

Expanding Coverage for Low Income Parents: A Modest Step in the Right Direction

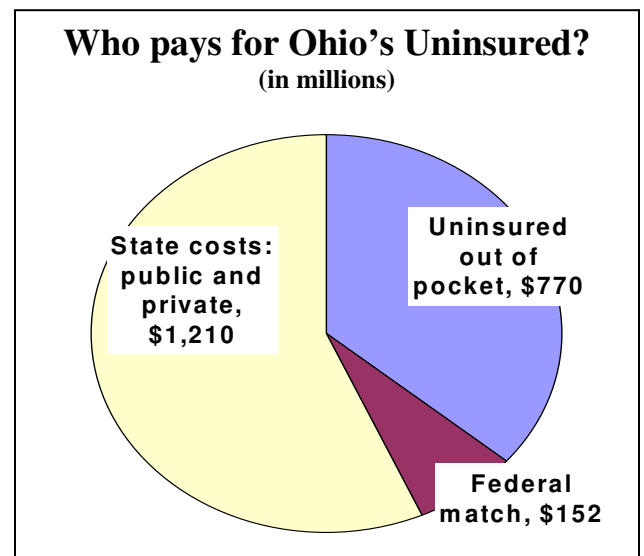
Ohio has a growing number of uninsured.

Over 1.3 million people in Ohio, more than 13% of the non-elderly population, lack health insurance. Between 2000 and 2005 the number of uninsured grew by nearly 10%.¹

Low-income people are typically unable to afford health insurance without significant employer or government subsidies. A working family of three in Ohio needs an estimated \$36,504 per year, just over twice the federal poverty line (FPL), to pay for essential expenses of daily living, such as housing, food and transportation, before factoring in any health spending.² Assuming that in a family at this level of income the children would be covered by Medicaid, the cost of individual coverage for a single parent would be an estimated \$410 per month or 14% of family income-- an expense that would be impossible for most low-income families to sustain.³

Uninsurance costs all Ohioans.

Lack of health insurance causes significant problems both for individuals and for Ohio. High rates of uninsurance distort and undermine the health care system, and impose significant health and economic costs. The uninsured typically rely more heavily on emergency room care and often the health care they receive is delivered later in disease process and therefore both more expensive and less effective than necessary.⁴ The direct cost of care for the uninsured in Ohio is an estimated **\$2.2 billion**, of which \$770 million is paid by the uninsured themselves, \$254 million is paid by federal, state and local revenue, and an additional \$1.18 billion is absorbed by the private sector.⁵



Not all of the costs of the uninsured in Ohio result directly from medical expenses. Recent research attempts to quantify the larger social and economic costs to a state with a high rate of uninsurance. People without insurance are more likely to have lower productivity and earnings due to poorer health.⁶ In Ohio, about **\$3.6 billion** is lost in health capital each year due to uninsurance.⁷ This number quantifies the societal losses of productivity and earnings, and the poorer health and greater mortality of the uninsured.

Medicaid is a sound investment for Ohio's economy.

Any attempt to address the problem of uninsurance would be prohibitively expensive without taking *full advantage* of Medicaid and the federal matching funds available under the Medicaid program.

**Prepared for the Family Coverage Coalition
by Community Catalyst**

The cost to Ohioans per uninsured adult is **\$986** while the net state cost of putting that person on Medicaid is **\$815** per year.⁸ Additionally, federal matching payments from Medicaid increase economic activity. In Ohio, every \$1 million spent on Medicaid draws down \$1.67 million in federal dollars, and yields \$3 million in business activity, \$1 million in salaries and wages, and 31 jobs.⁹ As the largest source of federal support to the state, an expansion of Medicaid improves Ohio’s return on its federal tax dollar.

Expanding health coverage through Medicaid is positive for all Ohioans.

Governor Strickland’s proposal to increase Medicaid eligibility for parents from 90% to 100% FPL is a modest step in the right direction. This proposal would not only improve access to health care for 25,000 uninsured parents¹⁰ and reduce uncompensated care costs by \$24.7 million¹¹--it will also improve health care access for children. Research shows that when parents are covered children more likely to be covered and also to receive appropriate care.¹²

Ohio has a choice: Uninsurance or Medicaid Coverage¹³

Costs of Uninsurance: 25,000 parents	Benefits of Medicaid Coverage: 25,000 parents
<ul style="list-style-type: none"> • \$2.2 million Ohio state and local taxes • \$22.4 million passed on to private payers • \$70.7 million due to poorer health outcomes, lower productivity, and higher mortality levels 	<ul style="list-style-type: none"> • \$34 million federal matching dollars • \$65 million in business activity • 651 jobs • \$24 million in wages and salary increases

¹ Kaiser Family Foundation State Health Facts Online. www.statehealthfacts.org

² Author’s calculation based on average living budgets minus health costs for Cleveland, Columbus and Cincinnati. Underlying data from Economic Policy Institute family budget. Accessed at http://www.epi.org/content.cfm/datazone_fambud_budget

³ Cost of insurance for an individual in OH in 2004 adjusted for inflation from MEPS Statistical Brief # 135 “State Differences in the Cost of Job Based Health Insurance” http://meps.ahrq.gov/mepsweb/data_files/publications/st135/stat135.pdf

⁴ Care Without Coverage: Too Little, Too Late. Institute of Medicine, 2002.

⁵ Author’s calculation, based on Families USA, Paying a Premium: The Added Cost of Care for the Uninsured.

⁶ Hidden Costs, Value Lost: Uninsurance in America. Institute of Medicine, 2003.

⁷ Author calculation based on Families USA and Kenneth Thorpe, Paying a Premium: The Added Cost of Care for the Uninsured and Hidden Costs, Value Lost: Uninsurance in America. Institute of Medicine, 2003.

⁸ Author’s calculation, based on Ohio’s (non-federal) portion of Medicaid spending, from Andy Schneider and David Rousseau, “Medicaid Financing” The Medicaid Resource Book, The Kaiser Commission on Medicaid and the Uninsured, July 2002 and State Health Facts, Ohio Medicaid Costs per enrollee: 2003. Updated for inflation. Medicaid calculation subtracts costs related to pregnancy which is already covered and accounts for tax gain from federal match from Economic Effects of Medicaid Spending Changes in Ohio. Health Policy Institute of Ohio, December 2005.

⁹ Families USA, Calculate the Impact: Medicaid Cuts and Your State’s Economy. Updated May 2004.

¹⁰ Governor Strickland’s proposal.

¹¹ Author’s calculation, based on Governor’s Medicaid proposal.

¹² Coverage of Parents Helps Children, Too. Center on Budget and Policy Priorities. October 2006. <http://www.cbpp.org/10-20-06health.htm>

¹³ Author’s calculations, based on price of Medicaid and uninsurance for one person multiplied for 25,000 parents. Families USA, Calculate the Impact: Medicaid Cuts and Your State’s Economy. Updated May 2004.