

Medicaid Expansion: Impact on Ohio's Economy & Small Businesses

In June 2012, the Supreme Court gave states the option to expand eligibility for Medicaid under the Affordable Care Act to those earning up to 138% of the federal poverty level. If a state chooses, the federal government will pay 100% of the cost for those newly eligible for Medicaid from 2014 to 2016, gradually decreasing to 90% in 2020 and beyond.

Expanding healthcare eligibility in Ohio would be a boon to the state's economy and its small firms by:

- **Leveling the playing field for Ohio small businesses:** Medicaid expansion would cover 456,000 additional people in the state¹, most of them low-wage working adults. Because so many working adults would qualify for Medicaid, small businesses that cannot afford to offer their employees health insurance would be *better able to compete for workers* with big businesses that can offer health insurance to their employees.
- **Stimulating Ohio's economy:** Reports show Medicaid expansion would result in net savings for the state of \$350M to \$400M in 2014-2015, and \$133M to \$142M in 2020. It will increase Ohioans' earnings by \$16.7B to \$17.5B from 2014 to 2020. The overall net increase in revenue for the state would be *\$2.7B to \$2.8B over the nine-year period*.²
- **Sparking business activity in Ohio:** Additional federal dollars coming into Ohio will enable residents to purchase healthcare from local doctors, hospitals, etc. Those providers will then purchase other goods and services, many of them from Ohio small businesses. From 2014 to 2022, Medicaid expansion would increase *total economic activity by \$18.6B to \$19.8B*.³
- **Creating tens of thousands of new jobs in Ohio:** Between *23,000 and 28,000 new jobs would be created by 2015*, in healthcare and other industries.⁴
- **Saving Ohio's businesses \$1.7B between 2014-2022:** If Ohio doesn't expand its program, some poor workers who would be eligible under the expansion would instead sign up for their company's health plan. If the program were expanded, the state's employers would save \$1.7B from 2014 to 2022.⁵
- **Creating a healthier, more productive workforce:** Employees with health insurance are more likely to receive regular preventive care and be treated for illnesses/injuries. This means workers with insurance are less likely to miss work and will miss fewer days when they do fall ill. Sick or injured employees without insurance may also be less productive while at work.
- **Reining in small business owners' premium costs:** When someone without insurance seeks medical care they can't pay for, government or charity may pick up some of the cost but the rest remains unpaid. To cover it, insurers charge higher rates when the insured receive care, and these increases get shifted to higher premiums (\$1,000 per family/year).⁶ Expansion will mean fewer individuals receive uncompensated care, so fewer costs will be passed on.
- **Keeping small businesses' costs low:** Under the ACA, employers with more than 50 full-time-equivalent employees can experience penalties if they don't offer coverage. The penalty is triggered when an employee receives a government subsidy in the form of a healthcare tax credit. Accessing Medicaid coverage does not trigger a penalty. Therefore, employers with eligible employees could experience increased penalties if Medicaid is not expanded.
- **Ohio business groups support expansion:** [Ohio Chamber](#), [Cincinnati USA Regional Chamber](#), [Columbus Chamber](#), [Dayton Chamber](#), [Greater Cleveland Partnership](#)

¹ Urban Institute Health Policy Center, "Expanding Medicaid in Ohio: Preliminary Analysis of Likely Effects," Feb. 26, 2013

² Health Policy Institute of Ohio, et al., "Ohio Medicaid Expansion Study," p 13, March 2013

³ Ibid., p 16

⁴ Ibid., p 16

⁵ Ibid., p 17

⁶ Families USA, "Talking About Health Reform," October, 2009