



Written by [Michael Tennant](#) on March 24, 2011

ObamaCare's Medicaid Expansion Puts the Bite on State Budgets

States that remain unconvinced that the highest law of the land prohibits the government from forcing people to buy insurance and from implementing dozens of other ([often intrusive](#)) policies may yet be persuaded to join the fight simply by looking at the bottom line. Under ObamaCare, state Medicaid spending is going to go through the roof.



[Fox News' Jim Angle reports](#) that "half the reduction in the number of uninsured Americans" under ObamaCare is expected to result from an expansion of Medicaid, which provides healthcare for the poor. That, he says, "would push some 16 million new patients into the program when it takes effect in 2014."

That, in turn, is going to put a severe strain on already struggling state treasuries. And as Virginia Gov. Bob McDonnell (R) pointed out, states "can't print money" and "go into this massive unsustainable debt like the federal government." They will have no choice but to raise taxes or to cut spending elsewhere to cover the additional cost.

If Medicaid were a relatively small burden on state budgets, a significant increase in its cost might be bearable. However, even though the federal government pays part of the cost of Medicaid, it already accounts for a large portion of most states' budgets, and ObamaCare is only going to make matters worse. McDonnell told Angle that Medicaid is "about 21 percent of Virginia's budget now" and will rise to "about 28 percent" under ObamaCare. Similarly, Arlene Wohlgemuth of the Texas Public Policy Center said that the healthcare law will result in a 65 percent increase in Medicaid spending in the Lone Star State, bringing the program to a whopping "46 percent of our entire state's budget." With a single program sapping such a huge portion of state revenues, other budget items are bound to suffer.

As a consummate politician, President Obama ensured that the monster he has created would look benign at first, with all the benefits arriving at the beginning and the costs manifesting themselves only after he is out of office. Thus, the federal government is picking up the tab for newly eligible Medicaid patients for the first three years after ObamaCare kicks in, making the expansion appear to be free to states. After that Uncle Sam will gradually reduce his contributions, and states will be left holding the bag.

Even before then, however, states may begin to feel the pinch. Angle notes that because ObamaCare requires everyone to buy health insurance, "many people already eligible for Medicaid, but who had not signed up, will now be forced to in order to avoid the federally mandated fines." In other words, he writes, "people will come out of the woodwork to sign up for Medicaid." Wohlgemuth told Angle that



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covering these previously eligible but newly enrolled Medicaid patients will cost Texas an additional \$15 billion the first year alone.

It should be noted that state governments have only themselves to blame for getting into this situation in the first place. They were, after all, perfectly willing to accept the existence of Medicaid, regardless of its constitutionality, as long as the federal government was footing most of the bill. Even now they have the option of leaving the program; but having become so addicted to Washington largesse, most will find it impossible to turn it down at this point, especially given ObamaCare's demand that they get all their citizens insured by 2014.

The Obama administration says it wants to make the law more flexible to help address states' Medicaid concerns, but flexibility is not the problem — the very existence of ObamaCare and Medicaid is. These programs are blatantly unconstitutional and amount to little more than legalized theft from one American to pay for the healthcare of another. Furthermore, whether Washington is paying for the programs or Richmond, Austin, et al. are paying, ultimately taxpayers are the ones being robbed of their hard-earned money to fund politicians' pipe dreams of a utopian society in which socialism can at long last be made to work.

States that have not yet begun suing to overturn ObamaCare or passing laws to nullify it had better start soon if they value their own sovereignty and solvency and their citizens' well-being. While they're at it, they would be wise to opt out of Medicaid as well. Freed from these burdens, the private sector will have little difficulty ensuring that those currently enduring government-funded healthcare get better care at lower cost.





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