Investing in Missouri: Creating a Better Future for Our Families

By enacting these two measures, Missouri’s lawmakers could dramatically strengthen state services and lay the foundation for a more prosperous Missouri in 2016.

Expand Medicaid Eligibility to Improve the Health of Missourians and Save Money for the State

Enact the Streamlined Sales Tax to Strengthen State Services and Level the Playing Field for Missouri Retailers
Expand Medicaid Eligibility: Improve the Health of Missourians and Save Money for the State

Expanding Medicaid would provide essential health care coverage for hundreds of thousands of Missourians, while actually saving the state funds that can be used for other purposes. Missourians and the state have already been missing these benefits for nearly two years and should delay no longer.

Under federal health reform, Missouri can expand its Medicaid eligibility for adults up to 138 percent of the federal poverty level, providing access to health care coverage for the estimated 300,000 Missourians who now fall into a health coverage gap, including:

- 50,000 Missourians with mental illness;
- 40,000 Missourians with developmental disabilities;
- 20,000 veterans and their spouses;
- Young adults who are aging-out of Medicaid eligibility; and
- Thousands of working Missourians.

As of July 2015, 31 states and the District of Columbia have adopted the Medicaid Expansion, including several of Missouri’s neighbors: Arkansas, Illinois, Iowa and Kentucky. In addition to expanding health care coverage to their residents, these states are also experiencing significant cost savings in their state budgets. Through Medicaid expansion, the states have been able to use federal funding to replace existing state-funded health care services for the uninsured, resulting in those savings.

A recent analysis commissioned by the Robert Wood Johnson Foundation examined actual state budget savings in eight states that have expanded Medicaid including Arkansas, Colorado, Kentucky, Michigan, New Mexico, Oregon, Washington and West Virginia. The report found that by the end of 2015 (just 1.5 years into expansion) these eight states would have experienced savings and revenue increases of more than $1.8 billion.

States With Medicaid Expansion Already Realizing Savings
Missouri Would See $100 Million Savings in State Funded Health Services

- Washington: $112M ($318M)
- Oregon: $203M ($238M)
- Colorado: $147M ($160M)
- Michigan: $203M ($238M)
- Kentucky: $25.8M ($83M)
- Arkansas: $31M ($89M)
- Actual Savings FY2014
- Estimated Savings FY2015

$100M (FY2023)

$100M (FY2023)
Similarly, Missouri would save significant state revenue by expanding Medicaid. By moving people from existing state-funded services into the federally-funded Medicaid expansion, Missouri could net savings of at least $100 million per year in state general revenue dollars when the expansion is fully implemented. That amount is net of new state general revenue costs for the expanded coverage. These are real dollars that would be saved in the state’s budget and which could be used to increase funding for education or other services.

<table>
<thead>
<tr>
<th>Existing Service Category</th>
<th>Number of People in category who would receive care through Medicaid Expansion</th>
<th>Total Cost Savings FY 2023</th>
<th>Savings per person</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pregnant Women</td>
<td>17,539</td>
<td>$45,407,096</td>
<td>$2,588</td>
</tr>
<tr>
<td>Breast &amp; Cervical Cancer</td>
<td>1,373</td>
<td>$7,236,157</td>
<td>$5,270</td>
</tr>
<tr>
<td>Ticket to Work</td>
<td>173</td>
<td>$887,727</td>
<td>$5,131</td>
</tr>
<tr>
<td>Spenddown</td>
<td>2,728</td>
<td>$15,502,805</td>
<td>$5,682</td>
</tr>
<tr>
<td>Permanently Disabled</td>
<td>41,427</td>
<td>$200,591,104</td>
<td>$4,842</td>
</tr>
<tr>
<td>Women’s Health Services</td>
<td>60,082</td>
<td>$216,296</td>
<td>$3.60</td>
</tr>
<tr>
<td>Blind Pension</td>
<td>75</td>
<td>$1,122,815</td>
<td>$14,970</td>
</tr>
<tr>
<td>Corrections</td>
<td>75 inpatient hospital days/month</td>
<td>$1,408,863</td>
<td></td>
</tr>
<tr>
<td>Mental Health</td>
<td>37,548</td>
<td>$29,816,545</td>
<td>$794</td>
</tr>
<tr>
<td><strong>TOTAL State General Revenue Savings in FY 2023</strong></td>
<td><strong>$302,189,408</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>State General Revenue Cost for Expanding Medicaid to 321,298 Missourians in FY 2023</strong></td>
<td><strong>$201,481,855</strong> ($625 per person)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NET State General Revenue Savings in FY 2023</strong></td>
<td><strong>$100,707,553</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Medicaid Expansion would bolster health care coverage, improving the health of Missourians, and the savings to the state budget would allow Missouri to invest in improvements to other public services such as education.
Enact the Streamlined Sales Tax to Strengthen State Services and Level the Playing Field for Missouri Retailers

Missouri tax laws have failed to keep pace with a changing economy, reducing the state’s ability to invest in the well-being of its citizens. In particular, Missouri and other states that rely on sales taxes to fund services like education and health have been losing sales tax revenue as a result of a failure to capture sales taxes that are owed for online retail purchases. Nationwide in 2012, the projected loss of state and local sales tax revenue due to online retail was estimated at $23.3 billion. A University of Missouri study estimated that Missouri missed out on $358.3 million in state and local sales tax revenue in 2014.

In response, 24 states, including most of Missouri’s neighbor states, have enacted what’s known as the Streamlined Sales Tax collections mechanism. This measure allows the states to simplify their sales tax laws to make it easier for online retailers to collect and remit state and local sales tax. As a result, the states that have enacted the Streamlined Sales Tax collections mechanism have begun to capture sales tax revenue due to the voluntary compliance of out-of-state retailers. Based on the experience of other states, Missouri could expect to capture between $15-$20 million in currently uncollected sales taxes in the first full year of implementation. In addition, the U.S. Congress is considering companion legislation that would require retailers to fully comply with the state legislation. At that time, Missouri would likely capture hundreds of millions per year in currently uncollected state and local sales tax revenue.

Both the state and federal measures have strong bipartisan support because they would level the playing field between Missouri’s bricks-and-mortar retailers and their online competitors and would allow Missouri to strengthen public services by capturing tax revenue that is already due the state.

Moving Forward Towards a Stronger Missouri

Policymakers can enact these measures in the upcoming legislative session beginning January 2016. Missouri can then invest the savings and unrecouped sales taxes in its greatest resource – its people.
ENDNOTES

1 Missouri Department of Mental Health, “The Impact of Strengthening Missouri’s Medicaid on Missouri’s Mental Health System, March 2013


5 Though the Robert Wood Johnson report includes both savings and new revenues, the amounts indicated here are solely tied to state budget savings.

6 Fox, B., Bruce, D., and LeAnn Luna, (2009) State and Local Government Sales Tax Revenue Losses from Electronic Commerce, University of Tennessee