

SENIORS FIRST



The Changing Face of Long Term Care

2009 – Issue 8

Health Care Spending Stimulates Local Economies

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- ✓ **Over the past three years, the Illinois legislature has been faithful in continuing its commitment to the five-year phase-in of the resident-centered MDS reimbursement system. We thank Illinois legislators for their ongoing dedication to quality care for Illinois seniors.**
 - ✓ **We need to continue the fourth, phased-in installment of the groundbreaking, resident-centered MDS Medicaid reimbursement system at a cost of \$90 million (\$36 million GRF).**
 - ✓ **The MDS reimbursement system has been extremely successful in enhancing resident health, independence and well being. We have made great advances in providing cutting edge health services to Illinois' elderly citizens. Illinois needs to build upon its track record of success.**
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Health care is an engine that stimulates our economy. To generate new business activity, jobs and wages in a state economy, money must be received from outside the state.

This coming year, nursing and rehabilitation facilities providing services to Medicaid clients will bring in **one billion dollars in new federal funds to local communities throughout Illinois.**

This injection of new dollars has a positive and measurable impact on state business activity, available jobs and aggregate state income.

According to the 2007 costs reports filed with the Illinois Department of Healthcare and Family Services, nursing and rehabilitation facilities stimulated local economies by:

- **Employing 92,000 people** (FTE) throughout the state, providing 3.6 million hours of service **each week**
- **Paying \$2.7 billion in salaries and benefits**, spent by employees in their communities. That is over a billion dollars more than the entire state Medicaid budget for nursing homes.
- Purchasing nearly **\$400 million worth of food and supplies** from community businesses
- **Contributing \$72.5 million in property taxes**, supporting schools and local government services

- **Paying over \$124 million to local utility companies**

A Families USA research study

“Medicaid: Good Medicine for State Economies” reported that every dollar spent through Medicaid in Illinois nursing homes results in a \$2.45 increase in business activity to local Illinois economies. **This will result in a \$4 billion impact in new business activity this coming year to Illinois communities.** One of the timely conclusions of the report was:

“Medicaid spending also provides a uniquely positive, counter-cyclical stimulus to a state’s economy during a recession or downturn.

Increases in state government spending on most other programs do not have the same multiplier effect as Medicaid spending increases because most state government expenditures simply reallocate spending from one sector of the economy to another.

When a state increases its spending on Medicaid, by contrast, new federal matching dollars are brought into the state’s economy.”

Medicaid funding to provide treatment and services to over 50,000 Medicaid residents of nursing and rehabilitation facilities not only saves the state money in reducing hospitalization but also provides a multiplying economic stimulus impact to every community in Illinois.