



Leadership Council
of Aging Organizations

Max Richtman, Chair

March 26, 2021

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Charles Schumer
Majority Leader
U.S. Senate
Washington, D.C. 20510

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
Washington, D.C. 20510

Dear Speaker Pelosi, Majority Leader Schumer and Minority Leaders McConnell and McCarthy:

On behalf of the Leadership Council of Aging Organizations (LCAO), I am writing to urge you to support the Coronavirus Medicaid Response Act ([S. 439/ H.R.1353](#)). LCAO is a coalition of 69 national nonprofit organizations concerned with the well-being of America's older population and committed to representing their interests in the policy-making arena. We support the Coronavirus Medicaid Response Act because it will help meet the health, community-based services and supports, and economic security needs of older adults. The legislation does so by helping stabilize the economy, protecting health care, and creating jobs. As you move forward with the next legislative package to build back our economy from the devastating effects of the COVID-19 pandemic, we strongly urge you to include S. 439/H.R. 1353 to stimulate the economy and job growth.

Medicaid is a health care and economic workhorse.

Medicaid has been the backbone of our health care system during the COVID-19 pandemic. It keeps mental health clinics running, rural hospitals open, community health clinics staffed, and provides much needed home and community-based services for millions of Americans. Medicaid is essential to reducing poverty and health disparities among older people. It helps millions of older adults living on limited, fixed incomes with their Medicare premiums and out-of-pocket costs. It covers care and services that other insurance does not and many older adults cannot afford, including long-term services and supports, dental care, and transportation. The Coronavirus Medicaid Response Act builds upon the Families First Coronavirus Response Act ([P.L. 116-127](#)), which created a 6.2 percentage point increase in federal support to states for Medicaid. Specifically, the Coronavirus Medicaid Response Act establishes an automatic connection between the Federal Medical Assistance Percentage (FMAP) and state unemployment levels to keep Medicaid, its providers, and state budgets churning during difficult economic times.

The Coronavirus Medicaid Response Act is a sound investment in our nation's economic infrastructure.

Because Medicaid is jointly financed by states and the federal government, it is a significant budget and revenue item in state budgets. Medicaid is an effective countercyclical program: In a recession, both the number of people enrolled in Medicaid and its spending grow and the reverse occurs in better economic times. However, during a recession, states face huge demand for Medicaid services while unemployment increases, businesses shut down, and state revenues fall. The decline in revenues and rise in unemployment make it hard for states to keep up with rising Medicaid costs to cover more people and maintain other vital public services. Importantly, states generally cannot run deficits and are required to balance their budgets. The Coronavirus Medicaid Response Act will help stabilize the economy by adjusting the federal Medicaid match to better respond to the rises and dips in impacted state economies.

Federal investments in Medicaid create jobs.

Research on the [American Recovery and Reinvestment Act of 2009 \(ARRA\)](#) shows that the countercyclical federal investment in Medicaid increased employment and economic output by providing relief to hard-pressed state budgets.ⁱ According to research by economist Gabriel Chodorow-Reich, now at Harvard, and colleagues, “results indicate a positive and robust relationship between receiving FMAP transfers and relative employment outcomes.” Specifically, the study estimates that each additional \$100,000 of state fiscal relief from increasing the federal Medicaid match boosted employment by 3.8 job-years.ⁱⁱ According to the Center on Budget and Policy Priorities, this finding indicates that a dollar spent on increasing the federal Medicaid match adds about two dollars to gross domestic product, making it a highly efficient economic stimulus.ⁱⁱⁱ Moreover, multiple studies of states on the job-creating effects of expanding Medicaid strongly indicate that the investment in federal Medicaid funding proposed in the Coronavirus Medicaid Response Act will drive job creation and help rebuild the economy.^{iv}

The Coronavirus Medicaid Response Act will help our nation as it “builds back better,” both aiding recovery from the COVID-19 health and economic crisis and preparing our nation for any future economic downturns. We urge you to include S. 439/H.R. 1353 in the next legislative package focused on the economy and jobs. Doing so will increase the resilience and strength of our economic infrastructure.

Sincerely,



Chair

Cc: The Honorable Ron Wyden
The Honorable Charles Grassley
The Honorable Frank Pallone
The Honorable Cathy McMorris Rodgers

The Honorable Robert Casey
The Honorable Susie Lee

ⁱ Chodorow-Reich, Gabriel, Laura Feiveson, Zachary Liscow, and William Gui Woolston. 2012. "[Does State Fiscal Relief During Recessions Increase Employment? Evidence from the American Recovery and Reinvestment Act.](#)" *American Economic Journal: Economic Policy* 4 (3): 118-145.

ⁱⁱ A job-year means one job for one full year.

ⁱⁱⁱ <https://www.cbpp.org/blog/increasing-federal-medicaid-assistance-provides-effective-economic-stimulus>

^{iv} Studies in **Louisiana** found that in FY 2017, the injection of federal Medicaid expansion funds created and supported 19,195 jobs (while creating and supporting personal earnings of \$1.12 billion) in sectors throughout the economy and across the state; in FY 2018, continued federal healthcare spending supported 14,263 jobs and \$889 million in personal earnings. James Richardson, Jared Llorens, and Roy Heidelberg, [Medicaid Expansion and the Louisiana Economy](#) (Louisiana Department of Health, March 2018); James A. Richardson, Jared J. Llorens, and Roy L. Heidelberg. [Medicaid Expansion and the Louisiana Economy, 2018 and 2019](#) (Louisiana Department of Health, Prepared by Louisiana State University, August 2019). A study on **Maine** found the injection of federal Medicaid expansion funds would generate \$714 million in economic activity in FY 2018 through FY2019 and would generate 6,000 new jobs, 4,000 in the health sector and 2,000 in other sectors. Elizabeth H. Kilbreth, [The Real Impact of Medicaid Expansion in Maine](#) (Maine Equal Justice Partners, Sept. 2017). A study on **Michigan** estimated Medicaid expansion will create at least 30,000 jobs in the state each year from 2017 to 2021 and raise personal income by more than \$2 billion each year. The added economic activity from the federal boost in Medicaid funds was projected to yield \$145 million to \$153 million annually in state tax revenue. J. Z. Ayanian, G. M. Ehrlich, D. R. Grimes et al., "Economic Effects of Medicaid Expansion in Michigan," *New England Journal of Medicine*, published online Jan. 4, 2017. An analysis regarding **Kentucky** found jobs in the health care and social assistance sector were up 4.6% after the infusion of federal funds due to the Medicaid expansion. [Analysis by Kentucky Center for Economic Policy \(March 2016\)](#). See generally, [summary of studies estimating job and economic growth from Medicaid expansion. The Role of Medicaid in State Economies and the ACA \(Kaiser Family Foundation, March 2013\)](#)