

Georgia Ready to Close Coverage Gap

Closing the Gap is Good for Georgia's Economy

As new enrollees gain access to health coverage, the money spent on providing that coverage does not go into their pockets. Instead, these dollars go into the health care system and generate significant economic activity. **Every one hospital job in Georgia creates two jobs in the surrounding community**, according to the Georgia Hospital Association.



56,000
JOBS CREATED
EACH YEAR



\$6.5 BILLION
PER YEAR IN STATEWIDE
ECONOMIC OUTPUT

Based on Georgia State University Economic Study

Georgia Can Afford an Investment to Close the Coverage Gap

Due to increased economic activity and the larger number of people with health insurance, revenue from sales taxes, income taxes and insurance premium taxes will rise. The four-year net cost to Georgia to close the coverage gap is \$545 million (or \$136 million a year on average).

Revenue or Spending Source	Amount
Expansion Specific State Spending (over four years)	\$1.29 billion
New State Insurance Premium Tax Revenue	\$323 million
Additional State Income and Sales Tax Revenue	\$417 million
Four-year Net State Cost to Close Coverage Gap	\$545 million*

*Georgia Budget and Policy Institute estimates based on 2013 Georgia State University Economic Study and 2012 Office of Planning and Budget state Medicaid expansion cost impact analysis. Estimates assume approximately 450,000 total new enrollees under the Medicaid expansion.

\$3 BILLION
FEDERAL MATCH
AVAILABLE ANNUALLY



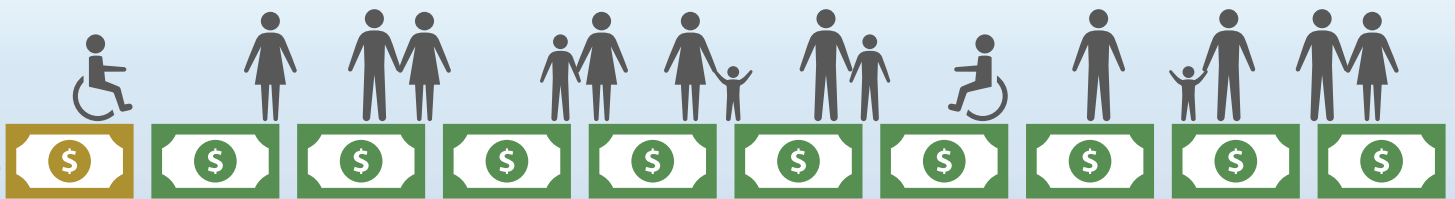
240,000
GEORGIANS IN
COVERAGE GAP



Closing Coverage Gap Brings Billions of Dollars Back to Georgia

Georgia's health care system and 240,000 Georgians without affordable health coverage options need timely action to close the coverage gap. State lawmakers have the opportunity to act this year as they discuss ways to implement a Georgia plan to close the coverage gap.

Georgians cannot afford another year of denying billions of federal dollars that could be coming back to the state. With the infusion of federal funds and the resulting increase in economic activity, closing the coverage gap is a good financial deal for Georgia.



For every dollar the state spends on closing the coverage gap...

Georgia receives up to \$9 in federal funding

COVERAGE GAP

Closing the Gap Brings **New Dollars** to Struggling Hospitals

Closing the coverage gap will increase the number of insured people and provide new payment for hospitals, helping to reduce their uncompensated care costs. In 2015, Georgia hospitals absorbed more than \$1.74 billion in costs for care that was delivered but not paid for, according to the Georgia Hospital Association.

\$1.74 BILLION

Uncompensated care costs reported by Georgia hospitals in 2015



The enhanced federal matching funds for closing the gap are also designed to help hospitals offset the reductions in federal Disproportionate Share Hospital payments.

Hospitals in other states benefited from reductions in uncompensated care as the number of uninsured declined through Medicaid expansion.



12.9 PERCENT

Georgia's 2016 uninsured rate, 5th highest in U.S.



ARKANSAS

56.4 percent decrease in uncompensated care costs in the first six months.



NEW JERSEY

43 percent decrease in uncompensated care costs reported by New Jersey hospitals.



KENTUCKY

59.7 percent decrease in uncompensated care costs in 2014, from \$1.9 billion to \$766 million.



MICHIGAN

85 percent decrease in uncompensated care costs in a group of Detroit-area hospitals.

*State treasuries also benefited from decreased uncompensated care according to research from the State Health Reform Assistance Network. States reduced spending on programs for the uninsured. **Arkansas saved \$17 million** in state general fund costs from the decrease in uncompensated care in 2015.*

Evidence From Other States Shows Closing Gap Is Good Investment

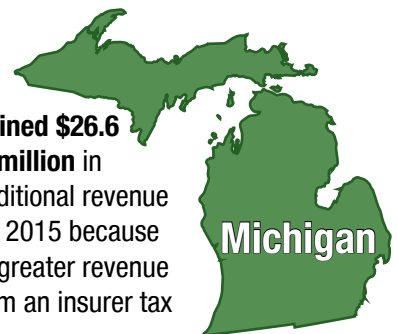
Examples of savings and revenue gains in other states from gaining enhanced federal matching funds to close the coverage gap.

A Strong and Stable Revenue Source

The federal match rate for Georgia has remained consistent since the program began in the 1960s. The rate adjusted to higher levels during times of economic downturn to help states manage higher Medicaid enrollment. Accepting the enhanced federal matching funds to close the coverage gap will bring a strong and stable revenue source to the state.



Arkansas
Saved \$6.4 million in 2015 state spending on charity care programs, without reducing services



Michigan
Gained \$26.6 million in additional revenue in 2015 because of greater revenue from an insurer tax



Kentucky
Saved \$2.4 million in 2014 over just six months from covering medically needy enrollees in the new expansion group

Source: Robert Wood Johnson Foundation - State Health Reform Assistance Network