



PRESS RELEASE

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Proposed Medicaid Cuts Would Harm Georgia's Economy

Cuts Could Cost Georgia More Than 38,000 Jobs and as Much as \$4.4 billion in State Business Activity

Atlanta (June 29, 2011) – Medicaid cuts in the House Republican budget, if implemented today, would have a devastating impact on Georgia's economy. These cuts would put as many as 38,420 jobs and as much as \$4.4 billion in state business activity at risk, according to a report released today by the national health care consumer organization Families USA.

"Every federal Medicaid dollar that flows into a state stimulates state business activity and generates jobs," Ron Pollack, executive director of Families USA, said. "Conversely—and tragically, for every state—cutting Medicaid funds not only hurts seniors, people with disabilities, and children who count on the program as their lifeline, but it also results in fewer jobs and stunts the economic recovery."

The report, [*Jobs at Risk*](#), focuses on how Medicaid cuts would damage the state's economy, while making clear that the human toll of such cuts is far wider, affecting the health and well-being of low- and middle-income families, children, seniors, and people with disabilities.

“The economic recovery in Georgia is still fragile, and cuts to the Medicaid program would set us back while also negatively impacting access to health care services for some of our state’s most vulnerable citizens,” said Cindy Zeldin, executive director of Georgians for a Healthy Future. “Medicaid is an economic generator for Georgia, and we urge Congress to bolster rather than cut it.”

The budget proposal adopted by the U.S. House of Representatives, sponsored by Rep. Paul Ryan (R-WI), calls for cuts in federal funding to current state Medicaid programs of 5 percent in 2013, 15 percent in 2014, and 33 percent in 2021.

Other proposals in Congress put global caps or deficit triggers on spending that would likely result in similarly sized cuts to Medicaid. Furthermore, a successful repeal of the Affordable Care Act would cut Medicaid by an additional 13 percent, bringing the total Medicaid cut to 44 percent in 2021.

“The federal support Georgia receives to operate its Medicaid program is crucial. This funding flows to health care providers throughout the state, generating additional economic activity in local communities as doctors, hospitals, nursing homes, and other providers buy goods, hire workers, and care for patients,” said Tim Sweeney, senior health care analyst at the Georgia Budget & Policy Institute. “The dramatic cuts being pushed at the federal level would have a devastating impact on Georgia’s Medicaid budget as well as a significant negative effect on Georgia’s economy, putting billions of dollars of economic activity and thousands of jobs at risk throughout Georgia.”

The report, [*Jobs at Risk*](#), looks at the economic impact of a 5 percent, 15 percent and 33 percent cut in current Medicaid funding levels. Implementing a 5 percent cut in Medicaid spending in 2011 would:

- cost Georgia nearly \$288.7 million in federal Medicaid dollars, and put at risk approximately \$670.2 million in business activity and 5,820 jobs; and
- nationally, cost the \$13.75 billion needed to support health care for vulnerable residents, including funding for nursing home care and other long-term care services for seniors and people with disabilities.

A 15 percent cut in federal Medicaid spending in 2011 would have a greater impact. It would:

- cost Georgia nearly \$866 million in federal Medicaid dollars, and put at risk approximately \$2 billion in business activity and 17,460 jobs; and
- nationally, cost the \$41.25 billion needed to support health care for vulnerable residents.

A 33 percent cut in federal Medicaid spending in 2011 would:

- cost Georgia more than \$1.9 billion in federal Medicaid dollars, and put at risk approximately \$4.4 billion in business activity and 38,420 jobs; and
- nationally, cost the almost \$90.8 billion needed to support health care for vulnerable residents.

“This report not only reinforces the devastating health impact Medicaid cuts would have on the most vulnerable in our communities, but also the negative economic impact this would have,

especially in states like Georgia which already have high unemployment, high poverty rates, and high rates of un-insurance,” said Harry Heiman, director of health policy at The Satcher Health Leadership Institute, Morehouse School of Medicine. “At a time when we are working to expand access to affordable health care, this would drastically undermine the health safety net.”

The Families USA [Jobs at Risk](#) report for Georgia is based on the latest version of an economic modeling tool known as the Regional Input-Output Modeling System, or RIMS II. Developed by the U.S. Department of Commerce, RIMS II has been used extensively for a variety of major projects calling for economic projections, such as military base closures, hospital and airport expansions, and the impact of natural disasters on regional economies. In preparing this report, Families USA worked closely with Richard Clinch, Director of Economic Research at the Jacob France Institute of the Merrick School of Business at the University of Baltimore.

“Jobs at Risk” data for all 50 states and the District of Columbia is available at: <http://familiesusa2.org/assets/pdfs/Medicaid-Cuts-Hurt-State-Economies.pdf>

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