

NM center on law and poverty

FOR IMMEDIATE RELEASE

February 3, 2016

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Medicaid Expansion Resulting in Job Growth and State Savings

A new report finds that the Medicaid Expansion has significantly increased jobs and revenues in New Mexico, generating a surplus that covers the cost of expansion itself. The report by Dr. Lee Reynis, economist at University of New Mexico's Bureau of Business and Economic Research, updates prior research from 2012 and details the economic and fiscal impact of Medicaid expansion.

Over 200,000 adults in New Mexico gained healthcare coverage through Medicaid when the program was expanded under the Affordable Care Act. The federal government is paying for the entire cost of Medicaid expansion until this year when the contribution gradually steps down to 90 percent by the year 2020, with the state responsible for paying the 10 percent remainder of costs. The federal share totals over \$11 billion between 2014 to 2021.

The report finds that the additional economic activity associated with the influx of federal dollars from Medicaid Expansion generates significant revenues from insurance premium taxes, gross receipts taxes, and income taxes as well as savings from programs no longer needed, including the State Coverage Insurance program. Additionally, the number of adults who are uninsured has dropped dramatically reducing uncompensated care costs for providers. From this activity, the State is expected to see a surplus of over \$300 million dollars from Medicaid expansion between fiscal years 2014-2021.

Overall, the healthcare sector is leading job growth in New Mexico, adding over 1,500 new jobs in 2014 alone. Income and earnings have also risen for the healthcare workforce, with Medicaid accounting for 25% to 46% of the total increases in personal income in New Mexico. For a state historically underserved with healthcare providers, the Medicaid Expansion is providing funding to help grow our health care workforce and is encouraging investment in hospitals and treatment facilities with an emphasis on quality improvement.

News about the impact of Medicaid expansion comes at a time when New Mexico's legislature is determining next year's budget for Medicaid. Revenue forecasts have worsened due to dropping oil prices. Abuko D. Estrada, staff attorney for the New Mexico Center on Law and Poverty, says, "Medicaid is one of the best investments our state leaders can make. The program is paying for itself and is a boon for our economy, while providing quality health care coverage for New Mexicans in these tough times."

A copy of the full report is enclosed and available for download at: <http://bber.unm.edu>

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