



Health bill to hit Georgia budget

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Federal health care legislation could add hundreds of millions of dollars in costs to Georgia's state budget, but advocates and opponents differ greatly on whether the state can afford it.

As the health care debate has raged in Washington, the issue of the cost to states has become a fire-hot topic. The single greatest cost to states is expected to be the vast expansion of Medicaid coverage for poor people.

In Georgia, the state Department of Community Health has estimated the additional state costs would start at \$100 million to \$200 million a year when the program begins in about 2013, and increase over a half-dozen years to upwards of \$500 million a year.

DCH's estimate is Georgia's only official state analysis. A separate review by a federal nonprofit group called Federal Funds Information for States said the bill approved last week by the U.S. Senate would cost Georgia about \$145 million a year from 2017 to 2019.

It is unclear why these numbers differ from the state's estimates.

State officials acknowledge that their analysis is far from final, as the Senate bill changed after the analysis was done. Differing House and Senate bills have passed, and the two houses must now forge a compromise.

A spokesman for Gov. Sonny Perdue said the estimates remain in the ballpark.

“The state would be looking at hundreds of millions of dollars per year,” said Perdue spokesman Bert Brantley.

Republicans, including Perdue, say the state cannot afford these added costs at a time of severe budget belt-tightening. The 2010 [Legislature](#), convening next month, is expected to have to cut hundreds of millions of dollars from the state budget.

“This bill places an unsustainable burden on the backs of Georgia’s taxpayers, and will lead to either higher state taxes or massive cuts to basic state services in years to come,” Perdue said of the Senate bill.

Some medical groups also worry that the measures would drive up costs to hospitals and doctors, as well as people’s individual insurance coverage.

Democrats reject the idea that health reform would place a heavy burden on the state, its hospitals or its people.

“We’re not going to do anything to put the state in bankruptcy,” said U.S. Rep. John Lewis, an Atlanta Democrat.

“When you count the costs and look at the benefits, it’s going to make things better not just for the state of Georgia but for all of America,” Lewis said.

Under the final legislation, Medicaid enrollment could spike in Georgia. Medicaid is a national program, funded by the federal and state governments, which pays for medical care for many who can’t afford it.

Georgia does not generally provide Medicaid to single adults with no children, and has a tougher eligibility threshold for parents to obtain Medicaid than many other states, said [Timothy Sweeney](#), a senior health care analyst for the [Georgia Budget and Policy Institute](#).

Both of those areas could change under the health care overhaul, said [Sweeney](#), who wrote an opinion piece favoring the initiative in *The Atlanta Journal-Constitution* on Tuesday.

Both the House and Senate bills would expand Medicaid eligibility so that it would be available for a family of four earning roughly 150 percent of the federal poverty level.

Georgia's thresholds vary from about 55 percent of the federal poverty level for working parents to 100 percent or more for children, **Sweeney** said.

Georgia's analysis of the House bill said the state's Medicaid enrollment could increase by 77 percent, with an estimated increase of 756,000 people. Georgia has about 1.7 million uninsured people.

Many of the remaining uninsured could qualify for planned government subsidies to help them afford private insurance. Some others may be illegal immigrants who would not be eligible for subsidies or Medicaid, **Sweeney** said.

Both the House and Senate bills provide full federal funding in the first few years for those who are newly eligible for Medicaid, and afterward provide up to 90 percent of the costs. The costs would then rise significantly, according to the state analysis.

Under the House proposal, the expansion would cost the state about \$93 million in 2013, the first year of the program, according to the state analysis.

Even though the federal government would pay for the newly eligible people, the state believes that the push to sign up people for Medicaid would draw many people who are already eligible but had not signed up.

In addition, the state is estimating that the increased Medicaid enrollment will require more staffing and other administrative costs, to the tune of about \$35 million in 2013.

Still, advocates say it is a great deal for Georgia.

"This is a big benefit for a state like Georgia," in that many people with no health coverage would become eligible for Medicaid, said **Sweeney**.

Sweeney said \$128 million is a small percentage of a state budget that is about \$17 billion a year, which makes the proposal “a bargain for Georgia. It’s a small price to the state, considering all the federal dollars coming in to help people get health insurance.”

Kelly McCutchen, president of Georgia Public Policy Foundation, a conservative group, disagrees.

“Ten percent of a very big number is still a very big number,” he said. “It’s money the state doesn’t have right now.”

Staff writer James Salzer contributed to this report.