



Federally Funded Health Care for Maine's Uninsured: Good Health Policy – Good for Maine's Economy

Accepting federal dollars already set aside to cover Maine's uninsured will benefit all Maine people AND boost Maine's economy.¹

- **Stimulate over \$350 million in economic activity** by infusing more than \$250 million of new federal funding into Maine's economy annually.
- **Create more than 3,100 jobs here in Maine.**
- **Generate \$16 million-\$18 million in state and local taxes annually.**
- **Lessen cost-shifts to businesses.** Reducing the ranks of the uninsured will lessen health insurance cost-shifts to business and other people who purchase health insurance, thereby reducing the increase in the cost of health insurance premiums for businesses.
- **Prevent potential tax penalties for large employers.** Most employers with at least 50 full-time equivalent employees will face significant tax penalties if one or more of their full-time employees obtain a subsidy to help purchase health insurance. If a low-income worker is covered through Medicaid, the employers will not pay a penalty.
- **Improve the productivity of Maine's workforce.** When workers resolve health problems more quickly and can better manage chronic illnesses, such as asthma and diabetes, they can avoid absences and be more productive.
- **Reduce the amount of hospital charity care.**
- **Boost economic activity in counties with a high density of health care jobs.**

Full implementation of the ACA's Medicaid option is a good deal for the State of Maine.

The Patient Protection and Affordable Care Act (ACA) has set aside federal dollars for Maine to provide Medicaid coverage to approximately 69,500 people who would be uninsured otherwise. Adults with income up to 138% FPL (\$15,856/year for an individual; \$26,951/year for a family of three) would be covered, starting January 1, 2014.

The federal government will pay 100% of the cost of covering "newly eligible" individuals – approximately 55,000 in Maine – for three years, through December 31, 2016. After that, the

¹ All the information on this page can be found in the MEJP and MECEP report entitled, "*Federal Health Care Funding Makes Dollars and Sense for Maine*," available at http://www.mejp.org/sites/default/files/Federal_HC_Funding_Maine_Report.pdf

federal contribution will be adjusted gradually until it reaches the permanent rate of 90% in 2020, far greater than the 64-cent rate it pays for current Medicaid members.

This is an opportunity Maine can't afford to pass up. If we don't accept these federal dollars, they will simply go to other states. A recent article in *Health Affairs* found that the consequences of the 14 states who have indicated they will opt out of the Medicaid expansion – Maine is one of the 14 –are as follows: “3.6 million fewer people would be insured, federal transfer payments to those states could fall by \$8.4 billion, and state spending on uncompensated care could increase by \$1 billion in 2016, compared to what would be expected if all states participated in the expansion.”²

² Carter C. Price & Christine Eibner, “For States That Opt Out Of Medicaid Expansion: 3.6 Million Fewer Insured And \$8.4 Billion Less In Federal Payments,” *Health Affairs*, available at <http://content.healthaffairs.org/content/32/6/1030.abstract#xref-corresp-1-1>