

Updated Numbers Reiterate: The State Can Make the Medicaid Expansion Pay for Itself

Expanding Medicaid to 133 percent of the federal poverty level would create state general fund savings and revenues that would more than offset the state's share of expansion costs, netting the state \$555 million over the next eight years.

2014	2022
DMAS Estimated State Savings From Affordable Care Act	\$1.16 billion
DMAS Estimated State Expenses Related to Affordable Care Act	\$1.02 billion
DMAS Estimated State Savings From Medicaid Expansion	\$1.32 billion
DMAS Estimated State Expenses Related to Medicaid Expansion	\$1.60 billion
	-\$137 million
Additional State Budget Enhancements and Savings From Medicaid Expansion	\$692 million
NET State General Fund Savings	\$555 million

Note: Estimates assume 69 percent enrollment rate among newly eligible.

Sources: Department of Medical Assistance Services, Senate Finance Committee, House Appropriations Committee TCI analysis

State Savings From ACA (\$1.16 billion) Virginia will achieve significant savings through the prescription rebate program, whereby drug manufacturers pay rebates to the state for prescription drugs that Medicaid covers (\$529 million). The state would also benefit from increased federal match for the state's children's health insurance program (\$322 million) and the reduced need for public programs serving uninsured people (\$60 million). Moreover, there will be less uncompensated care, allowing a decrease in indigent care payments (\$34 million).

State Savings From Medicaid Expansion (\$1.32 billion) Virginia would achieve savings by expanding Medicaid. The state will be able to reduce general fund payments to hospitals for uncompensated care due to the decreased number of uninsured Virginians (\$637 million). The state would be able to use federal Medicaid funds for Department of Corrections' inmate hospital costs (\$290 million) and some Community Services Boards' services (\$292 million) because many people served there would now have coverage paid for with Medicaid. State funding for individuals with temporary detention orders and for other programs could also be supplanted with federal funds (\$104 million).

Additional State Budget Enhancements and Savings From Medicaid Expansion (\$692 million) The \$2.6 billion per year in federal funding for Medicaid expansion would generate as many as 26,700 health care sector jobs, which would generate an additional \$519 million in state income and sales tax revenue over the next eight years. 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 (\$173 million).