

Official Figures Overstate Budget Impact of Medicaid Expansion

By Tim Sweeney, Director of Health Policy

State officials claim Medicaid expansion is unaffordable by overstating the real cost of covering newly eligible Georgians

State estimates claim it will cost \$4.5 billion to expand Medicaid. But the official estimate includes more than \$2 billion of future costs that are not caused by Medicaid expansion. Removing cost increases that occur with or without expansion drops the ten-year state share to \$2.1 billion, or barely a 1 percent increase in Georgia Medicaid spending over the next decade.

Georgia's official estimates reflect costs for Georgians already eligible for Medicaid

Many Georgians now eligible for Medicaid but not enrolled are likely to sign up due to increased publicity about new coverage options. National outreach efforts supporting the rollout of the federal insurance exchange and increased awareness of new coverage available will drive increased participation among Georgians who already qualify for Medicaid.

State estimates reflect optional payment increase for some doctors serving Medicaid patients

Although temporary federal funding to increase payment rates for primary care providers will expire after 2014, Georgia is under no obligation to continue to pay these higher rates. State Medicaid officials set most reimbursement rates paid to doctors, hospitals and other providers who serve Medicaid patients. State officials will continue to set these rates with or without expansion.

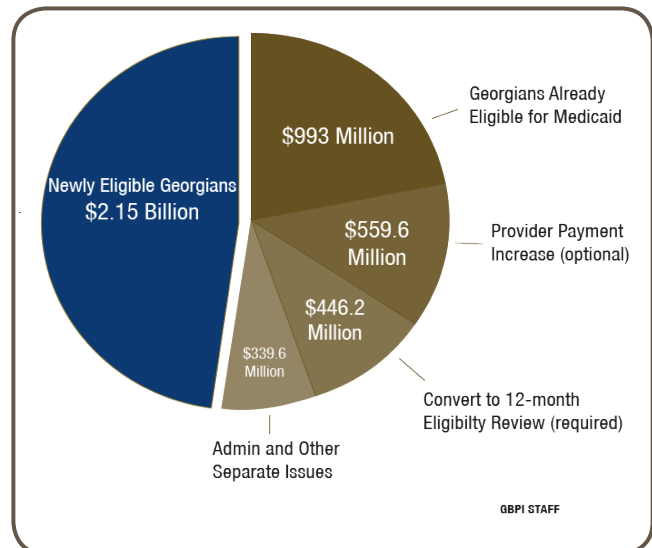
Georgia estimates reflect new federal eligibility requirements to retain children after enrollment

In 2014, Georgia will start conducting eligibility reviews for Medicaid patients every 12 months instead of every six months to ensure better continuity of coverage. This change is expected to increase the number of Georgians with coverage and will happen regardless of whether Georgia expands Medicaid.

New state revenue offsets most of new state spending, according to independent research and state's analysis

New state revenue resulting from Medicaid expansion would total at least \$1.8 billion over the next 10 years, according to state forecasts and independent analysis recently released. Including Medicaid expansion's estimated positive effect on tax revenue reduces the state's expansion costs to barely \$35 million per year, on average, for the next decade.

Fact Check: Medicaid Expansion Costs Half of What You've Heard*



Source: State Expenditure Forecast, Summer 2012, Governor's Office of Planning and Budget
*Georgia Gov. Nathan Deal's official website says a "conservative" projection is that Medicaid expansion will cost the state \$4.5 billion.