

WASHINGTON CITIZEN ACTION

STATE HEADQUARTERS

3530 Bagley Avenue North • Seattle, Washington 98103

206.389.0050 • Fax: 206.389.0049

Email: info@wacitizenaction.org • Website: www.wacitizenaction.org

Press Release

For Immediate Release

Wednesday, February 18, 2004

Contact: Tom Vasquez

(206) 389-0500, ext. 108

Cell: (206) 949-1551

Medicaid Premiums Will Cost State Over \$60 Million in Business Activity, Force 24,000 Children To Lose Health Care

New Report Details Economic Impacts of Medicaid Spending Across Washington; Premiums Decried as Unnecessary and “Not Even Penny Wise”

Olympia, WA.—Washington Citizen Action (WCA) released a new report today detailing the harmful effects that new premiums for Medicaid and increased premiums for the Children’s Health Insurance Program (CHIP) would have on Washington’s families and economy. The report, titled *“Not Even Penny Wise: Premiums Will Harm Washington’s Children, Economy,”* combines the latest information about the Medicaid premiums with an economic model that demonstrates the important role the state’s Medicaid investment plays in supporting county economies across Washington.

WCA members, including several young activists, called on the Legislature to reverse its decision last year to impose premiums on some children enrolled in Medicaid, and to raise premiums on children enrolled in CHIP. Governor Locke has proposed eliminating some of the premiums, and lowering the premium increase for children in the CHIP program. Brande Balas, a WCA member from Everett, noted, “That still means there’s going to be kids who lose their health care. It’s better, but it’s still not good enough.” Estimates suggest that 5,000 children will still be forced to lose their health care with the Governor’s revised plan. WCA has insisted on completely eliminating premiums for all children, and Ms. Balas agreed. “If some children shouldn’t lose their Medicaid, no one should be forced to lose their health care.”

“Medicaid and the economic activity it generates are critical to the viability, indeed the survival, of health care institutions in counties across Washington,” said David Holland, Economics Professor at Washington State University who conducted the economic impact analysis. Professor Holland’s analysis calculates the broader impact of state Medicaid spending and federal matching dollars in terms of total business activity generated, number of jobs supported, and income and wages created for each of Washington’s counties. “Every state dollar invested in Medicaid produces around three dollars in business activity--because every state dollar is matched by a federal dollar and this spending stimulates additional economic activity,” added Holland. “Without Medicaid, there wouldn’t be much health care in a lot of Washington’s counties, especially the rural ones.”

As a result, Washington could lose over \$60 million in business activity—resulting in the loss of jobs and income to residents and businesses—in addition to the increased long term costs of increasing the number of uninsured children.

The report also explains the impact that Medicaid and CHIP premiums for children create both for Washington’s families and the state economy. In Washington, over 360,000 children rely on Medicaid and CHIP to access health care. The Legislature last year voted to impose premiums on some children enrolled in Medicaid, and to increase premium levels on children enrolled in CHIP. The Center on Budget and Policy Priorities estimates that 24,000 children would lose coverage if the Legislature’s proposed premiums are implemented.

— WASHINGTON — **CITIZEN ACTION**

STATE HEADQUARTERS

3530 Bagley Avenue North • Seattle, Washington 98103

206.389.0050 • Fax: 206.389.0049

Email: info@wacitizenaction.org • Website: www.wacitizenaction.org

Michele Edwards, a WCA member from Lacey, said, "My son Angel wouldn't be alive today if it weren't for Medicaid." Michele is considered disabled after a difficult pregnancy that required at least four surgeries and months of hospitalization. "Angel was born two months premature, and is going to need health care for the rest of his life. Even though I can't work, I'm technically over the poverty level. If I have to pay premiums, Angel will lose his Medicaid coverage, and that puts his life in jeopardy."

"Not Even Penny Wise: Premiums Will Harm Washington's Children, Economy" was produced by WCA in conjunction with the Northwest Federation of Community Organizations (NWFCO). The report weaves together Professor Holland's economic impact figures in tables and charts with a concise narrative and a series of short vignettes detailing the experiences of Washington families.

###