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## West Virginia Economy Would Suffer Under Proposed Health Care Plans

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### Introduction

The repeal of the Affordable Care Act (ACA) could have a devastating impact on one of the most important sectors of both the nation's and West Virginia's economy, health care. One out-of-every eight private sector jobs in the country are in health care,<sup>1</sup> and the health-care sector is projected to account for nine of the country's 12 top-growing jobs in the next decade.<sup>2</sup>

Of the occupations in West Virginia projected to add the most new jobs between 2012 and 2022, six of the top 10 are in the health-care sector.<sup>3</sup> These include personal-care aides, registered nurses, home-health aides, and nursing assistants. Currently, six of West Virginia's top 10 private employers are hospitals and health-care providers, including WVU Medicine, the state's largest private sector employer.<sup>4</sup>

While the cuts to Medicaid and Medicaid expansion in the American Health Care Act (AHCA), or the Senate's version could cause tens of thousands of West Virginians to lose health coverage, the cuts could also have a major negative impact on West Virginia's health-care sector and those who are employed by it.

This report breaks down the growth in health-care jobs in West Virginia since the passage of the Affordable Care Act, and which counties in the state have a high concentration of health-care jobs. In these counties, significant cuts to Medicaid, like those in the AHCA or the Senate's version, the Better Care Reconciliation Act, which could lead to large losses in insurance coverage, could have a negative impact on local economies.

### Key Findings

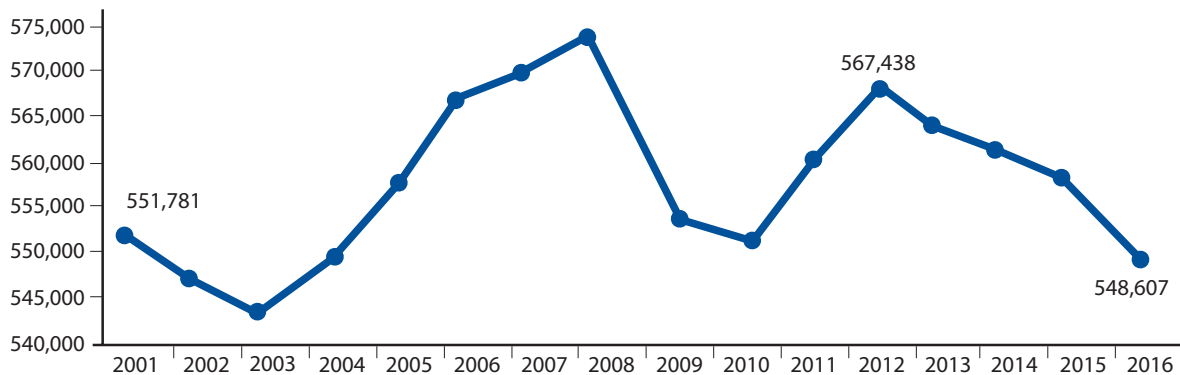
- Nearly one out-of-every five private sector jobs in West Virginia are in the health-care sector. In West Virginia's rural counties, one out-of-every six private sector jobs are in health care.
- Since 2008, total private sector jobs in West Virginia have declined by 4.1 percent, while health-care jobs have increased by 9 percent.
- Rural counties make up six of the top 10 West Virginia counties with the greatest share of health-care jobs.
- The health-care industry accounts for over 10 percent of the state's Gross Domestic Product (GDP), and has grown five times faster than the rest of the economy since 2014.
- The American Health Care Act (AHCA) and the Better Care Reconciliation Act (BCRA) could cause West Virginia to lose over 10,000 jobs, and over \$1 billion in lost GDP.
- The AHCA and BCRA is estimated to cause 195,000 West Virginians to lose their health coverage, nearly half of the state's non-elderly Medicaid population.

## West Virginia Health-Care Jobs

Between 2001 and 2016, private health-care jobs as a share of total private sector jobs in West Virginia increased from 14.6 percent to 18.1 percent. Nearly one out of five private sector jobs in the state are in health care, with just under 100,000 West Virginians working in the industry. The increase in health care's share of total jobs is due to both an increase in health-care jobs and a decrease in overall jobs.

Since recovering from the recession, total private sector jobs in West Virginia have been on the decline, with nearly 19,000 fewer private sector jobs since 2012. Today, there are fewer private sector jobs in West Virginia than there were in 2001 (**Figure 1**).

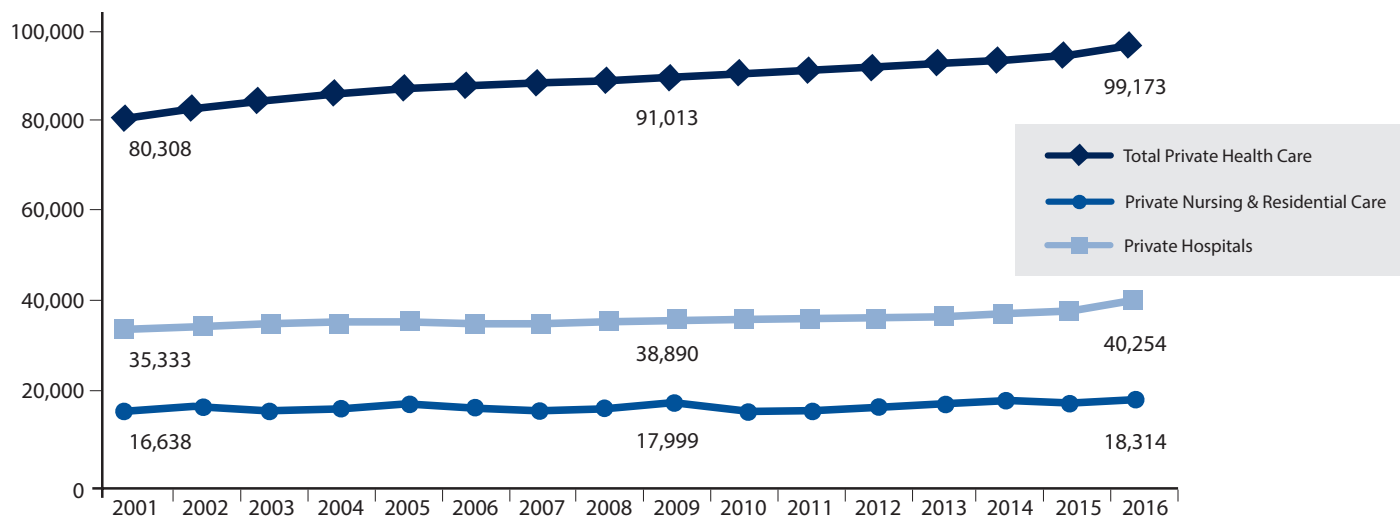
FIGURE 1  
Total West Virginia Private Sector Jobs, 2001-2016



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages and Workforce West Virginia data on annual private employment.

In contrast, private sector health-care jobs have grown steadily throughout the past 15 years, growing both during and since the recession. West Virginia has added more than 18,000 private health-care jobs since 2001, including nearly 5,000 hospital jobs and 1,700 nursing and residential care jobs (**Figure 2**). Since 2008, private health-care jobs have increased by nine percent, while overall private sector jobs have declined by 4.1 percent.

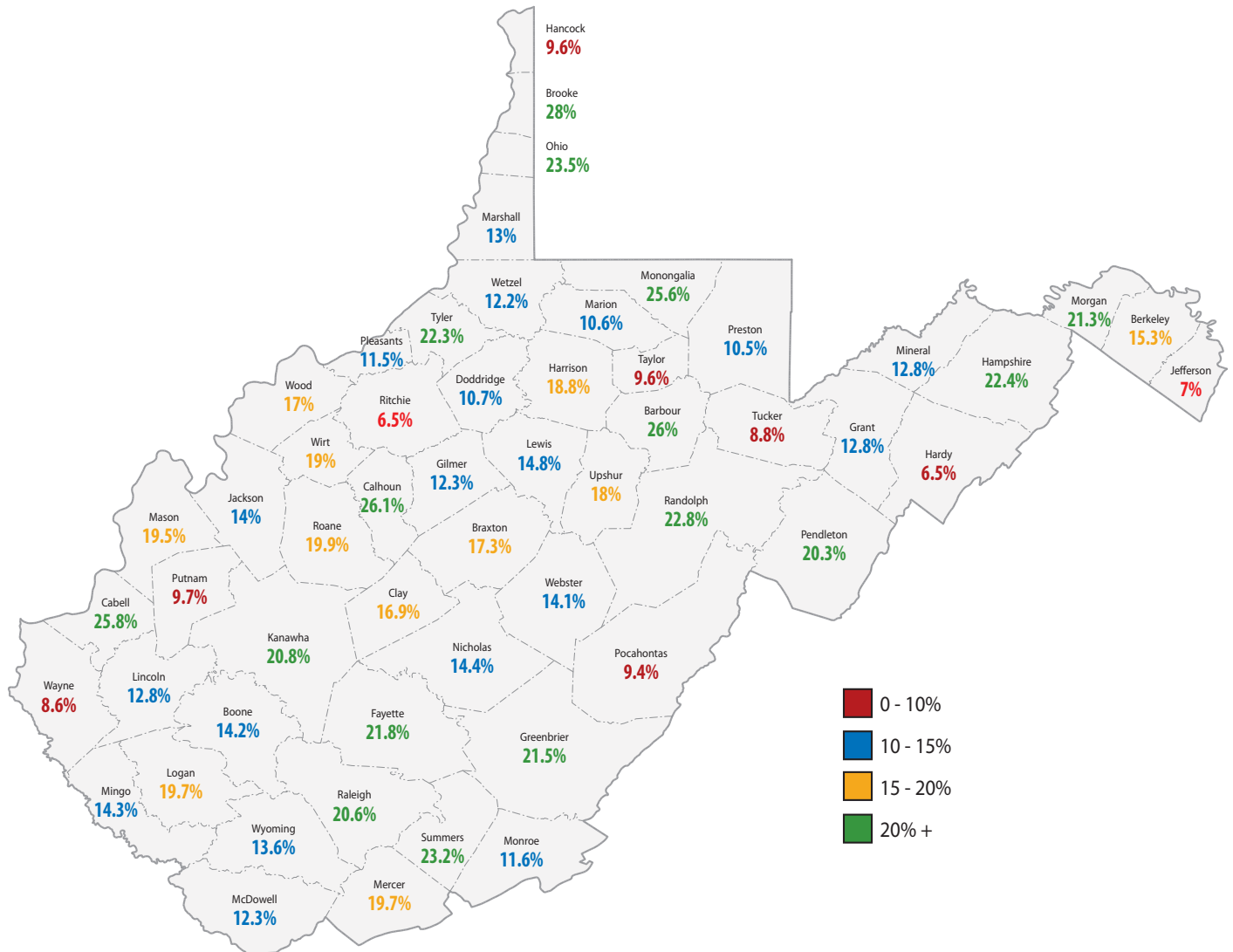
FIGURE 2  
Growth of West Virginia Private Health-Care Jobs



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages and Workforce West Virginia data on annual private employment.

Among West Virginia's 55 counties in 2016, the health-care sector's share of total private sector jobs ranged from 6.5 percent to 28.0 percent. In 16 counties, more than one out-of-every five private sector employees works in the health-care sector (**Figure 3**).

FIGURE 3  
**Private Health-Care Job Share by West Virginia County, 2016**



**Source:** WVCBP analysis of U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages and Workforce West Virginia data on annual private employment.

In many counties, jobs in the health-care industry have made up for losses in other private sector industries. Among the top 10 counties for health-care job share, total private sector employment declined by an average of 0.9 percent, compared to a decline of 4.1 percent for the state overall.

Between 2008 and 2016, Morgan, Boone, Doddridge, Wirt, Clay, McDowell, Wyoming, Mingo, Barbour, and Raleigh counties had the largest increases in the percentage of overall private sector jobs provided by the health-care sector. Boone (-51.9 percent), Wirt (-36.3 percent), Clay (-39.5 percent), McDowell (-40.0 percent), Wyoming (-17.4 percent), and Mingo (-52.4 percent) counties all experienced major declines in total private sector employment between 2008 and 2016, even as some added health-care jobs (**Table 1**).

Six of these 10 counties (Morgan, Doddridge, McDowell, Barbour, Wyoming, and Mingo) are rural counties.<sup>5</sup> The counties with the greatest concentration of health-care jobs are some of the least populated counties in the state. Of the 10, only Raleigh County had more than 3,600 private sector jobs in 2016.

In West Virginia's five largest urban counties, the total number of private health-care jobs grew by 9.3 percent from 2008 to 2016, compared to a 3.2 percent decline for overall private sector job growth. These five counties account for just over half of the health-care jobs in the state.

TABLE 1  
**Counties with Highest Share of Health-Care Jobs (Millions)**

| COUNTY                       | Private Health Care Jobs, 2008 | Private Sector Jobs, 2008 | Private Health Care Job Share, 2008 | Private Health Care Jobs, 2016 | Private Sector Jobs, 2016 | Private Health Care Job Share, 2016 | Change in Health Care Job Share 2008-16 |
|------------------------------|--------------------------------|---------------------------|-------------------------------------|--------------------------------|---------------------------|-------------------------------------|---|
| Morgan                       | 252                            | 2,017                     | 12.5%                               | 430                            | 2,022                     | 21.3%                               | 8.8%                                    |
| Boone                        | 416                            | 7,107                     | 5.9%                                | 485                            | 3,419                     | 14.2%                               | 8.3%                                    |
| Doddridge                    | 34                             | 688                       | 4.9%                                | 97                             | 912                       | 10.7%                               | 5.7%                                    |
| Wirt                         | 63                             | 465                       | 13.5%                               | 56                             | 296                       | 19.0%                               | 5.5%                                    |
| Clay                         | 182                            | 1,548                     | 11.8%                               | 159                            | 937                       | 16.9%                               | 5.2%                                    |
| McDowell                     | 287                            | 4,013                     | 7.2%                                | 297                            | 2,408                     | 12.3%                               | 5.2%                                    |
| Wyoming                      | 347                            | 3,911                     | 8.9%                                | 439                            | 3,231                     | 13.6%                               | 4.7%                                    |
| Mingo                        | 721                            | 7,516                     | 9.6%                                | 510                            | 3,576                     | 14.3%                               | 4.7%                                    |
| Barbour                      | 529                            | 2,475                     | 21.4%                               | 690                            | 2,653                     | 26.0%                               | 4.6%                                    |
| Raleigh                      | 4,401                          | 26,815                    | 16.4%                               | 5,270                          | 25,626                    | 20.6%                               | 4.2%                                    |
| URBAN WEST VIRGINIA COUNTIES |                                |                           |                                     |                                |                           |                                     |   |
| Kanawha                      | 15,264                         | 15,264                    | 17.6%                               | 16,621                         | 80,047                    | 20.8%                               | 3.2%                                    |
| Monongalia                   | 10,179                         | 38,575                    | 26.4%                               | 11,410                         | 44,493                    | 25.6%                               | -0.7%                                   |
| Cabell                       | 10,236                         | 45,897                    | 22.3%                               | 11,401                         | 44,222                    | 25.8%                               | 3.5%                                    |
| Wood                         | 5,477                          | 33,646                    | 16.3%                               | 5,102                          | 30,040                    | 17.0%                               | 0.7%                                    |
| Raleigh                      | 4,401                          | 26,815                    | 16.4%                               | 5,270                          | 25,626                    | 20.6%                               | 4.2%                                    |

**Source:** WVCBP analysis of U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages and Workforce West Virginia data on annual private employment.

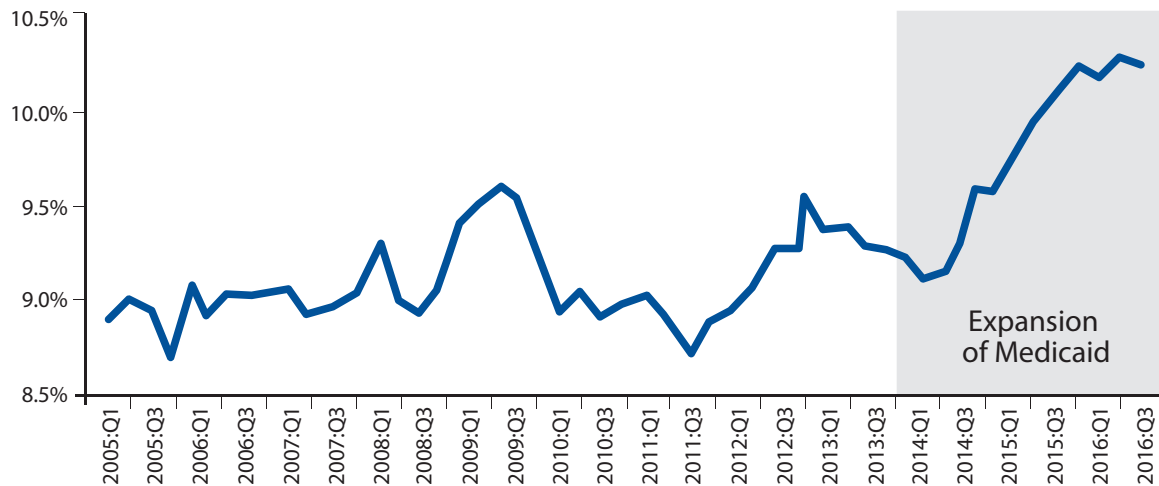
## Health Care and West Virginia's Economy

Just as the health-care sector has become responsible for a larger share of the state's jobs in recent years, health care also now makes up a larger share of the state's economic output as a whole.

Between 2005 and 2014, the health-care industry's share of state Gross Domestic Product (GDP) in West Virginia averaged nine percent. Since 2014, and the expansion of Medicaid, the health-care industry's share of West Virginia's economy has increased to over 10 percent (**Figure 4**).

FIGURE 4

### Health-Care Industry has Grown as a Share of West Virginia's Economy Since Medicaid Expansion Health Care as a Share of West Virginia's GDP, 2005 – 2016



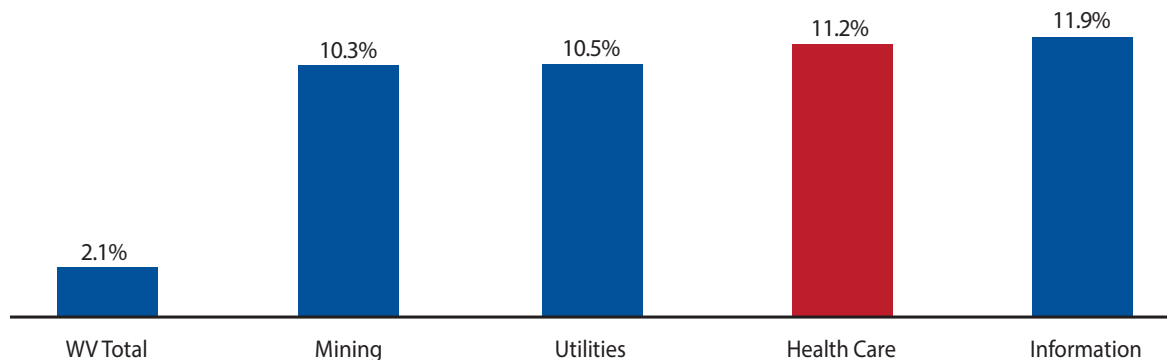
Source: U.S. Bureau of Economic Analysis.

According to the Centers for Medicare and Medicaid Services, in 2014 total personal health-care spending in West Virginia accounted for over one fifth of the state's economy.<sup>6</sup> Health-care spending as a share of the economy in West Virginia was 6.8 percentage points higher than the national average.

The ACA and Medicaid expansion has helped make the health-care industry one of the fastest growing sectors of West Virginia's economy. In the past two years, health-care industry GDP has grown five times faster (11.2 percent) than the state's economy as a whole (2.1 percent), and has grown faster than the mining (10.3 percent) and utilities (10.5 percent) industries. Only the information industry grew faster (**Figure 5**).

FIGURE 5

### Health-Care Industry GDP has Grown Five Times Faster than the State Average Real GDP Growth, 2014-2016



Source: WV Governor's Office.

Between 2013 and 2015, the number of West Virginians with health insurance increased by 137,671, and the share of West Virginians without health insurance fell to a record low.<sup>7</sup> The increase in coverage will pay off for West Virginia’s economy as the state improves its overall health.

One of the leading causes of West Virginia’s low labor force participation and persistently low levels of personal income is its unhealthy population.<sup>8</sup> Increased health insurance coverage, particularly through Medicaid expansion means many in West Virginia who had been going without adequate health care will now have better access. Research has shown that states that have expanded Medicaid have seen increases in the share of people who have had recent doctor visits, who are receiving regular care, and report themselves in excellent health. In addition, research shows that Medicaid also produces long-term improvements in health and well-being.<sup>9</sup>

## Health Care in Urban and Rural West Virginia

In 2016, the average annual hospital employment in West Virginia was 40,254, with wages for those jobs totaling over \$2.1 billion.<sup>10</sup> According to the American Hospital Association, West Virginia’s hospitals have a \$9.8 billion impact on the state’s economy.<sup>11</sup> Among the top 10 West Virginia counties with the largest share of health-care jobs in 2016, six have a hospital as their largest employer (**Table 2**).

TABLE 2  
**Six of Top 10 Counties with Highest Share of Health-Care Jobs  
 have Hospitals as Top Employer**

| COUNTY     | Private Health Care Job Share | Top Employer                        |
|------------|-------------------------------|-------------------------------------|
| Brooke     | 28.0%                         | Weirton Medical Center              |
| Calhoun    | 26.1%                         | Minnie Hamilton Healthcare Center   |
| Barbour    | 26.0%                         | Barbour County Board of Education   |
| Cabell     | 25.8%                         | St. Mary’s Medical Center           |
| Monongalia | 25.6%                         | WVU Medicine                        |
| Ohio       | 23.5%                         | Wheeling Hospital                   |
| Summers    | 23.2%                         | Summers County Board of Education   |
| Randolph   | 22.8%                         | Davis Memorial Hospital             |
| Hampshire  | 22.4%                         | Hampshire County Board of Education |
| Tyler      | 22.3%                         | Momentive Performance Materials USA |

Source: Workforce West Virginia.

The health-care sector drives both urban and rural economies in West Virginia. Of the top 10 counties with the largest share of health-care jobs, five are urban counties (Brooke, Cabell, Monongalia, Ohio, and Hampshire), and five are rural counties (Calhoun, Barbour, Summers, Randolph, and Tyler).

The health-care sector has a large presence in the state’s urban centers. Kanawha County is home to 17 percent of the health-care jobs in the state, with hospitals making up two of its top 10 employers. Hospitals or other health-care services are the third biggest employer in Berkeley County, the first and fifth largest employers in Monongalia County, the first and second biggest employers in Cabell County, and the third largest employer in Wood County.

Medicaid pays for much of the health-care employment in the state, in both rural and urban counties. The percentage of West Virginia’s rural county residents getting health coverage through Medicaid was greater (31 percent) than the percentage for the state’s urban counties (26 percent). Seven of the 10 counties with the highest percentage of their population enrolled in Medicaid are rural counties.<sup>12</sup> Rural counties in West Virginia also have a greater share of the population covered by Medicaid through the ACA’s Medicaid expansion.<sup>13</sup>

## Impact of ACA Repeal

The health-care sector has become an increasingly important piece of West Virginia’s economy, particularly since the passage of the ACA. A total of \$3.7 billion was spent on Medicaid services in West Virginia in 2016<sup>14</sup>, including Medicaid expansion, while approximately 30,000 West Virginians received \$135.7 million in premium tax credits.<sup>15</sup>

The American Health Care Act (AHCA) and the Senate’s version, the current plan to replace the ACA, would effectively end Medicaid expansion by reducing federal funding and encouraging states to scale back expansion, while also restructuring Medicaid’s funding using per capita caps or block grants. The proposals would replace the ACA’s premium tax credits with age-based credits and eliminate the penalties for not having health insurance and the penalties on employers for not providing insurance. They would also repeal the ACA’s taxes, which would predominantly benefit people with high incomes and certain businesses (**Table 3**).

TABLE 3

### Combined Impact of AHCA and BCRA Repealing Net Investment Income Tax and Additional Medicare Tax

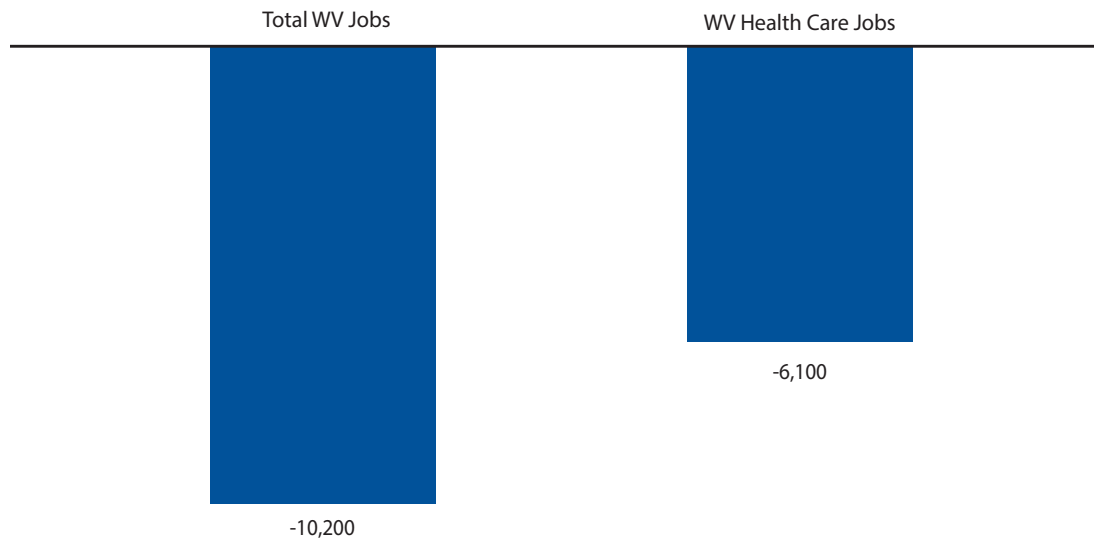
|               | Number of Taxpayers Affected | Percent of Taxpayers Affected | Tax Cut Value (Millions) | Average Tax cut for the top 1% | Share of total tax cut going to top 1% |
|---------------|------------------------------|-------------------------------|--------------------------|--------------------------------|--|
| United States | 4,523,000                    | 3.0%                          | \$31,515.5               | \$19,672                       | 85%                                    |
| West Virginia | 11,100                       | 1.2%                          | \$46.0                   | \$5,240                        | 96%                                    |

**Source:** Institute on Taxation and Economic Policy.

According to the Commonwealth Fund and George Washington University, the repeal of the ACA is estimated to cause a \$7.2 billion cut in federal funding in West Virginia from 2019 to 2023, including \$1.4 billion lost in premium tax credits and a \$5.8 billion lost from repealing Medicaid expansion.<sup>16</sup> The loss of Medicaid expansion and the tax credits would cause thousands of West Virginians to lose health coverage, but would also have a devastating impact on the broader economy.

Just as the implementation of the ACA provided a boost to the state's economy, the loss of federal health care funding would ripple throughout the economy, triggering losses in employment, economic activity, and state and local tax revenue. According to the Commonwealth Fund report, "The American Health Care Act: Economic and Employment Consequences for States," the AHCA could lead to the loss of 6,100 health-care jobs in West Virginia between by 2023, erasing nearly all the gains made under the ACA. The losses in the health-care sector would have an impact on the broader economy, leading to an additional loss 4,100 jobs, meaning that the state would lose a total of 10,200 jobs (**Figure 6**).<sup>17</sup>

FIGURE 6  
**Employment Impact of AHCA by 2026 in West Virginia**



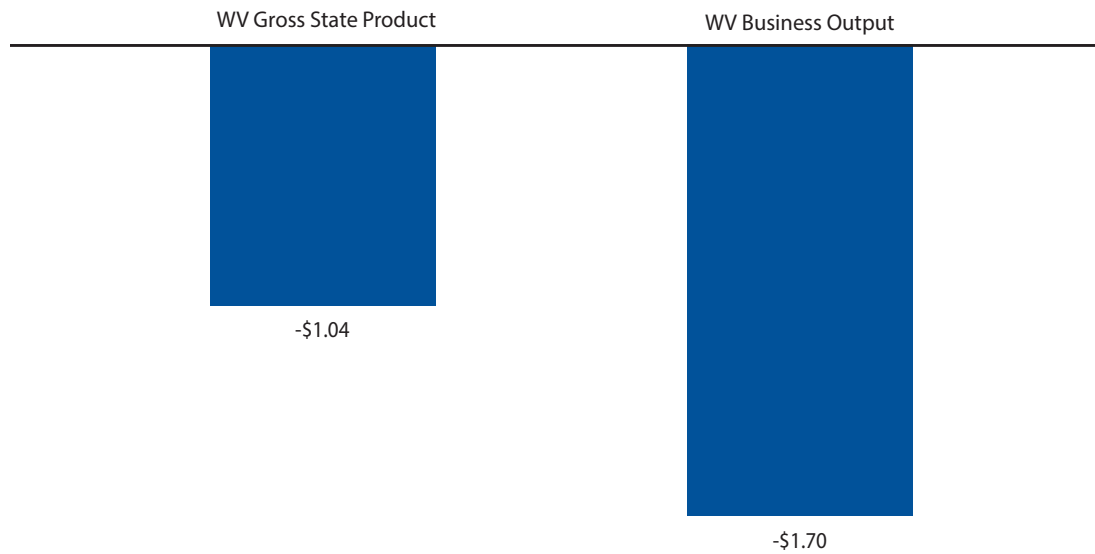
**Source:** The Commonwealth Fund.

The loss of jobs and federal funding could lead to a \$1.04 billion loss in West Virginia's gross state product by 2023, and a \$1.7 billion reduction in business output (**Figure 7**). As the state's economy is weakened by the ACA's repeal, state and local revenues would also fall, costing the state millions in lost revenue.



FIGURE 7

**Economic Impact of the American Health Care Act by 2026 in West Virginia (Billions)**



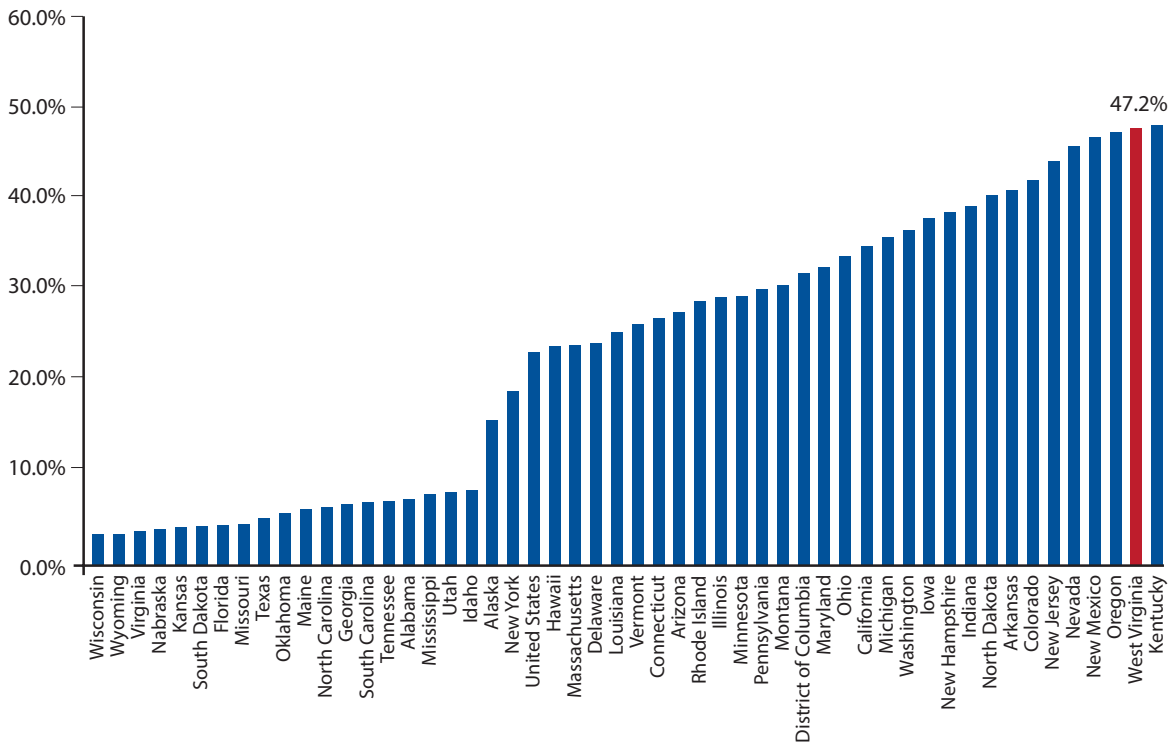
**Source:** The Commonwealth Fund.

Under the proposed Medicaid cuts in the AHCA, West Virginia would have to increase its spending on Medicaid by \$3.5 billion from 2019 to 2028 to offset the loss of federal funding and keep its Medicaid expansion population covered.<sup>18</sup> This would be a 29.8 percent increase in state Medicaid spending, a nearly impossible amount for a state struggling to balance its budget each year.

In the likely event that West Virginia is unable to come up with an additional \$3.5 billion to pay for Medicaid expansion by itself, 184,000 West Virginians would lose their Medicaid coverage. Another 11,000 would lose their Medicaid coverage if West Virginia were forced to cut enrollment of pre-ACA eligible populations in order to compensate for per capita caps that are part of the AHCA and BCRA.<sup>19</sup> Overall, nearly half of non-elderly Medicaid enrollees in West Virginia could lose coverage under the proposals. West Virginia would be the second most affected state (**Figure 8**).

FIGURE 8

**Share of Non-Elderly Medicaid Enrollees Who Could Lose Coverage Under the AHCA by 2022**



Source: Urban Institute.

The repeal of the ACA would also increase costs for hospitals in West Virginia, as thousands lose health insurance and uncompensated costs grow. Nationally, hospitals saw a 21 percent decrease in uncompensated care costs between 2014 and 2015, as the ACA was implemented.<sup>20</sup> In West Virginia, hospitals saw a reduction of \$265 million in uncompensated care costs in the first year of Medicaid expansion, including a \$64.5 million drop for Charleston Area Medical Center, the state’s largest hospital.<sup>21</sup>

Under the AHCA, West Virginia’s hospitals are estimated to see a 20 percent reduction in Medicaid revenue, due to reductions in Medicaid coverage. The reduced Medicaid coverage is estimated to increase uncompensated care costs for West Virginia’s hospitals by 122 percent between 2017 and 2026. Hospitals are also estimated to see a reduction in operating margins under the AHCA. West Virginia’s hospitals are estimated to have a negative operating margin of negative 6.8 percent by 2026 due to the AHCA.<sup>22</sup> This will mean less investment in capacity, patient care improvement, staffing, and infrastructure for West Virginia’s hospitals, while putting many hospitals in financial jeopardy.

## Conclusion

The health-care sector has been one of the lone bright spots in West Virginia’s economy in recent years, due in no small part to the ACA. West Virginia has seen a sharp reduction in uninsured residents, a decrease in uncompensated care, and job growth in health care while the rest of the economy struggled. Repealing the ACA with the AHCA would reverse all of these gains, making both West Virginians and the West Virginia economy less healthy.

## Endnotes

- <sup>1</sup> Nelson Schwartz and Reed Abelson, "Health Act Repeal Could Threaten U.S. Job Engine," *New York Times*, May 6, 2017
- <sup>2</sup> Dan Diamond, "Obamacare, the Secret Jobs Program," *Politico*, July 13, 2016
- <sup>3</sup> Workforce West Virginia, *West Virginia Long Term Occupational Projections 2014-2024*, <http://lmi.workforcewv.org/LTprojections/LTOccupationalProjections.html>
- <sup>4</sup> Workforce West Virginia, *Top Employers in West Virginia*, <http://lmi.workforcewv.org/EandWAnnual/TopEmployers.html>
- <sup>5</sup> Urban and rural counties defined by Office of Rural Health - <https://www.hrsa.gov/ruralhealth/resources/forhpeligibleareas.pdf>
- <sup>6</sup> Centers for Medicare and Medicaid Services, *Health Expenditures by State of Provider, 1980-2014*
- <sup>7</sup> U.S. Census Bureau, *American Community Survey*
- <sup>8</sup> Sean O'Leary, Ted Boettner, Sarah Wilhelm, and Rick Wilson, "2016 State of Working West Virginia, Why is West Virginia So Poor?" (Charleston, West Virginia, West Virginia Center on Budget and Policy, December 2016).
- <sup>9</sup> Hannah Katch, "Medicaid Works: Millions Benefit from Medicaid's Effective, Efficient Coverage" (Washington, D.C., Center on Budget and Policy Priorities, June 2017).
- <sup>10</sup> Workforce WV, *Employment and Wages, 1995-2016*, [http://lmi.workforcewv.org/Employment\\_N\\_Wages/EnW.html](http://lmi.workforcewv.org/Employment_N_Wages/EnW.html)
- <sup>11</sup> American Hospital Association, "Hospitals are Economic Anchors in their Communities" (January 2017).
- <sup>12</sup> West Virginians for Affordable Healthcare, *Medicaid Data by County*, <http://wvahc.org/wp-content/uploads/WVAHC-Medicaid-Data-by-County.pdf>
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- <sup>14</sup> Kaiser Family Foundation, *Distribution of Medicaid Spending by Service*, <http://www.kff.org/medicaid/state-indicator/distribution-of-medicaid-spending-by-service/>
- <sup>15</sup> Kaiser Family Foundation, *Estimated Total Premium Tax Credits Received by Marketplace Enrollees*, <http://www.kff.org/health-reform/state-indicator/average-monthly-advance-premium-tax-credit-apct/?currentTimeframe=0&sortModel=%7B%22collId%22:%22Location%22,%22sort%22:%22asc%22%7D>
- <sup>16</sup> Leighton Ku, Erika Steinmetz, Erin Brantley, and Brain Bruen, *Repealing Federal Health Reform: Economic and Employment Consequences for States* (New York, NY: The Commonwealth Fund, January 2017).
- <sup>17</sup> Leighton Ku, Erika Steinmetz, Erin Brantley, Nikhil Holla, and Brain Bruen, "The American Health Care Act: Economic and Employment Consequences for States" (New York, NY: The Commonwealth Fund, June 2017).
- <sup>18</sup> John Holahan, Linda J. Blumberg, Matthew Buettgens, and Clare Pan, "The Impact of the AHCA on Federal and State Medicaid Spending and Medicaid Coverage: An Update" (Washington, D.C. Urban Institute, June 2017).<sup>10</sup>
- <sup>19</sup> *Ibid.*
- <sup>20</sup> U.S. Department of Health and Human Services, *Insurance Expansion, Hospital Uncompensated Care, And The Affordable Care Act*, March 23, 2015, [https://aspe.hhs.gov/system/files/pdf/139226/ib\\_UncompensatedCare.pdf](https://aspe.hhs.gov/system/files/pdf/139226/ib_UncompensatedCare.pdf)
- <sup>21</sup> Lydia Nuzum, "25 W.Va. hospitals see \$265 million drop in uncompensated care," *Charleston Gazette-Mail*, January 2, 2016.
- <sup>22</sup> Allen Dobson, Joan DaVanzo, Randy Haight, and Phap-Hoa Luu, "State Level Estimates of the Impact of Repealing the Affordable Care Act on Hospitals" (Vienna, VA, Dobson DaVanzo & Associates, LLC, December 2016), Prepared for the Federation of American Hospitals and the American Hospital Association.