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Medicaid Expansion Would Pay For Itself

Cost Savings, New Revenue Would Offset Cost of Expansion

RICHMOND, VA – Expanding Medicaid to provide nearly 400,000 uninsured Virginians access to quality, affordable care would come at no additional cost to the state, according to new analysis released today by The Commonwealth Institute for Fiscal Analysis, an independent fiscal and economic policy organization in Richmond.

“When you fully account for all of the ways that the state would save money, Medicaid expansion would pay for itself,” says Michael Cassidy, President and CEO of The Commonwealth Institute. “The icing on the cake is that expansion also would support tens of thousands of well-paying health care sector jobs and generate millions in new tax revenue.”

Key findings of the new analysis:

- **Expanding Medicaid would produce substantial savings in six key areas.**
 - Medicaid expansion would save \$1.64 billion over the next nine years.
 - These savings come from using federal funds in place of general funds for services like mental health and reducing the growth of state employee health insurance premiums.
 - To date, much of the analysis of Medicaid expansion’s costs has failed to fully account for all the budget savings the state would realize.

- **Savings from expansion provide options to relieve state budget pressure.**
 - Medicaid expansion would bring in more than enough savings to cover the \$1.60 billion in state costs from extending coverage.
 - To help offset the costs of expansion, the 2013 General Assembly created a special fund to hold the savings so the state is financially prepared to assume its share of the costs.
 - The additional savings could be used to relieve other state budget pressures on key priorities like public safety or education.

- **Medicaid expansion will also bolster the safety net, provide support for the health care sector, and generate state tax revenue.**
 - Expanding Medicaid coverage would allow other safety net providers such as free clinics and community health centers to concentrate on serving the remaining uninsured.

- For the health care providers and safety net organizations that serve Medicaid patients, expansion would provide more funding to cover costs, improve care, and increase their workforce.
- The federal funds would support tens of thousands of well-paying health care sector jobs, generating millions in tax revenue for the state.

The full report, *Medicaid Expansion Would Pay For Itself*, is available at www.thecommonwealthinstitute.org.

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About The Commonwealth Institute

The Commonwealth Institute for Fiscal Analysis provides credible, independent and accessible information and analyses of fiscal and economic issues with particular attention to the impacts on low- and moderate-income persons. Our products inform fiscal and budget policy debates and contribute to sound decisions that improve the well-being of individuals, communities and Virginia as a whole. Visit www.thecommonwealthinstitute.org for more information.