



The current federal budget bill, which was recently passed by the House of Representatives, if ultimately implemented in its present form, involves significant changes to Medicaid which will have the effect of significantly reducing the numbers of people covered over time. The Congressional Budget Office estimates that by 2034, some 7.6 million more Americans would be uninsured due to the provisions of the Act.

The primary reason to maintain health insurance access is to help some of the nation's most vulnerable residents to obtain needed care, thus improving the lives of individuals and families. In addition to the health consequences to the affected people and families, health insurance coverage involves significant economic and fiscal benefits. While many hospitals and clinics provide treatment to the uninsured, there is a substantial cost to be borne by those facilities, the taxpayers who subsidize uncompensated care, and those with insurance who face higher premiums to offset these expenses.

As the number of insured persons falls, health-related spending decreases, reducing business activity in communities across the country and throughout the economy. The level of uncompensated care also rises, increasing costs to hospitals and taxing entities supporting them, requiring state and local fiscal resources which otherwise could be used for other critical public priorities or lower tax collections. Higher levels of uncompensated care also result in rising insurance premiums. In addition, reduced coverage makes it more difficult for people to obtain the care that they need, causing negative effects on morbidity and mortality outcomes and, in turn, decreasing productivity and earnings. Lower productivity associated with adverse health outcomes reduces economic activity.

The economic costs of 7.6 million fewer people having Medicaid coverage will be substantial, with harms spread across the country. The Perryman Group estimated the economic costs of decreasing the number of Americans covered by health insurance by

The Estimated Annual Impact of Potential Medicaid Cuts by 2034

Component	Total Expenditures	Gross Product	Personal Income	Jobs
Health Spending Reductions	-\$361.695 b	-\$180.645 b	-\$123.402 b	-1,719,713
Uncompensated Care	-\$91.707 b	-\$40.455 b	-\$26.604 b	-368,908
Lost Earnings	-\$330.410 b	-\$151.600 b	-\$90.982 b	-1,213,054
Offset for Revenue Deployment	+\$98.607 b	+\$43.456 b	+\$25.856 b	+337,103
NET IMPACT	-\$685.204 b	-\$329.244 b	-\$215.132 b	-2,964,573

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values in billions of 2025 dollars. Components may not sum due to rounding. For more information, see the methodology section.

7.6 million as of 2034 and found that, if the situation persists, losses include \$329.2 billion (in 2025\$) in annual gross product and almost 3.0 million jobs (including multiplier effects). Note that these estimates account for the potential offsetting benefit of deploying the saved fiscal resources in other ways.

Millions of American children and adults do not have health insurance, and the proposed reductions only exacerbate the problem. Most cannot afford private insurance and find it dif-

ficult to obtain basic or preventive health care. Medicaid alleviates a substantial portion of this problem and supports the nation's health care system, thus improving sustainability as well as providing a substantial net economic benefit. Reducing the number of people with health insurance coverage through Medicaid not only makes it harder for Americans to access the care they need, but also leads to notable economic losses.

METHODS AND ASSUMPTIONS

Any economic stimulus, whether positive or negative, generates multiplier effects throughout the economy. In this instance, reducing health insurance coverage leads to lower spending for health care, higher levels of uncompensated care, and worse morbidity and mortality outcomes (which affect productivity and earnings). All of these channels of direct effects decrease economic activity and generate downstream effects and dynamic responses rippling through the economy. The offsetting effects are based on funds being redirected based on current tax incidence across a broad spectrum of industries. The underlying data regarding the number of people losing Medicaid coverage was obtained from the Congressional Budget Office. All dollar amounts are expressed in constant (2025) dollars.

The Perryman Group's dynamic input-output assess-

ment system (the US Multi-Regional Impact Assessment System) was developed by the firm about 40 years ago and has been consistently maintained and updated since that time. The model has been used in thousands of analyses for clients ranging from major corporations to government agencies and has been peer reviewed on multiple occasions. The impact system uses a variety of data (from surveys, industry information, and other sources) to describe the various goods and services (known as resources or inputs) required to produce another good/service. This process allows for estimation of the total economic impact (including multiplier effects) of reducing health insurance coverage. The models used in the current analysis reflect the specific industrial composition and characteristics of each of the study areas. Total economic effects are quantified for key

measures of business activity as described below. Note that these are different ways of looking at the same economic effects; they are not additive. Total expenditures (or total spending) measures the reduction the dollars changing hands as a result of the economic stimulus. Gross product (or output) is production of goods and services that will not come about in each area as a result of the activity. This measure is parallel to the gross domestic product numbers commonly reported by various media outlets and is a subset of total expenditures. Personal income is the reduction in dollars that end up in the hands of people in the area; the vast majority of this aggregate derives from the earnings of employees, but payments such as interest and rents are also included. Jobs are expressed on a full-time-equivalent basis.

The Estimated Annual Impact of Potential Medicaid Cuts by 2034

Table 1 of 2

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
HEALTH SPENDING REDUCTIONS				
Agriculture	-\$6.376 b	-\$1.786 b	-\$1.167 b	-14,178
Mining	-\$4.579 b	-\$1.078 b	-\$0.611 b	-2,859
Utilities	-\$18.318 b	-\$4.160 b	-\$1.815 b	-6,095
Construction	-\$6.311 b	-\$3.337 b	-\$2.750 b	-29,826
Manufacturing	-\$75.214 b	-\$21.768 b	-\$11.720 b	-140,935
Wholesale Trade	-\$10.759 b	-\$7.275 b	-\$4.195 b	-36,776
Retail Trade*	-\$45.060 b	-\$33.828 b	-\$19.670 b	-465,067
Transportation & Warehousing	-\$9.638 b	-\$6.518 b	-\$4.311 b	-45,359
Information	-\$6.884 b	-\$4.252 b	-\$1.815 b	-12,556
Financial Activities*	-\$47.018 b	-\$12.182 b	-\$4.559 b	-36,821
Business Services	-\$12.407 b	-\$7.460 b	-\$6.086 b	-57,162
Health Services	-\$99.813 b	-\$67.042 b	-\$56.684 b	-722,811
Other Services	-\$19.318 b	-\$9.959 b	-\$8.018 b	-149,267
Total, All Industries	-\$361.695 b	-\$180.645 b	-\$123.402 b	-1,719,713
UNCOMPENSATED CARE				
Agriculture	-\$9.132 b	-\$1.826 b	-\$1.229 b	-15,018
Mining	-\$1.143 b	-\$0.271 b	-\$0.153 b	-682
Utilities	-\$4.128 b	-\$0.937 b	-\$0.409 b	-1,350
Construction	-\$1.534 b	-\$0.802 b	-\$0.661 b	-7,143
Manufacturing	-\$24.187 b	-\$6.439 b	-\$3.438 b	-41,033
Wholesale Trade	-\$2.956 b	-\$2.000 b	-\$1.153 b	-10,078
Retail Trade*	-\$10.099 b	-\$7.517 b	-\$4.360 b	-104,393
Transportation & Warehousing	-\$2.547 b	-\$1.707 b	-\$1.129 b	-11,825
Information	-\$1.567 b	-\$0.966 b	-\$0.413 b	-2,833
Financial Activities*	-\$10.746 b	-\$2.977 b	-\$1.124 b	-8,963
Business Services	-\$2.946 b	-\$1.795 b	-\$1.464 b	-13,723
Health Services	-\$16.202 b	-\$10.899 b	-\$9.215 b	-117,455
Other Services	-\$4.520 b	-\$2.319 b	-\$1.858 b	-34,413
Total, All Industries	-\$91.707 b	-\$40.455 b	-\$26.604 b	-368,908
LOST EARNINGS				
Agriculture	-\$8.253 b	-\$2.317 b	-\$1.525 b	-18,467
Mining	-\$7.969 b	-\$1.937 b	-\$1.072 b	-5,142
Utilities	-\$20.071 b	-\$4.514 b	-\$1.970 b	-6,569
Construction	-\$10.528 b	-\$5.309 b	-\$4.375 b	-47,438
Manufacturing	-\$83.433 b	-\$25.634 b	-\$14.378 b	-163,119
Wholesale Trade	-\$13.846 b	-\$9.367 b	-\$5.401 b	-47,322
Retail Trade*	-\$40.227 b	-\$30.106 b	-\$17.491 b	-415,422
Transportation & Warehousing	-\$12.194 b	-\$8.153 b	-\$5.392 b	-56,723
Information	-\$9.546 b	-\$5.882 b	-\$2.511 b	-17,335
Financial Activities*	-\$68.018 b	-\$24.274 b	-\$9.029 b	-70,343
Business Services	-\$22.193 b	-\$14.347 b	-\$11.704 b	-109,913
Health Services	-\$12.714 b	-\$8.721 b	-\$7.373 b	-93,999
Other Services	-\$21.418 b	-\$11.037 b	-\$8.759 b	-161,260
Total, All Industries	-\$330.410 b	-\$151.600 b	-\$90.982 b	-1,213,054

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values in billions of 2025 dollars. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate. For more information, see the methodology section.

The Estimated Annual Impact of Potential Medicaid Cuts by 2034

Table 2 of 2

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
TOTAL GROSS IMPACT				
Agriculture	-\$23.762 b	-\$5.930 b	-\$3.921 b	-47,663
Mining	-\$13.691 b	-\$3.286 b	-\$1.836 b	-8,683
Utilities	-\$42.517 b	-\$9.611 b	-\$4.194 b	-14,014
Construction	-\$18.373 b	-\$9.448 b	-\$7.786 b	-84,407
Manufacturing	-\$182.834 b	-\$53.841 b	-\$29.537 b	-345,087
Wholesale Trade	-\$27.561 b	-\$18.642 b	-\$10.749 b	-94,176
Retail Trade*	-\$95.386 b	-\$71.451 b	-\$41.521 b	-984,882
Transportation & Warehousing	-\$24.379 b	-\$16.378 b	-\$10.832 b	-113,907
Information	-\$17.997 b	-\$11.101 b	-\$4.739 b	-32,725
Financial Activities*	-\$125.782 b	-\$39.433 b	-\$14.713 b	-116,128
Business Services	-\$37.546 b	-\$23.603 b	-\$19.254 b	-180,798
Health Services	-\$128.730 b	-\$86.661 b	-\$73.273 b	-934,265
Other Services	-\$45.256 b	-\$23.315 b	-\$18.634 b	-344,941
Total, All Industries	-\$783.811 b	-\$372.700 b	-\$240.988 b	-3,301,675
OFFSET FOR REVENUE DEPLOYMENT				
Agriculture	+\$2.078 b	+\$0.584 b	+\$0.384 b	+4,580
Mining	+\$6.577 b	+\$1.499 b	+\$0.746 b	+3,140
Utilities	+\$6.313 b	+\$1.413 b	+\$0.617 b	+2,001
Construction	+\$3.772 b	+\$1.896 b	+\$1.563 b	+16,880
Manufacturing	+\$26.539 b	+\$7.948 b	+\$4.406 b	+46,799
Wholesale Trade	+\$4.314 b	+\$2.918 b	+\$1.683 b	+14,707
Retail Trade*	+\$11.280 b	+\$8.434 b	+\$4.898 b	+116,474
Transportation & Warehousing	+\$3.571 b	+\$2.287 b	+\$1.513 b	+15,880
Information	+\$2.187 b	+\$1.349 b	+\$0.576 b	+3,939
Financial Activities*	+\$17.308 b	+\$6.237 b	+\$2.201 b	+17,261
Business Services	+\$5.726 b	+\$3.689 b	+\$3.010 b	+28,251
Health Services	+\$3.335 b	+\$2.305 b	+\$1.949 b	+24,811
Other Services	+\$5.608 b	+\$2.896 b	+\$2.312 b	+42,382
Total, All Industries	+\$98.607 b	+\$43.456 b	+\$25.856 b	+337,103
TOTAL NET IMPACT				
Agriculture	-\$21.684 b	-\$5.346 b	-\$3.537 b	-43,083
Mining	-\$7.114 b	-\$1.787 b	-\$1.090 b	-5,544
Utilities	-\$36.203 b	-\$8.198 b	-\$3.578 b	-12,014
Construction	-\$14.601 b	-\$7.552 b	-\$6.224 b	-67,527
Manufacturing	-\$156.295 b	-\$45.892 b	-\$25.130 b	-298,288
Wholesale Trade	-\$23.247 b	-\$15.724 b	-\$9.066 b	-79,469
Retail Trade*	-\$84.106 b	-\$63.018 b	-\$36.623 b	-868,408
Transportation & Warehousing	-\$20.807 b	-\$14.091 b	-\$9.319 b	-98,027
Information	-\$15.811 b	-\$9.752 b	-\$4.163 b	-28,786
Financial Activities*	-\$108.473 b	-\$33.196 b	-\$12.512 b	-98,866
Business Services	-\$31.820 b	-\$19.913 b	-\$16.244 b	-152,547
Health Services	-\$125.394 b	-\$84.357 b	-\$71.324 b	-909,454
Other Services	-\$39.648 b	-\$20.419 b	-\$16.322 b	-302,559
Total, All Industries	-\$685.204 b	-\$329.244 b	-\$215.132 b	-2,964,573

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values in billions of 2025 dollars. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate. For more information, see the methodology section.

THE PERRYMAN GROUP



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