

Accepting Federal Funds for Affordable Health Care

Still a Great Deal for Maine

Hundreds of millions of dollars, thousands of jobs, and improved health for tens of thousands of Mainers are still available to Maine, if legislators choose to accept federal funding to expand access to affordable health care.

Facts & Figures

\$570 million

Unpaid charity care provided by Maine hospitals in 2014

5,000

Maine children who have lost health insurance coverage since 2010

45%

Mainers who dropped out of labor force in 2014 due to illness or disability

\$320 million

Federal funds available to Maine in 2017

44%

Percent of heroin abuse treatments that go to uninsured patients

\$40 million

Savings to Maine from Medicaid expansion annually

4,000

Jobs created in Maine from Medicaid expansion

Good for Hospitals

Health care systems in states that have accepted federal funds to increase health coverage have seen **uncompensated care costs decline by up to 40%**.¹ Rather than going to the emergency room for expensive catastrophic care, and not being able to pay, low-income Mainers will be able to pay their bills via MaineCare (Maine's Medicaid system). For Maine's hospitals, which shouldered **\$570 million** in charity care and bad debt in 2014, this would be a particularly meaningful change.² The situation is especially acute in non-expansion states like Maine, because Medicare reimbursement rates to hospitals were cut in order to pay for the very Medicaid expansion funds that Maine is refusing to accept.

Good for Healthy Mainers

Maine is the only state where the uninsured population has not declined since the passage of the Affordable Care Act. Worse, in 2014, 5,000 fewer Maine children had health insurance coverage than in 2010.³ Studies show that individuals, especially children, with Medicaid coverage are **more likely to have a primary care physician and to seek preventative care, reducing their future health needs and costs**. Medicaid recipients are 55% more likely to have a primary care doctor, 60% more likely to receive screenings like mammograms, and 25% more likely to report being in good health than those without insurance.⁴

Good for Maine's Workforce

Participation in Maine's labor force has been shrinking for the past ten years.⁵ Most of that reduction is due to working-age adults leaving the labor force. **45% of working-age Mainers who dropped out of the labor force in 2014 did so due to illness or disability**.⁶ Expanding access to affordable health care allows more Mainers the chance to get back to work.

Good for Maine's Economy

Some \$320 million of federal money would flow into Maine in 2017 to cover the overwhelming majority of costs associated with ensuring that everyone living below 138% of the Federal Poverty Level (that's a household income of \$22,108 for a family of two) has access to affordable health care.⁷ The federal government will cover **95%** of the costs of providing health care to newly-qualified individuals in 2017, and at rates that will gradually decline to 90% by 2020. But that still means the state shares **only 10%** of the cost.

Good for State Revenues

Not only does the federal government pick up most of the tab, but MaineCare expansion saves the state money in a number of different areas. The state can use these federal funds to cover many Mainers already enrolled in the program (e.g. pregnant women, people with disabilities). Additionally, new federal dollars will pay for other potentially eligible health care costs—inpatient services for prisoners, and mental health and substance misuse programs—that Maine currently pays for. In total, these **savings would amount to over \$40 million per year** for Maine.⁸

An additional 4,000 jobs, increased hospital revenues, and nearly half a billion dollars in additional economic activity would generate another **\$23 million in tax revenue** for the state.⁹

Good for Tackling the Drug Crisis

The state's substance abuse epidemic has dominated Maine's political discourse for months—but little attention has been paid to the fact that **44% of heroin abuse treatments were for patients without insurance**. For methamphetamine abuse, the figure rises to 68.2%.¹⁰ Access to health care would drastically improve the rate of addiction treatment in Maine, and help prevent some of the 250 estimated overdose deaths that occur in the state each year.¹¹

A Good Deal for Maine

Because **Maine has a strong track record of providing access to health care** for low-income individuals and families and has over a decade of experience managing a well-run Medicaid program, we are well-positioned to maximize the benefits of accepting federal funds and unlikely to experience enrollment spikes seen in other states.

Accepting hundreds of millions of dollars in federal funding on offer to expand access to affordable health care to tens of thousands of Mainers will improve the health of our workforce and the strength of our economy. It will result in millions of dollars in savings and increased revenues. And it will come at relatively little cost to the state's general fund. It is hard to imagine a better deal for Maine.

The Maine Center for Economic Policy is a non-partisan, non-profit policy research organization committed to advancing economic justice and prosperity for all Maine people.

¹ [Robert Wood Johnson Foundation, "The Impact of Medicaid Expansion on Uncompensated Care Costs", June 2015](#)

² [Maine Hospital Association, "Hospital Facts"](#)

³ US Census Bureau, American Community Survey, 2010, 2011, 2012, 2013, 2014 1-year estimates.

⁴ ["What is Medicaid's Impact on Access to Care & Health Outcomes", Kaiser Family Foundation, 2013](#)

⁵ Maine Department of Labor Statistics. From Jan. 2006 to Dec. 2015, the labor force participation rate fell from 66.8% to 61.8%.

⁶ Bureau of Labor Statistics, Current Population Survey, March Economic Supplement, March 2014.

⁷ ["Unprecedented Opportunity: Federal Healthcare Funds Will Deliver 4,000 Jobs", Maine Center for Economic Policy, January 2014](#)

⁸ ["Estimated State Budget Impact of a MaineCare Expansion in 2016", Manatt Health Solutions, April 2015](#)

⁹ ["Unprecedented Opportunity: Federal Healthcare Funds Will Deliver 4,000 Jobs", Maine Center for Economic Policy, January 2014](#)

¹⁰ Federal Center for Behavioral Health Statistics and Quality, Treatment Episode Data Set, 2003-2013.

¹¹ Preliminary estimates from the Office of the Maine Attorney General for 2015.