

Preliminary Estimates of the State and Local Tax Revenue Generated by the Expansion of Medicaid Expenditures

Dr. John Leatherman¹

March, 2019

Scope and Objectives

This report presents estimates of the state and local tax revenue generated in association with assumed expansion of Medicaid expenditures in the State of Kansas. The request for the analysis came from the Kansas Hospital Association (KHA). In response, it was asserted that such estimates were feasible, subject to several important limitations. The purpose of this report is to offer the results of the calculations performed, and to identify the simplifying assumptions required and the limitations of the estimates provided. No recommendations related to state policies pertaining to Medicaid expenditures are suggested or implied.

Economic Accounting

Social Accounting Matrix (SAM) analysis is a system of accounting for the economic transactions occurring in a state or regional economy over a period of one year. A SAM model creates a “computerized spreadsheet,” charting the flow of dollars between business sectors, households, government, and other non-local consumers of locally-produced goods and services. SAM analysis enables estimates of how spending in one area of the economy “ripples” through the economy to other sectors.

The SAM modeling system used for this analysis is the IMPLAN (Impact Analysis for Planning) system originally developed by the U.S. Forest Service. The IMPLAN system consists of the software necessary to construct economic accounts, an impact analysis routine, and state- and county-level data files containing information related to economic activity (Minnesota IMPLAN Group, 2010). The IMPLAN accounts utilize federal economic reports as benchmarks to ensure all values sum to official totals. Information from the U.S. Bureau of Economic Analysis, the Bureau of Labor Statistics, the Census Bureau, and other sources are used to generate the accounts and distribute the activity to states and local municipalities. IMPLAN is widely used in academia, government, and private industry and is generally accepted as an accessible, transparent, and affordable modeling system that is capable of generating reasonable estimates of economic relationships and change when used correctly.

A SAM is a comprehensive accounting system reflecting all financial relationships in the economy. Thus, it also accounts for federal, state, and local taxes. In modeling an economic change, information about the associated change in taxes also is calculated. Therefore, if a change in the level of Medicaid

¹ The author of a Professor in the Department of Agricultural Economics, Kansas State University. He is solely responsible for the information presented in this report, and does not represent any position or view of either the department or the university. No compensation or other remuneration was provided for the completion of this work. Questions about this report should be directed to him at 785-532-4492 or jleather@ksu.edu.

expenditures is assumed, estimates of the associated tax changes also becomes available. These are the changes included in this report.

Direct, Indirect, and Induced Economic Changes

Economic impact arises directly from the sales, wages, and employment generated by business activity. It also arises indirectly through the “ripple” effect of businesses purchasing goods and services from other local businesses, and through workers spending wages and other income for household goods and services. These linkages tend to distribute the impact of an activity or event very broadly throughout the economy.

The total economic change of increased health care spending to the Kansas economy, also known as the multiplier effect, is equal to the sum of three components: the direct effect, the indirect effect, and the induced effect. The direct effect is the immediate change in expenditures for health care products and services. Due to the interactions between firms, industries, and social institutions that naturally occur within the economy, the direct effect initiates a series of iterative rounds of income creation, spending, and re-spending that result in indirect and induced effects. The indirect effects are changes in production, employment and income that result from the inter-industry purchases triggered by the direct effect. Finally, induced effects arise due to changes in household income and spending patterns caused by direct and indirect effects.

Since the total impact of the health care sector expenditures is a multiple of the initial expenditures, the total effect is expressed as a multiplier effect, that is, the sum of the direct, indirect and induced effects. Therefore, the total impact of the health care sector on the Kansas economy is larger than the initial expenditures. For example, an output multiplier of 1.5 indicates that for every \$1 million spent (direct expenditure) an additional \$0.5 million is generated within the Kansas economy. Similarly, an employment multiplier of 1.6 indicates that for each job created by direct expenditure, an additional 0.6 jobs are created or supported due to business (indirect) and household (induced) spending.

In SAM analysis, the entire process is compressed into a one-year time frame. The impact analysis estimates the direct, indirect, and induced effects as though the entire process occurred in that year. Each year the spending continues, the direct, indirect, and induced effects are replenished. This includes any associated tax revenue change.

Analysis Methods

A 457-industry sector model was built for the State of Kansas and calibrated to 2017, the most recent year the necessary data were available. One important adjustment was required to start. IMPLAN reports only private hospitals in their estimates. They are unable to separate publicly owned hospital employment from total government employment. To correct for this, information was obtained from the Kansas Department of Labor’s fully-disclosed Quarterly Census of Employment and Wages. These data were used to adjust employment and associated levels of income and sales in all affected health care sectors for 2017.

According to the Kansas Hospital Association, the State of Kansas could expand the state’s Medicaid program under provisions of the Patient Protection and Affordable Care Act. They provided the following assumptions. The cost of expanded Medicaid coverage would be split 90% by the federal government, 10% by the state, and the shares would remain constant. The initial new total spending

would be around \$1 billion, with \$900 million coming from the federal government and \$100 million coming from the state. The question asked was how much new state tax revenue would be generated by the economic stimulus of the new federal spending. Thus, only the federal portion of the expanded spending was considered.

Further, it was assumed that expansion might start in the last six months of 2020, costing a total of \$501,825,000 with the federal government paying 90%. In 2021, the full-year cost of expansion would be between \$1.17 billion and \$1.215 billion, with cost growth estimated to be 5.4% annually. The midpoint expenditure level was used and carried forward to subsequent years.

The first task was to determine how the reimbursement funds would be spent. For this, information from the federal Centers for Medicare & Medicaid Services was acquired (CMS, 2019). They report National Health Expenditures by Type of Service and Source of Funds for calendar years 1960 to 2017. National health expenditures includes an expenditure profile for the Medicaid program. For this analysis, it was assumed the Kansas Medicaid expenditure profile was similar to the national profile. To the extent it deviates significantly, the estimates reported here would be in error.

The national Medicaid expenditure profile is shown in column 1 of Table 1. Total expenditures are reported for ten categories: hospitals, physicians, dental, other health professionals, home health, drugs, durable equipment, nursing care, other health care, and administration. The total national expenditures are reported in column 2 and the share of total is shown in column 3.

The next step was to bridge the national Medicaid expenditure categories to those included in the IMPLAN modeling system. Under each of the CMS categories (bolded) is the corresponding IMPLAN category. For most categories, there was a clear corresponding IMPLAN category. Prescription drug expenditure were applied to retail health and personal care stores, the category that includes pharmacies. Durable medical equipment was assigned to health and personal care stores because most types of durable medical devices are available for sale or rental under the Other Health and Personal Care Store category in the North American Industry Classification System (NAICS). Other health, residential, and personal care was assigned to other ambulatory health care services. Finally, it was decided to place the administrative expenditures into the insurance carriers' category. To the extent any expenditure category is incorrectly assigned, the resulting estimates would contain error.

Given the total reimbursement assumptions and the distribution of spending, the remaining columns of Table 1 show the increased reimbursement levels by health care sector for the period 2020-2029. These were the values applied to the Kansas model using IMPLAN.

To complete the analysis, the sequential vector of expenditures was applied to the appropriate sectors. The structure of the Kansas economy remained invariant as it was in 2017. IMPLAN was adjusted to model the expenditures as occurring in the future, i.e. 2020, 2021, etc. IMPLAN applies deflators to assume future growth in Gross Domestic Product, and price changes in the sectors modeled. The resulting values are reported in nominal dollars, i.e. 2020\$, 2021\$, etc. All of the underlying modeling assumptions are available from the author upon request. To the extent assumptions related to future economic growth or price changes do not occur, the resulting estimates would contain error.

Analysis Results

Prior to discussing specific results, it is important to understand the limitations of IMPLAN's tax estimates. When IMPLAN creates a model of the economy, it creates an average tax profile for the economy as a whole using data from the Census of Governments produced by the U.S. Census Bureau (Day, no date). The average tax profile includes all economic activities present in the economy. This average profile is sufficient to keep the economic accounts in balance as economic changes are applied. However, any resulting tax changes reflect an average change inclusive of all economic activities. The only difference across different types of economic change are in the scale of the direct impact and in the value of output per worker of the sectors impacted.

This means the overall estimate of tax impact can only be considered approximate. It is possible to modify the tax estimates at any stage of the economic calculations if superior information exists. To justify doing so, however, would require tax profiles for individual economic sectors. Attempting to create such profiles was beyond the scope of this analysis.

A second important caveat needs to be explicitly addressed. Estimates are calculated for a host of personal, corporate, and indirect business taxes. Included are estimates for property taxes. These taxes will be overestimates of what governmental entities might expect to take in as revenue. The reason is due to the way the U.S. Bureau of Economic Analysis (BEA) values economic activity.

At the heart of the economic accounts underlying IMPLAN are the national income and product accounts that serve as benchmarks for the system. BEA calculates Gross Domestic Product to gauge changes in national economic performance. When they calculate the value of economic activity, they attempt to include everything that has economic value. This includes the value of owner-occupied dwellings. BEA calculates an imputed rent for owner occupied dwellings. This is a tangible economic value of real property, but not the sort that translates into a state or local government revenue stream. As a result, actual revenue from the taxation of property is mixed with an imputed intangible value. There is no way to separate the two values in the IMPAN system. As a result, property tax estimates associated with household activity will be inflated. Given the limitations of the IMPLAN tax reports, the results are presented as a range in each year.

The procedure was to apply the new spending into the affected health-related sectors and calculate the overall change to the economy, including the indirect and induced economic activity. Then, detailed estimates of the associated overall taxes can be observed. While not discussed, the summary results of the overall economic change and the detailed state and local tax results are appended to this report if a person is interested in seeing how Table 2 was calculated. Also calculated, but not included, were federal taxes that are not of interest for this analysis.

Table 2 presents the summary results of the tax analysis. As shown in the detailed tax tables appended to this report, IMPLAN provides only a combined total state and local tax impact report. They are unable to separate the two within the software. To approximate the revenue that might accrue to state government, information from 2016 Census of Governments was used (U.S. Census Bureau, rev. 2019). The Census Bureau reports State and Local Government Finances by Level of Government. In 2016, Kansas state government collected 54.0154 percent of total revenue while combined local governments collected 45.9846 percent. The IMPLAN total state and local tax values were distributed using these proportions.

As shown in Table 2, the revenue estimates are presented as a range of 80 percent to 100 percent. For the reasons discussed previously, 100 percent would be too high, even if the tax mix were perfectly accurate. Given the combined uncertainty of the tax mix and the over-estimate of property taxes, an 80 percent value also is presented. Error in the estimated of property taxes would be primarily confined to household tax generation (see Appendix Table A2). Property taxes that are reported under the Tax on Production and Imports column of Table A2 are paid by businesses and do not contain imputed rent of owner-occupied dwellings. The range selected is arbitrary, but given the scale of the direct economic change, the values presented seem reasonable.

To illustrate how the results were derived, the vector of 2021 health sector values (the first full year of expansion) was entered into the state model as additional spending occurring in 2021. The total estimated change in the economy is seen in Table A1 of the appendix. The initial \$1.073 billion in federal spending (from Table 1) deflated to 2021\$ generated about \$1.8 billion in total economic activity. The combined state and local direct, indirect, and induced tax effects are seen in Table A2. The estimated total \$71 million in tax revenue generated by the additional spending was distributed approximately 54 percent to the state and 46 percent to local governments. Table 2 displays these values as a range of 80 to 100 percent.

Summary

This report presented estimates of the potential state and local tax revenue generated in association with expanded spending for health services in Kansas. It projected annual revenues over the period 2020 to 2029. Total state and local government tax revenues in 2020 were estimated to be between about \$24 million and \$30 million in 2020. In 2029, total revenue was estimated to be between \$87 million and \$109 million. All values were reported in nominal dollars.

The estimates reported are considered preliminary due to the limitations of the analysis methods employed and the simplifying assumptions applied. While some degree of uncertainty remains, the estimates are considered reasonable approximations of the fiscal impacts of expanded health care spending.

References

Centers for Medicare & Medicaid Services. 2019. National Health Expenditures by Type of Service and Source of Funds: Calendar Years 1960 to 2017. U.S. Department of Health and Human Services.

<https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsHistorical.html>.

Day, Frances. No Date. Principles of Impact Analysis & IMPLAN Applications. Minnesota IMPLAN Group. Huntersville, N.C.

MIG Inc. 2010. Version 3.0 User's Guide. Minnesota IMPLAN Group. Huntersville, N.C.

U.S. Census Bureau. State and Local Government Finances by Level of Government and by State: 2016. <https://www.census.gov/data/tables/2016/econ/gov-finances/summary-tables.html>

Table 1. 2017 National Medicaid Health Expenditures by Type of Service Distributed to Kansas IMPLAN Sectors, 2020-2029

	2017 ^a	Share	2020 ^b	2021 ^c	2022 ^d	2023
Expenditure Amount (Thousands)	U.S.		\$501,825	\$1,192,500	\$1,256,895	\$1,324,767
Total National Health Expenditures Medicaid (Title XIX)	\$581,864,000		90%	90%	90%	90%
Total Kansas Reimbursement			\$451,643	\$1,073,250	\$1,131,206	\$1,192,291
Total Hospital Expenditures	\$193,923,000	33.33%	\$150,523	\$357,692	\$377,007	\$397,365
IMPLAN Sector: Hospitals						
Total Physician and Clinical Expenditures	\$75,325,000	12.95%	\$58,467	\$138,937	\$146,440	\$154,348
IMPLAN Sector: Offices of Physicians						
Total Dental Services Expenditures	\$12,531,000	2.15%	\$9,727	\$23,113	\$24,362	\$25,677
IMPLAN Sector: Offices of Dentists						
Total Other Professional Services Expenditures	\$7,494,000	1.29%	\$5,817	\$13,823	\$14,569	\$15,356
IMPLAN Sector: Offices of Other Health Care Practitioners						
Total Home Health Care Expenditures	\$35,029,000	6.02%	\$27,189	\$64,611	\$68,100	\$71,778
IMPLAN Sector: Home Health Care Services						
Total Prescription Drug Expenditures	\$33,018,000	5.67%	\$25,629	\$60,902	\$64,191	\$67,657
IMPLAN Sector: Health and Personal Care Stores						
Total Durable Medical Equipment Expenditures	\$7,866,000	1.35%	\$6,106	\$14,509	\$15,292	\$16,118
IMPLAN Sector: Health and Personal Care Stores						
Total Nursing Care Facilities and Continuing Care Retirement Communities	\$50,197,000	8.63%	\$38,963	\$92,589	\$97,588	\$102,858
IMPLAN Sector: Nursing and Community Care Facilities						
Total Other Health, Residential, and Personal Care Expenditures	\$105,908,000	18.20%	\$82,206	\$195,348	\$205,896	\$217,015
IMPLAN Sector: Other Ambulatory Health Care Services						
Total Administration and Total Net Cost of Health Insurance Expenditures	\$60,573,000	10.41%	\$47,017	\$111,727	\$117,760	\$124,119
IMPLAN Sector: Insurance Carriers						

^a Centers for Medicare & Medicaid Services. 2019. <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsHistorical.html>.

^b 2020 is 6 months only.

^c 2021 is midpoint in the range \$1,170,000,000 to \$1,215,000,000. The midpoint expenditure is carried through subsequent years.

^d Cost growth is assumed 5.4% annually for 2022 and beyond.

Table 1. 2017 National Medicaid Health Expenditures by Type of Service Distributed to Kansas IMPLAN Sectors, 2020-2029 continued

	2024	2025	2026	2027	2028	2029
Expenditure Amount (Thousands)	\$1,396,305	\$1,471,705	\$1,551,177	\$1,634,941	\$1,723,228	\$1,816,282
Total National Health Expenditures Medicaid (Title XIX)	90%	90%	90%	90%	90%	90%
Total Kansas Reimbursement	\$1,256,674	\$1,324,535	\$1,396,060	\$1,471,447	\$1,550,905	\$1,634,654
Total Hospital Expenditures	\$418,823	\$441,439	\$465,277	\$490,402	\$516,884	\$544,796
IMPLAN Sector: Hospitals						
Total Physician and Clinical Expenditures	\$162,682	\$171,467	\$180,726	\$190,486	\$200,772	\$211,614
IMPLAN Sector: Offices of Physicians						
Total Dental Services Expenditures	\$27,064	\$28,525	\$30,065	\$31,689	\$33,400	\$35,204
IMPLAN Sector: Offices of Dentists						
Total Other Professional Services Expenditures	\$16,185	\$17,059	\$17,980	\$18,951	\$19,975	\$21,053
IMPLAN Sector: Offices of Other Health Care Practitioners						
Total Home Health Care Expenditures	\$75,653	\$79,739	\$84,045	\$88,583	\$93,367	\$98,408
IMPLAN Sector: Home Health Care Services						
Total Prescription Drug Expenditures	\$71,310	\$75,161	\$79,220	\$83,498	\$88,006	\$92,759
IMPLAN Sector: Health and Personal Care Stores						
Total Durable Medical Equipment Expenditures	\$16,989	\$17,906	\$18,873	\$19,892	\$20,966	\$22,098
IMPLAN Sector: Health and Personal Care Stores						
Total Nursing Care Facilities and Continuing Care Retirement Communities	\$108,412	\$114,267	\$120,437	\$126,941	\$133,795	\$141,020
IMPLAN Sector: Nursing and Community Care Facilities						
Total Other Health, Residential, and Personal Care Expenditures	\$228,734	\$241,085	\$254,104	\$267,825	\$282,288	\$297,532
IMPLAN Sector: Other Ambulatory Health Care Services						
Total Administration and Total Net Cost of Health Insurance Expenditures	\$130,822	\$137,886	\$145,332	\$153,180	\$161,452	\$170,170
IMPLAN Sector: Insurance Carriers						

Table 2. Estimated State and Local Government Tax Collections Associated with Expanded Medicaid Spending, Nominal Dollars

Tax Collections (thousands)	2020\$		2021\$		2022\$		2023\$		2024\$	
	80%	100%	80%	100%	80%	100%	80%	100%	80%	100%
State	\$12,929	\$16,161	\$30,733	\$38,416	\$32,403	\$40,504	\$34,164	\$42,705	\$36,022	\$45,027
Local	\$11,007	\$13,758	\$26,164	\$32,705	\$27,586	\$34,482	\$29,085	\$36,356	\$30,666	\$38,333

Table 2. Estimated State and Local Government Tax Collections associated with Expanded Medicaid Spending, Nominal Dollars, continued

Tax Collections (thousands)	2025\$		2026\$		2027\$		2028\$		2029\$	
	80%	100%	80%	100%	80%	100%	80%	100%	80%	100%
State	\$37,980	\$47,475	\$40,045	\$50,057	\$42,762	\$53,453	\$44,606	\$55,757	\$47,077	\$58,846
Local	\$32,333	\$40,417	\$34,091	\$42,614	\$36,404	\$45,505	\$37,974	\$47,467	\$40,078	\$50,097

Appendix

2020

A1. Total Economic Activity Associated with Increased Medicaid Expenditures, 2020\$

Impact Type	Employment	Labor	Value	Output
		Income	Added	
	(thousands)	(thousands)	(thousands)	(thousands)
Direct Effect	3,353	\$223,752	\$262,882	\$429,810
Indirect Effect	907	\$49,157	\$82,783	\$144,916
Induced Effect	1,427	\$62,487	\$110,541	\$198,925
Total Effect	5,687	\$335,395	\$456,206	\$773,651

A2. Estimated State and Local Tax Collections Associated with Expanded Medicaid Spending, 2020\$

Description	Tax on					Total
	Employee Compensation	Proprietor Income	Production and Imports	Households	Corporations	
Dividends					\$92,534	\$92,534
Social Ins Tax- Employee Contribution	\$9,770	\$0				\$9,770
Social Ins Tax- Employer Contribution	\$19,547					\$19,547
TOPI: Sales Tax			\$12,085,911			\$12,085,911
TOPI: Property Tax			\$9,490,184			\$9,490,184
TOPI: Motor Vehicle License			\$219,199			\$219,199
TOPI: Severance Tax			\$108,442			\$108,442
TOPI: Other Taxes			\$507,208			\$507,208
TOPI: S/L NonTaxes			\$336,277			\$336,277
Corporate Profits Tax					\$734,838	\$734,838
Personal Tax: Income Tax				\$4,632,227		\$4,632,227
Personal Tax: NonTaxes (Fines- Fees)				\$958,920		\$958,920
Personal Tax: Motor Vehicle License				\$358,488		\$358,488
Personal Tax: Property Taxes				\$154,949		\$154,949
Personal Tax: Other Tax (Fish/Hunt)				\$210,822		\$210,822
Total State and Local Tax	\$29,316	\$0	\$22,747,219	\$6,315,406	\$827,372	\$29,919,313

2021

A3. Total Economic Activity Associated with Increased Medicaid Expenditures, 2021\$

Impact Type	Employment (thousands)	Labor	Value	Output (thousands)
		Income (thousands)	Added (thousands)	
Direct Effect	7,902	\$532,080	\$624,976	\$1,021,368
Indirect Effect	2,136	\$116,803	\$196,707	\$343,917
Induced Effect	3,363	\$148,571	\$262,827	\$472,462
Total Effect	13,400	\$797,453	\$1,084,510	\$1,837,747

A4. Estimated State and Local Tax Collections Associated with Expanded Medicaid Spending, 2021\$

Description	Tax on				Total
	Employee Compensation	Proprietor Income	Production and Imports	Households Corporations	
Dividends				\$219,846	\$219,846
Social Ins Tax- Employee Contribution	\$23,225	\$0			\$23,225
Social Ins Tax- Employer Contribution	\$46,466				\$46,466
TOPI: Sales Tax			\$28,727,802		\$28,727,802
TOPI: Property Tax			\$22,557,845		\$22,557,845
TOPI: Motor Vehicle License			\$521,029		\$521,029
TOPI: Severance Tax			\$257,762		\$257,762
TOPI: Other Taxes			\$1,205,615		\$1,205,615
TOPI: S/L NonTaxes			\$799,319		\$799,319
Corporate Profits Tax				\$1,745,864	\$1,745,864
Personal Tax: Income Tax				\$11,014,002	\$11,014,002
Personal Tax: NonTaxes (Fines- Fees)				\$2,280,015	\$2,280,015
Personal Tax: Motor Vehicle License				\$852,374	\$852,374
Personal Tax: Property Taxes				\$368,422	\$368,422
Personal Tax: Other Tax (Fish/Hunt)				\$501,270	\$501,270
Total State and Local Tax	\$69,691	\$0	\$54,069,372	\$15,016,083	\$1,965,710
					\$71,120,856

2022

A5. Total Economic Activity Associated with Increased Medicaid Expenditures, 2022\$

Impact Type	Employment (thousands)	Labor	Value	Output (thousands)
		Income (thousands)	Added (thousands)	
Direct Effect	8,259	\$561,208	\$659,027	\$1,076,521
Indirect Effect	2,231	\$123,100	\$207,316	\$362,026
Induced Effect	3,514	\$156,681	\$277,175	\$497,736
Total Effect	14,004	\$840,989	\$1,143,518	\$1,936,283

A6. Estimated State and Local Tax Collections Associated with Expanded Medicaid Spending, 2022\$

Description	Tax on					Total
	Employee Compensation	Proprietor Income	Production and Imports	Households	Corporations	
Dividends					\$231,673	\$231,673
Social Ins Tax- Employee Contribution	\$24,488	\$0				\$24,488
Social Ins Tax- Employer Contribution	\$48,994					\$48,994
TOPI: Sales Tax			\$30,287,433			\$30,287,433
TOPI: Property Tax			\$23,782,511			\$23,782,511
TOPI: Motor Vehicle License			\$549,316			\$549,316
TOPI: Severance Tax			\$271,756			\$271,756
TOPI: Other Taxes			\$1,271,068			\$1,271,068
TOPI: S/L NonTaxes			\$842,713			\$842,713
Corporate Profits Tax					\$1,839,783	\$1,839,783
Personal Tax: Income Tax				\$11,615,487		\$11,615,487
Personal Tax: NonTaxes (Fines- Fees)				\$2,404,529		\$2,404,529
Personal Tax: Motor Vehicle License				\$898,923		\$898,923
Personal Tax: Property Taxes				\$388,541		\$388,541
Personal Tax: Other Tax (Fish/Hunt)				\$528,645		\$528,645
Total State and Local Tax	\$73,483	\$0	\$57,004,798	\$15,836,124	\$2,071,455	\$74,985,860

2023

A7. Total Economic Activity Associated with Increased Medicaid Expenditures, 2023\$

Impact Type	Employment (thousands)	Labor	Value	Output (thousands)
		Income (thousands)	Added (thousands)	
Direct Effect	8,632	\$591,938	\$694,940	\$1,134,654
Indirect Effect	2,330	\$129,738	\$218,499	\$381,103
Induced Effect	3,673	\$165,235	\$292,308	\$524,391
Total Effect	14,635	\$886,911	\$1,205,747	\$2,040,148

A8. Estimated State and Local Tax Collections Associated with Expanded Medicaid Spending, 2023\$

Description	Tax on					Total
	Employee Compensation	Proprietor Income	Production and Imports	Households	Corporations	
Dividends					\$244,137	\$244,137
Social Ins Tax- Employee Contribution	\$25,821	\$0				\$25,821
Social Ins Tax- Employer Contribution	\$51,660					\$51,660
TOPI: Sales Tax			\$31,932,053			\$31,932,053
TOPI: Property Tax			\$25,073,911			\$25,073,911
TOPI: Motor Vehicle License			\$579,144			\$579,144
TOPI: Severance Tax			\$286,512			\$286,512
TOPI: Other Taxes			\$1,340,088			\$1,340,088
TOPI: S/L NonTaxes			\$888,473			\$888,473
Corporate Profits Tax					\$1,938,766	\$1,938,766
Personal Tax: Income Tax				\$12,249,939		\$12,249,939
Personal Tax: NonTaxes (Fines- Fees)				\$2,535,867		\$2,535,867
Personal Tax: Motor Vehicle License				\$948,023		\$948,023
Personal Tax: Property Taxes				\$409,764		\$409,764
Personal Tax: Other Tax (Fish/Hunt)				\$557,520		\$557,520
Total State and Local Tax	\$77,481	\$0	\$60,100,181	\$16,701,112	\$2,182,904	\$79,061,678

2024

A9. Total Economic Activity Associated with Increased Medicaid Expenditures, 2024\$

Impact Type	Employment	Labor	Value	Output
		Income	Added	(thousands)
	(thousands)	(thousands)	(thousands)	(thousands)
Direct Effect	9,022	\$624,352	\$732,813	\$1,195,924
Indirect Effect	2,433	\$136,734	\$230,287	\$401,200
Induced Effect	3,839	\$174,258	\$308,269	\$552,500
Total Effect	15,294	\$935,344	\$1,271,369	\$2,149,624

A10. Estimated State and Local Tax Collections Associated with Expanded Medicaid Spending, 2024\$

Description	Tax on				Total
	Employee Compensation	Proprietor Income	Production and Imports	Households Corporations	
Dividends				\$257,274	\$257,274
Social Ins Tax- Employee Contribution	\$27,226	\$0			\$27,226
Social Ins Tax- Employer Contribution	\$54,472				\$54,472
TOPI: Sales Tax			\$33,666,188		\$33,666,188
TOPI: Property Tax			\$26,435,599		\$26,435,599
TOPI: Motor Vehicle License			\$610,595		\$610,595
TOPI: Severance Tax			\$302,072		\$302,072
TOPI: Other Taxes			\$1,412,864		\$1,412,864
TOPI: S/L NonTaxes			\$936,724		\$936,724
Corporate Profits Tax				\$2,043,088	\$2,043,088
Personal Tax: Income Tax				\$12,919,097	\$12,919,097
Personal Tax: NonTaxes (Fines- Fees)				\$2,674,390	\$2,674,390
Personal Tax: Motor Vehicle License				\$999,809	\$999,809
Personal Tax: Property Taxes				\$432,148	\$432,148
Personal Tax: Other Tax (Fish/Hunt)				\$587,975	\$587,975
Total State and Local Tax	\$81,698	\$0	\$63,364,042	\$17,613,419	\$2,300,362
					\$83,359,521

2025

A11. Total Economic Activity Associated with Increased Medicaid Expenditures, 2025\$

Impact Type	Employment	Labor	Value	Output
		Income	Added	(thousands)
Direct Effect	9,423	\$658,548	\$772,757	\$1,260,504
Indirect Effect	2,542	\$144,108	\$242,712	\$422,372
Induced Effect	4,013	\$183,774	\$325,105	\$582,148
Total Effect	15,977	\$986,431	\$1,340,573	\$2,265,024

A12. Estimated State and Local Tax Collections Associated with Expanded Medicaid Spending, 2025\$

Description	Tax on				Total
	Employee Compensation	Proprietor Income	Production and Imports	Households Corporations	
Dividends				\$271,118	\$271,118
Social Ins Tax- Employee Contribution	\$28,708	\$0			\$28,708
Social Ins Tax- Employer Contribution	\$57,437				\$57,437
TOPI: Sales Tax			\$35,494,757		\$35,494,757
TOPI: Property Tax			\$27,871,442		\$27,871,442
TOPI: Motor Vehicle License			\$643,760		\$643,760
TOPI: Severance Tax			\$318,479		\$318,479
TOPI: Other Taxes			\$1,489,603		\$1,489,603
TOPI: S/L NonTaxes			\$987,601		\$987,601
Corporate Profits Tax				\$2,153,029	\$2,153,029
Personal Tax: Income Tax				\$13,624,933	\$13,624,933
Personal Tax: NonTaxes (Fines- Fees)				\$2,820,505	\$2,820,505
Personal Tax: Motor Vehicle License				\$1,054,434	\$1,054,434
Personal Tax: Property Taxes				\$455,758	\$455,758
Personal Tax: Other Tax (Fish/Hunt)				\$620,099	\$620,099
Total State and Local Tax	\$86,145	\$0	\$66,805,642	\$18,575,728	\$2,424,147
					\$87,891,662

2026

A13. Total Economic Activity Associated with Increased Medicaid Expenditures, 2026\$

Impact Type	Employment	Labor	Value	Output
		Income (thousands)	Added (thousands)	(thousands)
Direct Effect	9,848	\$694,621	\$814,883	\$1,328,571
Indirect Effect	2,655	\$151,881	\$255,808	\$444,680
Induced Effect	4,194	\$193,812	\$342,862	\$613,420
Total Effect	16,697	\$1,040,315	\$1,413,554	\$2,386,671

A14. Estimated State and Local Tax Collections Associated with Expanded Medicaid Spending, 2026\$

Description	Tax on					Total
	Employee Compensation	Proprietor Income	Production and Imports	Households	Corporations	
Dividends					\$285,709	\$285,709
Social Ins Tax- Employee Contribution	\$30,271	\$0				\$30,271
Social Ins Tax- Employer Contribution	\$60,563					\$60,563
TOPI: Sales Tax			\$37,422,928			\$37,422,928
TOPI: Property Tax			\$29,385,494			\$29,385,494
TOPI: Motor Vehicle License			\$678,730			\$678,730
TOPI: Severance Tax			\$335,780			\$335,780
TOPI: Other Taxes			\$1,570,522			\$1,570,522
TOPI: S/L NonTaxes			\$1,041,251			\$1,041,251
Corporate Profits Tax					\$2,268,901	\$2,268,901
Personal Tax: Income Tax				\$14,369,428		\$14,369,428
Personal Tax: NonTaxes (Fines- Fees)				\$2,974,624		\$2,974,624
Personal Tax: Motor Vehicle License				\$1,112,051		\$1,112,051
Personal Tax: Property Taxes				\$480,662		\$480,662
Personal Tax: Other Tax (Fish/Hunt)				\$653,982		\$653,982
Total State and Local Tax	\$90,834	\$0	\$70,434,706	\$19,590,746	\$2,554,611	\$92,670,897

2027

A15. Total Economic Activity Associated with Increased Medicaid Expenditures, 2027\$

Impact Type	Employment	Labor	Value	Output
		Income	Added	
	(thousands)	(thousands)	(thousands)	(thousands)
Direct Effect	10,321	\$735,242	\$866,186	\$1,410,315
Indirect Effect	2,803	\$162,041	\$272,992	\$473,729
Induced Effect	4,406	\$205,441	\$363,434	\$648,729
Total Effect	17,530	\$1,102,723	\$1,502,611	\$2,532,772

A16. Estimated State and Local Tax Collections Associated with Expanded Medicaid Spending, 2027\$

Description	Tax on					Total
	Employee Compensation	Proprietor Income	Production and Imports	Households	Corporations	
Dividends					\$306,221	\$306,221
Social Ins Tax- Employee Contribution	\$32,098	\$0				\$32,098
Social Ins Tax- Employer Contribution	\$64,219					\$64,219
TOPI: Sales Tax			\$40,038,954			\$40,038,954
TOPI: Property Tax			\$31,439,667			\$31,439,667
TOPI: Motor Vehicle License			\$726,177			\$726,177
TOPI: Severance Tax			\$359,252			\$359,252
TOPI: Other Taxes			\$1,680,309			\$1,680,309
TOPI: S/L NonTaxes			\$1,114,038			\$1,114,038
Corporate Profits Tax					\$2,431,793	\$2,431,793
Personal Tax: Income Tax				\$15,230,980		\$15,230,980
Personal Tax: NonTaxes (Fines- Fees)				\$3,152,974		\$3,152,974
Personal Tax: Motor Vehicle License				\$1,178,726		\$1,178,726
Personal Tax: Property Taxes				\$509,481		\$509,481
Personal Tax: Other Tax (Fish/Hunt)				\$693,193		\$693,193
Total State and Local Tax	\$96,317	\$0	\$75,358,397	\$20,765,354	\$2,738,014	\$98,958,082

2028

A17. Total Economic Activity Associated with Increased Medicaid Expenditures, 2028\$

Impact Type	Employment	Labor	Value	Output
		Income	Added	(thousands)
	(thousands)	(thousands)	(thousands)	(thousands)
Direct Effect	10,778	\$774,206	\$907,852	\$1,475,936
Indirect Effect	2,903	\$169,065	\$284,758	\$492,847
Induced Effect	4,590	\$215,966	\$382,054	\$680,401
Total Effect	18,272	\$1,159,237	\$1,574,665	\$2,649,184

A18. Estimated State and Local Tax Collections Associated with Expanded Medicaid Spending, 2028\$

Description	Tax on					Total
	Employee Compensation	Proprietor Income	Production and Imports	Households	Corporations	
Dividends					\$317,947	\$317,947
Social Ins Tax- Employee Contribution	\$33,725	\$0				\$33,725
Social Ins Tax- Employer Contribution	\$67,474					\$67,474
TOPI: Sales Tax			\$41,681,287			\$41,681,287
TOPI: Property Tax			\$32,729,272			\$32,729,272
TOPI: Motor Vehicle License			\$755,963			\$755,963
TOPI: Severance Tax			\$373,988			\$373,988
TOPI: Other Taxes			\$1,749,232			\$1,749,232
TOPI: S/L NonTaxes			\$1,159,735			\$1,159,735
Corporate Profits Tax					\$2,524,915	\$2,524,915
Personal Tax: Income Tax				\$16,012,321		\$16,012,321
Personal Tax: NonTaxes (Fines- Fees)				\$3,314,720		\$3,314,720
Personal Tax: Motor Vehicle License				\$1,239,194		\$1,239,194
Personal Tax: Property Taxes				\$535,617		\$535,617
Personal Tax: Other Tax (Fish/Hunt)				\$728,753		\$728,753
Total State and Local Tax	\$101,198	\$0	\$78,449,477	\$21,830,605	\$2,842,862	\$103,224,142

2029

A19. Total Economic Activity Associated with Increased Medicaid Expenditures, 2029\$

Impact Type	Employment	Labor	Value	Output
		Income	Added	(thousands)
	(thousands)	(thousands)	(thousands)	(thousands)
Direct Effect	11,276	\$817,355	\$958,242	\$1,555,632
Indirect Effect	3,036	\$178,373	\$300,440	\$518,857
Induced Effect	4,802	\$227,975	\$403,300	\$716,597
Total Effect	19,114	\$1,223,703	\$1,661,982	\$2,791,087

A20. Estimated State and Local Tax Collections Associated with Expanded Medicaid Spending, 20229\$

Description	Tax on					Total
	Employee Compensation	Proprietor Income	Production and Imports	Households	Corporations	
Dividends					\$335,406	\$335,406
Social Ins Tax- Employee Contribution	\$35,597	\$0				\$35,597
Social Ins Tax- Employer Contribution	\$71,219					\$71,219
TOPI: Sales Tax			\$43,988,938			\$43,988,938
TOPI: Property Tax			\$34,541,303			\$34,541,303
TOPI: Motor Vehicle License			\$797,817			\$797,817
TOPI: Severance Tax			\$394,693			\$394,693
TOPI: Other Taxes			\$1,846,077			\$1,846,077
TOPI: S/L NonTaxes			\$1,223,942			\$1,223,942
Corporate Profits Tax					\$2,663,557	\$2,663,557
Personal Tax: Income Tax				\$16,902,927		\$16,902,927
Personal Tax: NonTaxes (Fines- Fees)				\$3,499,085		\$3,499,085
Personal Tax: Motor Vehicle License				\$1,308,118		\$1,308,118
Personal Tax: Property Taxes				\$565,408		\$565,408
Personal Tax: Other Tax (Fish/Hunt)				\$769,287		\$769,287
Total State and Local Tax	\$106,816	\$0	\$82,792,770	\$23,044,825	\$2,998,963	\$108,943,374