicaid-waiting-list>.

<sup>3</sup> Ibid.

<sup>4</sup> Kaiser Family Foundation, “Medicaid HCBS Waiver Waiting List Enrollment, by Target Population and Whether States Screen for Eligibility,” KFF (2021), <https://www.kff.org/medicaid/state-indicator/medicaid-hcbs-waiver-waiting-list-enrollment-by-target-population-and-whether-states-screen-for-eligibility/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>.

<sup>5</sup> Hayden Dublois and Jonathan Ingram “An Unsustainable Path: How ObamaCare’s Medicaid Expansion is Causing an Enrollment and Budget Crisis,” Foundation for Government Accountability (2022), <https://thefga.org/research/how-obamacares-medicaid-expansion-is-causing-crisis>.

<sup>6</sup> National Association of State Budget Officers, “2022 State Expenditure Report,” NASBO (2022), [https://higherlogicdownload.s3.amazonaws.com/NASBO/9d2d2db1-c943-4f1b-b750-0fca152d64c2/UploadedImages/SER%20Archive/2022\\_State\\_Expenditure\\_Report\\_-\\_S.pdf](https://higherlogicdownload.s3.amazonaws.com/NASBO/9d2d2db1-c943-4f1b-b750-0fca152d64c2/UploadedImages/SER%20Archive/2022_State_Expenditure_Report_-_S.pdf).

<sup>7</sup> Fred Bimbaum, “Massive Cost Overruns Demand Medicaid Expansion Repeal,” Idaho Freedom Foundation (2020), <https://idahofreedom.org/research/massive-cost-overruns-demand-medicaid-expansion-repeal>.

<sup>8</sup> Leah Byers, “Medicaid expansion: a budget-sinking ship,” Civitas Institute (2019), <https://www.nccivitas.org/2019/medicaid-expansion-budget-sinking-ship>.

<sup>9</sup> Hayden Dublois and Jonathan Ingram “An Unsustainable Path: How ObamaCare’s Medicaid Expansion is Causing an Enrollment and Budget Crisis,” Foundation for Government Accountability (2022), <https://thefga.org/research/how-obamacares-medicaid-expansion-is-causing-crisis>.

<sup>10</sup> Center on Budget and Policy Priorities, “How Would the Medicaid Expansion Affect Montana?” CBPP (2015), [https://www.cbpp.org/sites/default/files/atoms/files/medicaid\\_expansion\\_montana.pdf](https://www.cbpp.org/sites/default/files/atoms/files/medicaid_expansion_montana.pdf).

<sup>11</sup> Montana Department of Public Health and Human Services, “Montana Medicaid Enrollment Dashboard,” DPHHS (2022), <https://dphhs.mt.gov/interactivedashboards/medicaidenrollmentdashboard>.

<sup>12</sup> Josh Archambault, “Congressional Research Service: There’s No Magic Pot Of Obamacare Medicaid Expansion Money,” Forbes (2015), <https://www.forbes.com/sites/theapothecary/2015/03/12/congressional-research-service-theres-no-magic-pot-of-obamacare-medicaid-expansion-money/?sh=40e52f5523f1>.

<sup>13</sup> Nicholas Horton and Jonathan Ingram, “Dispelling four myths about ObamaCare expansion funding,” Foundation for Government Accountability (2020), <https://thefga.org/wp-content/uploads/2020/03/Dispelling-four-myths-about-ObamaCare-expansion-funding.pdf>.

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<sup>14</sup> MTN News, “Hospitals pay tax in Medicaid-expansion bill — but rake in millions more, through other means,” KPAX (2019), <https://www.kpax.com/news/montana-legislature/2019/03/28/hospitals-pay-tax-in-medicaid-expansion-bill-but-rake-in-millions-more-through-other-means>.

<sup>15</sup> Rudowitz et al, “Medicaid Enrollment & Spending Growth: FY 2019 & 2020,” KFF (2019), <https://www.kff.org/medicaid/issue-brief/medicaid-enrollment-spending-growth-fy-2019-2020>.

<sup>16</sup> Ibid.

<sup>17</sup> Jordan Roberts and Nicholas Horton, “Five Key Signs ObamaCare Expansion Is Not a Silver Bullet for Hospitals,” Foundation for Government Accountability (2020), <https://thefga.org/wp-content/uploads/2020/02/ObamaCare-Expansion-Not-A-Silver-Bullet.pdf>.

<sup>18</sup> Nicholas Horton, “Another broken ObamaCare promise: Medicaid expansion is (still) not saving Arkansas hospitals,” Townhall (2019), <https://townhall.com/columnists/nicholashorton/2019/10/24/another-broken-obamacare-promise-medicaid-expansion-is-still-not-saving-arkansas-hospitals-n2555340>.

<sup>19</sup> Hayden Dublois and Jonathan Ingram, “Hospital losses pile up after ObamaCare expansion,” Foundation for Government Accountability (2020), <https://thefga.org/research/obamacare-expansion-hospital-losses>.

<sup>20</sup> Ibid.

<sup>21</sup> David Mosley and Daniel DeBehnke, “New Analysis Shows Worsening Situation for Rural Hospitals, Residents,” Navigant (2019), <https://guidehouse.com/-/media/www/site/insights/healthcare/2019/navigant-rural-hospital-analysis-22019.pdf>.

<sup>22</sup> Hayden Dublois and Jonathan Ingram, “Hospital losses pile up after ObamaCare expansion,” Foundation for Government Accountability (2020), <https://thefga.org/research/obamacare-expansion-hospital-losses>.

<sup>23</sup> Hayden Dublois and Jonathan Ingram “An Unsustainable Path: How ObamaCare’s Medicaid Expansion is Causing an Enrollment and Budget Crisis,” Foundation for Government Accountability (2022), <https://thefga.org/research/how-obamacares-medicaid-expansion-is-causing-crisis>.

<sup>24</sup> Leo Wolfson, “Wyoming Lawmakers Advance Eighth Medicaid Expansion Bill In Last Two Years,” Cowboy State Daily (2022), <https://cowboystatedaily.com/2022/11/22/wyoming-lawmakers-advance-eighth-medicaid-expansion-bill-in-last-two-years>.

<sup>25</sup> Courtemanche et al, “Revisiting the Connection Between State Medicaid Expansions and Adult Mortality,” NBER (2023), [https://www.nber.org/papers/w30818?utm\\_campaign=ntwh&utm\\_medium=email&utm\\_source=ntwg24](https://www.nber.org/papers/w30818?utm_campaign=ntwh&utm_medium=email&utm_source=ntwg24).

<sup>26</sup> Baicker et al, “Oregon Health Insurance Experiment,” National Bureau of Economic Research (2013), <https://www.nber.org/projects/projects-and-centers/oregon-health-insurance-experiment?page=1&perPage=50>.

<sup>27</sup> Brian Blasé, “Medicaid Provides Poor Quality Care: What the Research Shows,” The Heritage Foundation (2011), [http://thf\\_media.s3.amazonaws.com/2011/pdf/bg2553.pdf](http://thf_media.s3.amazonaws.com/2011/pdf/bg2553.pdf).