



## Fact Sheet

# The Arizona Medicaid Expansion Experience: Beware the Peddlers of Cost-Shifting Claims

State lawmakers and staffers: Be forewarned. Arizona bought the promise of Medicaid expansion, but it didn't work. A new Goldwater Institute report shows that to be true, and taxpayers are paying a much higher price.

### [Warning to states eyeing Medicaid expansion: Learn from Arizona's experience.](#)

Arizona bought the promise of Medicaid expansion largely on the basis that it would alleviate the supposed "cost-shifting" claims that hospitals were passing their uncompensated care costs to private payers, resulting in higher insurance premiums. But a new Goldwater Institute report shows that, instead of alleviating the so-called "hidden healthcare tax," hospitals have further increased their prices and, if one is to believe in the cost-shifting claims, the situation is even worse today.

---

### [Medicaid expansion in Arizona did not reduce the burden on private payers.](#)

Medicaid expansion proponents claimed that in 2007, before Medicaid expansion, the cost-shifting to private payers amounted to 14 percent above hospitals' costs, and expansion was necessary to alleviate those costs. However, this study found that Medicaid expansion did not reduce the claimed cost-shift; rather, the private payers paid 27 percent above hospital costs in 2016. Had the Medicaid expansion alleviated the claimed cost-shifting to private payers, one would have expected that, in the third year of Medicaid expansion, the proportion of cost-shifting would have declined, not increased.

---

### [Following Medicaid expansion, Arizona hospitals are charging even more today.](#)

Hospitals' list prices for services, commonly referred to as "charges," for insured patients increased more than for the uninsured. Total charges for all payment groups (public and private) increased, but Medicaid charges in Arizona's emergency departments alone increased more than 300 percent.

---

### [Hospitals in Arizona increased prices on all payers, with no transparency or accountability.](#)

The lesson: Medicaid expansion in Arizona not only failed to deliver on the promise that expansion would help alleviate the supposed shifting of costs for providing care to the uninsured to the privately insured, it allowed hospitals to further increase prices on all payers—with no transparency or accountability to the taxpayers who are footing the bill for the program.

---

### [The lesson for lawmakers: Judge a program by its outcomes, not its intentions.](#)

The lesson for state lawmakers is that a program should be evaluated based on its outcomes, not its intentions. Arizona's expansion of Medicaid not only failed to deliver on its promise to alleviate supposed cost shifting to private payers, it exacerbated them.

[GOLDWATER INSTITUTE POLICY PAPER](#)

*The Arizona Medicaid Expansion Experience:  
Beware the Peddlers of Cost-Shifting Claims*

[goldwaterinstitute.org/az-medicaid](http://goldwaterinstitute.org/az-medicaid)