February 23, 2018

Dear Constituent,

Yesterday, the most complex and important vote of the session came before the House of Delegates when we debated the two-year budget. I voted for the budget and want to share with you personally the reasons behind my vote, especially as it pertains to Medicaid.

During our campaign, when asked about Medicaid expansion, I consistently stated my absolute insistence we have reforms to the existing program before we expand. During my six years on the Board of Supervisors, I witnessed state budget support for the priorities of my constituents, such as K-12 education, public safety, and transportation being choked out by the growing costs of the existing Medicaid program. At a debate, I stated “it would be irresponsible to expand a program that needs fixing as it is.” Although many lawmakers before me attempted to fix the broken system, for over a decade the efforts to apply reforms through waivers failed. The Obama administration refused to grant waivers and Governor McAuliffe’s approach was straight expansion with no reforms or compromise. Although I assumed it would take several years, one of my long-term personal goals for Richmond was to make the case from a local government perspective of why we needed to demand Medicaid reform before our state and local budgets imploded. At the time, I had no idea we would have an opportunity to get the conservative reforms I spoke of on the campaign trail that had eluded us for so long, but with the Trump administration’s urging of states to apply for waivers and a new Governor, Ralph Northam, who appears willing to negotiate on most of the conservative reforms we asked for, the opportunity arrived this year.

From the very first days of session, it became clear the votes to block all forms of expansion were just not there. Recognizing some form of expansion was inevitable, I put my support behind negotiating for the strong conservative reforms I campaigned on. One critically important part of our budget, which allowed me to stay true to my position, is that if the reforms are not accomplished, expansion does not happen. This is a principle I am not willing to negotiate as I still believe the budget cannot support expansion in future years without reform.

The risk of the federal government reducing its share of the reimbursements is of greatest concern to me. Our budget language addresses this with our “Taxpayer Safety Switch,” whereby if the federal government ever backs out of its commitment to pay for at least 90% of the cost, the plan will end. Some doubt we would end the program, but this is very similar to our budgeting approach on the Children’s Health Insurance Program, which the federal government nearly ended this year. The state budget cannot pick up the cost of CHIP, so letters went out to all recipients advising the program would end if the federal government refused to extend funding. I believe the safety switch provides real and strong protections for our state budget which my conservative colleagues and I demand.

Another absolute principle for me was the inclusion of a work requirement. We passed a bill and included funding for our “Training, Education and Employment Opportunity” program, which not only adds a work requirement, but provides training and education options so the insured can rise out of poverty and becoming contributing members to our economy. Virginia led the way in the 1990s to transition people on public assistance into good paying jobs, and I believe this reform will help us replicate the success of “workfare” through our Medicaid program.
Under our plan, Medicaid recipients will have additional modest cost-sharing so they will have “skin in the game” and this should drive down costs by rewarding responsible behavior like those who choose not to use emergency rooms as a primary care provider. If you look at the details of how the uninsured are cared for now, they often wait until their medical condition is so severe they end up in the emergency room. Hospitals provide this care with no reimbursement, so the hidden costs of the uninsured are already being passed on to the rest of us who already have health insurance.

This brings us to how we pay for the 10% of expansion costs not covered by federal dollars. The plan requires hospitals to pay for 100 percent of the state’s share of the cost, which is currently 7.5% and will increase to 10% by 2020. Virginia’s non-profit hospitals cleared over $10 billion after expenses in 2016 which they set aside to invest back into our communities and infrastructure. They will benefit immensely from increased federal healthcare funding because they will be able to recover some costs of those that are showing up in their emergency rooms today for free care. Rates for services provided by hospitals are contractually set, so the fear they will just pass this on to consumers is simply not true. The hospitals will pay this fee out of the money they keep after expenses, knowing that with the reforms and expansion they will more than recover the increased fees. Mary Washington Healthcare is in full support of creative solutions to pay for Medicaid expansion.

Many of the services we are already providing to Medicaid recipients are subject to a 50/50 match by the state. By including expansion, additional federal dollars can be used to offset many costs already in our state budget. This frees up about $450 million allowing investments in areas that have suffered in the past due to the rising costs of Medicaid. I am eager to rebalance the scales I have advocated to fix for so long. In the House budget you will find resources for the core functions of state government such as, raises for our K-12 educators, money to assist with financial aid to address rising student debt, money to fight the urgent opioid crisis, and a further investment in mental health issues facing so many of our citizens which cost our economy and effect all of us.

As many of you know, in the past I have briefed bond rating agencies in New York for Stafford County, and the importance of keeping our AAA bond rating cannot be stressed enough so the inclusion of $91 million into a new cash reserve was very important to me. Additionally, my budget amendment that provides a $1,000 pay raise to our deputies who are on the front lines of ensuring our safety on a daily basis made it into the budget. Lastly, I know budget efficiency is important to most of you and we are always looking for ways to spend your tax dollars more wisely. We had a floor debate on removing funds from a program that just isn’t working, and although emotions were high, we did vote to remove the funds. There are many more items in the budget that address many of the concerns I hear from citizens at home and if you have any detailed questions, we would be happy to answer them.

In closing, admittedly, the budget is far from perfect and there are aspects of expansion which concern me. I will continue to push for further reforms in the years to come, but taken as a whole, the positives of the budget far outweigh the negatives.

Please know that this decision was not taken lightly, and that as I pressed the button to cast my vote, I felt the weight of responsibility for my 80,000 constituents and the future course of healthcare in Virginia on my shoulders. Thank you for allowing me the opportunity to serve and to share with you directly why I voted for the budget.

Sincerely,

Robert M. “Bob” Thomas, Jr.
Member, House of Delegates