

**PRESS RELEASE**

**June 23, 2011**

**CONTACT: Families USA**

Dave Lemmon  
Geraldine Henrich  
Bob Meissner  
Airrion Andrews  
202.628.3030

**School-Community Health Alliance  
of Michigan**

Michele Strasz, Executive Director  
517.908.0847, ext. 229

**Proposed Medicaid Cuts Would Harm Michigan's Economy**

***Cuts Could Cost Michigan as Many as 50,650 Jobs and as Much as \$5.7 Billion in  
State Business Activity***

**Washington, D.C.** — The Medicaid cuts in the House Republican budget, if implemented today, would have a devastating impact on the struggling economy of Michigan. These cuts would put as many as 50,650 jobs and as much as \$5.7 billion in state business activity at risk. That's the conclusion of a report for Michigan released today by the national health care consumer organization Families USA.

Titled "Jobs at Risk," the report focuses mainly on how Medicaid cuts would damage the state's economy, although the report makes clear that the human toll of such cuts is far wider, affecting the health and well-being of low-income and middle-class families, children, seniors, and people with disabilities.

"Every federal Medicaid dollar that flows into a state stimulates state business activity and generates jobs," Ron Pollack, Executive Director of Families USA, said today. "Conversely—and tragically, for Michigan—cutting Medicaid funds not only hurts seniors, people with disabilities, and children who count on the program as their lifeline, but it also results in fewer jobs and stunts the economic recovery."

"Cutting Medicaid at a time of historic need in our state would be not only harmful to our economy but detrimental to our children—our future workforce," said Michele Strasz, Executive Director for the School-Community Health Alliance of Michigan (SCHA-MI), whose organization represents school-based and linked health centers in the state. "Our school-based and linked health centers serve a majority of children and communities, who are eligible or enrolled in Medicaid, a proven cost-effective way to reduce health care costs in our current system. Any cuts to Medicaid would have a negative effect on Governor Snyder's goals of health care access and prevention."

The budget proposal adopted by the U.S. House of Representatives, sponsored by Rep. Paul Ryan (R-WI), calls for cuts in federal funding to current state Medicaid programs of 5 percent in 2013, 15 percent in 2014, and 33 percent in 2021.

Other Republican-sponsored proposals in Congress put global caps or deficit triggers on spending that would likely result in similarly sized cuts to Medicaid, and a successful effort to repeal the Affordable Care Act would cut Medicaid by an additional 13 percent, for a total of a 44 percent cut to Medicaid in 2021.

The report “Jobs at Risk” looks at the economic impact of a 5 percent, 15 percent and 33 percent cut in current Medicaid funding levels. Implementing a 5 percent cut in Medicaid spending in 2011 would:

- Cost Michigan nearly \$397.1 million in federal Medicaid dollars, and put at risk almost \$861.9 million in business activity and 7,670 jobs;
- Cost Michigan and the remaining 49 states and the District of Columbia the \$13.75 billion needed to support health care for vulnerable residents, including funding for nursing home care and other long-term care services for seniors and people with disabilities.

A 15 percent cut in federal Medicaid spending in 2011 would have a greater impact and would:

- Cost Michigan almost \$1.2 billion in federal Medicaid dollars, and put at risk almost \$2.6 billion in business activity and 23,020 jobs;
- Cost Michigan and the remaining 49 states and the District of Columbia the \$41.25 billion needed to support health care for vulnerable residents.

A 33 percent cut in federal Medicaid spending in 2011 would:

- Cost Michigan more than \$2.6 billion in federal Medicaid dollars, and put at risk almost \$5.7 billion in business activity and 50,650 jobs;
- Cost Michigan and the remaining 49 states and the District of Columbia the almost \$90.8 billion needed to support health care for vulnerable residents.

“Medicaid is good medicine for seniors and people with disabilities needing nursing home and other long-term care, as well as children who need to see a doctor,” said Pollack. “It is also good medicine for state economies and job growth.

“Children make up the largest segment of the population on Medicaid—paying for over 40 percent of all births in Michigan. An investment in prevention will save taxpayers and improve health outcomes for a lifetime,” said Strasz.

“This is exactly the wrong time for Congress to cut a program that boosts the economy while also providing a boost to individuals and families facing hard economic times,” said Pollack.

The Families USA “Jobs at Risk” report for Michigan is based on the latest version of an economic modeling tool known as the Regional Input-Output Modeling System, or RIMS II. Developed by the U.S. Department of Commerce, RIMS II has been used extensively for a variety of major projects calling for economic projections, such as military base closures, hospital and airport expansions, and the impact of natural disasters on regional economies. In preparing this report, Families USA worked closely with Richard Clinch, Director of Economic Research at the Jacob France Institute of the Merrick School of Business at the University of Baltimore.

“Jobs at Risk” data for all 50 states and the District of Columbia are available at:  
<http://familiesusa2.org/assets/pdfs/Medicaid-Cuts-Hurt-State-Economies.pdf>.

**Families USA** is the national organization for health care consumers. It is nonprofit and nonpartisan, and its mission is to secure high-quality, affordable health coverage and care for all Americans.

**The School-Community Health Alliance of Michigan (SCHA-MI)** is a non-profit organization supporting a network of over 100 school-based and school-linked health centers and health education programs across Michigan. The centers annually serve over 200,000 children providing over 300,000 health encounters/services. The centers are located in communities where the majority of children lack access to consistent, primary health care and as a result are at-risk of chronic health conditions and school failure. Visit our website, [www.scha-mi.org](http://www.scha-mi.org), or contact Michele Strasz, Executive Director, for more information about school-based and school-linked health programs in Michigan.

-END-