

Federal Health Care Funding Makes Dollars and Sense for Maine

Accepting federal funds to expand health coverage will create jobs, boost Maine's economy, and provide health care to thousands of Maine people

Too many Mainers are one illness or accident away from financial ruin. It doesn't have to be that way.

Maine has an opportunity to cover more people and save millions of dollars currently spent to treat uninsured people in emergency rooms. We can do this by accepting federal dollars to provide health coverage to approximately 69,500 uninsured Mainers. This decision is in the hands of Maine's legislature and governor. It will have important consequences for Maine's economy and people.

At stake are millions of federal dollars that would create thousands of jobs and promote additional economic activity. Also at stake is the economic and health security of thousands of Maine families for whom losing a job in tough economic times should not also mean losing access to affordable health care.

Federal Health Care Funding Makes Dollars and Sense for Maine, a report by the Maine Equal Justice Partners and Maine Center for Economic Policy, documents the benefits associated with accepting funding available through the Patient Protection and Affordable Care Act (ACA) to increase health coverage in Maine. Accepting these funds is an opportunity Maine cannot afford to pass up.

By 2016, new federal funds will:

- ▶ **Provide health coverage to as many as 69,500 uninsured Maine people.** The majority of these are people who have jobs but not health care coverage.
- ▶ **Stimulate over \$350 million in economic activity** by infusing more than \$250 million of additional federal funding into Maine's economy annually.
- ▶ **Create more than 3,100 jobs here in Maine.**
- ▶ **Generate \$16 to \$18 million in state and local taxes annually.**
- ▶ **Be a bargain for Maine.** The federal government will pay 100 percent of the cost for covering all newly eligible people for the first three years. After that, the state's share would still be considerably smaller than under the current MaineCare program. In addition, Maine can opt out at any time.

Continued on back →

- ▶ **Prevent Maine from losing funds set aside by Congress for Maine people.** If the state does not accept these funds, Maine taxpayers will help pay for health coverage in other states, while forgoing the potential benefit of these dollars here in Maine.
- ▶ **Promote a competitive business environment.** States that accept federal funds to increase health coverage will have a competitive advantage over states that do not. Reducing the ranks of the uninsured will lessen health insurance cost-shifts to businesses.
- ▶ **Improve the productivity of Maine's workforce.** When workers resolve health problems more quickly and can better manage chronic illnesses such as asthma and diabetes, they can avoid absences and be more productive.
- ▶ **Be good for rural Mainers.** The potential benefits of accepting federal funds to increase health coverage are more pronounced for residents in rural Maine. For example, in rural Washington County, 13.2 percent of the

adult population under age 65 stands to gain coverage compared to 6.6 percent in Cumberland County.

- ▶ **Boost economic activity in counties with a high density of health care jobs.** Approximately 1 out of every 5 jobs in Penobscot, Androscoggin, Aroostook, and Washington Counties are in health care related industries.
- ▶ **Slow the growth of health insurance costs for everyone.** Nationally, the cost of caring for the uninsured currently increases premiums for the average insured family by an estimated \$1,000 a year.
- ▶ **Prevent potential tax penalties for large employers.** Most employers with at least 50 full-time equivalent employees will face significant tax penalties if one or more of their full-time employees obtain a subsidy to help purchase health insurance. If a low-income worker is covered through Medicaid, the employers will not pay a penalty.

Accepting federal funds to increase health coverage makes dollars and sense for Maine.

It is paid for largely with federal dollars. It creates jobs, boosts Maine's economy, and improves Maine's business climate and worker productivity. It protects large employers from costly fines and slows the growth of health insurance costs. It delivers significant benefits to individuals and areas of the state that need it most. It is essential not only for those individuals who would finally have access to health care, but for Maine's continued economic development and ability to compete with other states.



The report *Federal Health Care Funding Makes Dollars and Sense for Maine* was written by Sara Gagné-Holmes and Christine Hastedt of Maine Equal Justice Partners and Garrett Martin of the Maine Center for Economic Policy with research assistance from Mary Henderson and Alison Weiss. The full report is available online at www.mejp.org and www.mecep.org.