



Medicaid Health
Plans of America

The Health Insurance Tax Affects Medicaid, Too!

Think the Health Insurance Tax (HIT) doesn't affect Medicaid? Think again.

Medicaid managed care plans must pay the HIT. Over 75 percent of Medicaid beneficiaries are enrolled in Medicaid managed care plans. The HIT is a tax on a public health care program relied on by our most vulnerable citizens for health coverage and care.

The HIT has significant and serious implications for state Medicaid programs and Medicaid beneficiaries that include:

- **INCREASED COVERAGE COST PER ENROLLEE**
According to a recent [Oliver-Wyman report](#), the HIT is likely to drive up the per enrollee cost of Medicaid coverage. In the managed Medicaid insurance market, **an anticipated increase of \$157 per enrollee annually** is expected.
- **INCREASED GOVERNMENT COSTS.** A [2014 Milliman study](#) found that the Medicaid managed care portion of the HIT **will cost the government about \$38.4 billion over a 10-year period**. The cost to states will be \$13.6 billion and the cost to the federal government will be \$24.8 billion.
- **REDUCED MEDICAID FUNDS.** Reductions in Medicaid funds due to the expense of paying the HIT negatively impacts states, beneficiaries, and taxpayers.
 - The HIT increases the states' share of Medicaid spending. States could be forced to cut essential programs and services (education, infrastructure, etc.) because of budget shortfalls due to the HIT.
 - Beneficiaries may be impacted if states are forced to reduce optional and/or wraparound Medicaid benefits due to the availability of fewer Medicaid dollars.

State Medicaid programs need to retain these dollars in order to provide care for low-income, vulnerable populations that rely on the program for affordable, high-quality health coverage and care.

In past years, HIT abatement has enjoyed wide-ranging, bipartisan support. MHPA urges Congress to work towards a solution that will fully repeal (H.R.2447/S.80) or suspend (H.R. 1398/S.172) the HIT as soon as possible in order to provide immediate relief to state Medicaid programs, beneficiaries, and taxpayers.

