

UTAH HEALTH POLICY PROJECT

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NEWS RELEASE

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MEDICAID ECONOMIC STIMULUS MONEY COULD PROTECT NEARLY 3000 UTAH JOBS

New economic analysis shows that restoring Medicaid cuts will generate \$78.9 million in wages and return \$11.2 million to the state in taxes

Salt Lake City, UT – A new economic analysis prepared by Jan Crispin, Senior Economist at the University of Utah's Bureau of Economic Research and Business Research, finds that restoring the cuts that have occurred in Utah's Medicaid program since September 2008, will support 2911 Utah jobs, generate \$78.9 million in salaries and wages, and return \$11.2 million in taxes to the state coffers for FY2010. The increase in federal money to state Medicaid programs provided through the American Recovery and Reinvestment Act (ARRA) will free up sufficient state dollars to restore cuts to critical services, Medicaid eligibility categories, and provider rates. The Utah Health Policy Project has prepared a [Medicaid Economic Impact Calculator](#) based on Ms. Crispin's analysis to illustrate the full impact of Medicaid spending on Utah's economy.

Over the last several months, state legislators have cut over \$37 million in state funds from the Medicaid program, including: 6 'optional' Medicaid services (physical therapy, occupational therapy, vision, dental, audiology, and chiropractic); reductions in reimbursement rates for physicians, dentists, hospitals, and other providers; and effective elimination cost-effective health care coverage for thousands of otherwise uninsured Utahns by decreasing the amount of income and assets Utah families can have to qualify for Medicaid. These cuts not only cause harm to the physical health of Utahns, but the BEBR report shows in hard numbers the extent to which these cuts will harm the state's economic health.

According to the Utah Health Policy Project, the ARRA provides more than enough money to restore all the cuts that have occurred over the last year. "There is no excuse for the state not to restore the cuts that have been made to Medicaid," said Lincoln Nehring, Medicaid Policy Director at the Utah Health Policy Project. "The money is there and, more importantly, restoring these cuts will benefit the health of Utah Medicaid beneficiaries and improve the health of the economy. I cannot think of a project that is more 'shovel ready' than improving the health care of Utahns," Nehring added. "This is over \$130 million dollars that could be spent immediately within Utah and provide thousands of our citizens with good high paying jobs in the health care sector."

Every dollar the state spends on Medicaid is matched at a 4-to-1 ratio by the federal government. For FY2008 this match was 71.68%. The ARRA has increased this match dramatically. Utah's rate will be at least 77.83% for FY2009 and 79.26% for FY2010. For FY2010 this amounts to a 27% decrease in state dollars needed to support Medicaid over FY2008. In FY2008 it cost over \$37 million in state funds to cover the eligibility categories, medical services, and provider rates that have been cut. Thus, after all is said and done, it will now cost the state only \$27 million to restore these cuts, a 27% decrease in cost to the state!

The Obama Administration [announced](#) that it will release the first \$15 billion of the \$88 billion designated by the ARRA for Medicaid **today**. Utah's first payment is \$53.9 million. The Utah Department of Health estimates that from now until December 31, 2010, Utah will receive \$240 million from ARRA to support the state's Medicaid program so long as the state puts up its share of the match. .

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UHPP is a resource for the public, community leaders, businesses, health care providers and policy makers interested in strengthening the health care system while working to develop visionary and systemic solutions to the crisis of the uninsured and rising health care costs. Its mission is to create quality, affordable, comprehensive health care coverage for all Utah residents. For more information, visit www.healthpolicyproject.org. For additional information, call us at (801) 433-2299. Or contact Judi Hilman, Executive Director.

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