



NEWS RELEASE

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Investment in Health Care Safety Net Creates Jobs and Boosts State Revenue

New analysis shows state economy would suffer along with patients from cuts in
Medicaid / BadgerCare funding

A ten percent reduction in Wisconsin's Medicaid and BadgerCare programs would lead to the loss of 9,100 jobs, \$394 million in lost income and a \$30 million decline in state and local government revenues, according to a new report from the Wisconsin Council on Children and Families (WCCF).

The report, released Tuesday, used a computer model of the Wisconsin economy to measure the effects of cutting the state's health care programs by \$367 million. Roughly 40 percent of that amount represents a cut in state spending and about \$218 million stems from a resulting loss of federal Medicaid dollars.

"There are several compelling reasons for repairing the health care safety net that protects Wisconsin's most vulnerable citizens," said WCCF health policy analyst Linda Hall. "It's good for children and families, it's good for the state economy and it's good for employers trying to buy affordable insurance for their employees."

Health care advocates have long argued that reduced Medicaid and BadgerCare spending would result in declines in the health status of people who use these programs. This analysis demonstrates that reductions in state health care spending would also affect the health of Wisconsin's economy, and lead to lost jobs and wages. That job loss extends beyond the health care industry. Manufacturing, construction and agriculture jobs would be affected as well.

"The impact of health care spending decisions on the well-being of Wisconsin's families is fairly obvious," Hall said. "But policy makers must understand that the state's economic health is at stake as well."

Hall noted that the impact of state spending for Medicaid and BadgerCare has a particularly large impact on the Wisconsin economy because the state funds are matched with federal dollars.

(more)

“Each dollar spent on Medicaid and BadgerCare puts about \$2.50 into Wisconsin’s health care sector, without even taking into account economic multiplier effects,” Hall said.

The cost of Medicaid and BadgerCare has been rising because the number of unemployed and uninsured people is rising. Funding medical care through public programs allows access to significant federal cost sharing and pays for care at competitive prices.

Reduced spending on these programs would also mean more uncompensated care. When families lose health care coverage, they often turn to emergency rooms and ask providers to give them free care. Every time they do that, the unpaid cost of their care gets shifted to the premiums paid by employers and employees in their health care programs.

Reduced access to health care also hurts worker productivity, a key element of the state’s economic health. Cuts in health care spending could result in unnecessary sick days due to untreated health problems.

The analysis was conducted by Professor Steven Deller, Department of Agricultural and Applied Economics, University of Wisconsin-Madison. Professor Deller's views do not necessarily reflect those of WCCF.

The full report is available online at <http://www.wccf.org/pdf/econimpact.pdf>.

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