



The Perryman Group

# The High Cost of Millions of Texans Losing Health Insurance Coverage

April 2024

Since the expiration of COVID-19-related provisions requiring states to keep residents enrolled in Medicaid, an estimated 2.1 million Texans have lost their coverage. About two-thirds of the enrollments were terminated for procedural reasons, which can occur when enrollees do not respond due to outdated contact information or because they do not understand the required paperwork. Such disenrollments are particularly concerning because these individuals may still be eligible for coverage. Texas has by far the highest number of uninsured in the country and has removed significantly more individuals from coverage than any other state.

The primary reason to maintain and expand health insurance access is to help some of the state’s most vulnerable residents to obtain needed care, thus improving the lives of individuals and families. While many hospitals and clinics provide treatment to the uninsured, there is a substantial cost to be borne by those facilities, the local taxpayers who subsidize uncompensated

care, and those with insurance who face higher premiums to offset these expenses.

In addition to the health consequences to the affected people and families, health insurance coverage involves significant economic and fiscal benefits. With 2.1 million fewer Texans covered by health insurance, the economic costs will be substantial. As the number of insured persons falls, health-related spending decreases, reducing business activity in communities across the state and throughout the economy. The level of uncompensated care also rises, increasing costs to hospitals and requiring 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. Lower productivity associated with adverse health outcomes reduces economic activity.

## The Estimated Economic Impact of 2.1 Million Texans Losing Health Insurance Coverage

Component	Total Expenditures	Gross Product	Personal Income	Jobs
Decreased Health-Related Spending	-\$54.146 b	-\$29.266 b	-\$20.426 b	-281,078
Increased Uncompensated Care	-\$10.419 b	-\$4.761 b	-\$2.846 b	-36,514
Decreased Productivity (from Increased Morbidity/Mortality)	-\$55.542 b	-\$24.903 b	-\$14.954 b	-191,570
<b>TOTAL</b>	<b>-\$120.107 b</b>	<b>-\$58.930 b</b>	<b>-\$38.226 b</b>	<b>-509,162</b>

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

Notes: Monetary values in billions of 2024 US dollars. See page 3 for additional detail on methods and assumptions used.

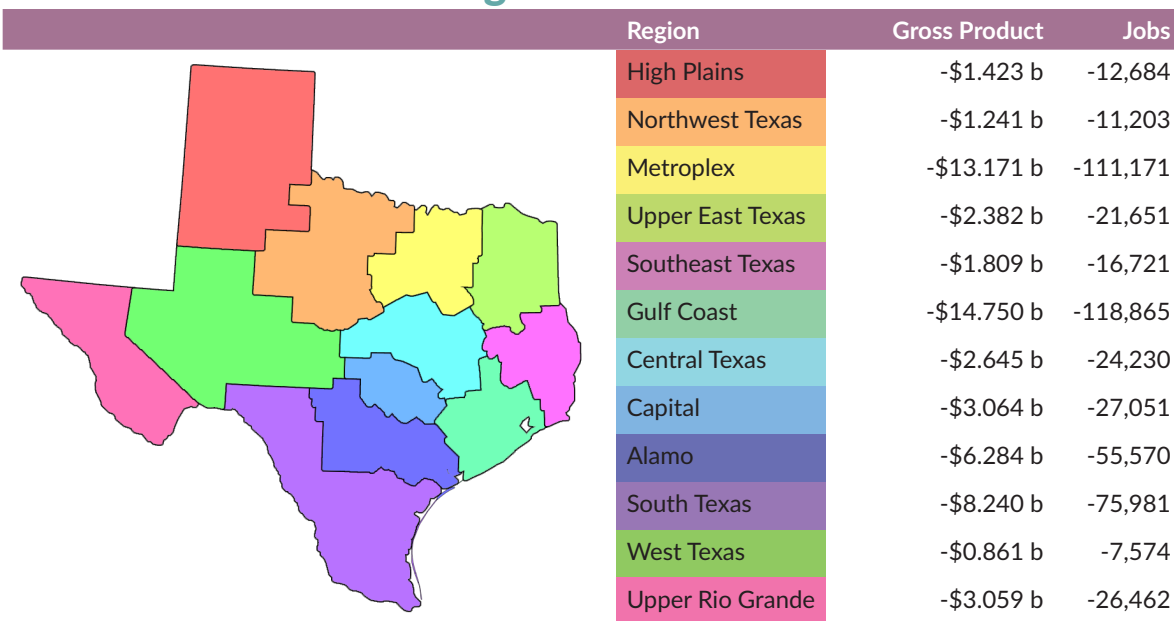
The Perryman Group estimated the economic costs of decreasing the number of Texans covered by health insurance by 2.1 million and found that, if the situation persists, the state loses \$58.9 billion in annual gross product and almost 509,200 jobs (including multiplier effects). Of that amount, losses of approximately \$29.3 billion in yearly gross product and 281,100 jobs are due to decreased health-related spending, with \$4.8 billion in annual gross product and 36,500 jobs lost due to increased uncompensated care. Another approximately \$24.9 billion in annual gross product and 191,600 job losses are due to decreased productivity (including multiplier effects). Economic harms are spread across the state.

Texas is among the most difficult states to qualify for Medicaid, and the state is one of only a handful which have not expanded Medicaid under the Affordable Care Act. The Perryman Group’s analysis has indicated that State funds required to access federal resources available for

health insurance expansion would be more than returned to the State in dynamic tax revenue. There would also be benefits to local government entities including both higher revenues and lower costs for uncompensated care. Moreover, the wellbeing of Texans could be enhanced, thus promoting sustainability.

Millions of Texas children and adults do not have health insurance, and the number is rising rapidly. In fact, Texas has the highest percentage and total number of uninsured residents in the country by a wide margin, and the recent reductions only exacerbate the problem. Most cannot afford private insurance and find it difficult to obtain basic or preventive health care. Texas could alleviate a substantial portion of this problem and support the state’s health care system by expanding health insurance coverage using available federal funds. Notable economic and fiscal gains would be an outcome of this process and, more importantly, Texans would have better access to the health care they need.

## The Estimated Economic Impact of 2.1 Million Texans Losing Health Insurance Coverage



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

Notes: Monetary values in billions of 2024 US dollars. See page 3 for additional detail on methods and assumptions used.

## METHODOLOGY

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). All of these channels of direct effect decrease economic activity and generate downstream effects and dynamic responses rippling through the economy. Underlying data regarding the number of Texans losing coverage was obtained from KFF (“Medicaid Enrollment and Unwinding Tracker” available at <https://www.kff.org/report-section/medicaid-enrollment-and-unwinding-tracker-overview/>).

The Perryman Group’s dynamic input-output assessment 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.

**Job losses** are expressed on a full-time-equivalent basis.

## THE PERRYMAN GROUP



**The Perryman Group is a focused team of analysts who know how to address complex economic information tasks and present our findings effectively.**

Our in-house professionals bring expertise in **economics, finance, statistics, mathematics, real estate, valuation, systems analysis, engineering, technical communications, and marketing**. Dr. Ray Perryman, President and CEO, has 40 years of experience in developing systems, analyzing complex problems, and communicating effectively. We have considerable pride in what we do. Our enthusiasm is both unbridled and contagious; every day brings a new opportunity for us to tackle a different problem or create a product or service specifically tailored to our clients.

### OUR SERVICES

#### IMPACT ASSESSMENT

We have developed and continually maintain an extensive set of economic impact evaluation models that can be applied in a variety of contexts.

#### EXPERT TESTIMONY

We help clients analyze and communicate complex information in common-sense terms through comprehensive, objective analyses and clear, concise expert reports and presentations.

#### FORECASTING

We are at the cutting edge of econometrics and other advanced statistical methods and have provided innovative approaches for many complex applications.

#### SPEECHES

Dr. Perryman addresses dozens of audiences throughout the world every year, catering to a wide variety of events.

### M. RAY PERRYMAN, PH.D.

Dr. Perryman is the President and CEO of the Perryman Group and Distinguished Professor of Economic Theory and Method at the International Institute for Advanced Studies. Over the past 40 years, Dr. Perryman has helped recruit corporations providing tens of thousands of jobs through economic development work, resolved billion-dollar legal issues, and revamped public policy through impact assessments and other studies. His firm has measured economic impacts for corporate locations and expansions involving billions in investments, and his economic forecasts are used by corporations and government agencies alike.



He has provided economic analysis and expert testimony for civil litigation across a wide range of practice areas including antitrust and competition, intellectual property disputes, securities, and commercial and complex litigation. His work combines strong expertise in economic damages calculation, asset valuation, market analysis, and statistical methods and econometrics.

@PerrymanGroup

www.perrymangroup.com

/PerrymanGroup

info@perrymangroup.com

/in-ray-perryman

1.800.749.8705

For more information on **subscriptions, economic forecasts, or any of our other corporate services**, call **1.800.749.8705**.