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The Role of Medicaid in State Economies and the ACA

SUMMARY

Medicaid covers health and long-term care services for over 62 million Americans including many children, parents, low-income elderly, and individuals with disabilities. Jointly financed by the states and federal government, Medicaid represents a budget item and the largest source of revenue flowing from the federal government to the states. Studies have shown that historically Medicaid spending has positive economic effects for states. The influx of federal funds magnifies the impact of Medicaid spending in state economies. Medicaid funds directly support tens of thousands of health care providers throughout the country, including hospitals, community health centers, nursing facilities, group homes, and managed care plans. The funds indirectly support other businesses and affect jobs, household spending, and states and local tax collections.

The Affordable Care Act (ACA) calls for a Medicaid expansion to cover nearly all adults with incomes at or below 138% of the Federal Poverty Level (FPL) (\$15,856 for an individual, \$32,499 for a family of four). The federal government pays 100% of the cost of coverage from 2014-2016, eventually scaling down to 90% in 2020 and beyond (compared to current matching rates of 50% – 73.4%). If all states implemented the Medicaid expansion, an additional 13.1 million could be enrolled in Medicaid by 2016. Over the 2013-2022 period, states could see an additional \$800 billion in federal dollars to states to support the expansion and \$8.2 billion in new state spending (without accounting for any spending offsets due to lower uncompensated care costs, reductions in other state spending or other broader economic effects).¹ However, the Supreme Court decision in June 2012 effectively makes the Medicaid expansion a state option. The 25 states that are not moving forward with the Medicaid expansion at this time would forgo \$426 billion over the 2013 to 2022 period, in return for an additional \$31.8 billion in new state spending tied directly to the expansion.

Many analyses were conducted to assess the coverage and fiscal implications of the Medicaid expansion for individual states. Most of these studies have examined new state costs tied to the Medicaid expansion as well as savings opportunities due to reductions in spending for uncompensated care or funding for other indigent care programs, while a number also included estimates of the broader economic effects of the Medicaid expansion such as the impact on gross state product (GSP), states and local revenues, or jobs. This brief summarizes findings from 32 studies in 26 states analyzing the anticipated impact of the ACA Medicaid expansion (and in some cases full ACA implementation) on state and local economies. While the studies vary based on the model used, time frame, and overall results, key findings across the studies reviewed show that:

- The Medicaid expansion is projected to generate increased state economic activity such as increases in state output, Gross State Product (GSP) and state and local revenues. The magnitude of the impact depends on the level of current and anticipated new Medicaid funding.
- The Medicaid expansion is expected to have a positive effect on jobs and earnings.

MEDICAID FINANCING

Authorized by Title XIX of the Social Security Act, Medicaid is a means-tested entitlement program jointly financed by the federal and state governments. In FY 2011, the federal government spent \$264 billion on Medicaid and the states are estimated to have spent \$150 billion, bringing total program spending to \$414 billion.² Medicaid is the second largest line item in state budgets — nearly 16 percent of state funds are allocated to Medicaid on average — and it is the largest source of federal grant support for the states.³ The federal government matches each state's Medicaid spending for current Medicaid beneficiaries at an established rate that varies by state. The rate, the Federal Medical Assistance Percentage (FMAP), is determined by a set formula that relies on state per capita income relative to the national average. The current federal share of Medicaid averages 59 percent, but can range from a floor of 50 percent in wealthy states to 73 percent in the poorest state (Mississippi).⁴

Effective January 1, 2014, under the ACA, the federal government will pay 100% of the cost of coverage for individuals newly eligible for the program, as a result of the law, from 2014 through 2016. The federal matching rate then gradually scales down to 90% in 2020 and beyond. Although states can elect to take up the Medicaid expansion at any point, the 100% federal match rate only lasts through calendar year 2016. All of the economic impact studies presented in this brief assume that states expand their Medicaid programs when the ACA goes into full effect at the beginning of 2014.

ECONOMIC IMPACT MEASURES

Economic impact can be defined as the net change in the economy resulting from an event such as an increase or decrease in government spending. New spending can create a larger impact than the amount of new spending alone through “multiplier effects” because of the successive rounds of spending that occur when money is injected into a state economy. For instance, state businesses and residents spend their earnings on purchases from other businesses or residents in the state, who in turn make other purchases and so on.⁵ Economic impact is generally quantified in terms of employment, income, state revenue and overall economic output (also referred to as business activity, gross state product, or value added).

ECONOMIC IMPACT OF MEDICAID

Both state and federal Medicaid spending have a multiplier effect. State spending alone yields multiplier effects as money is injected into the state's economy and used to conduct business, make purchases and support salaries. However, because of the matching arrangement, the economic impact of Medicaid spending is intensified by the infusion of new dollars from the federal government that would otherwise not exist in the state — a dollar of state Medicaid spending attracts at least one federal dollar. Thus, the total impact multiplier, relative to the multiplier of the state dollar alone, is considerably larger. The current FMAP ranges from 50 to 73 percent among states, meaning that for every dollar a state spends on Medicaid, the federal government contributes at least one dollar and up to \$2.76. The higher the matching rate, the stronger the financial incentive is for states.

Medicaid spending flows through a state's economy and can generate impacts greater than the original spending alone. First, while Medicaid payments are made on behalf of enrollees, the direct recipients are providers, including hospitals, private physicians, and nursing homes, or managed care organizations.

Therefore, Medicaid funding directly impacts health care service providers, supporting the jobs, income, and purchases associated with carrying out health care services.

Through the multiplier effect, other businesses and industries are indirectly affected due to the direct impact. For example, a medical supply firm may be affected through its business dealings with Medicaid providers — fluctuations in Medicaid funding may affect a Medicaid provider’s supply order, which then may affect the medical supplier’s purchases from its vendors, and so on. Lastly, both the direct and indirect effects induce changes in household consumption and tax collection primarily due to household income fluctuations.

Employees of Medicaid health care providers that are directly impacted or the employees of businesses that are indirectly impacted may change their spending patterns according to increases or decreases in income — the change in income triggers the household to increase or decrease spending on consumer goods. Due to changes in personal income and, subsequently spending, sources of government revenue — including income and sales taxes — would be affected as well.

Kaiser Commission on Medicaid and the Uninsured reports have periodically reviewed state economic studies that examine the effect of Medicaid on state economies. These analyses have shown that Medicaid spending has a positive effect on state economies and jobs.⁶

ECONOMIC IMPACT MODELING

To assess economic impact, economists and academics conducting studies use a variety models. Input-output economic models account for the relationships between industries in an economy and allow for estimating the effects of changes in expenditures on state industries and the economy as a whole. They rely on the theory that a change in input (e.g., a cut or increase in Medicaid expenditures) will produce direct impacts that will then “ripple” through other sectors of the economy producing indirect and induced impacts. This process does not continue endlessly as with each round of spending, a portion of dollars is used for purchases made outside the state, or is taxed or saved.

Other models or modeling systems, such as IMPLAN and REMI, are based on similar economic theory; however, there are inherent differences in the models, primarily related to the types of multipliers each model uses and the approach used to compute multipliers. More dynamic models are able to adapt and reflect a wider array of events and scenarios. Due to variation in state economies, models, such as CalSIM and USMRIAS, are tailored to reflect unique state economic environments.

Since these models are largely industry-based models, they do not reflect changes in other effects, such as the implications of improved health or increased spending capacity for low-income individuals. See Appendix A for a description of these models.

KEY FINDINGS

Prior to the ACA, many studies have historically shown that Medicaid spending has a positive effect on state economies and jobs.⁷ The influx of federal funds magnifies the impact of state Medicaid. Medicaid funds directly support tens of thousands of health care providers throughout the country, including hospitals,

community health centers, nursing facilities, group homes, and managed care plans. The funds indirectly support other businesses and affect jobs, household spending, and state and local tax collections.

Following the Supreme Court decision, many analyses were conducted to assess the fiscal implications of the Medicaid expansion. Most of these analyses looked at new state costs tied to the Medicaid expansion as well as opportunities for savings primarily due to reductions in spending for uncompensated care or funding for other programs currently serving indigent residents. Overall, these fiscal analyses generally showed large increases in federal funding for states and net benefits, or relatively small increases in state spending to support the Medicaid coverage expansion. A number of analyses also included estimates of the broader economic effects of the Medicaid expansion, such as the impact on gross state product (GSP), state and local revenues, or jobs.

This brief assessed specific findings from 32 studies in 26 states analyzing the anticipated impact of the ACA Medicaid expansion (and in some cases full ACA implementation) on state and local economies. Appendix B summarizes findings from each of the state analyses. While the models, assumptions and time period of analysis differ across the studies, a number of key findings emerged include the following:

The Medicaid expansion is projected to generate increased state economic activity, such as increases in state output, Gross State Product (GSP) and state and local revenues. Similar to previous finding, a review of economic analyses of the Medicaid expansion show that Medicaid funds will directly support health care providers as individuals gain insurance and better access to health care services. However, since the federal government pays for the entire cost of coverage for newly eligible beneficiaries for the first three years, a new surge of federal funds will flow into states with relatively little additional state costs. Studies show, therefore, that new funds as a result of the Medicaid expansion are anticipated to have a noticeable and sustained increase in state economic activity. Regardless of the economic impact model used, all of the studies analyzed anticipate positive increases to state output and Gross State Product (GSP). The magnitude of the impact depends on the level of current and anticipated new Medicaid funding and the economic conditions within the state.

The Medicaid expansion is expected to have a positive effect on jobs and earnings. These economic models also show the implications for jobs. Again, given the increase in spending and the influx of new federal funds that will filter through state economies, the studies show increases in employment. A number of studies also show increases in salaries and earnings tied to new jobs.

LOOKING AHEAD

Over the next few months and years, as the ACA Medicaid expansion and other coverage provisions are implemented, the fiscal implications of the law for states will become more clear through state budget processes, analysis of actual spending and revenue collections, and job growth. Researchers may be able to look across states moving forward with the Medicaid expansion compared to those not moving forward to draw broader conclusions about how the decision to implement the expansion affects states differently.

APPENDIX A: ECONOMIC IMPACT MODEL DESCRIPTIONS

Economic Impact Models

CaSIM

California Simulation of Insurance Market (CaSIM) is a microsimulation model designed to estimate the impacts of the Affordable Care Act on employer decisions to offer insurance coverage and individual decisions to obtain it. This is a California-specific model that uses state data from four public data sources. The model uses the experiences in Massachusetts to base the projected impact of the ACA on California.

COMPARE

Comprehensive Assessment of Reform Efforts (COMPARE) microsimulation model predicts the effects of health policy changes on national and state levels. The model uses a nationally representative sample of individuals and their employers to create a data set that predicts how they will react under different policy scenarios.

IMPLAN

Impact Analysis for Planning (IMPLAN) is a modeling system that allows users to quantify the economic impacts of different transactions within a particular geographic area. IMPLAN generates output tables based on user input that economic developers and researchers commonly use to predict the economic impacts of a wide range of activities. IMPLAN allows for multi-region modeling and analyses can be done of small geographies (i.e. zip codes, not just counties or states). IMPLAN multipliers reflect industry linkages in a local economy at a given time.

REMI

Regional Economic Models, Inc (REMI) is a dynamic model that combines the functions of an input-output model and the relationship between multiple economic variables. The PI+ Regional Model uses a 1-region, 70 sector build of counties to create a state-level model. REMI estimates the economic impacts that would occur over each year of the analysis period. The model not only captures inter-industry transactions and multipliers, but is able to account for “long-term” impacts of policies.

RIMS-II

Regional Input-Output Modeling System (RIMS-II) consists of a set of multipliers used to estimate regional economic impacts using data from the Bureau of Economic Analysis (BEA). The multipliers reflect industry linkages in a local economy at a given time, but cannot be used to estimate impact of taxes. RIMS-II is a single region input-output model.

USMRIAS

US Multi-Regional Impact Assessment System (USMRIAS) is an input-output model that estimates the direct and indirect effects of business activity. The model parameters can be localized and it can be applied to a county, multi-county, or urban region. Embedded modules estimate multi-sectoral direct spending effects and the model can estimate spending activity by consumers and induced impacts associated with payroll and consumer spending. The model can be tailored to reflect unique industrial structure and characteristics of state economies.

APPENDIX B: STATE ECONOMIC IMPACT STUDIES

STATE and CITATION	MODEL USED	FINDINGS
<p>Alabama</p> <p><i>Economic Impact by Industry of Medicaid Expansion in Alabama under the Affordable Care Act</i>, September 2013</p> <p>Culverhouse College of Commerce, University of Alabama</p> <p>Study</p>	RIMS-II Model	<p>Time period: 2014 – 2020; (Assumes intermediate (75%) take-up)</p> <p>Economic Impact</p> <ul style="list-style-type: none"> • Increase overall business activity by \$28 billion, including an increase in state GDP by \$16.9 billion • \$10 billion increase in earnings for Alabama residents <p>Impact on Employment An average of 30,700 new jobs per year</p>
<p>Alabama</p> <p><i>An Economic Evaluation of Medicaid Expansion in Alabama under the Affordable Care Act</i>, November 5, 2012.</p> <p>University of Alabama at Birmingham</p> <p>Study</p>	IMPLAN Model	<p>Time period: 2014 – 2020; (Assumes intermediate (75%) take-up)</p> <p>Economic Impact</p> <ul style="list-style-type: none"> • \$20 billion in new economic activity • \$1.7 billion in state tax revenues (net increase of \$935 million)
<p>Alaska</p> <p><i>Fiscal and Economic Impacts of Medicaid Expansion in Alaska: a Preliminary Evaluation</i>, January 2013</p> <p>Northern Economics</p> <p>Study</p>	IMPLAN Model	<p>Time period: 2014 – 2019</p> <p>Economic Impact</p> <ul style="list-style-type: none"> • \$510 million in economic output generated in 2019 (\$390 million of which are attributed to the Medicaid expansion) • Cumulative increase in economic output from 2014–2019 is \$2.33 billion. • \$230 million in additional labor income to Alaska residents <p>Impact on Employment 3,700 – 4,600 new jobs (assumes 72.4% – 100% enrollment)</p>
<p>Arkansas</p> <p><i>Economic and Employment Effects of Expanding Medicaid in Arkansas</i>, February 2013</p> <p>Regional Economic Models, Inc., George Washington University</p> <p>Study</p>	REMI Model	<p>Time period: 2014 – 2020</p> <p>Economic Impact</p> <ul style="list-style-type: none"> • State output (revenues) is expected to increase by \$9.25 billion (an average of \$1.32 billion/year) • GSP is expected to increase by \$5.88 billion (an average of \$839 million/year) <p>Impact on Employment 8,500 – 11,000 new jobs</p>
<p>Arkansas</p> <p><i>The Economic Impact of the Affordable Care Act on Arkansas</i>, March 2013</p> <p>RAND Health</p> <p>Study</p>	RAND COMPARE Model and Regional Input–Output Modeling System (RIMS II)	<p>Time period: 2016 (assuming Arkansas takes up the Medicaid expansion in 2014)</p> <p>Economic Impact</p> <ul style="list-style-type: none"> • State GDP anticipated to grow by \$550 million • State and local tax revenue is anticipated to increase by \$19 million <p>Impact on Employment 6,200 new jobs</p>

<p>California</p> <p><i>Medi-Cal Expansion under the Affordable Care Act: Significant Increase in Coverage with Minimal Cost to the State</i>, January 2013</p> <p>UCLA Center for Health Policy Research, UC Labor Center</p> <p>Study</p>	<p>California Simulation of Insurance Market (CalSIM) and IMPLAN Models</p>	<p>Time period: 2014 – 2019</p> <p>Economic Impact \$111 – \$190 million in new General Fund tax revenue in 2014, increasing to \$184 – \$242 million in 2019</p> <p>Impact on Employment 100,000 jobs/year* (from Bay Area Council Economic Institute)</p>
<p>Colorado</p> <p><i>Medicaid Expansion: Examining the Impact on Colorado’s Economy</i>, February 13, 2013</p> <p>Charles Brown Consulting, Inc.</p> <p>News Release and Study</p>	<p>Regional Input Output Modeling System (RIMS II)</p>	<p>Time period: FY 2025</p> <p>Economic Impact</p> <ul style="list-style-type: none"> • An increase of almost \$4.4 billion in additional state economic activity • Will raise average annual household earnings by \$608 • GDP will be .74% larger • In FY 2025–26, tax revenue is projected to be \$128 million higher due to a decision to expand Medicaid <p>Impact on Employment</p> <ul style="list-style-type: none"> • 22,388 new jobs by 2026 • 20% increase in projected baseline employment growth in 18 months following expansion
<p>Georgia</p> <p><i>The Economic Impact of Medicaid Expansion in Georgia</i>, February 2013</p> <p>Georgia State University, Healthcare Georgia Foundation</p> <p>Study</p>	<p>IMPLAN Model</p>	<p>Time period: 2014 – 2023</p> <p>Economic Impact</p> <ul style="list-style-type: none"> • Increase economic output by \$8.2 billion • Increase annual state and local tax revenue of \$276.5 million per year <p>Impact on Employment 70,343 jobs</p>
<p>Idaho</p> <p><i>Economic Impact Analysis of Medicaid Expansion in Idaho</i>, November 20, 2012</p> <p>University of Idaho</p> <p>Study</p>	<p>IMPLAN Model (for the state of Idaho, 2010)</p>	<p>Time period: 2014 – 2024</p> <p>Economic Impact</p> <ul style="list-style-type: none"> • \$2.99 billion in gross economic activity (direct and indirect) from Medicaid expansion • Gross State Product (GSP) will increase by \$639.3 million due to the Medicaid expansion • \$43.4 million in additional tax revenue <p>Impact on Employment 6,054 jobs in FY 2014, increasing to 11,247 by FY 2024 from the Medicaid expansion alone</p>
<p>Indiana</p> <p><i>Medicaid Expansion in Indiana</i>, February 2013</p> <p>University of Nebraska Medical Center (UNMC) Center for Health Policy</p> <p>Study</p>	<p>IMPLAN Model (for the state of Indiana, 2011)</p>	<p>Time period: 2014 – 2020</p> <p>Economic Impact</p> <ul style="list-style-type: none"> • \$2.4 – \$3.4 billion in new economic activity • \$832 million in state and local tax revenue (over \$108 million generated each year) <p>Impact on Employment Over 33,371 new jobs by 2020 (24,189 new jobs in 2014, adding over 1,300 new jobs each year)</p>

<p>Maine</p> <p><i>Federal Health Care Funding Makes Dollars and Sense for Maine</i>, March 2013</p> <p>Maine Equal Justice Partners, Maine Center for Economic Policy</p> <p>Study</p>	<p>IMPLAN Model</p>	<p>Time period: 2016 (assuming Maine expands Medicaid in 2014)</p> <p>Economic Impact</p> <ul style="list-style-type: none"> • Stimulate over \$350 million in economic activity • Generate \$16 to \$18 million in new state and local taxes per year <p>Impact on Employment 3,100 new jobs</p>
<p>Maryland</p> <p><i>Maryland Health Care Reform Simulation Model Projections</i>, July 2012</p> <p>The Hilltop Institute</p> <p>Data and Explanation</p>	<p>IMPLAN Model</p>	<p>Time period: FY 2014 – FY 2020</p> <p>Economic Impact</p> <ul style="list-style-type: none"> • Additional state and local taxes generated: \$237 million • State output would grow to \$3.3 billion <p>Impact on Employment</p> <ul style="list-style-type: none"> • 26,970 new jobs • 3.7% unemployment rate by 2020 with ACA (compared to 4.3% without) <p>Note: These projections are for implementation of the full ACA, not just the Medicaid expansion.</p>
<p>Missouri</p> <p><i>The Economic Impacts of Medicaid Expansion on Missouri</i>, November 2012</p> <p>University of Missouri School of Medicine and Dobson DaVanzo & Associates</p> <p>Study</p>	<p>IMPLAN Model</p>	<p>Time period: 2014 – 2020</p> <p>Economic Impact</p> <ul style="list-style-type: none"> • An additional \$9.6 billion in value-added output (an .53% increase to the total GSP) • Will increase state and local tax revenue by \$856 million <p>Impact on Employment 24,008 jobs in 2014; 22,175 sustained through 2020</p>
<p>Montana</p> <p><i>An Estimate of the Economic Ramifications Attributable to the Potential Medicaid Expansion on the Montana Economy</i>, January 2013</p> <p>Bureau of Business and Economic Research, The University of Montana</p> <p>Study</p>	<p>IMPLAN Model</p>	<p>Time period: 2014 – 2021</p> <p>Economic Impact</p> <ul style="list-style-type: none"> • \$397 – \$441 million in state and local tax revenues • \$3.8 – \$4.2 billion in new labor income <p>Impact on Employment 11,500 – 12,700 jobs per year</p>
<p>Nebraska</p> <p><i>Medicaid Expansion in Nebraska under the Affordable Care Act</i>, August 2012</p> <p>University of Nebraska Medical Center (UNMC) Center for Health Policy</p> <p>Study</p>	<p>IMPLAN Model (for the state of Nebraska, 2009)</p>	<p>Time period: 2014 – 2020</p> <p>Economic Impact</p> <ul style="list-style-type: none"> • Total economic impact of \$4.9 – \$5.9 billion • Between \$701 and \$849 million in new economic activity every year <p>Impact on Employment 10,770 – 13,044 jobs per year</p>

<p>New Mexico</p> <p><i>Economic and Fiscal Impacts of the Proposed Medicaid Expansion in New Mexico</i>, October 31, 2012</p> <p>University of New Mexico Bureau of Business and Economic Research</p> <p>Study</p>	<p>IMPLAN Model</p> <p>This analysis simulated both low uptake (51% enrollment) and high uptake (100% enrollment) scenarios.</p>	<p>Time period: FY 2014 – FY 2020</p> <p>Economic Impact</p> <ul style="list-style-type: none"> Output is expected to increase by \$4.8 billion – \$8.6 billion <p>Impact on Employment 6,001 – 8,461 new jobs</p>
<p>New Mexico</p> <p><i>New Mexico Health Care Reform Fiscal Model: Detailed Analysis and Methodology</i>, March 2012</p> <p>The Hilltop Institute</p> <p>Data, PPT and Explanation</p>	<p>IMPLAN Model</p>	<p>Time period: FY 2012 – FY 2020</p> <p>Impact on Employment 4.4% unemployment rate by 2020 with ACA (compared to 5.2% without)</p>
<p>North Carolina</p> <p><i>A Contrast: Modeling the Macroeconomic Impact of “Medicaid Expansion” in North Carolina</i>, January 7, 2013</p> <p>Regional Economic Models, Inc.</p> <p>Study</p>	<p>REMI 1–region, 70–sector PI+ Model of North Carolina’s economy</p>	<p>Time period: 2014 – 2021</p> <p>Economic Impact</p> <ul style="list-style-type: none"> Annual GDP increased by \$1.4 billion Real disposable personal income increased by \$1 billion <p>Impact on Employment 23,000 new jobs</p>
<p>Ohio</p> <p><i>Expanding Medicaid in Ohio: Analysis of Likely Effects</i>, February 2013</p> <p>Health Policy Institute of Ohio, Ohio State University, Urban Institute, Regional Economic Models, Inc.</p> <p>Study</p>	<p>Urban Institute, REMI’s Tax–PI Model and Ohio State University Impact of Medicaid Expansion on Ohio Model</p>	<p>Time period: 2014 – 2022</p> <p>Economic Impact</p> <ul style="list-style-type: none"> Increase in total economic activity by between \$19.8 billion (UI) and \$18.6 billion (OSU) Net state economic impact: Between \$1.8 billion (OSU) and \$1.9 billion (UI) Net increase in state revenue of between \$2.7 billion (OSU) and \$2.8 billion (UI) Between \$364 million (OSU) and \$387 million (UI) in new local managed care tax revenue <p>Impact on Employment</p> <ul style="list-style-type: none"> Job growth: Between 27,056 (OSU & REMI) and 31,872 (UI & REMI) new jobs Increase earnings of Ohio residents by between \$17.5 billion (UI) and \$16.7 billion (OSU)
<p>Oregon</p> <p><i>Estimated Financial Effects of Expanding Oregon’s Medicaid Program under the Affordable Care Act (2014 – 2020)</i>, February 2013</p> <p>SHADAC, Oregon Health Sciences University’s Center for Health Systems Effectiveness, Manatt Health Solutions</p> <p>Study</p>	<p>IMPLAN Model</p>	<p>Time period: SFY 2014 – SFY 2020</p> <p>Economic Impact</p> <ul style="list-style-type: none"> Net state economic impact: \$79 million in savings to the state general fund \$348.8 million in new tax revenue (\$319.5 million in personal taxes, \$29.3 million in corporate taxes) <p>Impact on Employment 29,100 new jobs and \$1,685 million in new wages and salaries by 2020</p>

<p>Pennsylvania</p> <p><i>The Economic Impact of Medicaid Expansion on Pennsylvania</i>, March 2013</p> <p>Rand Health</p> <p>Study</p>	<p>COMPARE Model</p>	<p>Time period: 2014 – 2020</p> <p>Economic Impact</p> <ul style="list-style-type: none"> • \$3.2 – \$3.6 billion increase in economic activity • Net state economic impact: \$180 million in new spending <p>Impact on Employment 35,000 – 39,000 new jobs</p>
<p>Pennsylvania</p> <p><i>The Economic and Fiscal Impact of Medicaid Expansion in Pennsylvania</i>, April 2013</p> <p>Pennsylvania Economy League, Inc., Econsult Solutions, Inc.</p> <p>Study</p>	<p>IMPLAN Model</p>	<p>Time period: 2013 – 2022</p> <p>Economic Impact</p> <ul style="list-style-type: none"> • Increase in state economic activity by \$7.3 billion • Increase in state GDP by \$4.4 billion • \$3.6 billion in new state taxes <p>Impact on Employment 43,000 new jobs</p>
<p>Texas</p> <p><i>Texas Should Participate in Medicaid Expansion Under the Affordable Care Act</i>, October 2012</p> <p>The Perryman Group</p> <p>Study</p>	<p>US Multi-Regional Impact Assessment System (USMRIAS)</p>	<p>Time period: 2014 – 2023</p> <p>Economic Impact GSP would increase by \$270 billion (in 2012 dollars)</p> <p>Impact on Employment Increase of 3.2 million person-years of employment</p>
<p>Virginia</p> <p><i>The Economic Impact of the Medicaid Expansion on Virginia's Economy</i>, December 7, 2012</p> <p>Chmura Economics & Analytics</p> <p>Study</p>	<p>IMPLAN Model</p>	<p>Time period: 2014 – 2019</p> <p>Economic Impact</p> <ul style="list-style-type: none"> • \$3.9 billion boost to VA economy annually • An average of \$40.3 million in new corporate and individual income tax revenue per year • Net state economic impact: An average of \$244.7 million in new state spending <p>Impact on Employment 30,000 new jobs</p>
<p>Families USA Analyses February – March 2013</p> <p>Alabama <i>Alabama's Economy will Benefit from Expanding Medicaid</i> Study</p> <p>Florida <i>Florida's Economy Will Benefit from Expanding Medicaid</i> Study</p> <p>Illinois <i>Illinois's Economy Will Benefit from Expanding Medicaid</i> Study</p>	<p>REMI 51 region PI+ Model</p>	<p>Time period: 2016 (assuming states expand Medicaid in 2014)</p> <p>Alabama's Economic Impact and Employment</p> <ul style="list-style-type: none"> • An increase in economic activity of \$1.4 billion • Job growth: 12,000 new jobs • 0.44% increase over current number of jobs in state <p>Florida's Economic Impact and Employment</p> <ul style="list-style-type: none"> • Increase in economic activity by \$8.9 billion • Job growth: 71,300 new jobs (.64% increase of the current number of jobs) <p>Illinois' Economic Impact and Employment</p> <ul style="list-style-type: none"> • Increase in economic activity by \$2.6 billion • Job growth: 19,800 new jobs • 0.25% increase in current level of jobs

<p>Kentucky <i>Kentucky's Economy Will Benefit Most from Expanding Medicaid</i> Study</p> <p>Louisiana <i>Louisiana's Economy Will Benefit from Expanding Medicaid</i> Study</p> <p>Michigan <i>Michigan's Economy Will Benefit from Expanding Medicaid</i> Study</p> <p>Pennsylvania <i>Pennsylvania's Economy will Benefit from Expanding Medicaid</i> Study</p> <p>Wisconsin <i>Wisconsin's Economy Will Benefit from Expanding Medicaid</i> Study</p>		<p>Kentucky's Economic Impact and Employment</p> <ul style="list-style-type: none"> • Increase in economic activity by \$1.7 billion • Job growth: 14,700 new jobs • 0.58% increase in current level of jobs <p>Louisiana's Economic Impact and Employment</p> <ul style="list-style-type: none"> • Increase in economic activity by \$1.8 billion • Job growth: 15,600 • 0.55% increase over the current jobs in the state <p>Michigan's Economic Impact and Employment</p> <ul style="list-style-type: none"> • Increase in economic activity by nearly \$2.1 billion in 2016 • Job growth: 18,000 new jobs • 0.32% increase above current jobs in the state <p>Pennsylvania's Economic Impact and Employment</p> <ul style="list-style-type: none"> • Increase in state economic activity by \$5.1 billion • Job growth: 41,200 jobs <p>Wisconsin's Economic Impact and Employment</p> <ul style="list-style-type: none"> • An increase in economic activity by \$1.3 billion • Job growth: 10,500 new jobs • 0.28% increase over current number of jobs in the state
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ENDNOTES

¹ John Holahan, Matthew Buettgens, and Stan Dorn, *Cost of Not Expanding Medicaid* (Kaiser Commission on Medicaid and the Uninsured, July 2013), <http://www.kff.org/medicaid/report/the-cost-of-not-expanding-medicaid/>.

² Urban Institute estimates based on data from CMS (Form 64) (as of 8/24/12).

³ National Association of State Budget Officers State Expenditure Report: Examining Fiscal 2010-2012 State Spending, 2012

⁴ Federal Register, November 30, 2011 (Vol 76, No. 230), pp 74061-74063, <http://www.gpo.gov/fdsys/pkg/FR-2011-11-30/pdf/2011-30860.pdf>.

⁵ Within the health care sector, spending is largely internal to the state as health care is a service-based industry in which the product is generally consumed locally.

⁶ *The Role of Medicaid in State Economies: A Look at the Research* (Kaiser Commission on Medicaid and the Uninsured, January 2009), <http://kff.org/medicaid/issue-brief/the-role-of-medicaid-in-state-economies/>.

⁷ *The Role of Medicaid in State Economies: A Look at the Research* (Kaiser Commission on Medicaid and the Uninsured, January 2009), <http://kff.org/medicaid/issue-brief/the-role-of-medicaid-in-state-economies/>.