

Could Medicaid Cuts Could Hurt State's Economy?

Sep 23, 2008 by Elizabeth Ziegler

(KCPW News) Trimming the Medicaid budget by 2 percent will ultimately rob the state of \$35 million in economic activity, says Lincoln Nehring of the Utah Health Policy Project. Nehring says lawmakers need to understand the program isn't just a safety net for low-income families; it's a health industry powerhouse as the third largest health plan in the state.

"If we make these cuts in our Medicaid program we're taking money out of our health care sector. And it just doesn't make sense in an economic downturn that we would be taking this money away from our economy when we really need this economic stimulus," Nehring says.

The Health Policy Project estimates a 2 percent cut in state Medicaid spending is about \$6.7 million dollars. But Nehring says each dollar the state cuts in Medicaid spending, it loses three dollars in federal matches. Add to this the lost salaries and tax revenues from the estimated 684 laid off health care workers. Nehring says the multiplying effect throughout the state's economy is significant.

Instead of cutting funding, he wants legislators to make the program more efficient.

"We don't necessarily have to cut services, or cut provider rates," Nehring says. "We can do some other things to save money in our program and preserve our program."

He suggests creating a statewide bulk purchasing program to lower the cost of prescription drugs for Medicaid, the state's corrections system and the Public Employee Health Plan. And he wants doctors to be held accountable for prescribing drugs that aren't on the pre-approved list of cost-effective medications for Medicaid patients, the Preferred Drug List. Sticking to the list, he says, will save taxpayers \$1 million