THE UTAH HEALTH POLICY PROJECT
Quality Health Care Coverage for All Utahns

455 East 400 South, Suite 312
Salt Lake City, Utah 84111
(801) 433-2299
www.healthpolicyproject.org

NEWS RELEASE

FOR IMMEDIATE RELEASE

April 28, 2008

Contact
Lincoln Nehring
Medicaid Policy Director
Utah Health Policy Project
(801) 433-2299

Families USA Report: Utah Will Lose 1,700 Jobs, $160.3 million in Business Activity Due to Bush Administration's Medicaid Cuts

Utah to Lose $360.6 Million in Medicaid Funding if Administration's Medicaid Rule Changes Are Allowed to Stand

Medicaid rule changes put in place by the Bush Administration will cost Utah more than $360.6 million in federal funds over the next five years. The cut in federal funding will, in fact, act like a giant anti-stimulus package. Those lost Medicaid funds will eliminate an estimated 1,700 jobs and an accompanying $57 million in wages, and, even worse, cost the state an estimated $160.3 million in lost business activity.

Virtually all that economic pain comes in the first year of implementation, when Utah would fail to receive approximately $67.7 million in Medicaid payments, says a report released today by Families USA, the national organization for health care consumers. Titled "Bad Medicine," the report analyzed the economic impact of seven new Medicaid regulations that were issued in 2007.

"In Utah, these cuts will be particularly harmful to our rural hospitals and individuals with multiple health issues who need several case managers," said Lincoln Nehring, Medicaid Policy Director at the Utah Health Policy Project. "This really harms Utah's efforts to make changes to our health care system, by limiting access to care and hampering efforts to improve quality of care and implement much needed case management."

"The devastation caused by the Administration's cuts will affect millions of people who rely on Medicaid for their health lifeline. This will be tragic for their families," Ron Pollack, Executive Director of Families USA, said today.

(more)

“Additionally, these cuts will harm state budgets at the worst possible time. These cuts in federal Medicaid payments will have a ripple effect through state economies that are already struggling during this economic downturn”

“This lost business activity in Utah will hurt business and industry, and it will force governors and state legislators to make increasingly difficult choices about providing state services,” Pollack said. “This Bush Administration’s decision is ill-timed and ill-considered, and it should be reversed by Congress.”

The seven regulation changes issued by the Bush Administration in 2007 – and imposed on states without congressional review or debate – restrict funding for a variety of Medicaid services, including rehabilitation services, school-based transportation, as well as Medicaid administrative services, such as outreach, enrollment, and case management. The seven rule changes are now either under a congressional moratorium or awaiting implementation.

The Families USA “Bad Medicine” report for Utah is based on the latest version an economic modeling tool known as the Regional Input-Output Modeling System, or RIMS II. Developed by the U.S. Department of Commerce, RIMS II has been used extensively for a variety of major projects calling for economic projections, such as military base closures, hospital and airport expansions, and the impact of natural disasters on regional economies.

“There is a multiplier effect when dollars stop coming into a state like Utah,” Pollack said, “and whether Utah loses funding because a business has closed or because a federal agency has reduced funding for a state program, the impact is the same—there are fewer dollars on the move in the state,” Pollack said.

“As our analysis makes clear, allowing these regulations to be implemented would be bad for Utah’s families, who will need the Medicaid safety net more than ever in the coming months,” he said. “It is also the wrong choice for Utah’s economy, which will be dramatically weakened by these cuts.”

All 50 states are affected by the Medicaid rule changes, Pollack said.

########