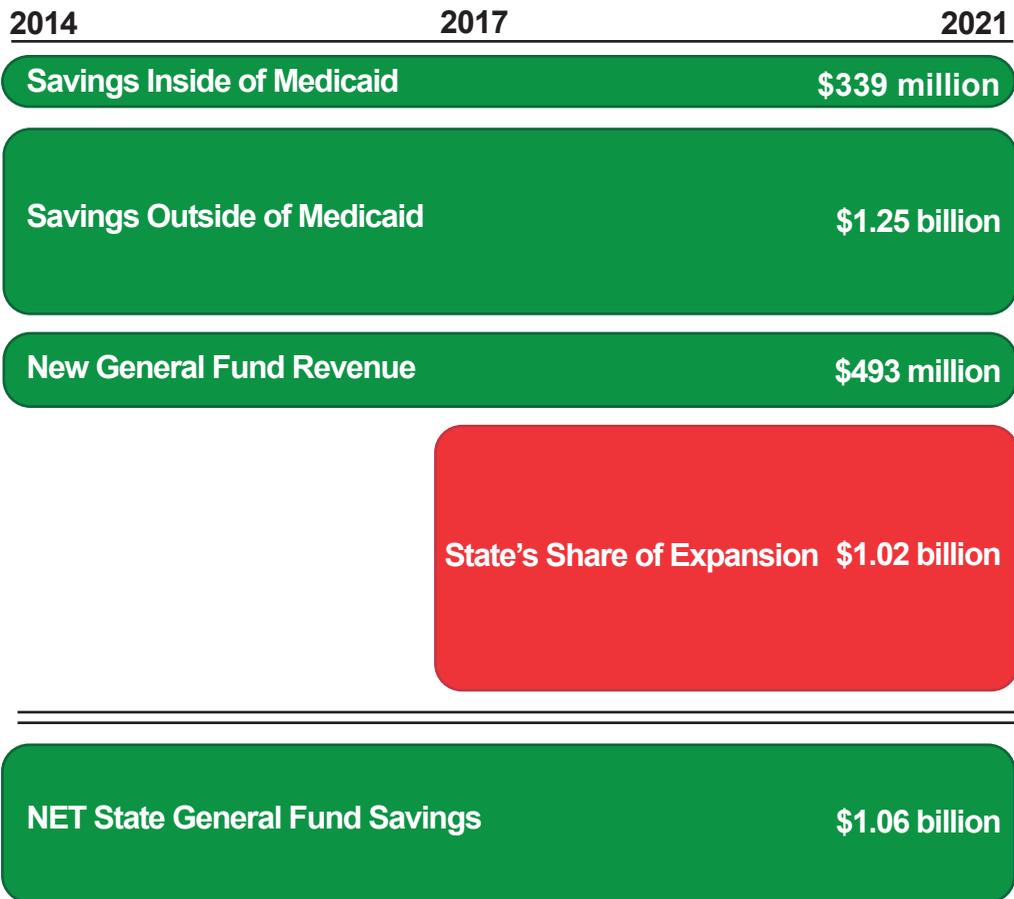


## Making the Medicaid Expansion Pay for Itself

Expanding Medicaid to 133 percent of the federal poverty level would generate state general fund savings and new revenues that would total \$2.08 billion. The savings and new revenue more than offset the state's share of expansion costs (\$1.02 billion) over the next eight years.



Note: Although the specific savings and costs of Medicaid expansion will depend on the number of people who actually enroll, at every level of enrollment there will be related savings and new revenue for the state.  
Sources: Senate Finance Committee, House Appropriations Committee, TCI analysis

**Savings Inside of Medicaid (\$339 million)** Virginia would achieve significant savings in the state's Medicaid budget through the prescription rebate program, whereby drug manufacturers pay rebates to the state for prescription drugs that Medicaid covers (\$293 million). The state would also be able to supplant general fund dollars with federal funds in existing Medicaid programs for family planning and cancer prevention (\$46 million).

**Savings Outside of Medicaid (\$1.25 billion)** Virginia would also save in other areas of the state budget. There are services that Virginia currently pays for with state general fund dollars that could now be covered using federal funds through Medicaid. The state will be able to reduce general fund payments to hospitals for uncompensated care due to the decreased number of uninsured Virginians (\$857 million). The state would be able to use federal Medicaid funds for Department of Corrections' inmate hospital costs (\$133 million) and some Community Services Boards' services (\$107 million) because a large number of people served there would now have coverage paid for with Medicaid. Also there would be a reduction in the increases in Virginia state employees' health premiums because of reduced "cost-shifting" in the health care market since there will be fewer uninsured Virginians (\$151 million).

**New Revenues (\$493 million)** The \$2.6 billion per year in federal funding for Medicaid expansion would generate 26,700 health care sector jobs, which would generate an additional \$493 million in state income and sales tax revenue.