

Straight Facts About the Economic Impact of Medicaid in Mississippi

- Fact 1: For every \$1 budgeted to the Medicaid program in state funds for Fiscal Year (FY) 2001, the federal government invested (matched) another \$3.31. What this means to Mississippi is that for every \$1,000,000 appropriated to the Medicaid program in general funds, another \$3,310,000 in federal monies is brought into the state. Conversely, a \$1,000,000 cut in Medicaid's state fund appropriation would actually result in an immediate reduction of \$4,310,000 in both state and federal dollars in Mississippi's overall economy. (Exhibit A)
- Fact 2: For every \$1 Mississippi spent on the Medicaid program in FY 01, \$.39 was returned to the state's treasury through the generation of state tax revenue. This resulted in an actual state fund cost of only \$.61 on every state dollar earmarked for Medicaid. (Exhibit A)
- Fact 3: For every \$1,000,000 general fund cut from the Medicaid program in FY 01, an additional \$390,000 would have been lost in tax revenues to the state's general fund. (Exhibit A)
- Fact 4: For every state \$1 spent by the Medicaid program in Mississippi during FY 01, \$4.10 was generated in personal income. This translates to \$2,280,329,976 in salaries and wages generated throughout the state. (Exhibits A & B)
- Fact 5: The Medicaid program in Mississippi supported, both directly and indirectly, the equivalent of 91,727 jobs throughout the state during fiscal year 2001. (Exhibit B)

EXHIBIT A

**State Revenue Generated by
State Fund Expenditures for the
Medicaid Program in Mississippi (FY 2001)**

FY 2001 Financing Formula - Mississippi

Federal Medicaid Matching Rate	=	76.82%
State Share	=	23.18%

Impact of Each Dollar Spent on Medicaid in FY 2001

\$1.00 (State Funds) + \$3.31 (Federal Match)	=	\$4.31 (Total Funding Unit Per State \$1)
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Total Income Generated in Mississippi

\$4.31 X 1.67 (MS income multiplier*)	=	\$7.20
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Income Spent in Mississippi

\$7.20 X .57 (% spent on salaries & wages **)	=	\$4.12
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State Revenue Generated from Each Medicaid Dollar From General Fund

State Sales Tax**	+	\$0.10	(.0251** x \$4.12)
Other General Revenues**	+	\$0.14	(.0339** x \$4.12)
Special Fund Revenue**	+	<u>\$0.14</u>	(.0351** x \$4.12)
TOTAL STATE REVENUE GENERATED FROM EACH STATE MEDICAID DOLLAR	=	<u>\$0.39</u>	

* Mississippi Input-Output Model, constructed by the Mississippi Research and Development Center in cooperation with the Agricultural Economics Department of Mississippi State University

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EXHIBIT B

**Personal Income Generated and Equivalent Jobs Supported by
State Fund Expenditures on the
Medicaid Program in Mississippi (FY 2001)**

Impact of Each Dollar Spent on Medicaid in FY 2001

$$\$1.00 \text{ (State Funds)} + \$3.31 \text{ (Federal Match)} = \$4.31$$

Personal Income Formula

$$\begin{aligned} &\text{Total Income Unit Generated by Medicaid} \\ &(\text{Total Funding Unit} \times \text{MS Income Multiplier}^* = \text{Total Income Unit}) \\ &\quad \$4.31 \quad \times \quad 1.67 \quad = \quad \$7.20 \\ &\text{Personal Income (Income Spent in Mississippi)} \\ &(\text{Total Income Unit} \times \% \text{ Spent on Wages}^* = \text{Personal Income}) \\ &\quad \$7.20 \quad \times \quad 0.57 \quad = \quad \$4.10 \end{aligned}$$

Personal Income Generated by State Funding of Medicaid*

(Sector Group X State Medicaid Expenditures (FY99) = Total Income Generated Statewide)

Health Care Sector					
Income Generated	\$1.89	X	\$556,178,043	=	\$1,051,176,501
Non-Health Care Sector					
Income Generated	<u>\$2.21</u>	X	\$556,178,043	=	<u>\$1,229,153,475</u>
Total Salaries & Wages					
Income Generated	<u>\$4.10</u>	X	\$556,178,043	=	<u>\$2,280,329,976</u>

Equivalent Number of Jobs Supported By the Medicaid Program

in both the Health & Non-Health Sectors

(Total Personal Income Generated / Average Miss. Salary ** = Equivalent # Jobs

$$\$2,280,329,976 \quad / \quad \$24,860 \quad = \quad 91,727 \quad \text{EQUIVALENT NUMBER OF JOBS SUPPORTED BY THE MISS. MEDICAID PROGRAM}$$

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** Mississippi Employment Security Commission