



MEDICAID EXPANSION

The Fiscally Responsible Choice

1. **It will save Utah tax dollars spent on the uninsured.** If low income Utahns remain uninsured, their medical costs will continue to be shifted onto the privately insured. This “cost shifting” raises insurance premiums, on average, over \$1,000 per year.¹
2. **It benefits small business.** Under the ACA, businesses with more than 50 full-time employees must insure their employees. In non-expansion states, businesses will continue to absorb cost shifting and pay higher premiums because they live in a state with more uninsured residents. As a result, businesses may ‘vote with their feet’ and relocate to expansion states because they face all the costs but few of the benefits of ACA.
3. **It keeps residents’ federal taxes flowing into the State.** Federal tax dollars will fund the Medicaid Expansion. Taxpayers residing in states that do not implement the Expansion will be paying states that do expand, states like California or Washington.²
4. **It saves hospitals money.** Covering more adults will save Utah money by reducing ER costs, uncompensated care costs for hospitals, and state spending on the uninsured and medically needy. DHHS estimates total savings of \$372 million in the first six years.³
5. **It keeps Utah families healthy while they get back on their feet.** Medicaid is a temporary tool to help Utahns get out of poverty and back to work; the average length of time an individual is enrolled in Medicaid in any given year is approximately 9 months.⁴ Expanding Medicaid helps more people take control of their financial situation when they need it most.
6. **It only raises state Medicaid costs about 4%.** Utah will spend between \$174-227 million to cover new enrollees during the first six years. This extra spending is just 3.7% to 4.8% more than what Utah would have spent on Medicaid during that timeframe without the expansion.
7. **It protects safety-net hospitals.** Many hospitals receive federal funding (DHS funding) to compensate them for treating the uninsured. On the assumption that the number of uninsured people will decrease when the ACA takes effect in 2012, the ACA decreases DSH payments.⁵ In states that do not expand Medicaid, the need for uncompensated care may not change, while the amount of DSH funds will fall substantially. This may result in severe financial hardship for hospitals, which must either increase costs to paying patients or provide less char

¹ See 42 U.S.C. § 18091(2)(F).

² Kaiser Comm’n on Medicaid & the Uninsured, *How is the Affordable Care Act Leading to Changes in Medicaid Today? State Adoption of Five New Options* (May 2012).

³ John Lyon, Ark. News Bureau, *Update DHHS: Savings to state would exceed Medicaid expansion costs* (July 17, 2012) (also attributing saving to the increased federal funding and reduction in the amount the state spends on uncompensated care).

⁴ <http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/TheChartSeries/downloads/2Tchartbk.pdf>

⁵ Corey Davis, National Health Law Program, *Q&A Disproportionate Share Hospitals and the ACA* (June 2012).