



THE
COMMONWEALTH
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Media Contact

Patrick Getlein
Communications Director
patrick@thecommonwealthinstitute.org
804-396-2051 x103
www.thecommonwealthinstitute.org

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New Virginia trust fund would pay for closing coverage gap through 2050

RICHMOND, VA – Investing budget savings from accepting federal dollars to close the coverage gap could pay for expanded coverage for the next 35 years, according to new analysis released today by The Commonwealth Institute for Fiscal Analysis, an independent economic and fiscal policy organization in Richmond.

“Opponents argue that fears about the long-term cost of closing the gap mean they should do nothing,” says Michael Cassidy, President and CEO of the Institute. “But this analysis shows that there are ways to structure a compromise in a fiscally responsible way so that those costs are covered for many, many years to come.”

Using the estimated budget savings from the state Medicaid office, a modest rate of return shows that the state can fund closing the gap through 2050. Using the 7 percent rate of return assumed for several key state trust funds pays for closing the gap through 2068.

“We have over 30 trust funds set up to pay for a whole host of things including space flight, water quality, and tire recycling,” says Cassidy. “The Virginia Health Reform and Innovation Fund is no different. Virginia has the ability to save for these future costs in a fiscally prudent manner by ending the delay and accepting federal dollars to close the coverage gap.”

The full report, *Common Cents*, is available at www.thecommonwealthinsitute.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.