

State should embrace Medicaid reform

By **Tim Sweeney** 12/11/2009

Leading congressional health insurance reform proposals include expanding Medicaid, which could not only bring coverage to nearly one million low-income, uninsured Georgians, but would provide at least 90 percent of the funding to do so.

Despite the obvious and significant benefits to the state's economy and its citizens, Gov. Perdue, Lt. Gov. Cagle, and others opposed to reform are arguing that Georgia cannot afford its share of the proposed Medicaid expansion in either the House or Senate proposal.

They claim that expanding Medicaid will cost Georgia more than \$2 billion over six or seven years, but they rarely mention the billions in new federal funds that would flow to Georgia's economy during this time.

But their calculations are misleading. The cost on a yearly basis of expanding Medicaid for hundreds of thousands of uninsured citizens with little access to coverage is not only affordable, but is a bargain for Georgia.

The Georgia government's own estimate of the House proposal forecasts \$93 million in additional state costs the first year (2013). This equates to an increase of less than five percent of Georgia's existing Medicaid budget and less than 1 percent of the overall state budget.

In addition, these state costs would be accompanied by hundreds of millions in new federal funds flowing into Georgia each and every year, contributing to the state's healthcare sector and local economies.

Over time, these costs would increase as the state's economy and population grows. As more people enroll, and as medical costs increase with inflation, the Georgia government estimates that costs could reach \$500 million a year by 2019. However, this number must be put into perspective as well. Relative to the overall state budget a decade from now, these costs will remain a small percentage and surely will be manageable.

Although Georgians across the income spectrum have seen their access to employer-sponsored coverage decline in recent years, low-income families have been most affected.

A mere one-quarter of Georgians in families with incomes below twice the poverty level (\$36,600 for a family of three) have employer coverage, compared to 76.6 percent for families with income above this threshold.

As a result, low-income individuals and families in Georgia are far more likely to be uninsured (35.9 percent) than their higher income counterparts (10.9 percent). In total, nearly 1.7 million non-elderly Georgians (nearly one in five) lacked health insurance in 2007-2008.

Those opposed to expanding health insurance coverage should also consider the likely effects on Georgia's uninsured children and adults if they remain uninsured. Uninsured people have less access to timely medical care, worse health outcomes, and are more likely to die prematurely than their insured counterparts.

There is plenty of time for Georgia's leaders to ensure the state has adequate funds to pay what the federal government does not so that we reduce our high number of uninsured citizens. Both proposals give states several years to comply with the new Medicaid eligibility standards, and both provide full federal funding for the first two to three years of implementation.

Our elected leaders should be tackling Georgians' growing needs, not posturing against national reform. Georgia's uninsured rate is tenth in the nation, approximately one in seven people lived in poverty in 2008, and our job loss rate is fifth in the nation. Vulnerable groups are hit hardest during recessions, and low-income workers are losing employer-sponsored health insurance faster than others.

Rather than using misleading multi-year figures to argue that the state cannot afford to expand Medicaid coverage to its struggling citizens, Georgia's leaders should realize that we cannot afford to lose out on this incredible opportunity to insure its neediest citizens and bring hundreds of millions of dollars into the state's economy annually.

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