

Medicaid Cuts Are Bad Medicine

Medicaid Is a Boon to Ohio's Economy

In 2005, Ohio will spend nearly \$13.0 billion on Medicaid. Of this, the federal government will contribute more than \$7.7 billion.¹ This \$13.0 billion dollar investment will give Ohio's economy a shot in the arm—stimulating state business activity and creating new jobs. Because Medicaid spending has an economic multiplier effect, each \$1 million that Ohio invests in Medicaid results in nearly \$3.2 million in new business activity and nearly 32 newly created jobs.²

Medicaid Is Essential to Ohio's Health Care Infrastructure

A substantial portion of Ohio's health care industry relies on Medicaid spending. Hospitals, nursing homes, and community health centers all depend on the Medicaid funds flowing into them to keep their doors open. In 2002, Medicaid payments infused Ohio's hospital system with nearly \$2.3 billion.³ In addition, Medicaid is the primary payer for 65 percent of Ohio's certified nursing facility residents.⁴ Any cut in Medicaid funding will have a profound effect on the economic viability of Ohio's health care system.

Medicaid Offers a Helping Hand to Ohio's Most Vulnerable

In Ohio, Medicaid provided essential health services to more than 1.4 million people in 2002. Of these, nearly 770,000 were children, more than 260,000 were people with disabilities, and nearly 149,000 were elderly.⁵ For those in rural Ohio, particularly the elderly, Medicaid provides access to health care that they might otherwise have to go without. Children, people with disabilities, and the elderly—these are Ohio's most vulnerable groups. Ensuring that they have access to health care is the right thing to do.

Medicaid Provides Help in Desperate Times

Medicaid is essential to the security of Ohio and the United States as a whole. In times of need, Medicaid provides a cushion to protect both citizens and the economy. Medicaid is ready to respond to any sort of event—a terrorist attack, economic downturn, natural disaster, or public health catastrophe—that increases the need for health services and disrupts the economy. In the days and weeks following September 11, 2001, Disaster Relief Medicaid came to the aid of nearly 350,000 New Yorkers.⁶ Ohio's security hangs in the balance—will Medicaid be able to respond to such events in the future?

Medicaid Reduces the Number of Uninsured

Any cut in Medicaid funds is sure to result in more uninsured Ohioans. In 2003, the Administration proposed substantial cuts to Medicaid that would grow with each passing year over a decade—up to 16 percent in the final year. If Medicaid were cut by 16 percent, more than 7.4 million people would be cut from Medicaid rolls nationally, and nearly 255,000 people would become uninsured in Ohio alone.⁷

Endnotes

¹ U.S. Department of Health and Human Services, FY 2005 CMS-37 summary table of Medicaid and SCHIP budget estimates, February 2004 submission.

² Rachel Klein, Kathleen Stoll, and Adele Bruce, *Medicaid: Good Medicine for State Economies, 2004 Update* (Washington: Families USA, May 2004).

³ U.S. Department of Health and Human Services, CMS-64 Medicaid Financial Management Report, FY 2002.

⁴ Kaiser Family Foundation, State Health Facts Online, "Percent of Certified Nursing Facility Residents by Primary Payer Source, 2002."

⁵ Kaiser Family Foundation, State Health Facts Online, "Distribution of State Medicaid Enrollees by Enrollment Group, 2000."

⁶ Michael Perry, *New York's Disaster Relief Medicaid: Insights and Implications for Covering Low-Income People* (Washington: Kaiser Commission on Medicaid and the Uninsured and United Hospital Fund, August 2002).

⁷ Rachel Klein, *Slashing Medicaid: The Hidden Effects of the President's Block Grant Proposal* (Washington: Families USA, May 2003).