The Colorado Health Foundation™

New Report Shows Positive Impact of Colorado's Medicaid Expansion on Economy

DENVER, CO – A new report examining the economic and budgetary impact of Medicaid expansion in Colorado reveals that, in the two years since implementation, expansion in the state has had a significant positive effect on the economy at no expense to the General Fund. According to the premliminary independent analysis, "Assessing the Economic and Budgetary Impact of Medicaid Expansion in Colorado: FY 2015-16 through FY 2034-35," Colorado has added 31,074 jobs, increased economic activity by $3.8 billion and raised annual household earnings by $643 due to the state Medicaid expansion under the Affordable Care Act. By fiscal year (FY) 2034-2035, Colorado is projected to add a total of 43,018 new jobs, increase economic activity by $8.5 billion and raise average annual household earnings by $1,033.

Commissioned by the Colorado Health Foundation and prepared by the Colorado Futures Center at Colorado State University, the report updates a 2013 analysis of the estimated economic and budgetary impact of Medicaid expansion. The 2013 study was completed before Colorado opted to expand Medicaid. Since passage of Senate Bill 13-200, many of the unknowns in the previous analysis are now known. The updated report looks at actual results of the Medicaid expansion to date and forecasts economic and budgetary impacts out to FY 2034-35.

Key findings on the impact of Medicaid expansion in Colorado include:

- Medicaid expansion, largely funded by the federal government, is already having and will continue to have a ***significant positive impact on the state's economy.***
- The combination of federal funding for expansion, Colorado's previous decision to use the Hospital Provider Fee as the source of revenue for the state's share of expansion costs, increased tax revenue due to the larger post-expansion economy, and modest savings in other state programs has and will allow Colorado to support this expansion at ***no cost to the state's General Fund.***
- **Jobs:** In FY 2015-2016, there are already 31,074 additional jobs created in Colorado as a result of expansion. A total of 43,018 jobs are projected to be created in Colorado by FY 2034-2035.
- **Economy:** The state's economy, as measured by gross domestic product, is currently 1.14 percent larger because of Medicaid expansion, resulting in $3.8 billion in additional economic activity. By FY 2034-2035, the economy is projected to be $8.5 billion, or 1.38 percent, larger than it would be if Colorado had not expanded Medicaid.
- **Household earnings:** Coloradans' average annual household earnings are $643 higher in FY 2015-2016 as a result of expansion. By FY 2034-2035, average household earnings in Colorado are projected to grow to $1,033.
- **State Budget:** The state's General Fund will not incur any expenses associated with the Medicaid expansion; however, the larger economy will result in increased General Fund revenue. For FY 2015-2016 the estimated increase is $102.4 million. That amount will grow to $248.3 million in FY 2034-2035.

"In our 2013 analysis of the economic and budgetary impacts of Medicaid expansion, we projected that the decision to expand, while involving costs, would have a significant positive impact on the Colorado economy," said Colorado Futures Center Director Charles S. Brown. "Our research this year confirms our

original projections and reveals that the positive impacts are even greater than we originally anticipated."

"The impact of Medicaid expansion in the state is broad reaching and demonstrates how health is more than just what happens at the doctor's office. In addition to providing health insurance to nearly 400,000 additional Coloradans, expanding Medicaid has proven to be a fiscally sound decision that is helping to make our state more economically competitive," said Colorado Health Foundation President and CEO Karen McNeil-Miller. "By working together to improve the health of all Coloradans, we will bolster the prosperity and overall well-being of our state."

The executive summary and infographic provide additional detail. A full report is slated for release this spring.

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POST DATE

Mar 10, 2016

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