



## **“Saddest Spectacles” Private Option in the news**

You may have missed an article about Medicaid Expansion in the **Los Angeles Times**. The story by Michael Hiltzik appeared on May 4, 2014. His article deals with Medicaid expansion in several states. Although the article appears to be pro expansion, he does not have kind words for the Arkansas “private option.

The saddest spectacles may be those states that have tried to walk the fine line between ideology and responsibility. Consider Arkansas, where Democratic Gov. Mike Beebe attempted to finesse GOP opposition to Obamacare by concocting a "private option" Medicaid expansion. The idea was to use federal expansion funds to place low-income residents into private insurance plans identical to those available to individual enrollees on the state's insurance exchange.

In other words, residents would be covered by Obamacare, but it would have the veneer of a private-market solution, not a government program. (The measure that Beebe signed in 2013 was called the "Arkansas Health Care Independence Act.") Under the waiver agreement reached with the federal government, Arkansas receives about \$478 per month per enrollee in federal funds for this hybrid Medicaid program.

If Beebe thought the private-option window dressing would quell conservative criticism, he was bound to be disappointed.

The problem is that private insurance is materially more expensive than Medicaid coverage — averaging \$9,000 per year compared with Medicaid's \$6,000, according to an estimate by the Congressional Budget Office. Arkansas taxpayers will get the bill for any overruns — and these started to appear as early as February, when more than 100,000 residents had signed up for the private option and their costs rose to \$483 per month. It isn't clear whether the feds will agree to raise their contribution, as the state is expected to request. The cost overruns helped fuel the cliffhanger staged by the state legislature early this year, when the Medicaid program was reauthorized by a single vote (after four failed attempts in the Arkansas House).

The full article appears at: <http://www.latimes.com/business/hiltzik/la-fi-hiltzik-20140504-column.html#page=1>