**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 44‑6‑110 SO AS TO PROVIDE THAT BEGINNING JANUARY 1, 2014, AN ADULT SIXTY‑FIVE YEARS OF AGE OR YOUNGER WHOSE INCOME IS AT OR BELOW ONE HUNDRED THIRTY‑EIGHT PERCENT OF THE FEDERAL POVERTY LEVEL IS ELIGIBLE FOR MEDICAID AS PROVIDED FOR IN THE PATIENT PROTECTION AND AFFORDABLE CARE ACT, AND AMENDMENTS TO THAT ACT.

Whereas, in March 2010, Congress enacted the Patient Protection and Affordable Care Act (ACA), the constitutionality of which was upheld by the United States Supreme Court in June of 2012, with the exception of certain aspects of Medicaid Expansion; and

Whereas, the Court found unconstitutional the ACA withholding all of a state’s existing federal Medicaid funding if the state does not expand Medicaid eligibility to individuals sixty‑five years of age or younger whose income is at or below one hundred thirty‑eight percent of the federal poverty level, which currently is $15,415 for an individual; and

Whereas, while the Court struck down the Medicaid expansion penalty, it maintained the expansion and gave states the option of participating in the expansion as provided for in the ACA; and

Whereas, to fund this expansion, the ACA provides that the federal government will fund one hundred percent of a state’s Medicaid costs for newly eligible beneficiaries in 2014 through 2016, gradually decreasing the federal match to ninety percent, with a ten percent state match, in 2020 and thereafter; and

Whereas, South Carolina must decide whether it will opt in or out of Medicaid Expansion and in making this decision must consider the economic impact of enhanced federal funds coming into the State, the cost to the State to implement the expansion, the impact on uncompensated health care costs, and the impact on uninsured South Carolinians, whom the expansion was designed to reach; and

Whereas, based on the April 2012 Medicaid Expansion study prepared for the South Carolina Department of Health and Human Services, by Milliman, an international actuarial and consulting firm, the Division of Research, Moore School of Business, University of South Carolina prepared an economic impact report of the ACA in South Carolina; and

Whereas, based on the Milliman study, approximately 333,000 uninsured and underinsured South Carolinians would become newly eligible for Medicaid under the expansion, increasing to roughly 354,000 by 2020, resulting in an $11.2 billion net increase in federal funding to the State between 2014 and 2020; and

Whereas, these increased federal funds would not exist but for Medicaid expansion and would lead to a net gain of nearly 44,000 jobs over these seven years, which, due to the multiplier effect, would result in $1.5 million in labor income by 2020; and

Whereas, with income levels rising, this would translate into additional spending both from individuals and households, creating increases in tax revenue statewide, which in 2014 are estimated to be $45.6 million, increasing to $105 million by 2020; and

Whereas, this increase in tax revenue would in the first seven years of the expansion completely offset the additional state match and administrative costs required to bring down the federal ninety percent expansion funds and would generate a net surplus to the State of approximately $9 million; and

Whereas, in 2020, and in subsequent years, the federal to state match of 90/10 would generate state tax revenue that would offset the required annual state costs by approximately 53 percent; and

Whereas, additionally, beginning in 2014 through 2020, the ACA will reduce federal disproportionate share payments to hospitals serving larger numbers of Medicaid and uninsured low income patients, and though some details remain undetermined, the reduction in these payments begins in 2014 whether or not a state has opted in or out of Medicaid expansion, placing a much greater financial burden on these hospitals, the State, and ultimately all health care consumers by increased insurance premiums and health care costs; and

Whereas, not only does opting into Medicaid expansion significantly impact and improve the State’s economic welfare, with a return far greater than could be achieved with our existing Medicaid state match, but exercising this option also is a moral imperative; and

Whereas, to do other than participate in Medicaid expansion denigrates the worth of hundreds of thousands of uninsured South Carolinians by denying them the opportunity to improve their individual health, and accordingly the health of the State, to improve their quality of life, to improve their chances of entering, maintaining, and advancing in the workforce, and to improve their individual, as well as collective, productivity and contributions to their communities and the State of South Carolina. Now, therefore,

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Article 1, Chapter 6, Title 44 of the 1976 Cod is amended by adding:

“Section 44‑6‑110. Beginning January 1, 2014 an adult sixty‑five years of age and younger is eligible to receive Medicaid pursuant to the ‘Patient Protection and Affordable Care Act’ (P.L. No. 111-148) as amended by the Health Care and Education Reconciliation Act of 2010 (P.L. No. 111-152).”

SECTION 2. This act takes effect upon approval by the Governor.

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