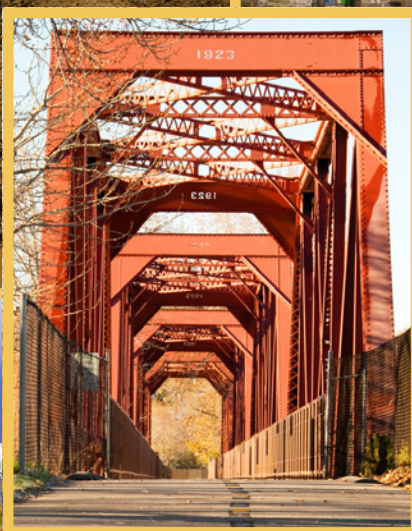


MEDICAID MATTERS TO IDAHO COUNTIES:

**State Investment in Medicaid Means Jobs
& Economic Activity**

March 2011



**Alliance for a Just Society
Idaho Community Action Network**

Introduction

The federal health reform adopted in 2010 builds on a number of strong components of our health care system. One of these components is the Medicaid program, which provides comprehensive, affordable health coverage to approximately 210,000 Idahoans.¹

However, Medicaid is not only a health coverage program. It is also an economic engine. Medicaid spending supports health care industry jobs in Idaho's counties and directly purchases goods and services. These direct health care purchases trigger further cycles of earnings and purchases that ripple throughout the economy, affecting individuals and

businesses not directly associated with health care, and generating jobs, income, and economic activity. Medicaid's contributions are particularly important in rural areas, which would face even more severe strains without the boost Medicaid provides.

Despite the economic activity generated by Medicaid, the Idaho Legislature is now considering deep cuts to this investment. This report contributes to the public discussion of Medicaid and the state budget by providing county-by-county data on the contributions Medicaid makes to the economy and the quality of life in Idaho.

Medicaid Matters to Idaho Counties

Medicaid supports county economies on many levels. The direct benefits of Medicaid are the most obvious: in paying for health care services for Medicaid recipients, Medicaid spending directly purchases goods and services and supports health care industry jobs. State spending on the Medicaid program is matched by federal funds; as of SFY 2011, every \$10 invested brings in \$33.82² in federal funding for the state. Because of this federal match, state Medicaid spending is a particularly important funding source that both supports county economies and provides crucial health care.

Medicaid spending provides economic benefits to counties beyond direct spending alone. Direct health care purchases trigger further rounds of wages and purchases that spread throughout the economy, affecting individuals and businesses not directly associated with health care.

For 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. For example, 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.

This publication provides estimates of the economy-wide impact of Medicaid spending on Idaho's counties — the sum of the direct, indirect, and induced economic impacts of Medicaid spending.³ The following tables show the ripple effect Medicaid spending has throughout the economy of each of Idaho's counties. State spending on Medicaid results in total business activity that far exceeds the state's original investment because state dollars are matched and initial spending stimulates additional economic activity.

| Direct Medicaid Expenditures by County, Including State and Federal Dollars, State Fiscal Year 2010 | |
|---|---------------------|
| COUNTY | DIRECT EXPENDITURES |
| Ada | \$ 344,854,682 |
| Adams | \$ 459,639 |
| Bannock | \$ 72,967,805 |
| Bear Lake | \$ 3,434,735 |
| Benewah | \$ 10,162,284 |
| Bingham | \$ 29,627,755 |
| Blaine | \$ 3,783,635 |
| Boise | \$ 285,342 |
| Bonner | \$ 25,685,963 |
| Bonneville | \$ 126,373,191 |
| Boundary | \$ 5,018,162 |
| Butte | \$ 1,651,442 |
| Canyon | \$ 148,215,504 |
| Caribou | \$ 3,199,423 |
| Cassia | \$ 20,154,726 |
| Clearwater | \$ 6,957,801 |
| Custer | \$ 910,914 |
| Elmore | \$ 8,730,174 |
| Franklin | \$ 4,677,141 |
| Fremont | \$ 3,092,246 |
| Gem | \$ 8,296,109 |
| Gooding | \$ 5,900,318 |
| Idaho | \$ 8,367,099 |
| Jefferson | \$ 8,358,869 |
| Jerome | \$ 10,730,555 |
| Kootenai | \$ 91,402,501 |
| Latah | \$ 15,603,978 |
| Lemhi | \$ 5,378,854 |
| Lewis | \$ 1,941,401 |
| Lincoln | \$ 1,701,160 |
| Madison | \$ 24,477,475 |
| Minidoka | \$ 8,096,988 |
| Nez Perce | \$ 39,035,092 |
| Oneida | \$ 2,826,547 |
| Owyhee | \$ 2,424,385 |
| Payette | \$ 5,690,682 |
| Power | \$ 4,113,720 |
| Shoshone | \$ 10,017,982 |
| Teton | \$ 1,818,803 |
| Twin Falls | \$ 82,545,106 |
| Valley | \$ 2,144,466 |
| Washington | \$ 6,538,275 |
| Total | \$ 1,167,652,935 |

| Total Sales Generated as a Result of SFY 2010 Medicaid Spending (Multiplier Effect) | |
|---|------------------|
| COUNTY | SALES |
| Ada | \$ 547,953,663 |
| Adams | \$ 487,332 |
| Bannock | \$ 91,216,233 |
| Bear Lake | \$ 3,809,958 |
| Benewah | \$ 11,227,349 |
| Bingham | \$ 38,201,467 |
| Blaine | \$ 5,264,157 |
| Boise | \$ 338,342 |
| Bonner | \$ 33,570,547 |
| Bonneville | \$ 161,624,052 |
| Boundary | \$ 5,676,892 |
| Butte | \$ 1,962,854 |
| Canyon | \$ 163,289,189 |
| Caribou | \$ 3,436,674 |
| Cassia | \$ 23,093,989 |
| Clearwater | \$ 8,147,149 |
| Custer | \$ 1,042,470 |
| Elmore | \$ 8,956,775 |
| Franklin | \$ 5,220,834 |
| Fremont | \$ 3,371,706 |
| Gem | \$ 9,489,230 |
| Gooding | \$ 6,448,530 |
| Idaho | \$ 8,796,155 |
| Jefferson | \$ 8,851,680 |
| Jerome | \$ 11,697,250 |
| Kootenai | \$ 139,604,367 |
| Latah | \$ 21,314,456 |
| Lemhi | \$ 6,168,336 |
| Lewis | \$ 2,427,962 |
| Lincoln | \$ 2,162,369 |
| Madison | \$ 27,667,859 |
| Minidoka | \$ 8,609,628 |
| Nez Perce | \$ 55,336,924 |
| Oneida | \$ 3,289,108 |
| Owyhee | \$ 2,555,222 |
| Payette | \$ 7,845,143 |
| Power | \$ 4,720,958 |
| Shoshone | \$ 11,949,661 |
| Teton | \$ 2,400,027 |
| Twin Falls | \$ 101,029,715 |
| Valley | \$ 2,560,817 |
| Washington | \$ 7,267,545 |
| Total | \$ 1,570,084,576 |

| Value Added from Medicaid Spending in SFY 2010 | |
|--|----------------|
| COUNTY | Value Added |
| Ada | \$ 317,251,712 |
| Adams | \$ 297,992 |
| Bannock | \$ 57,802,866 |
| Bear Lake | \$ 2,414,951 |
| Benewah | \$ 7,627,157 |
| Bingham | \$ 21,892,755 |
| Blaine | \$ 3,218,212 |
| Boise | \$ 223,241 |
| Bonner | \$ 16,605,363 |
| Bonneville | \$ 92,519,870 |
| Boundary | \$ 3,379,699 |
| Butte | \$ 991,642 |
| Canyon | \$ 93,892,330 |
| Caribou | \$ 2,314,614 |
| Cassia | \$ 7,267,368 |
| Clearwater | \$ 4,608,331 |
| Custer | \$ 630,244 |
| Elmore | \$ 4,333,443 |
| Franklin | \$ 2,798,615 |
| Fremont | \$ 1,878,183 |
| Gem | \$ 5,633,040 |
| Gooding | \$ 4,008,320 |
| Idaho | \$ 4,949,387 |
| Jefferson | \$ 5,002,704 |
| Jerome | \$ 6,629,736 |
| Kootenai | \$ 80,175,555 |
| Latah | \$ 12,349,319 |
| Lemhi | \$ 3,114,234 |
| Lewis | \$ 1,520,446 |
| Lincoln | \$ 1,384,686 |
| Madison | \$ 16,512,642 |
| Minidoka | \$ 5,332,831 |
| Nez Perce | \$ 32,889,700 |
| Oneida | \$ 2,082,058 |
| Owyhee | \$ 1,685,817 |
| Payette | \$ 4,887,529 |
| Power | \$ 2,947,298 |
| Shoshone | \$ 7,942,835 |
| Teton | \$ 1,481,657 |
| Twin Falls | \$ 57,542,371 |
| Valley | \$ 1,657,772 |
| Washington | \$ 4,674,742 |
| Total | \$ 906,353,270 |

Medicaid Means Jobs and County Revenues

Medicaid spending leads directly to jobs in Idaho's counties. The jobs produced by Medicaid spending and the resulting ripple effects are particularly important because most of these jobs are in the health care sector, which provides above-average annual wages. Medicaid supports good jobs for residents and substantial income for area businesses.

In addition, taxes generated from Medicaid spending contribute to state and county revenues.

| Impact of Medicaid Spending on Jobs and Wages in SFY 2010 | | |
|---|----------------|------------|
| COUNTY | EARNINGS | EMPLOYMENT |
| Ada | \$ 238,582,081 | 5,470 |
| Adams | \$ 186,741 | 7 |
| Bannock | \$ 44,772,291 | 1,315 |
| Bear Lake | \$ 1,958,548 | 58 |
| Benewah | \$ 6,367,790 | 171 |
| Bingham | \$ 17,288,262 | 472 |
| Blaine | \$ 2,450,583 | 51 |
| Boise | \$ 197,560 | 7 |
| Bonner | \$ 12,019,450 | 422 |
| Bonneville | \$ 72,126,971 | 1,728 |
| Boundary | \$ 2,739,524 | 92 |
| Butte | \$ 937,556 | 20 |
| Canyon | \$ 77,818,636 | 2,089 |
| Caribou | \$ 1,725,684 | 43 |
| Cassia | \$ 10,556,859 | 317 |
| Clearwater | \$ 3,693,876 | 113 |
| Custer | \$ 432,447 | 16 |
| Elmore | \$ 3,470,294 | 132 |
| Franklin | \$ 2,127,766 | 61 |
| Fremont | \$ 1,612,760 | 44 |
| Gem | \$ 4,646,066 | 131 |
| Gooding | \$ 3,192,617 | 77 |
| Idaho | \$ 4,120,754 | 133 |
| Jefferson | \$ 4,285,609 | 142 |
| Jerome | \$ 5,811,278 | 149 |
| Kootenai | \$ 57,767,961 | 1,518 |
| Latah | \$ 9,693,154 | 262 |
| Lemhi | \$ 2,506,755 | 89 |
| Lewis | \$ 1,222,982 | 51 |
| Lincoln | \$ 1,193,272 | 42 |
| Madison | \$ 13,559,445 | 306 |
| Minidoka | \$ 4,315,557 | 179 |
| Nez Perce | \$ 26,209,331 | 602 |
| Oneida | \$ 1,615,637 | 68 |
| Owyhee | \$ 1,449,153 | 48 |
| Payette | \$ 4,016,259 | 136 |
| Power | \$ 2,487,463 | 84 |
| Shoshone | \$ 6,586,969 | 224 |
| Teton | \$ 1,126,109 | 30 |
| Twin Falls | \$ 47,066,273 | 1,185 |
| Valley | \$ 1,194,610 | 28 |
| Washington | \$ 3,811,798 | 128 |
| Total | \$ 708,944,732 | 18,241 |

| Taxes Generated by Medicaid Spending, SFY 2010 (Not Including Personal or Corporate Income Tax) | | |
|--|----|---|
| COUNTY | | Indirect Business Taxes (Primarily Sales & Property) |
| Ada | \$ | 14,301,034 |
| Adams | \$ | 5,585 |
| Bannock | \$ | 1,968,159 |
| Bear Lake | \$ | 81,294 |
| Benewah | \$ | 261,185 |
| Bingham | \$ | 850,140 |
| Blaine | \$ | 140,526 |
| Boise | \$ | 5,184 |
| Bonner | \$ | 791,196 |
| Bonneville | \$ | 3,523,530 |
| Boundary | \$ | 96,076 |
| Butte | \$ | 16,549 |
| Canyon | \$ | 2,683,462 |
| Caribou | \$ | 97,103 |
| Cassia | \$ | 423,235 |
| Clearwater | \$ | 153,250 |
| Custer | \$ | 12,872 |
| Elmore | \$ | 112,226 |
| Franklin | \$ | 92,834 |
| Fremont | \$ | 39,994 |
| Gem | \$ | 204,319 |
| Gooding | \$ | 132,678 |
| Idaho | \$ | 126,261 |
| Jefferson | \$ | 66,189 |
| Jerome | \$ | 87,637 |
| Kootenai | \$ | 3,810,500 |
| Latah | \$ | 522,710 |
| Lemhi | \$ | 106,858 |
| Lewis | \$ | 36,262 |
| Lincoln | \$ | 38,898 |
| Madison | \$ | 475,815 |
| Minidoka | \$ | 152,579 |
| Nez Perce | \$ | 1,285,670 |
| Oneida | \$ | 63,029 |
| Owyhee | \$ | 40,228 |
| Payette | \$ | 126,501 |
| Power | \$ | 60,227 |
| Shoshone | \$ | 212,292 |
| Teton | \$ | 61,052 |
| Twin Falls | \$ | 1,840,152 |
| Valley | \$ | 57,030 |
| Washington | \$ | 155,351 |
| Total | \$ | 35,317,673 |

Proposed Cuts to Investments in Medicaid

In Idaho, Medicaid enrollment increased by nine percent between state fiscal years 2009 and 2010. This increase is the largest seen in eight years, according to the Idaho Department of Health and Welfare, and is due in large part to job loss among parents, rendering greater numbers of children Medicaid-eligible.⁴

However, since the economic downturn, Idaho's investment in Medicaid has become the target of budget cuts. Cuts made by the Legislature in 2010 hit many local health providers, such as nursing homes, rehabilitation services, and assisted living facilities,⁵ leading to proposed layoffs of staff⁶ and concerns about cash flow.⁷

Now Medicaid faces yet another round of disinvestment. In mid-February, it was reported that the Department of Health and Welfare had been directed to submit plans to slash \$22 million from its budget,⁸ leading to the loss of millions more in federal funds. There has been concern about the impact these cuts will have on both patients and jobs.⁹

Currently, unemployment in Idaho is hovering at nearly 10 percent. However, rates of unemployment are much higher in many counties, particularly rural counties.¹⁰ The Idaho Department of Labor noted that, although jobless rates in many rural counties had declined from November, the new figures suggested workers leaving those areas or stopping looking for work altogether.¹¹

Conclusion

Medicaid makes up a vital portion of the economy of Idaho's counties. Because of the federal match these programs receive and the economic activity they create, state spending on these programs has a dramatic economic impact. In Idaho's counties, state Medicaid spending in SFY 2010 produced economy-wide business activity almost four times the state's original investment. And the Medicaid program is responsible for a large portion of the economic impact of the health care sector—particularly in Idaho's rural counties.

Proposals in the Legislature to reduce this investment threaten vital health care for those who received their insurance through the program. However, the impacts do not end there. Cuts to investments in Medicaid will also have far-reaching consequences for Idaho jobs and economic activity at a time that the state—especially its rural counties—most needs an economic boost.

References

- 1 Idaho Department of Health & Welfare, "Facts/Figures/Trends 2010-2011," p. 18, viewed at: <http://www.healthandwelfare.idaho.gov/LinkClick.aspx?fileticket=6skMs2-Ksgk%3d&tabid=1127>.
- 2 Idaho Department of Health & Welfare, "Facts/Figures/Trends 2010-2011," pp. 13, 15, viewed at: <http://www.healthandwelfare.idaho.gov/LinkClick.aspx?fileticket=6skMs2-Ksgk%3d&tabid=1127>. Historically, the federal match for Idaho's Medicaid program has been 70 percent. Under the American Recovery and Reinvestment Act, the match was temporarily increased to the Act's highest level, due to significant unemployment in the state. As a result of this match enhancement, the federal match has ranged between 76 percent to 79 percent in state fiscal years 2009, 2010, and 2011. In 2012, it will return to 70 percent. (Percents are rounded.)
- 3 The economic impacts were obtained from a preliminary report: "The FY2010 Economic Impacts of Medicaid Spending in Idaho," by Steven Peterson, Research Economist, University of Idaho.
- 4 Idaho Department of Health & Welfare, "Facts/Figures/Trends 2010-2011," p. 18, viewed at: <http://www.healthandwelfare.idaho.gov/LinkClick.aspx?fileticket=6skMs2-Ksgk%3d&tabid=1127>.
- 5 Colleen LaMay, "Medicaid cuts hurt small Idaho businesses," Idaho Statesman, April 26, 2010, viewed at: <http://www.idahostatesman.com/2010/04/26/1167746/medicaid-cuts-hurt-small-businesses.html> [hereinafter LaMay, Small Businesses]; Colleen LaMay, "Medicaid cuts in Idaho to cause hardships," Idaho Statesman, March 26, 2010, viewed at: <http://www.idahostatesman.com/2010/03/26/1131099/medicaid-cuts-to-cause-hardships.html> [hereinafter LaMay, Hardships].
- 6 LaMay, Small Businesses.
- 7 LaMay, Hardships.
- 8 Associated Press, "Idaho agencies told to prepare for broad cuts," Bloomberg.com, February 14, 2011, viewed at: <http://www.bloomberg.com/news/2011-02-14/idaho-agencies-told-to-prepare-for-broad-cuts.html>.
- 9 Mike Butts, "Medicaid cuts would leave many without services, jobs," Idaho Press-Tribune, February 13, 2011, viewed at: http://www.idahopress.com/news/article_6e7eb384-373f-11e0-a8f7-001cc4c03286.html.
- 10 Idaho Department of Labor, "Many Rural Idaho Counties See Slight Decline in Jobless Rates," Press Release, January 21, 2011, viewed at: <http://labor.idaho.gov/news/NewsReleases/tabid/1953/ctl/PressRelease/mid/2527/itemid/2290/Default.aspx>.
- 11 *Ibid.*



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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Alliance for a Just Society convenes community and racial justice organizations nationwide on critical public policy issues, providing research and policy analysis and fostering public conversation.

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