

## Economic Benefits of Medicaid Reform & Expansion

---

- Data from the first wave of states that expanded Medicaid under the Affordable Care Act indicate expansion has had positive economic impacts. **“Healthcare Jobs Grew Faster in Expansion States,”** Fitch Wire, February 19, 2015: <sup>1</sup>
  - **“The states that expanded health insurance access under the Affordable Care Act (ACA) have seen substantially faster growth in healthcare jobs than those that did not since the first expansions began last January.** If this trend continues, Fitch Ratings says it could support a broader economic and tax base for state budgets and improve nonprofit hospital finances in those states.”
  - “According to data from the Bureau of Labor Statistics, healthcare and social assistance jobs grew over 30% faster between December 2013 and December 2014 for 24 states that implemented ACA expansion on Jan. 1, 2014 than those that did not. On average, those states saw jobs in the healthcare and the social-assistance sectors grow by 2.4% [over the previous year]. Twenty-four states that didn't expand grew at 1.8%.”
- The Alaska Chamber wrote in an April 8, 2015 letter: “As taxpayers, Alaskans are already subject to the increased federal taxes established to fund the national healthcare law. **If Alaska continues to reject Medicaid expansion, Alaska businesses will pay twice – unnecessarily driving the cost of doing business in Alaska up.**”<sup>2</sup>
- Alaska anticipates **\$146 million** in new federal money in FY 16. Every day we don’t act, we leave **\$390,000** on the table –money that would flow directly into Alaska’s economy. Medicaid expansion is expected to bring Alaska **\$1.1 billion** in new federal money over six years and generate **4,000 new jobs.**<sup>3</sup>
- **Alaska non-tribal hospitals provided over \$100 million in uncompensated care in 2013.** When patients have no ability to pay, those costs get spread to the rest of us. Uncompensated care in Arizona dropped by 30 percent in the first three months of expansion. The Alaska State Hospital and Nursing Home Association estimates Medicaid expansion would reduce uncompensated care in Alaska by \$18-27 million annually.<sup>4</sup>
- **Availability of health insurance promotes entrepreneurship.** “All in all, health insurance has been an important factor in an individual’s decision to become or remain self-employed,” according to a study by the Federal Reserve Bank of Kansas City.<sup>5</sup>

<sup>1</sup> [https://www.fitchratings.com/gws/en/fitchwire/fitchwirearticle/Healthcare-Jobs-Grew?pr\\_id=980053&cm\\_sp=homepage-\\_-FitchWire-\\_-Fitch:%20Healthcare%20Jobs%20Grew%20Faster%20in%20ACA%20Expansion%20States](https://www.fitchratings.com/gws/en/fitchwire/fitchwirearticle/Healthcare-Jobs-Grew?pr_id=980053&cm_sp=homepage-_-FitchWire-_-Fitch:%20Healthcare%20Jobs%20Grew%20Faster%20in%20ACA%20Expansion%20States)

<sup>2</sup> [http://alaskachamber.com/files/1274.pdf?utm\\_source=Capitol+Notes%3A+Special+Edition++24+Hour+Rule+in+effect+&utm\\_campaign=EOS+Capitol+Notes&utm\\_medium=email](http://alaskachamber.com/files/1274.pdf?utm_source=Capitol+Notes%3A+Special+Edition++24+Hour+Rule+in+effect+&utm_campaign=EOS+Capitol+Notes&utm_medium=email)

<sup>3</sup> [http://dhss.alaska.gov/HealthyAlaska/Documents/Evergreen\\_Medicaid\\_Expansion\\_Analysis-020615.pdf](http://dhss.alaska.gov/HealthyAlaska/Documents/Evergreen_Medicaid_Expansion_Analysis-020615.pdf)

<sup>4</sup> <http://d2vx0b949pmiku.cloudfront.net/wp-content/uploads/2012/11/Uncompensated-care-Talking-Points-Revised-3-20-15.pdf>

<sup>5</sup> “Does Health-Care Reform Support Self-Employment?,” by Didem Tuzeman and Thealexa Becker. <http://www.kc.frb.org/publicat/econrev/pdf/14q3Tuzemen-Becker.pdf>

## Budget Benefits of Medicaid Reform & Expansion

---

By refinancing eligible health care costs through Medicaid, Alaska can get federal reimbursement for costs we now pay entirely with state general funds (GF). Examples:

- Inmate Health Care: **\$4 million** savings in FY 16, more in out-years<sup>6</sup>
- Behavioral health grants: **\$1.5 million** savings in FY 16, more in out-years
- Chronic and Acute Medical Assistance: **\$1 million** savings in FY 16, more in out-years
- General fund savings are projected to exceed the state's required match for a net benefit to the state's treasury through 2020 and beyond.

Experience in expansion states supports these projections. **“States Expanding Medicaid See Significant Budget Savings and Revenue Gains: Early Data Shows Consistent Economic Benefits Across Expansion States,”** *Robert Wood Johnson Foundation Issue Brief*, April 2015.<sup>7</sup>

- The report examined the budget impact of Medicaid expansion on eight states that expanded Medicaid under the ACA: Arkansas, Colorado, Kentucky, Michigan, New Mexico, Oregon, Washington and West Virginia, finding, “Savings and revenues by the end of 2015 are expected to exceed \$1.8 billion across all eight states.”
- States realized net budget savings by accessing enhanced federal matching funds; replacing general funds with Medicaid funds; and revenue gains.

**Reform initiatives** in Gov. Walker's bill have the potential to save the state more than \$500 million dollars over six years:

- Tribal health system partnership (1115 waiver) - \$232 million savings
- Fraud and abuse control initiative - \$90 million savings
- Alaska Tribal health system coordination - \$60 million savings
- Pharmacy reform initiatives - \$30 million savings
- Care management (“SuperUtilizers”) pilot program - \$15 million savings
- Streamline provider audits; impose interest and fines - \$1 million savings
- Provider tax proposal - indeterminate savings (stakeholders to help craft proposal)
- Demonstration projects – indeterminate savings
- Telemedicine enhancement – indeterminate savings

**Supporters include:** AFL-CIO, Alaska Chamber, Anchorage Chamber of Commerce, ANCSA Regional Association, Bethel Chamber of Commerce, Fairbanks Economic Development Corp., Juneau Economic Development Council *and more than 100 other Alaska entities.*<sup>8</sup>

<sup>6</sup> For more information see *White Paper: Medicaid Expansion and the Alaska Department of Corrections* [http://gov.alaska.gov/Walker\\_media/documents/medicaid-expansion/20150403\\_DOC-white-paper.pdf](http://gov.alaska.gov/Walker_media/documents/medicaid-expansion/20150403_DOC-white-paper.pdf)

<sup>7</sup> <http://www.rwjf.org/en/library/research/2015/04/states-expanding-medicaid-see-significant-budget-savings-and-rev.html>

<sup>8</sup> For complete list see <http://gov.alaska.gov/Walker/priorities/accessible-healthcare/support-for-medicaid.html>