

Report Highlights Harmful Effects of Federal Medicaid Cuts on Georgia's Economy

Congressional proposals to reduce federal Medicaid support to states and turn the program into a block grant program would have a significant negative economic impact throughout the state. These proposals would stunt the economic recovery in Georgia by placing business activity and thousands of jobs at risk and would shift new costs to Georgia at a time when the state can least afford it, according to a new report from Families USA.

Medicaid funding reimburses doctors and other health care providers who serve the 1.7 million Medicaid enrollees throughout Georgia. The impact of Medicaid funding is then multiplied as providers use Medicaid reimbursements to participate in their local economy. Reduced federal Medicaid support would likely lead to significant cuts to Georgia's Medicaid program that would impact enrollees and providers, as well as local economies throughout Georgia. Key findings from the Families USA report are displayed below.

| | 5% Cut | 15% Cut | 33% Cut |
|----------------------------------|---------------|---------------|---------------|
| Lost Federal Funding | \$289 million | \$866 million | \$1.9 billion |
| Business Activity at Risk | \$670 million | \$2 billion | \$4.4 billion |
| Jobs at Risk | 5,820 | 17,460 | 38,420 |

Lost Federal Funding to Georgia

Georgia's Medicaid program is already underfunded; payments to providers do not cover the costs of providing care and many eligible Georgians are not enrolled. The block grant proposal being debated in Congress would potentially reduce federal Medicaid support to states by 5 percent in the short term and by 33 percent in the long term. This translates to as much as \$1.9 billion in lost federal dollars that would otherwise go into our state's health care economy.

Georgia Business Activity at Risk

These cuts would place up to \$4 billion in business activity created by this funding at risk. These estimates illustrate that the Medicaid program is more than a program to help low-income children, elderly, and Georgians with disabilities get health care services; it is a program that invests in Georgia's health care system and its local economies.

Georgia Jobs at Risk

These cuts would place up to 38,420 jobs in Georgia at risk. Medicaid dollars are used to reimburse health care providers, medical supplies, and pharmaceuticals for patients. These Medicaid cuts would cost the Georgia health care system jobs.