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Healthier Alaskans create a healthier economy: Independent study forecasts a positive economic impact from expanding Medicaid coverage in Alaska

An independent study by Northern Economics found that expanding Medicaid coverage in Alaska would result in a significant positive impact for the state's economy, including a \$2.33 billion cumulative increase in business sales during the first six years.

Alaska would benefit from the Medicaid expansion option on two fronts: it would provide better health care for more Alaskans while also providing substantial economic benefits for our state, as demonstrated by the study.

The study found that during the first several years:

- For every dollar in state funding, an additional \$15.50 in new federal dollars would be generated.
- Approximately 4,000 new jobs would be created by 2017, generating \$230 million more wages earned annually.
- The annual overall economic output for Alaska, based on business sales, would increase by \$510 million by 2019, with a cumulative increase between 2014 and 2019 of \$2.33 billion.

"In addition to the positive and substantial economic impact Medicaid expansion will have on our state, the real benefit will be seen in health improvements within our communities, as more Alaskans are able to access care," said Andy Teuber, Chairman and President of the Alaska Native Tribal Health Consortium (ANTHC). "This report is consistent with the findings of some of the nation's most fiscally conservative and pro-business Republican governors who have opted into Medicaid expansion in Arizona, New Mexico, Nevada and North Dakota."

"Governor Parnell has exhibited extraordinary patience and leadership in an otherwise politically charged arena, and meanwhile fostered a public process intent on best serving Alaskans and our state's economy," said Teuber, who just this morning returned from an advisory meeting with Health and Human Services Secretary Kathleen Sebelius in Washington D.C.

"We understand that Governor Parnell has committed to a public process for reviewing the decision about whether to expand Medicaid. We look forward to participating in the process," Teuber said. "We hope that the independent study provides helpful information and generates a robust discussion as we work together to consider what option is best for all of us in the state."



“Medicaid expansion is ultimately about people,” Teuber said. “It is about Alaskans helping Alaskans receive the health care they need. As this report demonstrates, healthier Alaskans lead to a healthier Alaska economy.”

Expanding coverage would dramatically improve access to health care for a single person with an income of \$19,279 or a couple that earns \$26,110 who could qualify for Medicaid even if they do not have minor children. This positive impact comes at a relatively low cost to the state, since the federal government would cover the entire cost of the expanded care for the first three years, between 93 and 95 percent during the following three years, and continue to pay 90 percent of the cost after that.

“Medicaid coverage provides a critical link to health care access in a state like ours,” said Valerie Davidson, ANTHC Senior Director of Legal and Intergovernmental Affairs. “We know the cost of travel for medical appointments prevents people from getting the care they need.”

“When you can’t afford the plane ticket to the nearest provider, people simply go without health care until it becomes an emergency,” said Davidson. “Medicaid pays for travel. That’s just one example of how expanding Medicaid coverage may make all the difference for many Alaskans.”

“Alaskans confront and overcome challenges of every type,” Teuber said. “This expansion will serve and assist those who are most challenged, by providing very basic health care that does not continue to be an exclusive burden to Alaska businesses and taxpayers.”

To more fully understand the impact of the potential Medicaid expansion in Alaska, ANTHC commissioned two studies. “ANTHC commissioned Northern Economics to conduct an independent study of the fiscal and economic implications of the state of Alaska’s options,” said Davidson. “Northern Economics is a trusted Alaska economic expert. I hope this study helps to clarify the benefits of the choices for all Alaskans.”

The second study from the Urban Institute will estimate Medicaid coverage benefits and costs in Alaska under various alternative models that are available if Alaska takes advantage of the Medicaid expansion option. The Urban Institute report is expected to be available within the next two weeks.

Teuber will be in Juneau next week sharing information on the benefits of Medicaid expansion with business leaders, legislators and the administration.

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About the Alaska Native Tribal Health Consortium

The Alaska Native Tribal Health Consortium is a not-for-profit tribal health organization managed by Alaska Native tribal governments and their regional health organizations. ANTHC provides statewide services in



specialty medical care; construction of water, sanitation and health facilities; community health and research; telehealth and information technology. For more information, please visit www.anthc.org.

About Northern Economics

Northern Economics Inc., founded in Anchorage in 1982, has 30 years experience with Alaska economic issues, making us Alaska's most trusted economics expert. Our mission is to enable society to make better decisions by providing our clients with unbiased information to facilitate their decision-making process. We help our clients gain a clear and incisive understanding of complex issues that can have profound impacts ranging from the individual level, to entire communities, to regional, state, and national economies. In short, we provide the analysis that can lead to viable economic growth and help clients determine which projects are feasible to pursue.

Northern Economics' consultants are experts in input-output analysis, feasibility analysis, benefit-cost analysis, business planning, demographics and population studies, resource economics, market research and socioeconomic impact assessment.