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First Focus Report Finds Medicaid Savings from Health Reform Will Exceed Costs to State Budgets by a Significant Margin

Washington D.C. - As the President and Congressional leaders meet with governors this week to discuss the fiscal challenges facing states across the nation, a new report released today finds that **states could reap significant budget savings as a result of health reform** legislation passed earlier this year.

The report, “[Net Effects of the Affordable Care Act on State Budgets](#),” commissioned by the non-partisan children’s advocacy organization **First Focus** and authored by **Urban Institute** researchers **Stan Dorn** and **Matthew Buettgens**, assesses how state budgets will fare as a result of the Affordable Care Act. The report’s findings shed new light on potential savings for state Medicaid budgets which, even in a worse-case scenario, would outweigh costs associated with the health reform law. The analysis shows that **savings could range between \$40.6 billion to as high as \$131.6 billion during 2014-2019.**

The report comes at a time when several governors have announced that they may eliminate their Medicaid programs to rein in costs.

Bruce Lesley, President of **First Focus**, issued the following statement:

“Since the enactment of national health reform there have been concerns about whether the new law would exacerbate states’ fiscal woes. In recent weeks several states have even announced that they are considering dismantling their Medicaid programs in an effort to balance their budgets. Today’s report provides essential information, finding that on balance health reform provides states with important opportunities for net savings, not costs, when it comes to their Medicaid programs.

“The evidence is clear that those states which fully invest in health reform will save and not spend additional state dollars. However, these savings will only happen if our nation’s policymakers stop posturing for partisan gain and start working together to properly implement the health reform bill at both the federal and state levels.

“Balancing the budget and eliminating unnecessary programs are essential when budgets are tight, but vital safety net programs for our most vulnerable citizens should not be on the chopping block at the times when they are needed most. While governors are facing very difficult decisions when it comes to cutting costs, eliminating Medicaid would not only jeopardize the health care of millions of American children it would also shift costs to localities and restrict a state’s opportunity to take advantage of the full array of benefits that the Affordable Care Act can provide, including lower Medicaid costs and healthier citizens.

“Health care reform is already a win for children and families because it expands coverage to millions of children and their families and includes important insurance market reforms to eliminate pre-existing condition exclusions and lifetime limits on benefits for children. Today’s report shows that health reform is also a win for state budgets.”

Click here to learn more about the report:

<http://www.firstfocus.net/library/reports/net-effects-of-the-affordable-care-act-on>

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First Focus is a bipartisan advocacy organization committed to making children and their families a priority in federal policy and budget decisions. To learn more visit www.firstfocus.net.