



PRESS RELEASE

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Report: New Revenue Will More Than Cover NM's Medicaid Expansion Costs Federal spending for health care reform will bring in millions more in tax revenue than state will spend

ALBUQUERQUE—New Mexico will come out millions of dollars ahead when the Affordable Care Act (ACA) is fully implemented in 2014. The Act will bring in between \$6 and \$8 billion in federal funding for the expansion of Medicaid between 2014 and 2020. The NM Human Services Department has estimated that it will cost the state as much as \$797 million for the expansion during those years. But a new report, released today by New Mexico Voices for Children, shows that the state will take in as much as \$1.2 billion in new tax revenue from the economic activity generated by the new federal Medicaid funding, tax credits and premium subsidies.

“We’ve demonstrated for years that Medicaid is an economic engine for New Mexico—despite the current administration’s claim that it is ‘unsustainable,’” said Bill Jordan, Policy Director for NM Voices. “When Medicaid is expanded under the Affordable Care Act in 2014, our economy will get an even bigger boost. The new tax revenue will more than cover the state’s cost for the Medicaid expansion,” he added.

U.S. Senator Jeff Bingaman (D-NM) released this statement: “This report offers further evidence that the Affordable Care Act is very good for the people of our state. Right now, nearly one in four New Mexicans lack basic health care coverage. The Affordable Care Act provides New Mexico with billions of dollars to reduce that number significantly and that, in turn, will help bring down the cost of health care for all of us.”

The extent of the new economic activity is laid out in a companion report, “The Economic Benefits of Health Care Reform in New Mexico,” which NM Voices released earlier this summer. That report estimated between 38,000 and 47,000 jobs will be created by the federal dollars, bringing the state between \$1.6 and \$2.1 billion in economic activity.

The ACA will also reduce the net federal deficit by as much as \$1 trillion over the next two decades.

The new report, “The Tax Revenue Benefits of Health Care Reform in New Mexico,” was released today when the report’s author, Kelly O’Donnell, Ph.D., testified for the Legislature’s Revenue Stabilization and Tax Policy (RSTP) Committee meeting. The report is available online at <http://www.nmvoices.org/wp-content/uploads/2011/08/Tax-rev-benefits-of-aca-8-11.pdf>.

Dr. O’Donnell served as Superintendent of the NM Regulation and Licensing Department and Deputy Cabinet Secretary of the NM Economic Development Department.

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New Mexico Voices for Children is a nonpartisan, nonprofit organization advocating for policies to improve the health and well-being of New Mexico's children, families and communities.

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