



Pros and Cons of Medicaid Expansion

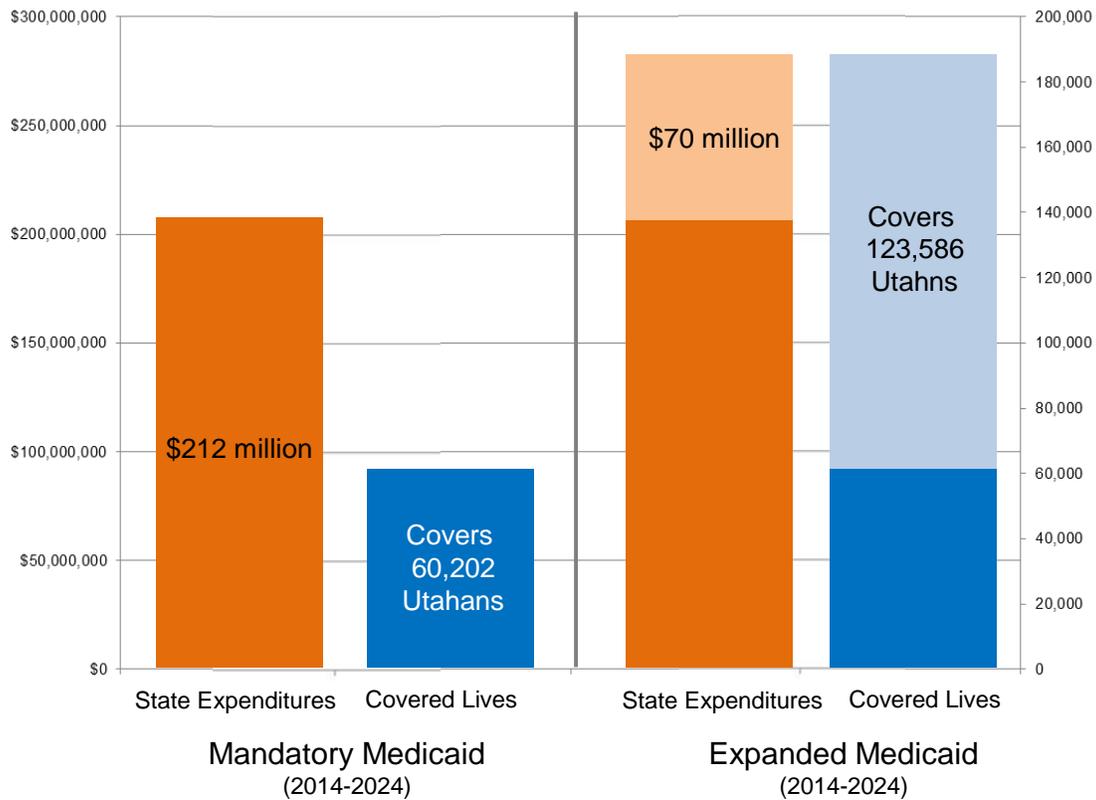
A Summary of the PCG Report

Utah Health Policy Project

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On May 23, the Utah Department of Health released independent much-anticipated report on the Medicaid expansion in Utah by the independent Public Consulting Group. The “PCG Report” provides a cost benefit analysis that sheds light on the pros and cons of expanding Medicaid under five scenarios. For simplicity sake, this UHPP summary compares the full expansion of benchmark Medicaid benefits¹ to no Medicaid expansion beyond the requirements of the Affordable Care Act (ACA).

Chart: Medicaid Expenditures and Medicaid Expansion Results



Quick Key Findings:

- Medicaid expansion eliminates the coverage gap, from 0% to 100% federal poverty line
- Total cost of expanding Medicaid to 123,586 Utahans is \$70 million over ten years
- Tax revenues from expansion-related spending will likely pay back the state cost
- Budget savings from expanding Medicaid reduces state costs by \$149 million
- 183,788 Utahans will be newly enrolled due to Medicaid expansion and the other impacts of the ACA
- Medicaid expansion generates 3,100 jobs and \$2.2 billion in economic activity for Utah

¹ A less robust benefit package than the traditional Medicaid; still meets Essential Health Benefits (EHB) requirements. Most state’s that are expanding Medicaid are electing to provide an EHB based package.

NO - EXPANSION

What are the pros if Utah does not expand Medicaid?

- (1) Increase of Medicaid enrollment by 60,202 due to mandatory effects of the ACA²
- (2) \$516 million statewide economic impact, creating 747 new jobs.³
- (3) \$36 million in state and county tax revenues.⁴

What are the cons if Utah does not expand Medicaid?

- (1) State must fund \$212 million for mandatory Medicaid spending
- (2) More Utah families will be caught in the coverage gap. Childless adults with household incomes under 100% federal poverty level (FPL), or parents between 44% and 100% FPL will still be left with no reasonable and affordable health care coverage option⁵
- (3) Only nominal effect on state savings from public assistance programs.⁶
- (4) Only nominal effect on uncompensated care savings⁷ for Utah hospitals

YES - EXPANSION

What are the pros if Utah expands Medicaid?

- (1) 123,58 adults in Utah newly enroll in Medicaid⁸
- (2) Generates \$130 million to \$160 million in additional state and county tax revenue⁹
- (3) Significant improvements in self-reported health status, decreases in all-cause mortality rates, and increases in access-to-care, life expectancy, and better quality of life.¹⁰
- (4) Reduction in health system's uncompensated care burden; estimated at \$814 per newly insured person¹¹, or \$814 million over ten years.¹²
- (5) Generates \$2.2 billion statewide in economic impact, creating 3,151 new jobs¹³

What are the cons if Utah decides to expand Medicaid?

- (1) \$282 million (\$70 million more than the non-expansion) state Medicaid spending from 2014-2023¹⁴
- (2) Potential for "crowd out" effect in private health insurance coverage, though limited.¹⁵
- (3) Increased administrative burden for the state Medicaid program¹⁶

² Utah Department of Health: Public Consulting Group Summary of Cost/Benefit Analysis handout

³ Ibid.

⁴ Ibid.

⁵ Page 9 of PCG report: <http://health.utah.gov/documents/PCGUtahMedicaidExpansionAnalysis.pdf>

⁶ State behavioral health coverage and inmates getting care in hospitals. Pages 60-77 of PCG report

⁷ Page 56-59 of PCG report

⁸ Ibid.

⁹ Ibid.

¹⁰ Page 51 of PCG report

¹¹ Page 59 of PCG report

¹² Utah Department of Health handout, as much as half of the uncompensated care savings will come about due to the impacts of the ACA even without the Medicaid expansion

¹³ Page 81-97 of PCG report

¹⁴ Utah Department of Health: Public Consulting Group Summary of Cost/Benefit Analysis handout

¹⁵ This is the number of insured who will enroll in Medicaid due to the Medicaid expansion. Page 42 of PCG report.

¹⁶ Page 52 of PCG report