

Executive Summary: The Potential Economic Impact of Excluding the Proposition 204 Expansion Group from Medicaid in Arizona¹

- The economic impact of excluding the Proposition 204 Expansion Group from Medicaid (separate to the complete opt-out option) using estimates provided by the Arizona Health Care Cost Containment System that totaled approximately \$2.27 billion was examined.² The table below provides summary results of the potential economic impact.

Cumulative Economic Impact of Excluding the Prop. 204 Expansion Group from Medicaid

Category	Aggregate Impact
Employment (Thousands of Job Years) ³	-457.072
Gross State Product (Billions 2010\$)	-\$46.48
Real Disposable Personal Income (Billions 2010\$)	-\$30.09

- Over the study period, in aggregate terms, approximately 457,000 total job years, \$46 billion (2010\$) in total real GSP as well as \$30 billion (2010\$) in real disposable personal income could be lost, all as a result of eliminating state funding for Medicaid.
- The following table examines employment losses at a more disaggregated level. The healthcare sector would suffer the majority of the reduction in employment due to the concentration of Prop. 204 expenditures in the healthcare sector. This amounts to approximately 13,600 jobs in year one.

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² Once a federal 2:1 match is also included.

³ This is job *years* and not actual jobs. A job year is equivalent to one person having a job for one year.

**Disaggregated Employment Impact of Excluding the Prop. 204
Expansion Group from Medicaid**

Category	Thousands of Jobs		
	Year 1	Year 10	Year 20
Forestry, Fishing, Related Activities, and Other	-0.0194	-0.0076	-0.0089
Mining	-0.0054	-0.003	-0.0037
Utilities	-0.0552	-0.0512	-0.0412
Construction	-2.0614	-1.6522	-0.4903
Manufacturing	-0.4425	-0.2542	-0.2792
Wholesale Trade	-0.5418	-0.3955	-0.297
Retail Trade	-3.8926	-2.9759	-2.2213
Transportation and Warehousing	-0.3331	-0.2439	-0.2255
Information	-0.2968	-0.2206	-0.1721
Finance and Insurance	-1.1743	-0.5403	-0.4397
Real Estate and Rental and Leasing	-1.1714	-1.2859	-1.2054
Professional and Technical Services	-1.4131	-1.2693	-1.1344
Management of Companies and Enterprises	-0.1761	-0.1043	-0.0889
Administrative and Waste Services	-2.0788	-1.3975	-1.0619
Educational Services	-0.2148	-0.2942	-0.3207
Healthcare and Social Assistance	-13.5672	-8.7708	-6.0355
Arts, Entertainment, and Recreation	-0.3408	-0.3718	-0.3923
Accommodation and Food Services	-1.1625	-1.3812	-1.1755
Other Services, except Public Administration	-1.3107	-0.9712	-0.832
Total Non-Farm employment	-30.258	-22.191	-16.426

- Other sectors, such as construction, administrative and waste services and the retail trade would also suffer significant reductions in employment. Combined, these 3 sectors account for 27 percent of the total reduction in employment.⁴

⁴ Much of this reduction is caused by the reduced level of economic activity associated with the initial reduced spending levels. However, some of the reduction will be caused by the population falling relative to the baseline case – thus, there is a smaller market to serve (again relative to the baseline).

- The distribution of job losses associated with the elimination of Prop. 204 is detailed for year one in the table below.

Job Losses Disaggregated by County in Year One

Region	Thousands of Total Jobs	Thousands of Healthcare Jobs	Healthcare Job Losses as a Percentage of Total Employment
Apache County	-0.333	-0.235	1.68%
Cochise County	-0.408	-0.24	1.08%
Coconino County	-0.835	-0.441	1.48%
Gila County	-0.194	-0.111	1.39%
Graham County	-0.117	-0.076	1.34%
Greenlee County	-0.009	-0.003	0.26%
La Paz County	-0.027	-0.013	0.50%
Maricopa County	-19.47	-8.023	1.20%
Mohave County	-0.904	-0.501	1.97%
Navajo County	-0.619	-0.353	2.35%
Pima County	-5.184	-2.428	1.48%
Pinal County	-0.481	-0.272	0.92%
Santa Cruz County	-0.132	-0.059	1.01%
Yavapai County	-0.676	-0.323	1.21%
Yuma County	-0.868	-0.49	1.42%
Total	-30.258	-13.568	1.26%

- Clearly, Maricopa and Pima counties would be heavily affected in absolute terms. However, relative to total employment, all counties apart from Pinal and La Paz would suffer total employment reductions amounting to more than 1 percent of the total.

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