



## Bad Medicine: How Proposed Cuts to Medicaid and Medicare Will Hurt Small Businesses, Local Economies

**What do Medicaid and Medicare do?** Thanks to Medicaid and Medicare, seniors in our communities get visits from nurses so they can continue to live at home. When they can't do it on their own anymore, they get support to live in a nursing home. People with disabilities get wheelchairs. Children receive their vaccinations so they can go to school. Women battling breast cancer get their chemotherapy.

### Why are Medicaid and Medicare important to America's small businesses?

Medicaid and Medicare don't benefit only the elderly, people with disabilities, and children. They're also an important economic driver, giving a boost to small businesses and local economies. Medicaid and Medicare:

- **Create jobs.** Our investment in Medicare and Medicaid supports employment – especially important in times like these. Every \$1 million spent by the federal government on Medicaid generates 17.1 new jobs.<sup>1</sup> Medicaid directly supports employment by health care providers and their suppliers, including many small businesses. Spending by these employees, in turn, generates more jobs.
- **Boost consumer spending.** People with jobs supported by Medicaid and Medicare use their paychecks in the Main Street businesses in their communities.
- **Protect small business people in retirement.** Because small business owners and their employees, especially in smaller businesses, are less likely to have a company pension or retiree benefits, the health security provided by Medicare is all the more important for small business people.
- **Strengthen our health care system.** By providing health coverage, Medicaid and Medicare inject needed dollars into the health care system upon which all our lives depend. This helps finance the clinics, doctors' offices, x-ray labs, and hospitals we count on.

**What would cuts to Medicaid and Medicare mean for small businesses?** Despite the benefits of Medicaid and Medicare for small businesses and our most vulnerable, under a proposal touted by Representative Paul Ryan, Congress is now considering gutting the programs. In addition to taking health care away from seniors, people with disabilities, and children, these cuts would:

- **Kill millions of jobs.** Counting just the proposed Medicaid cuts, the proposal would kill an estimated 3.1 million jobs between 2013 and 2020.<sup>2</sup>
- **Drain billions of dollars from local economies.** The cuts would pull billions of dollars out of local economies, reducing consumer demand and harming small business growth.
- **Take peace of mind away from small business people turning 65.** The proposal would take away Medicare's guarantee of good, affordable coverage for small business owners and their employees when they turn 65 – leaving them at the mercy of the same insurance companies that have failed small businesses so badly and doubling the amount the average 65-year-old pays for health care.
- **Undermine the health care system overall.** The cuts to Medicaid and Medicare would remove essential financial support from our health system.

<sup>1</sup> [http://www.americanprogress.org/issues/2011/02/crippling\\_care\\_c3.html](http://www.americanprogress.org/issues/2011/02/crippling_care_c3.html)

<sup>2</sup> [http://www.americanprogress.org/issues/2011/02/crippling\\_care\\_c3.html](http://www.americanprogress.org/issues/2011/02/crippling_care_c3.html)