



The influential voice of Nebraska's hospitals

For Immediate Release

For more information contact:

Adrian Sanchez
Director of Communications
(402) 742-8151 or asanchez@nebraskahospitals.org

Date: April 2, 2015

Economic Impact Study of Medicaid Expansion in Nebraska

LINCOLN — AARP Nebraska and the Nebraska Hospital Association (NHA) released a study Wednesday that examines the impact of not expanding Medicaid in Nebraska and provides a cost-benefit analysis of The Medicaid Redesign Act, LB472.

The study, “Nebraska Medicaid Expansion: Protecting a Critical Infrastructure, Supporting Main Street, Improving Worker Productivity” was prepared by Allan Jenkins, Ph.D., Professor of Economics, University of Nebraska at Kearney, and Ron Konecny, Ph.D., Professor of Management, University of Nebraska at Kearney.

The study details the \$1 billion “financial gap” caused by not expanding Medicaid due to wasteful, unnecessary and avoidable business, family and tax payer spending. Nebraska businesses are incurring an estimated \$11-\$16 million annually in Affordable Care Act taxes and penalties, which could be avoided should Nebraska expand Medicaid. The state would also avoid nearly \$143 million in medical-related bankruptcies during the next five years.

The state will also spend \$73 million through FY 2020 for state health care assistance programs, programs that would be supported by Medicaid expansion. The state would realize \$69.3 million in savings from the state disability program, HIV/AIDS drug program and behavioral health program, programs currently supported by the general fund that would be paid for through the expanded Medicaid program. The Department of Correction would also save \$3.6 million during those five years because correctional facility inmates who receive treatment outside of the facility would be covered under Medicaid expansion.

The results of the study also indicate Nebraska would recapture more than \$2.1 billion for fiscal years 2015 to 2020. Those funds would spur \$5 billion in economic activity, generating enough state and local taxes to offset the \$81 million, five-year cost to the state. The state and local tax revenue generated by expanding Medicaid, combined with the \$73 million in state savings, would result in a revenue surplus for the State of Nebraska.

- More -



The influential voice of Nebraska's hospitals

The study, funded by AARP Nebraska and the NHA, also examined the impact on jobs. Through the federal infusion of funds, those additional dollars in the state would support more than 10,000 jobs by 2020. Medicaid expansion would also provide funding to avoid nearly 31,000 jobs projected to be lost due to cuts in Medicare through 2024. Before the U.S. Supreme Court ruled states could not be forced to expand their state Medicaid programs, the Medicaid expansion dollars were initially intended to offset the Medicare reimbursement cuts, which began in 2010 and are estimated to cost Nebraska \$2.1 billion through 2024. Nebraska is experiencing those cuts with no offsetting revenue, financial losses that would be reduced by Medicaid expansion.

The Medicaid Redesign Act would help nearly 80,000 low-income, working Nebraskans obtain health care coverage. Medicaid expansion would support the local economy, protect local creditors by reducing medical-related bankruptcy, increase tax revenue without increasing tax rates, decrease state expenditures, reduce insurance premium subsidization of the uninsured to lower business costs, help businesses by improving worker health and productivity and increase disposable income for low-wage workers.

It would also support Nebraska's hospital infrastructure, which contributes more than \$8.7 billion annually to the state's economy with hospitals being the economic anchor and largest employer in many rural communities.

Over the next 10 years, Nebraska can, conservatively, avoid \$1 billion in unnecessary state spending and draw in more than \$2.1 billion in federal Medicaid funding during the next five years if lawmakers approve LB472. The resulting economic activity would generate enough state revenue to offset the costs of expanding Medicaid.

The study, an interactive map demonstrating how the Medicaid expansion funding would flow through the state and the executive summary are available at http://www.nebraskahospitals.org/advocacy/medicaid_redesign.html.

- ### -