



**For Immediate Release**

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## **News Release**

### **Medicaid Expansion Analysis Presented to Workgroup**

(Salt Lake City, UT) – A report released today during the Medicaid Expansion Options Community Workgroup meeting will provide information for Utah policy makers as they consider whether to expand the state’s Medicaid program under the Affordable Care Act (ACA). The report, produced by Boston-based Public Consulting Group (PCG), does not make recommendations on how the state should proceed, but rather analyzes the costs and benefits associated with five potential expansion scenarios.

The PCG report found that the ACA will increase Medicaid’s overall cost to the state, and that those costs increase over time as the federal government’s Medicaid reimbursement rate shrinks.

“This report is one of many considerations I encourage the committee to take into account. Our workgroup will undoubtedly identify additional items that will need to be thoroughly considered before providing our report to the governor,” said Utah Department of Health Executive Director David Patton. “The bottom line is that each and every scenario comes with significant costs to the taxpayer. But there are also benefits, both human and financial, and we must remain focused on finding the best way to deliver high-quality, affordable health care to Utahns.”

The PCG report models the costs and benefits of five different scenarios, four optional expansion scenarios in addition to the mandatory changes to Medicaid required by the ACA. For each scenario, the report analyzes the cost of expansion due to increased enrollment and administrative costs. It also estimates potential savings, primarily to other state and county public assistance programs whose clients would become eligible for Medicaid. The PCG report also analyzes the savings Utah hospitals and community health centers would achieve from reducing the amount of uncompensated care they provide. Finally, the report estimates how expanding Medicaid may impact the state’s overall economy, as well as the impact it may have on creating new jobs.

The PCG report found significant costs will come from mandatory changes to Medicaid eligibility and from increased enrollment due to the ACA’s requirement that all residents have

health insurance. Some of the mandatory changes include the removal of a resource test for some eligibility groups as well as an increase in the income eligibility level for some children. The state will bear the costs of these mandatory changes regardless of whether it chooses to expand the Medicaid program. The PCG report estimates over the next 10 years the mandatory changes will:

- Increase Medicaid enrollment by 60,202 adults and children
- Increase Medicaid service and administration costs by \$762 million (due to federal matching money, the state share of this increase will be \$213 million)
- Generate an additional \$20 million in state tax revenues
- Generate an additional \$16 million in county tax revenues
- Generate \$516 million statewide in economic impact, create 747 new jobs

The remaining four scenarios modeled in the PCG report all assume the state will expand its Medicaid program. The PCG report estimates over the next 10 years the costs and benefits of the full expansion scenario (traditional Medicaid benefits for adults earning up to 138 percent of poverty) will be:

- 123,586 additional adults would enroll in Medicaid
- Medicaid service and administration costs will increase by \$3.2 billion (due to federal matching money, the state share of this increase would be \$260 million)
- State public assistance programs would save \$156 million
- County public assistance programs would save \$39 million
- Generate an additional \$113 million in state tax revenues
- Generate an additional \$90 million in county tax revenues
- Hospitals would save \$814 million in uncompensated care
- Generate \$2.9 billion statewide in economic impact, create 4,160 new jobs

A similar cost/benefit analysis for each of the other four expansion scenarios can be found in the full report. The report is available at [www.health.utah.gov](http://www.health.utah.gov).

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*The mission of the Utah Department of Health is to protect the public's health through preventing avoidable illness, injury, disability and premature death, assuring access to affordable, quality health care, and promoting healthy lifestyles.*