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Medicaid cuts would slash hundreds of Idaho jobs and batter state's businesses

A recent report claims that proposed Medicaid cuts would not just limit access to health programs but also heavily impact jobs and business activity. Families USA, a nonprofit health advocacy organization, released a report earlier this week listing the economic consequences if Medicaid funding cuts are approved by Congress.

A budget proposed by Rep. Paul Ryan, R-Wis., would call for a 5 percent cut to Medicaid in 2013, a 15 percent cut in 2014 and a 33 percent cut in 2021. It would also alter the way states receive Medicaid funding. Currently, states receive a federal match for every dollar spent on Medicaid based on a formula. Ryan's budget would change the funding to a block grant system where only a certain amount of money is given to each state.

"We have to think about how this will affect not just children and families, but the nursing home community and health care professionals," said Ron Pollack, executive director for Families USA. "The unseen consequences could be huge."

The report, "Jobs at Risk," analyzed the economic impact of a 5 percent, 15 percent and 33 percent cut to the Medicaid funding all 50 states currently use. According to the report, Idaho could lose up to \$47.8 million in Medicaid funding with a 5 percent cut. This would then cost the state almost \$84.2 million in business activity and 870 jobs. A 15 percent cut would result in a loss of \$143.6 million in Medicaid dollars and \$252.6 million in business activity. The cut's potential national impact could be \$41.25 billion in lost business activity.

Idaho would lose up to \$316.1 million of Medicaid funding with a 33 percent cut, eliminating 5,700 jobs and \$555.7 million in business activity. Nationally, the U.S. would lose \$90.8 billion of business activity. How this might affect Idaho's job economy is difficult to estimate, said Bob Fick, an Idaho Department of Labor spokesman. But the potential loss of 5,700 jobs would be a significant.

"That number is scary," Fick said. "But it's hard to say how that would affect the unemployment rate or the job field without knowing what types of jobs would be lost or how many at one time."

A drop in Medicaid payments to pharmacies and nursing homes would have large ramifications for those businesses. "Any reduction of Medicaid payments would greatly influence my business and many others in this area," said Kurt Hefner, owner of Kurt's Pharmacy in Twin Falls. Medicaid is one of Hefner's largest providers, with 40 percent of his payments coming from the federal program.

"I know that the state would need to figure out its budget but it puts pharmacies in a tight place," he said. "Patients will still need prescriptions and are we just supposed to stop helping people?"

In the meantime, Pollack is not confident that Ryan's plan will pass. However, he said most of the budget proposals being considered have some sort of Medicaid funding reduction. "Medicaid is good medicine for seniors and people with disabilities needing nursing home and other long-term care," said Pollack. "It is also good medicine for state economies and job growth. This is exactly the wrong time for Congress to cut a program that boosts the economy while also providing a boost to individuals and families facing hard economic times."