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Medicaid expansion would bring 6,000 jobs, \$4M in tax revenue to local counties

By Randy Tucker

Southwest Ohio residents would see a nearly \$4 million increase in general sales tax revenue and more than 6,000 new jobs by 2015 as a result of a proposed Medicaid expansion included in Gov. John Kasich's state budget plan, according to a report released Friday by the Health Policy Institute of Ohio.

Statewide, the report projected a more than \$16 million increase in local general sales tax revenues, on top of a projected \$25 million increase in tax revenue from local Medicaid managed care sales.

Meanwhile, more than 28,000 new jobs would be created as a result of the expansion, which is expected to add about 275,000 new Medicaid enrollees while extending eligibility to all 19-64 year old adults with incomes up to 138 percent of the federal poverty level — about \$15,415 for an individual or \$23,050 for a family of four.

The Medicaid expansion would be felt in every Ohio county, according to the report, a supplement to the Ohio Medicaid Expansion Study, produced through a partnership between the HPIO, The Ohio State University, the Urban Institute and Regional Economic Models Inc.

"We conducted our analysis based on current federal and state law...and our results show that there would be significant state fiscal gains associated with the Medicaid expansion," said HPIO president Amy Rohling McGee.

Expansion undecided

But the expansion is by no means a done deal, and must be approved as part of the budget by the state legislature.

"The budget process is still not even halfway through, and who knows what the Senate is going to do," said State Rep. Ross McGregor, R-Springfield, a member of the finance committee that will resume hearing testimony on expanding Medicaid next week.

McGregor is among those members of the Republican-dominated legislature who continue to raise concerns that the federal government might renege on its pledge to cover most of the cost of expansion, while others simply reject the notion of adding to the government's already more than \$16 trillion national debt by expanding the giant health care program for the poor.

The federal government has promised to fund 100 percent of the expansion for the first three years, beginning in 2014, before ratcheting down its contribution to 90 percent.

But some state lawmakers are still seeking reassurances, even though Kasich has included a clause in his proposal that would allow the state to back out of a Medicaid expansion if the federal government pulled back on its contributions.

"I understand the implications of expanding or not expanding (Medicaid)," McGregor said. "But unless I can be assured that we can get out of it if we want to, I don't want to get into it. The only reason that we are even having the conversation is because the feds have offered to pay the cost of expansion."

Kasich publicly acknowledged the push back against the plan during a recent talk at the Cleveland City Club, and even jokingly offered to wash one lawmaker's car in an attempt to secure her support for a Medicaid expansion.

No Plan B

The governor is even exploring an alternate plan that would leverage federal funds appropriated for the Medicaid expansion to help pay premiums for private insurance for the poor.

But, so far, no one has come up with a solid "Plan B" in the event the expansion isn't approved in Ohio, said Bryan Bucklew, president and CEO of the Greater Dayton Area Hospital Association, which has been at the forefront of pushing for expansion and change to the current Medicaid program.

"The people that are opposed to the Medicaid expansion, I think, universally agree that the current system is not working," Bucklew said. "But we haven't heard what an alternative plan would be. I don't think plan B should be to not do anything."

If Medicaid coverage is not expanded, those low income Ohioans newly eligible under the expansion, including more than 30,000 residents in Montgomery County, would fall into the coverage gap of not being able to afford private insurance and not qualifying for a public plan.

In addition, Ohioans would spend about \$13 billion in federal tax dollars over the next seven years to support the federal-state sponsored Medicaid program in other states, according to a report from the governor's Office of Health Transformation.

"Take out the financial impact. You're still going to have less healthy outcomes, and health care will be more expensive for everyone, not just those who are not covered by the expansion," said Bucklew, referring to the cost of providing uncompensated care to the estimated 1.5 million uninsured Ohioans who regularly seek treatment in emergency rooms and urgent care centers.

Those costs are passed on from hospitals and other health care providers to private insurers and are one reason health costs have skyrocketed in recent years.

An expansion would not only "cover more people who aren't covered now; you're going to give them access to primary care, and also make sure that you're treating chronic disease, and you're not just treating the symptoms of chronic disease in the emergency room," Bucklew said. "You'll have better quality outcomes for those people who would be covered."

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