

## *The Hidden Medicaid Expansion*

BY CLUB FOR GROWTH FOUNDATION

As Congress has worked through the One Big Beautiful Bill Act as part of the budget reconciliation process, one of the key policy debates dividing Members has been reforming the out-of-control Medicaid program. This is a federal welfare program that has grown by 140 percent since the passage of Obamacare in 2010,<sup>1</sup> which expanded the program to able-bodied, work-capable adults instead of its pre-Obamacare restriction to a primarily sick and indigent population.

When federal and state policymakers refer to “Medicaid expansion,” this is the expansion they mean. However, a hidden expansion is propelling America toward a de facto “Medicaid for All” health care system if it is not abated. This hidden expansion is the seemingly endless Medicaid

service extensions that often cater to niche provider markets and impose onerous coverage mandates that force higher provider taxes and reimbursement rates to maintain these new mandates. Unfortunately, state lawmakers in both parties are facilitating this hidden expansion with reckless abandon.

### Medicaid Overview

The destructive impact of Medicaid is beyond dispute, even as proponents of the program argue that it provides crucial access and care for its enrollees, or worse yet, claim that reforming it amid our nation’s crippling \$36.2 trillion national debt is somehow “morally wrong and politically suicidal.”<sup>2</sup> A partial list of Medicaid’s policy failings includes:

- **Facilitating Significant Fraud:** Recent audits show that Medicaid’s fraudulent payments total more than \$1 trillion, costing every household roughly \$8,200 over the last decade.<sup>3</sup>

<sup>1</sup> Dickerson, M. (February 20, 2025). “Skyrocketing Medicaid Welfare Spending Driven by Waste, Fraud, and Abuse,” *Economic Policy Innovation Center*. <https://epicforamerica.org/social-programs/skyrocketing-medicaid-welfare-spending-driven-by-waste-fraud-and-abuse/>

<sup>2</sup> Senator Josh Hawley (May 12, 2025). “Don’t Cut Medicaid,” *The New York Times*. <https://www.nytimes.com/2025/05/12/opinion/josh-hawley-dont-cut-medicaid.html>

<sup>3</sup> Greszler, R. (March 18, 2025). “Saving Medicaid By Cracking Down on Misuse and Abuse,” *Economic Policy Innovation Center*. <https://epicforamerica.org/social-programs/saving-medicaid-by-cracking-down-on-misuse-and-abuse/>

- **Authorizing Provider Tax Scams:** States create a new tax or increase existing taxes on Medicaid providers and then utilize that revenue as Medicaid expenditure-related reimbursements to the same providers. The federal government then matches those payments at a certain percent (between 50 and 90 percent, depending on the state) to supercharge funding that states then use for expanded services or progressive social causes.<sup>4</sup>
- **Promoting “Free” Federal Money Myths:** The Medicaid program includes the Federal Medical Assistance Percentage (FMAP) scheme, wherein the federal government pays a percentage (between 50 and 90 percent, depending on the state) of the state’s Medicaid expenditures. This creates a funny money mentality for state legislators, resulting in an argument that somehow expanding Medicaid to healthy adults for an enhanced FMAP rate “saves taxpayers money” by “reducing” the overall state burden. The entire program, however, is funded by taxpayers, regardless of which level of government is footing a specific percentage. Further, state expenditures have skyrocketed, exposing the obvious falsity of such a premise.
- **Perpetuating Poor Health Outcomes:** Medicaid recipients experience slower emergency response times, increased delays in the emergency room, and significantly longer wait times for appointments. These worse health outcomes existed before the Obamacare expansion for healthy adults. Data shows that in many instances, these conditions are now even worse when it comes to securing appointments and increased rates of deteriorating mental health.<sup>5</sup>
- **Devaluing Work:** Obamacare’s expansion of Medicaid to the able-bodied has enrolled an

estimated 5 million work-capable adults who should otherwise be working and receiving insurance coverage through employer-provided plans.<sup>6</sup> Aside from absorbing care from the most needy, this expansion perpetuates a culture of dependency that devalues work and economic opportunity.

- **Funding Progressive Priorities:** The provider tax scheme, combined with continual service expansions, has fueled a program that actively engages in taxpayer funding for numerous progressive social causes. This includes funding for gender transition procedures, puberty blockers, and abortion.<sup>7</sup>

In addition to these substantial problems, the Congressional Budget Office estimates that federal spending on Medicaid will total nearly \$8.6 trillion within the next decade.<sup>8</sup> Even if every reform included in the initial House-passed One Big Beautiful Bill Act is signed into law, federal spending on Medicaid will be more than \$1 trillion above current FY2025 spending levels in the next 10 years.<sup>9</sup> The only conclusion one can draw is that the program is a proverbial debt snowball that, short of significant structural changes, will explode the federal deficit and debt as it consumes state budgets under the illusion of “saving money” through its gimmick-riddled FMAP scheme.

## A Hidden Expansion: Evaluating State Medicaid Service Expansions

As of June 2025, ten states have wisely refused to expand Medicaid to healthy, work-capable adults: Alabama, Florida, Georgia, Kansas, Mississippi, South Carolina, Tennessee, Texas, Wisconsin, and Wyoming. These states deserve credit for not exposing their citizens to a welfare program known for its poor health outcomes, low-quality care, and exorbitant costs imposed on taxpayers.

<sup>4</sup> *Ibid.*

<sup>5</sup> Sigaud, L. (February 10, 2025). “Losing Focus: How the ACA’s Medicaid Expansion Left Traditional Enrollees Behind,” *Paragon Health Institute*. <https://paragoninstitute.org/paragon-prognosis/losing-focus-how-the-acas-medicaid-expansion-left-traditional-enrollees-behind/>

<sup>6</sup> Vogel, S. (March 24, 2025). “Medicaid Work Requirements Could Cut Coverage for 5.2 Million,” *Healthcare Dive*. <https://www.healthcaredive.com/news/medicaid-work-requirements-could-cause-millions-to-lose-coverage/743039/>

<sup>7</sup> CRA Staff (May 7, 2025). “Primer: The Medicaid Machine Is Destroying Lives As It Devours Budgets,” *Center for Renewing America*. <https://americarenewing.com/issues/primer-the-medicaid-machine-is-destroying-lives-as-it-devours-budgets/>

<sup>8</sup> CBO Analysis (January 17, 2025). “The Budget and Economic Outlook: 2025 to 2035,” *Congressional Budget Office*. <https://www.cbo.gov/system/files/2025-01/60870-Outlook-2025.pdf>, Table B-4, p. 23

<sup>9</sup> *Ibid.*

Because of our work in the transparency space through the Club for Growth Foundation State Economic Scorecards, we have noticed a growing trend when it comes to Medicaid-related votes in state legislatures. Specifically, states continue to expand Medicaid services, widening the scope of what Medicaid can “cover” and reimburse for providers. These include everything from dental care to maternity and post-partum related services to niche concierge providers such as doulas. The Foundation has scored a number of these service expansions in states that have thus far refused to expand Medicaid to healthy adults. A non-exhaustive list of some of these votes includes:

- **GEORGIA:** In 2022, Georgia lawmakers passed HB 1013, which mandated Medicaid cover mental health and substance use disorders per the latest Diagnostic and Statistical Manual of Mental Disorders (DSM-5) guidelines. This includes Medicaid coverage for hormone therapy and “gender-affirmation” procedures.<sup>10</sup>
- **MISSISSIPPI:** In 2021, Mississippi lawmakers passed SB 2799, which expanded the state’s Medicaid program to include higher reimbursement rates to incentivize dentists to provide more diagnostic and preventative dental care.<sup>11</sup>
- **TEXAS:** In 2021, Texas lawmakers passed HB 133, which expanded Medicaid to cover maternal-related services for women six months after either giving birth or having a miscarriage.<sup>12</sup>
- **WYOMING:** In 2023, Wyoming lawmakers passed HB 81, which expanded the state’s Medicaid program to provide reimbursements to services offered by psychiatric facilities.<sup>13</sup>

Other non-expansion states, like **ALABAMA**, have implemented Medicaid slush funds to ostensibly “offset future budget shortfalls,” granting extraordinary powers to the governor and state Medicaid commissioner to administer the fund. The Foundation scored against this bill (HB 126) in 2023 while warning that such efforts lay the groundwork to fully expand Medicaid to healthy adults in the future.<sup>14</sup> In May 2025, a new service expansion was signed into law in Alabama (SB 102) that provides “presumptive” Medicaid coverage to expectant mothers, wherein recipients are effectively enrolled in the program before the state Medicaid agency determines actual eligibility.<sup>15</sup> A non-expansion state like Alabama has, over the last three years, created a new Medicaid slush fund, repeatedly increased Medicaid spending,<sup>16</sup> and imposed new Medicaid service expansions that automatically enroll people before eligibility determinations can be made. These actions show that Alabama legislators are incrementally moving the state toward expanding Medicaid under Obamacare to able-bodied adults, even if many in the legislature refuse to see it.

In **KANSAS**, repeated efforts by progressive lawmakers to expand Medicaid to healthy adults through Obamacare have fortunately failed thus far, but lawmakers continue to increase reimbursement payments<sup>17</sup> and appropriate supplemental Medicaid funding<sup>18</sup> despite resisting the allure of “free” federal money through the enhanced federal match rate. This is true in **GEORGIA** as well, which has arguably been the most active non-expansion state to engage in incremental Medicaid expansion activities on the Foundation’s Scorecard. Since 2019, the Foundation has scored nine bills that have increased Medicaid spending, increased Medicaid reimbursements, or expanded Medicaid services in Georgia, including three Medicaid votes on the 2024 Scorecard alone.<sup>19</sup>

It is important to note that the Foundation has not scored every Medicaid service expansion in non-expansion

<sup>10</sup> Georgia State Legislative Scorecard (2022). *Club For Growth Foundation*. [https://clubforgrowthfoundation.org/wp-content/uploads/2021/01/2022-Georgia-Scorecard\\_Final.pdf](https://clubforgrowthfoundation.org/wp-content/uploads/2021/01/2022-Georgia-Scorecard_Final.pdf)

<sup>11</sup> Mississippi State Legislative Scorecard (2021). *Club for Growth Foundation*. <https://clubforgrowthfoundation.org/wp-content/uploads/2022/10/2021-Mississippi-House-Scorecard-FINAL.pdf>

<sup>12</sup> Texas State Legislative Scorecard (2021). *Club for Growth Foundation*. <https://clubforgrowthfoundation.org/wp-content/uploads/2019/10/2021-Texas-Economic-Scorecard-FINAL.pdf>

<sup>13</sup> Wyoming State Legislative Scorecard (2023). *Club for Growth Foundation*. <https://clubforgrowthfoundation.org/wp-content/uploads/2021/02/2023-Wyoming-Scorecard-FINAL.pdf>

<sup>14</sup> Alabama State Legislative Scorecard (2023). *Club for Growth Foundation*. <https://clubforgrowthfoundation.org/wp-content/uploads/2021/02/2023-Alabama-House-Scorecard-FINAL.pdf>

<sup>15</sup> Alabama Senate Bill 102 (Enrolled April 9, 2025). <https://alison.legislature.state.al.us/files/pdf/SearchableInstruments/2025RS/SB102-enr.pdf>

<sup>16</sup> Alabama State Legislative Scorecard (2024). *Club for Growth Foundation*. <https://clubforgrowthfoundation.org/wp-content/uploads/securepdfs/2025/02/2024-Alabama-House-Scorecard-FINAL.pdf>

<sup>17</sup> Kansas State Legislative Scorecard (2023). *Club for Growth Foundation*. <https://clubforgrowthfoundation.org/wp-content/uploads/2024/01/2023-Kansas-Scorecard-Final.pdf>

<sup>18</sup> *Ibid.*

<sup>19</sup> Georgia State Legislative Scorecard (2024). *Club for Growth Foundation*. <https://clubforgrowthfoundation.org/wp-content/uploads/securepdfs/2025/05/2024-Georgia-House-Scorecard-FINAL.pdf>

states. There are times when the Foundation opts to score more immediately consequential Medicaid votes in a legislative session. For the 2023 **WISCONSIN** Scorecard, the Foundation scored the budget agreement (SB 70) and its \$385 million Medicaid spending increase alongside an amendment to SB 70, which expanded Medicaid to healthy adults through Obamacare.<sup>20</sup> However, that same year, the Wisconsin Senate also passed SB 110, which significantly expanded Medicaid coverage for postpartum services as well. This particular vote was not included on the Scorecard, though future service expansions certainly might.

Among the non-expansion states, there is an emerging correlation between the number of Medicaid-related votes on the Foundation's scorecard and the relative growth of the Medicaid program in those states. Below is an evaluation of non-expansion states that have had at least four Scorecards released by the Foundation since 2019. In the case of Texas, the Foundation has released only three Scorecards during that period because the state has a biennial legislative session.

**ALABAMA:** The Foundation has scored four Medicaid-related bills since 2019. Medicaid spending in Alabama has increased by 30.1 percent in the same time frame.

**FLORIDA:** The Foundation has scored two Medicaid-related bills since 2019. Medicaid spending in Florida has increased by 18.9 percent in the same time frame.

**GEORGIA:** The Foundation has scored ten Medicaid-related bills since 2019. Medicaid spending in Georgia has increased by 33 percent in the same time frame.

**TEXAS:** The Foundation has scored three Medicaid-related bills since 2019. Medicaid spending in Texas has increased by 17.7 percent in the same time frame.

**WYOMING:** The Foundation has scored four Medicaid-related bills since 2019. Medicaid spending in Wyoming has increased by 25.8 percent in the same time frame.

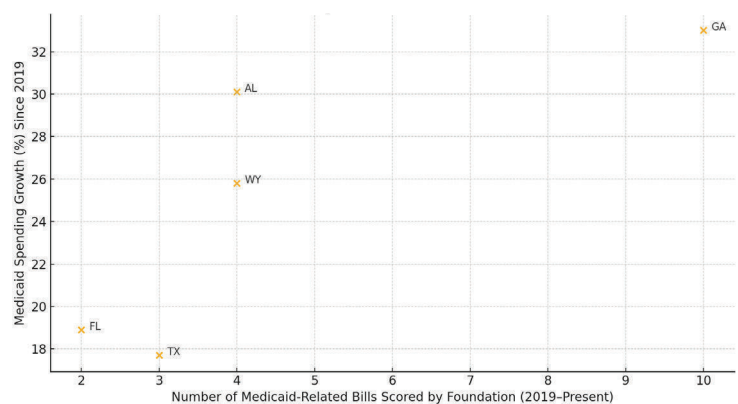
**The trends suggest that in non-expansion states that**

**have had at least four Medicaid-related bills scored by the Foundation since 2019, the growth of the Medicaid program has accelerated by at least 25 percent.** These votes include targeted service expansions, reimbursement increases to accommodate these service expansions, new Medicaid slush funds, or supplemental Medicaid spending increase packages.<sup>21</sup>

Importantly, no state that has expanded Medicaid to healthy adults through Obamacare has repealed such expansion or rolled it back in any significant manner. There are states, like **INDIANA**, that have recently begun to impose reforms like state-level work requirements within Medicaid to drive down skyrocketing costs by removing work-capable adults from the rolls.<sup>22</sup> Nevertheless, these reforms ultimately require federal approval and still maintain the Obamacare expansion to healthy adults and the enhanced FMAP scheme. Further, Indiana remains one of the most prolific Obamacare expansion states to engage in Medicaid service expansions.

The Foundation has scored four Medicaid service expansion bills in Indiana since 2019, including Medicaid mandates to screen for ultra-rare diseases in newborns,<sup>23</sup> new coverage requirements for chronic pain management,<sup>24</sup> significantly expanded postpartum

**FIGURE 1**  
Correlation Between Foundation Medicaid Votes and Spending Growth in Non-Expansion States (Since 2019)



20 Wisconsin State Legislative Scorecard (2023). Club for Growth Foundation. <https://clubforgrowthfoundation.org/wp-content/uploads/2023/11/2023-Wisconsin-House-Scorecard-FINAL.pdf>

21 CFGF Note: While the Foundation does not include every Medicaid-related vote on its Legislative Scorecards, the number of such votes over time is indicative of the amount of overall programmatic activity occurring in the states with regard to prospective structural changes, spending changes, and service expansions.

22 Downard, W. (April 8, 2025). "House GOP Overwhelmingly Votes to Impose Medicaid Work Requirements," *Indiana Capital Chronicle*. <https://indianacapitalchronicle.com/briefs/house-gop-overwhelmingly-votes-to-impose-medicaid-work-requirements/>

23 Indiana State Legislative Scorecard (2019). Club for Growth Foundation. <https://clubforgrowthfoundation.org/wp-content/uploads/2021/12/2019-Indiana-Economic-Scorecard-FINAL.pdf>

24 *Ibid.*

services,<sup>25</sup> and new mandates for Medicaid coverage of biomarker testing.<sup>26</sup> These continual expansions of the Medicaid program infuse increasing components of the healthcare industry with increased reliance on Medicaid reimbursements to deal with increased numbers of Medicaid enrollees. And as programmatic spending predictably skyrockets to accommodate increased enrollment and increased services, with Medicaid spending in Indiana increasing by \$5 billion since 2020,<sup>27</sup> even attempting modest reforms like work requirements for able-bodied Medicaid recipients results in hyperbolic headlines that people’s “lives are at risk.”<sup>28</sup>

The Obamacare expansion to healthy adults is not only devouring state budgets, but the service expansions are also creating new dependent constituencies within the program and the healthcare industry that characterize efforts to curb costs as efforts to harm people. It’s a no-win dynamic that will continue unless lawmakers understand there is no economic, healthcare, or moral benefit to the existing paradigm.

Since 2019, the Foundation has scored nearly 30 service expansions in states that have already expanded Medicaid to healthy adults through Obamacare, including mental health service expansions in Idaho and Ohio, nursing care in Pennsylvania, and dental service expansions in New Hampshire, Pennsylvania, Utah, and West Virginia.

**IDAHO**, for example, had three Medicaid-related votes on the Foundation’s 2023 Scorecard.<sup>29</sup> These votes included \$535 million in supplemental spending for provider rate increases, a mental health service expansion, and a new Medicaid slush fund to “offset future budget shortfalls,” similar to the proposal implemented in the non-expansion state of Alabama. That same year, the Idaho legislature approved a record \$4.5 billion in state and federal Medicaid spending in its budget. Idaho implemented Obamacare’s Medicaid expansion to healthy adults in 2020. Now the

state is caught in a fresh spin cycle of increasing Medicaid spending baselines, service expansions, and slush funds to prop the system up.

In **NEW HAMPSHIRE**, lawmakers passed HB 692 in 2019, which removed the prohibition on mandatory dental coverage through Medicaid. Three years later, in 2022, HB 103 was signed into law, which required the state’s Department of Health and Human Services to contract with managed care organizations to extend dental benefits to all Medicaid recipients 21 years and older. The original fiscal note estimated that this service expansion would cost the state \$1.7 million in the first year.<sup>30</sup> The state now expects this service to cost \$7.5 million on an annual basis, a 341 percent increase above the first-year programmatic estimates.<sup>31</sup>

While many argue that dental care constitutes a critical healthcare field, expansion states have expanded Medicaid services to include more niche medical fields and practices that do not meet such criteria. These include expanding Medicaid to cover recreational therapy in Utah,<sup>32</sup> chiropractic care in Ohio,<sup>33</sup> and doula services in both Ohio and Pennsylvania.<sup>34</sup>

**In states that have already expanded Medicaid to healthy adults under Obamacare, service expansions appear to be never-ending.**

## Impact of Medicaid Service Expansions

In terms of total costs to taxpayers and state budgets, Medicaid service expansions are less significant than Obamacare’s Medicaid expansion to able-bodied, work-capable adults. However, the programmatic mission creep embodied by state legislatures continually roping in new medical providers and services into their Medicaid apparatus poses a different threat: fulfillment of a far-left,

25 Indiana State Legislative Scorecard (2022). *Club for Growth Foundation*. <https://clubforgrowthfoundation.org/wp-content/uploads/2021/12/2022-Indiana-Economic-Scorecard-FINAL.pdf>

26 Indiana State Legislative Scorecard (2024). *Club for Growth Foundation*. <https://clubforgrowthfoundation.org/wp-content/uploads/securepdfs/2025/04/2024-Indiana-Economic-Scorecard-FINAL.pdf>

27 Karnick, S.T. (March 17, 2025). “Research and Commentary: Indiana Medicaid Eligibility Reform,” *The Heartland Institute*. <https://heartland.org/publications/research-and-commentary-indiana-medicaid-eligibility-reform/>

28 Ruhman, A. (May 29, 2025). “Medicaid Members in HIP Program Say Federal, State Policy Changes Put Their Lives At Risk,” *WFYI*. <https://www.wfyi.org/news/articles/medicaid-members-in-hip-program-say-federal-state-policy-changes-put-their-lives-at-risk>

29 Idaho State Legislative Scorecard (2023). *Club for Growth Foundation*. <https://clubforgrowthfoundation.org/wp-content/uploads/2020/05/2023-IDAHO-Scorecard-FINAL-1.pdf>

30 Wade, C. (April 25, 2022). “Plan to Expand Dental Coverage in New Hampshire Advances,” *The Center Square*. [https://www.thecentersquare.com/new\\_hampshire/article\\_bffa78f2-c4cc-11ec-8d97-dbcf5c83dcaf.html](https://www.thecentersquare.com/new_hampshire/article_bffa78f2-c4cc-11ec-8d97-dbcf5c83dcaf.html)

31 Timmins, A. (July 11, 2024). “More Dentists Are Agreeing to See Medicaid Patients—But Not Enough to Meet Demand,” *New Hampshire Bulletin*. <https://newhampshirebulletin.com/2024/07/11/more-dentists-are-agreeing-to-see-medicaid-patients-but-not-enough-to-meet-demand/>

32 Utah State Legislative Scorecard (2023). *Club for Growth Foundation*. <https://clubforgrowthfoundation.org/wp-content/uploads/2024/01/2023-Utah-Scorecard-FINAL.pdf>

33 Ohio State Legislative Scorecard (2022). *Club for Growth Foundation*. <https://clubforgrowthfoundation.org/wp-content/uploads/2023/01/2022-Ohio-Scorecard-Final.pdf>

34 Pennsylvania State Legislative Scorecard (2024). *Club for Growth Foundation*. <https://clubforgrowthfoundation.org/wp-content/uploads/securepdfs/2025/05/2024-Pennsylvania-House-Scorecard-FINAL.pdf>

socialist agenda to implement universal government-run health care.

**A clear-eyed evaluation of the non-expansion states shows that pressure for Medicaid expansion is moving in only one direction. State lawmakers in both parties are greasing the skids for eventual Medicaid expansion to healthy adults by implementing incremental and continual service mission creep and reimbursement increases.** This is the hidden Medicaid expansion and the one that lawmakers and policymakers rarely discuss as part of the broader debate over the program. The three critical concerns with service expansions are:

1. ***New Medicaid Constituencies:*** Medicaid service expansions create new constituencies from within the program and from those providing such services to lobby for increased funding, expanded access to such services, and higher reimbursement rates ad infinitum.
2. ***New Pressure to Expand:*** In the remaining states that have not expanded Medicaid to healthy adults under Obamacare, service expansions lay the foundation to eventually do so under the pretense of receiving “free” federal money to accommodate increased spending baselines to reimburse new services.
3. ***No Limiting Principle:*** For each new service added to a state Medicaid program for coverage and reimbursement, the argument against adding another service becomes weaker. There is no limiting principle that policymakers have adopted or thought through, leading to increasingly niche coverage mandates for things like doula services and recreational therapy.

For federal policymakers, the implications of these state-level Medicaid abuses and service expansions should be sobering, especially for fiscal hawks and community-minded conservatives seeking to promote healthier societies through stronger families and the dignity of work. The shortcomings of existing federal reforms in the budget reconciliation debate become even starker. If the non-expansion states are gradually increasing Medicaid’s footprint, often with overwhelming

bipartisan rubberstamping, and expansion states have no discernible limiting principle in just how far they are willing to expand Medicaid’s services amid skyrocketing costs from enrollment of healthy adults, then Congress must rein in the program now.

## Potential Federal Policy Responses

There are numerous policy reforms that lawmakers ought to consider to reverse the damage occurring in the states. Specifically, lawmakers could look at:

- ***Eliminating Provider Taxes:*** The provider tax scam is fueling the out-of-control growth of the Medicaid program and funding progressive social causes at the same time. A full repeal of this taxpayer-fleeing, gimmick-riddled mechanism in Obamacare would save more than \$500 billion over the 10-year budget window.<sup>35</sup> Further, eliminating the provider tax scheme severs a critical funding mechanism for the seemingly limitless service expansions within Medicaid, requiring states to set parameters on the size of the program’s footprint.
- ***Capping Provider Taxes in Expansion States:*** At a minimum, lawmakers could disincentivize Medicaid expansion to healthy adults by imposing a provider tax cap on expansion states that is set at a significantly lower rate (e.g., between 3 and 3.5 percent) than the 6 percent safe harbor threshold for remaining non-expansion rates. This would not only save more than \$100 billion over the 10-year budget window,<sup>36</sup> but would encourage expansion states to consider rolling back their Obamacare expansion to healthy adults.
- ***Implementing Parity for FMAP:*** Obamacare created a system where states receive \$9 in federal reimbursements for every \$1 spent on able-bodied adults. This is 577 percent higher than what states receive in federal reimbursements for Medicaid spending on the traditionally sick and indigent. Reducing enhanced FMAP to able-bodied adults to the same level as the indigent

<sup>35</sup> FY2023 Budget Proposal (December 7, 2022). “A Commitment to End Woke and Weaponized Government,” *Center for Renewing America*. <https://americarenewing.com/wp-content/uploads/2024/03/Budget-Center-for-Renewing-America-FY23.pdf>

<sup>36</sup> CBO Budget Options (December 7, 2022). “Limit State Taxes on Health Care Providers,” *Congressional Budget Office*. <https://www.cbo.gov/budget-options/58623>

saves well over \$500 billion in the 10-year budget window,<sup>37</sup> disincentivizes continued expansion to healthy adults, and restores moral clarity and purpose to a Medicaid program untethered from its original purpose.

- ***Strengthening Work Requirements:*** Another mechanism to curb fraudulent Medicaid activities at the state level is strengthening proposed work requirements to ensure there are no loopholes with other federal welfare programs. Specifically, waivers that allow states to loosen work requirements should be rolled back with stipulations that states may only tighten work requirements beyond the existing proposed standards.

If Congress does not restructure Medicaid to serve the truly needy, move healthy adults off the rolls, and disincentivize state expansions, then the existing inertia and the myth of “saving states money” could push every remaining state to expand Medicaid under Obamacare. Beyond the concerns over expanding Medicaid to healthy adults, there is the very real danger of unending service expansions.

These service expansions grow the Medicaid ecosystem, create new constituencies to lobby on behalf of increased Medicaid spending, and dilute the political will of lawmakers to resist the false promise of “free” federal assistance. This loop will make reforms to the program even harder and significantly increase resistance to efforts to curb costs and promote a patient-centered healthcare system.

The result of Medicaid’s unending march through the states, especially if it is not mitigated in non-expansion states, will be a de facto socialist system in service to an all-consuming bureaucratic behemoth.

## Conclusion

**Service expansions in non-expansion states are greasing the skids for full Medicaid expansion to healthy adults by expanding the program’s reach to new components of the health care industry and new constituencies. Expansion states are continuing to enact service expansions with no limiting principle on how far the Medicaid ecosystem should extend.** Both efforts feed into one another, creating a proverbial feedback loop that paves the way toward making the socialist dream of government-controlled healthcare a reality.

Lawmakers in the remaining non-expansion states must pump the brakes on moving a fraud-prone, care-challenged welfare program into new healthcare services and industries, lest they inadvertently create an environment where full expansion to healthy adults is a foregone conclusion. Lawmakers in states that have already adopted the Obamacare expansion must adopt principles that pare back Medicaid eligibility for healthy adults and limit the scope of services provided to those enrolled in Medicaid.

<sup>37</sup> Blase, B. and Gonshorowski, D. (July 2024). “Medicaid Financing Reform: Stopping Discrimination Against the Most Vulnerable and Reducing Bias Favoring Wealthy States,” *Paragon Health Institute*. [https://paragoninstitute.org/wp-content/uploads/2024/07/Medicaid-Financing-Reform\\_FOR-RELEASE\\_V1.pdf](https://paragoninstitute.org/wp-content/uploads/2024/07/Medicaid-Financing-Reform_FOR-RELEASE_V1.pdf)



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