

# The Economic Impacts of Medicaid and Proposed Medicaid Expansion

Presented to:

The Governor's Workgroup to Evaluate Medicaid  
Eligibility Redesign Options

By

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- The results and findings of this analysis reflect those of the author, Steven Peterson and do not necessarily represent the University of Idaho or any other organization or individuals.



# Who Am I?

- Lifelong Idaho Resident
  - Originally from Lewiston Idaho
  - Affiliated with the University of Idaho for 25 years
  - Worked in health care issues for 10 years
  - Conducted over 100+ economic impact studies in my career
  - ... in virtually every industry in Idaho's economy
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# Goal of Analysis

- To assess the future impacts of the proposed Medicaid Expansion on Idaho's economy
  - To assess the economic impacts of current Medicaid Spending in Idaho
  - Update of an analysis from 2013
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# Economic Models

- IMPLAN (Impacts for Planning) model for Idaho
  - Most widely used and accepted input/output modeling system
    - Idaho state model
    - Individual Idaho County models
    - USA model
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# Economic Base

- ▶ Any economic activity that brings new monies into an economy
    - ▶ National level
    - ▶ State level
    - ▶ County level
  - ▶ Sales of wood products
  - ▶ Sales of agriculture products
  - ▶ Federal spending in Idaho
  - ▶ Tourism
  - ▶ Family-to- family aid
- 



# Non-Base

- ▶ Any economic activity recirculates existing monies created by export activity
  - ▶ Wal-Mart example
  - ▶ Instate tuition to Idaho
    - ▶ But not to Moscow



# FY 2014 Medicaid Spending

- Total Idaho State and Federal Medicaid Spending
  - \$1.853 billion
- Federal Portion      \$1.32 billion (71%)
  - New monies to Idaho (Focus of Analysis)
- State Portion      \$0.53 billion (29%)



# Economic Impacts of 2014 Medicaid Spending Federal Portion only (New Money to Idaho)

- Federal Direct Medicaid Spending \$1.32 billion
  
- Economic Impacts
- Sales Transactions \$2.25 billion
  - Gross State Product \$1.32 billion
  - Gross Wages \$1.00 billion
  - Total Taxes \$85.50 million
    - Sales/Excise Taxes \$37.2 million
    - Property Taxes \$19.94 million
    - Income Taxes \$28.34 million
  
- Jobs 28,342

# Proposed Medicaid Expansion

- In 2014, the Department of Health and Welfare contracted with Milliman and Associates to re-evaluate the cost and/or savings the Medicaid program is expected to see over the next 10 years. In summary, the report showed:
- Total Medicaid expansion (Managed Care Option) federal expenditures are estimated to increase from \$720.4 million in FY 2016 to \$811.2 million in FY2025.

STATE OF IDAHO												
Division of Medicaid												
Health Care Reform Projection - Senate Bill with Reconciliation Act												
State and Federal Funds Dollars (Values in Millions)												
	SFY 2016	SFY 2017	SFY 2018	SFY 2019	SFY 2020	SFY 2021	SFY 2022	SFY 2023	SFY 2024	SFY 2025	Total	
<b>Option # 3: State Plan Option (Managed Care)</b>												
State	\$12.1	\$30.5	\$53.6	\$62.6	\$79.8	\$93.8	\$96.2	\$98.6	\$101.0	\$103.6	\$731.8	
Federal	\$720.4	\$720.3	\$715.9	\$726.2	\$728.7	\$734.9	\$753.3	\$772.1	\$791.4	\$811.2	\$7,474.6	
Total	\$732.5	\$750.8	\$769.6	\$788.8	\$808.5	\$828.8	\$849.5	\$870.7	\$892.5	\$914.8	\$8,206.5	



# Economic Impacts of 2016 Projected Medicaid Expansion Federal Portion only (New Money to Idaho)

- ▶ Federal Direct Medicaid Spending \$720.4 million

- ▶ Economic Impacts

- ▶ Sales Transactions \$1.22 billion

- ▶ Gross State Product \$0.717 billion

- ▶ Gross Wages \$0.548 billion

- ▶ Total Taxes \$46.51 million

- ▶ Sales/Excise Taxes \$20.25 million

- ▶ Property Taxes \$10.84 million

- ▶ Income Taxes \$15.41 million

- ▶ Jobs 14,712

# Economic Impacts of Medicaid Expansion Spending Federal Portion only (New Money to Idaho)

**Figure 1: (New) Mandatory + Optional Expansion Federal Portion - FY2014-2025 (Option One + Three Milliman Study)**

FY	Nominal Federal	Sales Transactions	GSP	Total		Idaho Taxes			
				Compensation	Jobs	Sales/Excise	Property	Income	Total
2016	\$720,405,610	1,222,520,381	\$716,520,815	\$547,900,023	14,712	\$20,248,134	\$10,844,987	\$15,413,834	\$46,506,956
2017	\$720,265,254	1,222,282,198	\$716,381,216	\$547,793,276	14,420	\$20,244,189	\$10,842,874	\$15,410,831	\$46,497,895
2018	\$715,946,775	1,214,953,787	\$712,086,025	\$544,508,884	14,023	\$20,122,812	\$10,777,863	\$15,318,433	\$46,219,108
2019	\$726,217,698	1,232,383,430	\$722,301,562	\$552,320,371	13,893	\$20,411,492	\$10,932,482	\$15,538,190	\$46,882,164
2020	\$728,736,261	1,236,657,404	\$724,806,544	\$554,235,848	13,621	\$20,482,280	\$10,970,396	\$15,592,078	\$47,044,754
2022	\$734,933,817	1,247,174,587	\$730,970,679	\$558,949,360	13,426	\$20,656,473	\$11,063,694	\$15,724,681	\$47,444,848
2022	\$753,307,162	1,278,353,952	\$749,244,946	\$572,923,094	13,451	\$21,172,884	\$11,340,287	\$16,117,798	\$48,630,969
2023	\$772,139,841	1,310,312,801	\$767,976,069	\$587,246,172	13,475	\$21,702,206	\$11,623,794	\$16,520,743	\$49,846,743
2024	\$791,443,337	1,343,070,621	\$787,175,471	\$601,927,326	13,541	\$22,244,762	\$11,914,389	\$16,933,761	\$51,092,912
2025	\$811,229,420	1,376,647,386	\$806,854,858	\$616,975,509	13,607	\$22,800,881	\$12,212,248	\$17,357,105	\$52,370,234



# Economic Impacts of 2016 Medicaid Expansion Spending and Existing Medicaid Spending Federal Portion only (New Money to Idaho)

- ▶ Federal Direct Medicaid Spending \$2.04 billion
  
- ▶ Economic Impacts
- ▶ Sales Transactions \$3.47 billion
  - ▶ Gross State Product \$2.03 billion
  - ▶ Gross Wages \$1.56 billion
  - ▶ Total Taxes \$132.0 million
    - ▶ Sales/Excise Taxes \$57.47million
    - ▶ Property Taxes \$30.78 million
    - ▶ Income Taxes \$43.75 million
  
- ▶ Jobs 43,053

# Economic Impacts of Medicaid Expansion Spending and Existing Medicaid Spending Federal Portion only (New Money to Idaho)

**Figure 2: (New) Total Economic Impacts of the Federal Portion of Medicaid (FY2014) Plus Optional and Mandatory Portions**

	Nominal	Sales	Total			Idaho Taxes			
	Federal	Transactions	GSP	Compensation	Jobs	Sales/Excise	Property	Income	Total
<b>2014</b>	\$1,324,466,454	\$2,247,609,977	\$1,317,324,256	\$1,007,314,756	24,778	\$37,226,216	\$19,938,519	\$28,338,351	\$85,503,086
<b>2016</b>	\$2,044,872,064	\$3,470,125,357	\$2,033,845,071	\$1,555,214,778	43,053	\$57,474,350	\$30,783,506	\$43,752,185	\$132,010,041
<b>2017</b>	\$2,044,731,708	\$3,469,887,175	\$2,033,705,472	\$1,555,108,032	42,762	\$57,470,405	\$30,781,393	\$43,749,182	\$132,000,980
<b>2018</b>	\$2,040,413,229	\$3,462,558,763	\$2,029,410,281	\$1,551,823,639	42,364	\$57,349,028	\$30,716,383	\$43,656,784	\$131,722,194
<b>2019</b>	\$2,050,684,153	\$3,479,988,407	\$2,039,625,818	\$1,559,635,126	42,235	\$57,637,708	\$30,871,001	\$43,876,541	\$132,385,250
<b>2020</b>	\$2,053,202,716	\$3,484,262,381	\$2,042,130,800	\$1,561,550,604	41,963	\$57,708,496	\$30,908,915	\$43,930,428	\$132,547,840
<b>2022</b>	\$2,059,400,271	\$3,494,779,564	\$2,048,294,935	\$1,566,264,116	41,768	\$57,882,688	\$31,002,213	\$44,063,031	\$132,947,933
<b>2022</b>	\$2,077,773,616	\$3,525,958,929	\$2,066,569,202	\$1,580,237,850	41,792	\$58,399,100	\$31,278,806	\$44,456,148	\$134,134,054
<b>2023</b>	\$2,096,606,295	\$3,557,917,777	\$2,085,300,325	\$1,594,560,927	41,816	\$58,928,422	\$31,562,313	\$44,859,093	\$135,349,829
<b>2024</b>	\$2,115,909,791	\$3,590,675,598	\$2,104,499,727	\$1,609,242,082	41,882	\$59,470,977	\$31,852,908	\$45,272,112	\$136,595,997
<b>2025</b>	\$2,135,695,875	\$3,624,252,363	\$2,124,179,114	\$1,624,290,265	41,949	\$60,027,097	\$32,150,768	\$45,695,456	\$137,873,320



# How does Medicaid compare to equivalent (out-of-state) sales (\$720.4 million) in other industries? (Including the multiplier effects)

➤ Grain Sales	Jobs 10,523	Gross Wages \$247 Million
➤ Gold Mining Sales	Jobs 2,988	Gross Wages \$179 Million
➤ Sawmill Sales	Jobs 7,309	Gross Wages \$323 Million
➤ Cattle Ranching Sales	Jobs 7,582	Gross Wages \$221 Million
➤ Professional Services	Jobs 8,901	Gross Wages \$555 Million
➤ Medicaid Expansion	Jobs 14,712	Gross Wages \$548 Million



# How of Interpret the Previous Results?

- Not meant to compare one industry to another...
- ...rather to illustrate the point that any economic activity that brings new money into Idaho creates jobs, income, and tax payments.



## (Near Term) Federal dollars represent new non-substitutable monies coming into Idaho's economy

- ▶ A one dollar reduction in federal these federal dollars will result in a one dollar reduction in economic activity in Idaho.
- ▶ In the absence of the federal dollars, these health care expenditures will be pulled from elsewhere in Idaho's economy displacing private spending, and reducing economic activity elsewhere in the state.
- ▶ Untreated health care does cause greater cost shifting to employers and individuals with private health care plans, increasing their premiums which, in turn, reduces consumer spending throughout Idaho's economy.



# Results similar in magnitude to other studies

- ▶ *If they expand Medicaid, nonexpanding states would obtain more than \$400 billion in federal funding over ten years, creating...*
- ▶ *172,400 jobs during 2015, according to the Council of Economic Advisers. Their hospitals would receive \$168 billion in new revenue...*
- ▶ *Source: What Is the Result of States Not Expanding Medicaid? Stan Dorn, Megan McGrath, John Holahan. Urban Institute Robert Wood Johnson Foundation*

[http://www.rwjf.org/content/dam/farm/reports/issue\\_briefs/2014/rwjf414946](http://www.rwjf.org/content/dam/farm/reports/issue_briefs/2014/rwjf414946)

# Longer Term Impacts of No Expansion

- ▶ *Estimated annual deaths in Idaho*
  - ▶ *Low 76*
  - ▶ *High 179*
- ▶ *Statistical Value of a Human Life \$7 million to \$9.1 million (EPA)*
  - ▶ *Low 76---- \$ 691,600,000*
  - ▶ *High 179--- \$1,628,900,000*
- ▶ *Does not include lost productivity effects*

**Source: Health Affairs Blog - <http://healthaffairs.org/blog> - Opting Out Of Medicaid Expansion: The Health And Financial Impacts. Posted By [Sam Dickman](#), [David Himmelstein](#), [Danny McCormick](#), and [Steffie Woolhandler](#) On January 30, 2014 @ 10:00 am In [All Categories](#), [Coverage](#), [Disparities](#), [Health Reform](#), [Medicaid](#), [States](#).**

# Any Questions?

