



FOR IMMEDIATE RELEASE

Media Contact

Patrick Getlein

Communications Director

patrick@thecommonwealthinstitute.org

804-396-2051 x103

www.thecommonwealthinstitute.org

November 10, 2014

Other States Booking Substantial Budget Savings by Closing the Health Coverage Gap

But Virginia is missing out

RICHMOND, VA – Nationwide, 27 states and Washington, D.C., have freed up precious resources for critical needs like education by closing their health coverage gaps and saving money on medical care. The same could be true for Virginia, to the tune of \$161 million, according to a new report published today by The Commonwealth Institute for Fiscal Analysis, an independent fiscal and economic policy organization in Richmond.

“States that have closed their coverage gap are achieving real savings in their state budgets,” says Institute President Michael Cassidy. “At a time when Virginia continues to face budget shortfalls, missing out on these kinds of budget savings is financially irresponsible.”

The new report documents budget savings in four states: Kentucky, New Mexico, Arkansas, and Michigan. Among the report’s key findings:

Other states are already saving money by closing the coverage gap.

- For example, Kentucky has reduced state spending on a variety of health care programs by \$80 million in the current budget year and \$87 million in the next budget year.
- That’s because Kentucky has been able to use federal funding rather than state dollars for community mental health programs, local health departments, limited medical benefit programs, hospital treatment for prison inmates, and health insurance for youth transitioning out of foster care.
- Similarly, New Mexico has saved \$78 million, Arkansas has saved \$89 million, and Michigan has saved \$100 million by closing their coverage gaps.

Virginia could save \$161 million next budget year by closing the coverage gap, helping to offset the budget shortfall.

- Closing the coverage gap in Virginia would save the state millions of dollars if lawmakers could agree to put the commonwealth and their constituents first.

- If the state accepted federal funding to close the coverage gap to begin on July 1, 2015, it could save \$161 million while providing up to 400,000 uninsured Virginians access to quality, affordable health care.
 - \$114 million – would come from saving money now spent on care for the uninsured poor provided by the University of Virginia and Virginia Commonwealth University health systems.
 - \$30 million by using federal funds in lieu of state dollars to pay for inmates’ hospital costs.
 - \$23 million currently spent on community mental health care.
 - \$10 million for programs that provide specific benefits like cancer screening and family planning.
 - \$17 million in costs would cover administrative expenses and a portion of the coverage for people who were already eligible for Medicaid but enrolling for the first time
- Those savings could help offset the remaining \$322 million budget shortfall that has already cost hundreds of public service workers their jobs and drained other resources from important services.

Virginia lawmakers have already been sneaking a taste.

- Despite refusing to close the coverage gap, Virginia lawmakers quietly agreed last year to take advantage of a provision of the Affordable Care Act that allows Medicaid to cover the inpatient hospital care of eligible prison inmates.
- The policy change saved the state an estimated \$1.3 million in the budget year that ended June 30, 2014, but the state could save even more on inmate care – \$30 million – if lawmakers took the bigger step of closing the coverage gap.
- The willingness of state lawmakers to accept federal funds to help pay for the health care of prisoners stands in stark contrast to their refusal to help hard-working, law-abiding Virginians who are struggling to make ends meet.

“Everyone should be able to afford the health care they need when they are sick, not just prisoners,” says Cassidy.

The full report, *Rx for an Ailing Virginia*, can be found online at www.thecommonwealthinstitute.org.

####

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.