



**Testimony of Deb Fournier,
Policy Analyst, New Hampshire Fiscal Policy Institute,
Before the Senate Finance Committee Regarding HB 1 and HB 2
May 9, 2013**

Chairman Morse, Members of the Committee, thank you for the opportunity to appear before you today. My name is Deb Fournier and I am a Policy Analyst with the New Hampshire Fiscal Policy Institute (NHFPI), an independent, non-profit organization dedicated to exploring, developing, and promoting public policies that foster economic opportunity and prosperity for all New Hampshire residents, with an emphasis on low- and moderate-income families and individuals.

I am here to express support for the provisions of the FY 2014-2015 budget that would enable New Hampshire to receive hundreds of millions of dollars in federal Medicaid funds and to reduce the number of Granite Staters who currently lack affordable health insurance coverage.

More specifically, the version of the budget now before the Senate includes several provisions that would put New Hampshire on the path towards extending its Medicaid program and ensuring that hard-working families have the security of health coverage when they need it:

- First and foremost, Section 60 of HB 2 directs the Commissioner of Health and Human Services to take the administrative actions necessary to extend Medicaid coverage to adults aged 19 through 64 with incomes up to 138 percent of the federal poverty line (approximately \$15,856 for a single person in 2013).
- Second, HB 1 provides a General Fund appropriation of \$3.6 million for the administrative expenses the Department of Health and Human Services (DHHS) would incur in implementing the expansion over the coming biennium.

Importantly, these are the only costs New Hampshire would experience for covering those newly eligible for Medicaid in this biennium, as the federal government will pay 100 percent of their benefit costs for the 2014 through 2016 period. This federal match rate gradually phases down to a 90 percent by 2020. Moreover, the General Fund administrative expenses found in the current version of FY 2014-2015 budget are offset by a pair of related changes. Section 62 of HB 2 would, should New Hampshire pursue the Medicaid expansion, end the Breast and Cervical Cancer eligibility pathway to Medicaid; this eligibility change is projected to reduce General Fund costs by \$3 million over the biennium. In addition, the current version of the budget assumes that revenue from the Insurance Premium Tax will rise by \$5.8 million, should New Hampshire move forward with the expansion.

- Third, at present, the Department of Health and Human Services estimates that New Hampshire would receive approximately \$319 million in federal funds during FY 2014-2015 if the state were to take advantage of this opportunity. While the current version of the budget does not appropriate that sum, it does include a separate line item that would ultimately reflect such funds.

I urge the Senate to include similar provisions in its version of the budget, since doing so would permit New Hampshire to capitalize on a major opportunity now before it. Again, under the Affordable Care Act (ACA), the federal government will allocate enough money to New Hampshire so that it can offer tens of thousands of hard working people affordable health care starting next year.

The state recently commissioned a pair of reports by The Lewin Group which highlight the benefits that will accrue to New Hampshire should it accept those funds. In particular:

- The reports project that New Hampshire stands to receive \$2.5 billion in federal aid payments over the next 7 years if it accepts the money.
- The same reports also conclude that there are enough savings and additional revenue generated by moving forward with the Medicaid expansion that it will be budget neutral. That is to say, New Hampshire can extend coverage to 40 percent more people and do it with no net cost to the state, as long as managed care goes forward and the state takes advantage of offsetting savings in other areas. The even better news is that there is the potential for the state to achieve net savings if all savings targets and revenue projections hold.
- If New Hampshire accepts the money we will most likely see 58,000 new Medicaid enrollees in the years between 2014 and 2020.
- The majority of these people are uninsured. Many of them are parents. Many are workers in minimum wage jobs or seasonal employment. They are likely to be wait staff, janitors, teachers' aides, school bus drivers, department store clerks, landscapers, and construction workers.
- The reports further find that, if New Hampshire takes the federal money, it will enjoy a number of economic benefits as well. It will gain an average of 5,100 new jobs; the state will enjoy a \$2.8 billion increase in gross state product; personal income will increase by more than \$2 billion, and; household spending on health care will drop by almost \$100 million statewide.

In sum, electing the Medicaid expansion makes sense for New Hampshire, its residents, its economy, and its budget.

I thank you again for the opportunity to testify today and would be happy to answer any questions you may have.