

News Release: Expanding Medicaid Covers 600,000 Pennsylvanians And Generates Up to \$400 Million in State Budget Savings



Contact: Laval Miller-Wilson, 215-625-3874 (LMillerWilson@phlp.org) or Kyle Fisher, 215-625-3897 (KFisher@phlp.org)

January 10, 2013 (Pennsylvania) — Today, the Pennsylvania Health Law Project, a public interest law firm, released a state-specific analysis highlighting \$400 million per year in fiscal savings if Pennsylvania lawmakers expand Medicaid to cover 613,000 uninsured adults.

The analysis, “Expanding Medicaid in PA: Consider the Savings”, is the first in a series PHLP is producing to help the public and state policy makers understand the benefits of expanding Medicaid’s income eligibility to \$15,415 per year for an individual. Pennsylvania has an unprecedented opportunity to improve the lives and health of its residents by adopting the Medicaid expansion provision of the Affordable Care Act (ACA) — now a state option after the U.S. Supreme Court’s decision in June 2012.

“Expanding Medicaid is good policy and makes good budgetary sense because it generates significant new revenues and savings” says Laval Miller-Wilson, Executive Director of the Pennsylvania Health Law Project. “To date, Pennsylvania officials have focused only on costs, but that is only half of the equation.” PHLP details savings from several sources:

- \$50 million to \$80 million per year in new tax revenues from the gross receipts tax on Medicaid managed care;
- \$230 million per year replacing current state spending on General Assistance-related health insurance with 100 percent federal Medicaid dollars;
- \$80 million to \$140 million per year in reduced state spending on county-based mental health services; and
- \$30 million per year in reduced state spending because of increased federal reimbursement for certain “medically-needy” Medicaid enrollees.

“The Medicaid expansion almost certainly pays for itself, at least through the first three years” says PHLP staff attorney Kyle Fisher, the study’s author. “The new costs associated with the expansion come from increased enrollment of currently-eligible individuals in 2014. These costs will be incurred *regardless* of whether Pennsylvania expands Medicaid. The savings that we highlight, however, depend on the Commonwealth expanding

Medicaid. Failing to expand Medicaid means Pennsylvania incurs new costs. Adopting the expansion generates overall savings. It is truly a win-win option for Pennsylvania.”

Other States Estimate Expanding Medicaid Will Save Money

“Other states have similarly estimated substantial savings from the ACA’s Medicaid expansion,” says Leonardo Cuello, Director of Health Reform for the [National Health Law Project](#). The state of **Arkansas** determined that the receipt of new federal health care dollars under the ACA would increase state revenue by \$254 million from 2014 through 2021, and that the Medicaid expansion would save the state \$372 million overall. See State of Arkansas, [Estimated Medicaid-Related Impact of the Affordable Care Act with Medicaid Expansion](#), July 17, 2012. **Idaho** and **Maryland** both made similar determinations. See [Idaho Shows Why Medicaid Expansion Is a Good Deal for States](#), Center on Budget and Policy Priorities Blog, November 15, 2012; [Maryland Health Care Reform Simulation Model](#), University of Maryland, July 2012. Moreover, an [independent study](#) by Georgetown University showed that **Florida** would likely save \$100 million a year under the Medicaid expansion, *after* the federal match is reduced to 90 percent.

A decision not to expand Medicaid means that Pennsylvania taxpayers would be helping to fund the states that *do* adopt the Medicaid expansion. As Justice Scalia noted in his dissent to Chief Justice Roberts’ opinion in the Supreme Court’s decision on the Affordable Care Act, “[t]hose states that decline the Medicaid Expansion must subsidize, by the federal tax dollars taken from their citizens, vast grants to the states that *accept* the Medicaid expansion.” [National Federation of Independent Business v. Sebelius](#), 567 U. S. ____ (2012) (emphasis added). With Medicaid expansion, Pennsylvania imports federal revenues. Without expanding, Pennsylvania effectively exports money to other states.

Pennsylvania Health Law Project (PHLP) is the state’s oldest health care non-profit law firm exclusively devoted to health access for vulnerable populations. PHLP was founded to advance access to quality health care for vulnerable and disenfranchised communities. In addition to direct legal assistance, we work on policy and practice changes that maximize health coverage and access to care. We are a trusted resource with on-the-ground experience, knowledge of best practices, and an understanding of community perspectives.