

Health Care Act Will Help Economy

BY BILL JORDAN

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The Journal's Aug. 14 editorial claimed once again that Medicaid is "Fiscally Unsustainable," largely because the Affordable Care Act is going to add between 130,000 and 175,000 people to the program after 2014.

New Mexico Voices for Children just published a report showing that the Affordable Care Act is going to inject billions of federal dollars into our state's struggling economy. And it will do so by helping provide health insurance for more than 300,000 New Mexicans who are now uninsured and currently have to get their health care in emergency rooms — which raises taxes and insurance premiums for all of us.

NM Voices' analysis shows that this federal funding under the ACA will create 38,000 to 47,000 jobs (almost all of them in private industry) and between \$16 billion and \$21 billion in economic activity over the next several years starting in 2014. Add this to the 58,000 jobs Medicaid already supports, and you do have a powerful economic driver for the entire state.

Using the Human Services Department's own projections for future enrollment, our study clearly shows that the new state and local tax revenue created by all of these new jobs and economic activity will more than pay for all of the new spending required by the state to add folks to Medicaid.

Covering so many more people with health insurance will have tremendous benefits. New Mexico has a very high rate of residents without insurance, and that means we also have a great deal of uncompensated medical costs. Much of this cost is shifted to those who do have private insurance — adding \$2,300 to the average New Mexico family's health insurance premium every year.

Our high rate of uninsured is an effective economic development disincentive for the Land of Enchantment. Who is going to want to create high-

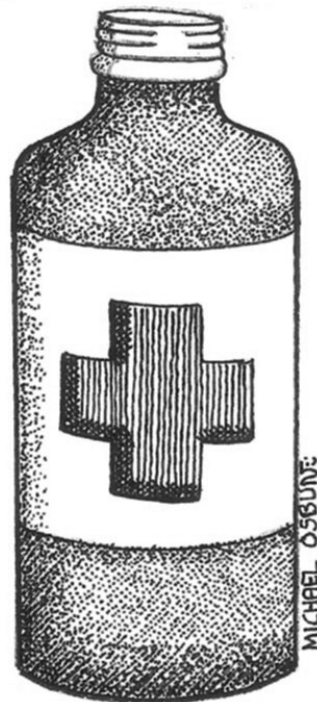


wage jobs here knowing that their health insurance costs will be on an unsustainable upward trajectory? The Affordable Care Act is the only thing on the horizon that will help with this, by getting most New Mexicans insured so their health care costs aren't passed along to those businesses that do provide health insurance.

Medicaid isn't "growing" its client base exponentially, as the editorial claims. The recession is what's growing Medicaid. Because access to health care in this country is based on one's employment, access is lost when jobs are lost.

The Human Services Department estimates that, over the next eight years, the costs of the existing Medicaid program will grow by about 20 percent. That is only 3 percent per year, which is far lower than the expected growth rate of private insurance. It's a good bet that all New Mexico employers would be happy to swap that growth rate with the kind of premium increases they have been facing the last few years.

As the editorial correctly states, Medicaid covers one in four New Mexicans. What the editorial doesn't mention is that the vast majority of those beneficiaries are children. (And they are the only ones who are covered up to 235 percent of the poverty line, which is still a pretty modest level of income for a family.) Most



of the rest are low-income elderly who need nursing home care (which is not covered under Medicare) and people with disabilities. If those are not society's "most vulnerable," then who is?

Like any other large and important program, Medicaid is not without its problems and does need improvement. But we all should be grateful that the Affordable Care Act is going to insure so many more New Mexicans and benefit our economy at the same time.

New Mexico Voices for Children is a progressive, nonpartisan child advocacy agency. Its fiscal policy work is funded through the Center for Budget and Policy Priorities' State Fiscal Analysis Initiative.

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