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FOR IMMEDIATE RELEASE



Cuts in Public Programs Increase Health Care Costs.

Study reveals effects of cost shifting in AHCCCS enrollment.

PHOENIX, AZ— A new Arizona study concludes that reducing public program enrollments can have the net effect of actually increasing health care costs throughout the entire system. St. Luke's Health Initiatives (SLHI) is releasing the report today, as national and state pressures mount to combat soaring health care costs by reducing Medicaid and children's health insurance program enrollments.

The report projects that a 10 percent reduction in AHCCCS enrollment would increase net costs by \$4.3 million throughout the health care system. Researchers from Arizona State University and Brigham Young University conducted the study using 2004 AHCCCS data.

Researchers also projected that if coverage in Arizona KidsCare Parents Program were eliminated, as is proposed in the current Legislative budget, net costs would increase by about \$2.4 million.

"Health care costs never actually leave the system," explains Jill Rissi, SLHI Associate Director of Research and Policy. "They are simply shifted to other parts of it, resulting in higher hospital debt, higher personal cost and higher health insurance premiums for everyone.

"People who are covered by health insurance use less expensive preventive and routine care. People who lose coverage end up using more expensive, acute-based care. This is what drives up costs."

Rissi also noted that the programs benefit from federal funding, a factor not included in the study by researchers. "When people are enrolled, much of their cost of care comes from federal funding," said Rissi. "When they are not enrolled, those dollars are lost."

SLHI, a Phoenix-based public foundation, commissioned the research to inform public understanding of cost shifting in the health care system, and the often unintended consequences of cutting public budgets to reduce expenditures.

The report is available on SLHI's web site, www.slhi.org.

About SLHI

Established in 1995, St. Luke's Health Initiatives (SLHI) focuses on informing public policy and developing communities via a strength-based approach. As a public foundation, SLHI convenes available resources, advocates on issues, models successful organizational practices and provides developmental funding. For additional information, please visit www.slhi.org.

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