Medicaid: Someone You Know Needs it

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By Dana Warn

Economic impact
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Medicaid Supports Idaho's County Economies

Executive summary

This report provides an overview of the important contributions Medicaid makes to the economy of and quality of life in Idaho. Throughout the state, Medicaid spending directly purchases goods and services, and supports healthcare industry jobs for Idaho's counties. And these direct healthcare purchases trigger further cycles of earning and purchases that ripple throughout the economy, affecting individuals and businesses not directly associated with healthcare, and generating jobs, income, and economic activity.

This analysis measures the economy-wide business activity, jobs, and income produced by Medicaid spending. In Idaho's counties, Medicaid spending results in total county expenditures approximately five times the size of the original investment — because every state dollar is matched by nearly three federal dollars, and because this spending stimulates additional economic activity. Many of Idaho's rural county economies are particularly dependant on Medicaid: Medicaid creates a large portion of the economic impact of the healthcare sector for numerous rural counties. The economic impact of the Children's Health Insurance Program (CHIP) is not included in this analysis, but because it receives an even higher federal match than Medicaid, the economic impact of CHIP is likely larger than that of the Medicaid program. Medicaid and CHIP are clearly good investments and an important source of economic activity for Idaho.

Idaho has many opportunities to strengthen county economies by investing in Medicaid and CHIP. In 2003, the Idaho Legislature passed legislation that creates CHIP Plan B. This program makes children with family incomes between 150 and 185 percent of the federal poverty level newly eligible for CHIP — but no plans have been publicly released about what coverage the newly eligible children will receive. By providing Medicaid benefits and affordability to these children, the state will be investing in Idaho's children and families, and providing crucial support for county economies.

Medicaid matters for the economy

Medicaid supports county economies on many levels.

The direct benefits of Medicaid are the most obvious: in paying for healthcare services for Medicaid recipients, Medicaid spending directly purchases goods and services, and supports healthcare industry jobs.

Edward Snell, Pharmacist Ed Snell Pharmacy, Pocatello Bannock County, Idaho

have owned and operated an independent pharmacy in Pocatello for many years. Medicaid recipients make up a significant proportion of my clientele, probably 20 to 25 percent or maybe more. I would say that about 40 percent of my clients have other insurance, and the rest pay in cash.

Independent pharmacists are already taking a beating with the low reimbursement rates through Medicaid and all the paperwork it takes. If reimbursements were reduced any more, I would have to consider discontinuing my service to Medicaid patients. And with Medicaid recipients at a quarter or more of my clients, that would have broader ramifications for my business. If we lost 25 percent of our business tomorrow, we'd have to let go at least one full-time staff member, and I'm sure pharmacies across the state would have to lay off employees too.

I wouldn't have to close down — like most independent pharmacies in the urban areas of the state, I've diversified my store's income stream enough that I wouldn't have to fold if I lost my Medicaid business. But that might not hold true for small pharmacies in rural areas of the state, places like Arco, Grace and Montpelier — in Butte County, Caribou County and Bear Lake County respectively. If one of those stores had to close, think what would happen to its clientele. Folks out there, whether they're on Medicaid or not, would have to travel 50 miles, maybe more to get to the nearest pharmacy to get their prescriptions filled.

State spending on the Medicaid program is matched by federal funds; in the state of Idaho, every dollar invested brings in nearly three dollars in federal funding. This federal matching means that state Medicaid spending has a greater economic impact than other state spending. State Medicaid spending brings in these federal funds that help support county goods, services and jobs, in addition to providing crucial healthcare.

Funding for the Children's Health Insurance Program (CHIP) is structured the same way-but the federal match for CHIP is higher than the Medicaid match. In Idaho, the average federal Medicaid match for 2003 was 72 percent³; for CHIP the federal match for 2003 was 80 percent.⁴

Economy-wide impacts of Medicaid

In addition to the direct benefits Medicaid spending provides to the community, Medicaid spending provides further economic benefits as well. Direct healthcare purchases trigger further rounds of wages and purchases that spread throughout the economy, affecting individuals and businesses not directly associated with healthcare.

Here is an example:

A hospital supported by Medicaid payments *directly* employs county residents and purchases goods from businesses in order to operate. A hospital's purchase of medical supplies helps support businesses that produce medical supplies, businesses that transport the supplies, and other businesses that provide raw materials for the supplies. Economists call these effects on other industries *indirect* impacts. Employees of all of these businesses use part of their salaries to purchase further local goods and services — they may spend part of their salaries on appliances, enabling appliance store employees to spend additional money on groceries, and on and on. Economists call these impacts of wages *induced* impacts. As a result of Medicaid spending, cycles of economic activity ripple throughout the economy.⁵

Direct Medicaid spending, state fiscal year (SFY) 2003 $^{\scriptsize 2}$

| | State Medicaid spending | Total Medicaid spending (includes federal match) |
|------------|-------------------------|--|
| Ada | \$55,681,033 | \$198,860,832 |
| Canyon | \$29,501,426 | \$105,362,237 |
| Bannock | \$14,914,435 | \$53,265,839 |
| Bonneville | \$22,459,282 | \$80,211,723 |
| Kootenai | \$19,685,014 | \$70,303,623 |
| Nez Perce | \$10,745,780 | \$38,377,787 |
| Twin Falls | \$17,390,380 | \$62,108,500 |
| Latah | \$3,191,156 | \$11,396,986 |
| Cassia | \$4,817,685 | \$17,206,018 |
| Bonner | \$4,245,431 | \$15,162,255 |
| ldaho | \$2,196,086 | \$7,843,164 |
| Madison | \$4,114,137 | \$14,693,346 |
| Bingham | \$6,337,957 | \$22,635,562 |
| Payette | \$1,838,645 | \$6,566,588 |
| Shoshone | \$2,753,235 | \$9,832,983 |
| Gem | \$1,660,464 | \$5,930,229 |
| Jerome | \$1,943,768 | \$6,942,030 |
| Blaine | \$871,660 | \$3,113,072 |
| Benewah | \$1,596,137 | \$5,700,491 |
| Clearwater | \$1,056,167 | \$3,772,025 |
| Elmore | \$1,466,964 | \$5,239,158 |
| Gooding | \$1,887,211 | \$6,740,040 |
| Minidoka | \$1,578,446 | \$5,637,307 |
| Lemhi | \$1,161,171 | \$4,147,039 |
| Valley | \$1,131,498 | \$4,041,063 |
| Jefferson | \$1,060,339 | \$3,786,926 |
| Franklin | \$1,124,941 | \$4,017,648 |
| Owyhee | \$627,092 | \$2,239,614 |
| Fremont | \$1,265,651 | \$4,520,181 |
| Lincoln | \$306,283 | \$1,093,867 |
| Washington | \$1,097,891 | \$3,921,039 |
| Caribou | \$636,711 | \$2,273,968 |
| Lewis | \$563,513 | \$2,012,546 |
| Teton | \$348,182 | \$1,243,507 |
| Custer | \$307,259 | \$1,097,353 |
| Bear Lake | \$764,290 | \$2,729,607 |
| Butte | \$648,109 | \$2,314,676 |
| Boundary | \$1,175,880 | \$4,199,570 |
| Adams | \$96,858 | \$345,920 |
| Power | \$541,774 | \$1,934,908 |
| Oneida | \$455,844 | \$1,628,013 |
| Boise | \$99,632 | \$355,828 |
| Statewide | \$225,345,815 | \$804,805,068 |

This report estimates the economy-wide impact of Medicaid spending on Idaho's counties — the sum of the direct, indirect, and induced economic impacts of Medicaid spending.

The table on the right shows the ripple effect Medicaid spending has throughout the economy of each of Idaho's counties.⁷ State spending on Medicaid results in total business activity approximately five times larger than the state's original investment given that state dollars are matched, and because the initial spending stimulates additional economic activity. Although this economic impact analysis does not include CHIP, CHIP has a higher federal match than the Medicaid program, and likely produces a similar or larger economic impact.

The jobs produced by Medicaid spending and the resulting ripple effects are particularly important because many of these jobs are in the healthcare sector, and healthcare industry jobs tend to be higher-paying jobs, generally providing higher than average annual wages.⁸

Medicaid has a dramatic impact on the economy, supporting numerous jobs for residents, and substantial income for area businesses and residents as well. Medicaid is clearly a good investment and an important source of economic activity.

Much of the economic impact of the heathcare sector stems from Medicaid spending

The economy-wide impact of Medicaid spending makes up a large portion of the economy-wide impact of the entire healthcare sector in each of Idaho's counties. The table below, titled "Economy-wide business activity," shows that across the state, the business activity resulting from Medicaid spending accounts for 22 percent of the business activity resulting from all healthcare spending. In individual counties this percentage ranges from just over eight percent in Blaine County to just over 44 percent in Fremont County. For many of Idaho's rural counties, Medicaid creates a particularly large portion of the economic impacts of the healthcare sector. This relationship holds true for economy-wide jobs and income created by the Medicaid program as well. In short, Medicaid is a critical component of the healthcare sector for Idaho's counties.

John Smith

Nursing Home Administrator, Pocatello Bannock County, Idaho

The nursing home for which I serve as administrator relies heavily on both Medicare and Medicaid to keep its doors open. Further cuts to Medicaid would only force more nursing homes to shut down.

If we take further cuts to Medicaid, we won't have the means to recruit RNs — agencies charge high recruitment fees, and we just don't have the funds. In fact, if my budget tightens any more, we'll have to cut direct patient care staff, because that's where the money is spent in this facility.

The continuing rounds of cuts and the added pressures they precipitate on staffing and the level of care we can provide are like a vicious cycle that just gets worse and worse. If this pattern continues, pretty soon we'll be in Chapter 11, and then we'll have to either cut patients or cut services. And that's a no-win situation, both for the seniors we serve who will lose their care and for the staff employed at our center who will lose their jobs.

¹ Pseudonym used upon request.

Economy-wide impact of Medicaid spending⁶

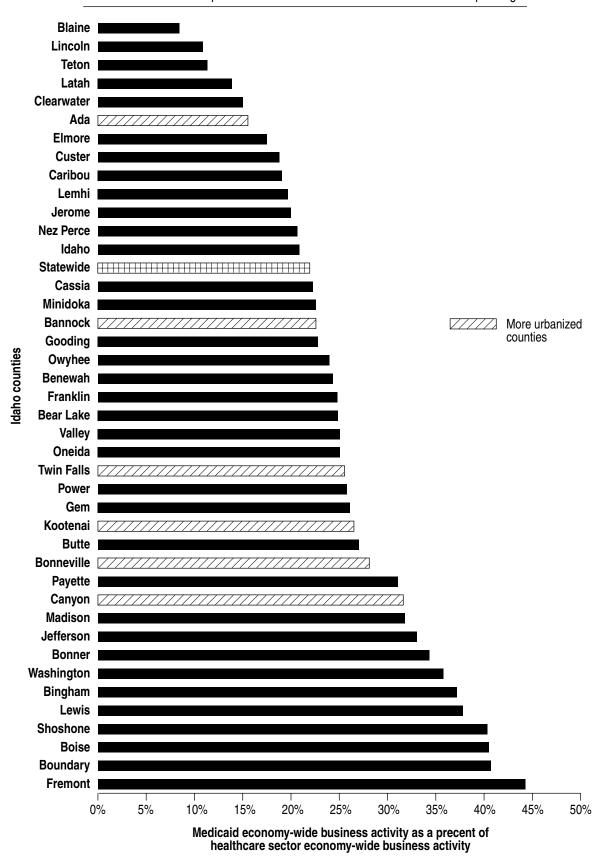
| | DIRECT SPENDING | | ECONOMY-WIDE IMPACT | | |
|------------------|-------------------------------|--|-------------------------|---------------|-----------------|
| - | State Medicaid spending | Total Medicaid spending (includes federal match) | Total business activity | Total jobs | Total income |
| Ada | \$52,828,305 | \$188,672,516 | \$263,437,994 | 3,680 | \$134,870,838 |
| Canyon | \$27,989,968 | \$99,964,172 | \$131,517,427 | 1,986 | \$69,139,474 |
| Bannock | \$14,150,318 | \$50,536,849 | \$63,308,194 | 1,004 | \$37,246,146 |
| Bonneville | \$21,308,617 | \$76,102,204 | \$101,296,673 | 1,560 | \$51,610,676 |
| Kootenai | \$18,676,484 | \$66,701,730 | \$91,161,199 | 1,511 | \$52,186,306 |
| Nez Perce | \$10,195,238 | \$36,411,563 | \$48,792,134 | 754 | \$24,553,955 |
| Twin Falls | \$16,499,412 | \$58,926,471 | \$72,342,589 | 1,460 | \$46,336,017 |
| Latah | \$3,027,662 | \$10,813,080 | \$13,815,501 | 268 | \$7,240,167 |
| Cassia | \$4,570,859 | \$16,324,495 | \$18,415,901 | 359 | \$9,266,895 |
| Bonner | \$4,027,924 | \$14,385,441 | \$19,206,540 | 363 | \$8,729,779 |
| Idaho | \$2,083,573 | \$7,441,332 | \$10,325,762 | 202 | \$5,457,733 |
| Madison | \$3,903,356 | \$13,940,556 | \$19,040,736 | 414 | \$10,715,796 |
| Bingham | \$6,013,242 | \$21,475,865 | \$27,580,756 | 547 | \$17,377,821 |
| Payette | \$1,744,445 | \$6,230,159 | \$9,069,902 | 176 | \$3,942,451 |
| Shoshone | \$2,612,178 | \$9,329,206 | \$12,098,637 | 252 | \$7,097,486 |
| Gem | \$1,575,393 | \$5,626,403 | \$7,856,006 | 168 | \$4,167,658 |
| Jerome | \$1,844,183 | \$6,586,366 | \$7,436,816 | 116 | \$3,422,935 |
| Blaine | \$827,002 | \$2,953,579 | \$3,130,057 | 39 | \$1,676,364 |
| Benewah | \$1,514,362 | \$5,408,435 | \$7,250,251 | 159 | \$4,698,432 |
| Clearwater | \$1,002,056 | \$3,578,771 | \$4,583,278 | 97 | \$2,744,330 |
| Elmore | \$1,391,807 | \$4,970,738 | \$6,368,896 | 123 | \$3,433,212 |
| Gooding | \$1,790,523 | \$6,394,725 | \$6,886,638 | 141 | \$3,602,359 |
| Minidoka | \$1,497,577 | \$5,348,489 | \$7,502,240 | 151 | \$3,601,614 |
| Lemhi | \$1,101,680 | \$3,934,572 | \$4,808,280 | 100 | \$2,594,947 |
| Valley | \$1,073,527 | \$3,834,026 | \$4,753,057 | 112 | \$2,874,705 |
| Jefferson | \$1,006,014 | \$3,592,909 | \$4,521,785 | 91 | \$2,000,051 |
| Franklin | \$1,067,307 | \$3,811,810 | \$4,554,099 | 98 | \$1,942,766 |
| Owhyee | \$594,964 | \$2,124,871 | \$2,726,308 | 55 | \$1,331,504 |
| Fremont | \$1,200,807 | \$4,288,597 | \$4,817,301 | 90 | \$2,154,344 |
| Lincoln | \$290,591 | \$1,037,824 | \$1,041,596 | 24 | \$417,028 |
| Washington | \$1,041,642 | \$3,720,151 | \$4,294,005 | 105 | \$2,783,719 |
| Caribou | \$604,090 | \$2,157,465 | \$2,550,953 | 63 | \$1,538,762 |
| Lewis | \$534,642 | \$1,909,436 | \$2,327,364 | 36 | \$1,150,329 |
| Teton | \$330,343 | \$1,179,798 | \$1,446,846 | 32 | \$966,558 |
| Custer | \$291,517 | \$1,041,132 | \$1,157,234 | 25 | \$449,003 |
| Bear Lake | \$725,133 | \$2,589,760 | \$3,522,039 | 96 | \$1,525,979 |
| Butte | \$614,904 | \$2,196,087 | \$2,603,567 | 57 | \$1,572,672 |
| Boundary | \$1,115,635 | \$3,984,412 | \$5,892,598 | 128 | \$3,088,282 |
| Adams | \$91,895 | \$328,197 | \$352,809 | 8 | \$160,037 |
| Power | \$514,017 | \$1,835,776 | \$2,216,061 | 50 | \$1,509,478 |
| Oneida | \$432,489 | \$1,544,604 | \$1,910,075 | 58 | \$1,302,102 |
| Boise | \$94,527 | \$337,598 | \$364,066 | 6 | \$189,621 |
| Statewide | \$213,800,208 | \$763,572,171 | \$1,008,284,171 | 16,764 | \$542,670,330 |

County Medicaid leverage factor: In Idaho, state Medicaid spending results in economy-wide business activity approximately 5 times the size of the original investment9

| <u> </u> | ~ |
|------------|--------------------------|
| County | Medicaid leverage factor |
| Ada | 5.0 |
| Canyon | 4.7 |
| Bannock | 4.5 |
| Bonneville | 4.8 |
| Kootenai | 4.9 |
| Nez Perce | 4.8 |
| Twin Falls | 4.4 |
| Latah | 4.6 |
| Cassia | 4.0 |
| Bonner | 4.8 |
| Idaho | 5.0 |
| Madison | 4.9 |
| Bingham | 4.6 |
| Payette | 5.2 |
| Shoshone | 4.6 |
| Gem | 5.0 |
| Jerome | 4.0 |
| Blaine | 3.8 |
| Benewah | 4.8 |
| Clearwater | 4.6 |
| Elmore | 4.6 |
| Gooding | 3.8 |
| Minidoka | 5.0 |
| Lemhi | 4.4 |
| Valley | 4.4 |
| Jefferson | 4.5 |
| Franklin | 4.3 |
| Owyhee | 4.6 |
| Fremont | 4.0 |
| Lincoln | 3.6 |
| Washington | 4.1 |
| Caribou | 4.2 |
| Lewis | 4.4 |
| Teton | 4.4 |
| Custer | 4.0 |
| Bear Lake | 4.9 |
| Butte | 4.2 |
| Boundary | 5.3 |
| Adams | 3.8 |
| Power | 4.3 |
| Oneida | 4.4 |
| Boise | 3.9 |
| Doile | 0.0 |
| Statewide | 4.7 |
| | |

Economy-wide business activity:

Much of the economic impact of the healthcare sector stems from Medicaid spending¹⁰





Steve Streeper, Pharmacist Lost River Drug, Arco Butte County, Idaho

Our pharmacy has been in operation in Arco since the 1950s, serving the people of the Big and Little Lost River Valleys. My wife and I have owned the business since September, 1998. Our clients pay for our services in a number of different ways — private insurance, Medicaid coverage, and direct cash payments.

About 25 percent of our clients are Medicaid recipients. At present, Medicaid reimbursements are just on the edge of profitability. With any cuts, it will become another "loser" for us. That may just tip us over the edge of sur-

vival. If the cuts are as heavy as those demanded in some states, we will either have to close down or not accept those patients. Either way, they'll have a 140-mile round trip to the nearest pharmacy.

Not only will it be inconvenient for our Medicaid patients, but it will force us to take a serious look at changing our entire operation. We may be forced to move into a much smaller location and to offer fewer services to all our customers in order to cut our overhead. It may even be that our business would not survive, which would have a very negative impact on everyone living in this remote area, especially my wife and me.

The spiraling cost of drugs is overwhelming right now and profit margins for pharmacies are minimal, averaging less than 2 percent net profit. At the same time, drug companies are busily profiteering by overcharging us. Our investment in inventory just goes up and up, while our return on our investment goes down. For rural pharmacies, this is the kiss of death. In our local region, two pharmacies have closed in the past year, further putting pressure on patients who now must drive long distances for their prescriptions.

As independent pharmacists in my age group prepare to retire, we're finding very few young pharmacists who are interested in taking over our stores. Eventually we "old guys" will either retire or die working, with no one to carry on in our place. More cuts to Medicaid will only increase the pressure on rural pharmacies and the communities that rely on them. Destroying the ability of rural pharmacies to survive will ultimately destroy rural Idaho.

Medicaid and CHIP provide vital access to healthcare

Medicaid and CHIP also provide crucial healthcare to county residents, dramatically improving Medicaid recipients' lives and the quality of life for all residents.

A sizable portion of Idaho's residents depend on Medicaid and CHIP for their healthcare needs. Statewide, over 11,000 children depend on CHIP for healthcare, 11 and approximately ten percent of Idaho's residents use the Medicaid program. In some counties, the percentage of residents using Medicaid is much higher than the statewide figure. For example, 24 percent of the residents of Lewis County utilize the Medicaid program.

Percent of county residents utilizing the Medicaid Program $^{12}\,$

| | Medicaid utilization | Medicaid utilization as a percent of county population |
|------------|----------------------|--|
| Ada | 19,973 | 6% |
| Canyon | 22,046 | 15% |
| Bannock | 9,209 | 12% |
| Bonneville | 10,725 | 13% |
| Kootenai | 9,954 | 9% |
| Nez Perce | 3,645 | 10% |
| Twin Falls | 8,243 | 13% |
| Latah | 2,110 | 6% |
| Cassia | 2,909 | 13% |
| Bonner | 3,987 | 10% |
| ldaho | 1,571 | 10% |
| Madison | 2,696 | 10% |
| Bingham | 6,803 | 16% |
| Payette | 2,790 | 13% |
| Shoshone | 2,267 | 17% |
| Gem | 1,193 | 8% |
| Jerome | 2,556 | 14% |
| Blaine | 730 | 4% |
| Benewah | 1,274 | 14% |
| Clearwater | 1,141 | 14% |
| Elmore | 2,323 | 8% |
| Gooding | 1,862 | 13% |
| Minidoka | 2,876 | 15% |
| Lemhi | 804 | 11% |
| Valley | 760 | 10% |
| Jefferson | 2,531 | 13% |
| Franklin | 1,334 | 11% |
| Owhyee | 1,548 | 14% |
| Fremont | 1,406 | 12% |
| Lincoln | 488 | 12% |
| Washington | 1,367 | 14% |
| Caribou | 232 | 3% |
| Lewis | 888 | 24% |
| Teton | 515 | 8% |
| Custer | 194 | 5% |
| Bear Lake | 430 | 7% |
| Butte | 336 | 12% |
| Boundary | 1,312 | 13% |
| Adams | 377 | 11% |
| Power | 1,156 | 16% |
| Oneida | 352 | 9% |
| Camas | 43 | 4% |
| Boise | 409 | 6% |
| Clark | 127 | 13% |
| Statewide | 139,492 | 10% |



Terri SterlingNezperce, Lewis County, Idaho

y husband George and I have three kids — Rachael is 13, Billy 12, and Wendy eight. All our kids were on Medicaid when they were younger, but were cut off at age six. Because we lived between the income cut-offs for coverage under the Pregnant Women and Children (PWC) program and regular Medicaid, the kids initially received PWC coverage but were cut off when they turned six.

The kids would have been eligible for the Children's Health Insurance Program (CHIP), but because George had insurance options through his job,

they were disqualified. It didn't matter that we couldn't afford the high deductibles and co-pays of the plan at George's work — our children still had to go without care.

Medicaid was great when we had it. Before Wendy turned six, Medicaid covered her deductibles and copays, then George's insurance would kick in for the rest. Medicaid only paid about \$1,200 a year to keep Wendy healthy. But after the kids were cut off Medicaid, we couldn't afford to take any of them to the doctor. They all had cavities, and none of them had had a check-up since age six. The only time they saw a doctor was in the ER. And that's supposed to save money, substituting expensive ER care for routine check-ups?

With the economy the way it is, things aren't getting any easier for us. George got laid off over the summer. Now, with his new work, the kids can get on CHIP, and they've been covered since September. Right now we need the federal government to invest in Medicaid — not walk away from it — so my kids can get the care they need and families across Idaho and across the country will be able to pull through.

Conclusion

Medicaid and CHIP make up a vital portion of the economy of Idaho's counties. Because of the federal match these programs receive and the economy activity they create, state spending on these programs has a dramatic economic impact. In Idaho's counties, state Medicaid spending produces economy-wide business activity approximately five times the original investment. And the Medicaid program is responsible for a large portion of the economic impact of the healthcare sector — particularly in Idaho's rural counties.

Right now, Idaho has the opportunity to strengthen county economies by investing in CHIP. CHIP Plan B, passed by the Idaho Legislature in 2003, makes children with family incomes between 150 and 185 percent of the federal poverty level newly eligible for CHIP — but no plans have been publicly released about what coverage the newly eligible children will receive. ¹³ By providing Medicaid benefits and affordability or better to these children, the state will be investing in Idaho's children and families, while providing crucial support for county economies.

Medicaid and CHIP make a difference in the economy and quality of life for Idaho's counties. Reducing these programs will harm not only recipients, but the economy as well. Investing in Medicaid and CHIP strengthens Idaho's economy.

Endnotes

- 1 House Bill 376, "The Idaho Health Insurance Access Card Act," April 22, 2003.
- 2 Total Medicaid spending (including federal match) provided by the Idaho Department of Health and Welfare (DHW), based on claims paid in SFY 2003. Data is based on county of service deliver and does not include payments to out of state providers. State Medicaid spending is based on the overall average for SFY 2003, 28 percent, provided by Jan Hanke, Idaho DHW, December 12, 2003.
- 3 Jan Hanke, personal communication, Idaho DHW, December 12, 2003. Average for SFY 2003.
- 4 Center on Budget and Policy Priorities, "Recent and Projected Matching Rates for States in Medicaid and SCHIP," April, 2002.
- 5 For further discussion and examples of economic impact analyses, see: Gerald A. Doeksen and Cheryl St. Clair, "Economic Impact of the Medicaid Program on Alaska's Economy," Oklahoma State University, March 2002. http://www.hss.state.ak.us/dhcs/PDF/economicimpact2001.pdf; Kerry E. Kilpatrick et al. "The Economic Impact of Proposed Reductions in Medicaid Spending in North Carolina," School of Public Health, University of North Carolina, April 2002. http://www.healthlaw.org/pubs/2002.NC.econimpact.doc; "Economic Impact of Medicaid in South Carolina,"Division of Research, Moore School of Business, University of South Carolina, January 2002. http://research.moore.sc.edu/Research/studies/Medicaid/medicaideconimpact.pdf; Robert Greenbaum and Anand Desai,"Uneven Burden: Economic Analysis of Medicaid Expenditure Changes in Ohio," School of Public Policy and Management, Ohio State University, April 2003. http://ppm.ohiostate.edu/ppm/ohiomedicaidcuts03.pdf.
- 6 All data in the table are in dollar figures from the year 2000, the most recent year the IMPLAN database is available. SFY 2003 Medicaid spending was deflated to 2000 using a deflator provided by Steven Peterson, Research Economist, Department of Agricultural Economics and Rural Sociology, University of Idaho. The economy-wide impacts are the sum of the direct, indirect, and induced economic impacts of Medicaid spending, based on economic impact analysis performed by Steven Peterson, using IMPLAN. Total business activity refers to total industry sales. To provide an idea of what industries this includes, the Standard Industrial Classification (SIC) divisions that cover the entire economy follow: Agriculture, Forestry, Fishing; Mining; Construction; Manufacturing; Transportation, Communication, Electric, Gas, and Sanitary Services; Wholesale Trade; Retail Trade; Finance, Insurance Real Estate; Services; Public Administration; Nonclassifiable Establishments. Total income includes both labor and capital income discussed here as wages and profits.
- 7 Camas and Clark Counties are not included in this report because of the small size of the healthcare economy in these counties
- 8 See for example: Steve Seninger, "Economic Impact of Medicaid on Montana and on the Billings, Butte, and Miles City Healthcare Market Areas," University of Montana, January 2003.
- 9 Medicaid leverage factors were calculated as follows: Total business activity resulting from Medicaid spending for a particular county (year 2000 data) divided by state Medicaid spending in that county (deflated to 2000 data, as described above).
- 10 These percentages were calculated as follows: economy-wide business activity resulting from the county healthcare sector divided by economy-wide business activity resulting from Medicaid spending. Both figures were the result of the economic impact analysis performed by Steven Peterson, Research Economist, Department of Agricultural Economics and Rural Sociology, University of Idaho, described above.
- 11 Medicaid Research and Statistical Unit, "Children on Title XXI by Region," data as of October 31, 2003.
- 12 Medicaid users: "Summary of Medical Assistance Payments by County and Region," Idaho Department of Health and Welfare, October 2003, available at: http://www2.state.id.us/dhw/Welfare/index.htm. County population: "County Population Estimates by Race Alone and Hispanic or Latino Origin: July 1, 2002," U.S. Census Bureau, Population Division, release date: September 18, 2003.
- 13 House Bill 376, "The Idaho health Insurance Access Card Act," April 22, 2003.

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About the organizations releasing this report



Northwest Federation of Community Organizations (NWFCO) is a regional federation of four statewide, community—based social and economic justice organizations located in the states of Idaho, Montana, Oregon, and Washington: Idaho Community Action Network (ICAN), Montana People's Action

(MPA), Oregon Action (OA), and Washington Citizen Action (WCA). Collectively, these organizations engage in community organizing and coalition building in 14 rural and major metropolitan areas, including the Northwest's largest cities (Seattle and Portland) and the largest cities in Montana and Oregon.



Idaho Community Action Network (ICAN) serves as a powerful, consolidated voice for Idaho's poor, with chapters and membership clusters in 12 Idaho communities, including the state's three largest cities and numerous rural towns. Through ICAN, low-income Idaho families have a voice in the decisions that

impact their lives. In addition to its direct action work, ICAN runs a statewide, volunteer-driven food program that helps low-income families supplement their monthly budgets. ICAN's community organizing model integrates the provision of food with training, leadership development and action on issues.

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