

February 20, 2018

To: Members of Virginia House of Delegates and State Senate
From: ATR President Grover Norquist
Re: Medicaid Expansion and the Hospital Bed Tax

Dear Members of the Virginia House and Senate,

I write today in opposition to the effort to expand Medicaid spending in Virginia. The current expansion proposal not only games the federal Medicaid system with a higher hospital bed tax, it also does so without regard for the future pressure Medicaid will place on the state budget in the name of expanding ObamaCare for able-bodied adults. **For legislators who have signed the Taxpayer Protection Pledge, a vote in favor of a higher hospital bed tax would constitute a violation of that written commitment lawmakers made to their constituents.**

Medicaid expansion has cost states two and a half times as much as promised, according to a report released this month by the Foundation for Government Accountability. Expansion per-person costs have exceeded original estimates by 76 percent. **Total Medicaid expansion cost overruns have cost taxpayers 157 percent more than expected.** These overruns will saddle Virginia taxpayers billions of dollars more than expected.

In Virginia, Medicaid accounted for more than 60 percent of General Fund spending growth over the last decade. **Across the country, Medicaid expansion has caused Medicaid spending as a percent of budgets to go from one in four dollars to one in three.** Expansion will either result in future tax hikes or cuts to other priorities, including transportation and education.

Hospital bed taxes are used in an attempt to shift costs from Virginia to taxpayers around the country. At any point, however, Congress could significantly limit the maximum health-care provider taxation, the mechanism by which a bed tax is an appealing way to pay for expansion. Additionally, hoping that the federal government will maintain its promise to fund 90 percent of expansion costs in perpetuity is an assumption made by those with a fundamental misunderstanding of reality about Washington, D.C. and its debt obligations. If Virginia expands Medicaid, there is no turning back. The state will eventually be on the hook for billions.

Last October, House Speaker Kirk Cox said, “It’s a simple proposition: if you cannot afford your mortgage payment, you don’t build a new addition to your house... **It would be financially irresponsible to ask taxpayers to fund the massive expansion contemplated under the Affordable Care Act.**” I agree. It was reckless then and is reckless today.

ATR urges the legislature to reject Medicaid expansion and a new bed tax. Lawmakers should pass work requirements and focus on reforms that drive down costs instead of trying to game the federal Medicaid system. If you have any questions regarding ATR’s position on this issue, please contact ATR strategic initiatives director Paul Blair at 202-785-0266 or by email at pblair@atr.org.

Sincerely,



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