



April 16, 2018

Dear Legislator,

On behalf of National Taxpayers Union (NTU) and our members across Virginia, I write in opposition to efforts to expand Medicaid spending in the Commonwealth. While the prospect of supplementary federal dollars as a result of the 2010 Affordable Care Act may be tempting, enrolling more Virginians in this troubled program could put Virginia's long-term fiscal health at risk. I urge you to stand with taxpayers against this fiscally irresponsible proposal.

Evidence from Medicaid expansion states should serve as a cautionary tale for undecided legislators. Many states that have expanded Medicaid have had their budget projections considerably off, with most states facing 50 percent higher Medicaid costs than originally anticipated. The Department of Medical Assistance Services, which runs Virginia's Medicaid program, recently addressed the annual cost estimates for expansion through FY22. Between FY17 and FY22, Virginia's share of the cost will increase tenfold from \$32 million to \$325 million. However, with uncertainty at the federal level, possible changes to the health care law could mean a reduction in federal funding, leaving Virginia taxpayers to cover a greater share of the full \$3.1 billion cost in FY22.

A recent [report](#) by the Joint Legislative Audit and Review Commission notes that Medicaid continues to be the main driver for state spending growth, accounting for more than 60 percent of general fund spending growth over the last decade. For Medicaid expansion states, Medicaid comprises nearly one-third of their budget. As this share of the budget grows, it leaves significantly less revenue for investments in areas like education, safety, or infrastructure. To fill the void, legislators may need to resort to future tax hikes or slash funding from other initiatives.

Concerningly, the state's share would be paid by a "bed tax" on Virginia hospitals, which would be passed on to taxpayers in the form of higher hospital bills and insurance premiums. While NTU strongly opposes Medicaid expansion and a "hospital bed tax," we support other included provisions, such as work requirements for Medicaid and reforms that reduce costs for patients and taxpayers.

It would be fiscally unwise and harmful for Virginia taxpayers to bear the burden of an expansion of the Medicaid program. Lawmakers must avoid following the mistakes that other states have made around the country. Taxpayers are depending on their elected officials to stand against this proposed tax increase, as well as future increases that are sure to come should this measure be enacted.

Sincerely,

Thomas Aiello

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