



The Perryman Group

The High Cost of Texans Losing Health Insurance July 2023

During the COVID-19 pandemic, part of the federal health emergency regulations prohibited ending Medicaid coverage for individuals. With the end of the emergency, the rules for eligibility for Medicaid in Texas have reverted to those in effect prior to the pandemic.

More than 500,000 Texans (and counting) have lost their Medicaid health insurance coverage. In some cases, coverage may resume once verification procedures are completed, but many of them have passed the age of 19 (where in Texas they generally age out) or have otherwise become ineligible under the State’s criteria.

Some individuals will qualify for other types of coverage such as through the Children’s Health Insurance Program (CHIP) or subsidized insurance under the Affordable Care Act. However, many are likely to remain uninsured.

The primary reason to expand health insurance is to help some of the state’s most vulnerable populations access needed care,

thus improving the lives of individuals and families. At the same time, health insurance coverage involves significant economic and fiscal benefits. With some 500,000 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 taxing entity resources which otherwise could be used for other critical priorities. 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 worse health outcomes reduces economic activity.

The Estimated Economic Impact of 500,000 Texans Losing Health Insurance Coverage

Component	Total Expenditures	Gross Product	Personal Income	Jobs
Decreased Health-Related Spending	-\$12.520 b	-\$6.767 b	-\$4.723 b	-66,923
Increased Uncompensated Care	-\$2.409 b	-\$1.101 b	-\$0.658 b	-8,694
Decreased Productivity (from Increased Morbidity/Mortality)	-\$12.843 b	-\$5.758 b	-\$3.458 b	-45,612
TOTAL	-\$27.773 b	-\$13.627 b	-\$8.839 b	-121,229

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

Notes: Monetary values in billions of 2023 US dollars. See page 3 for additional detail on methods and assumptions used.

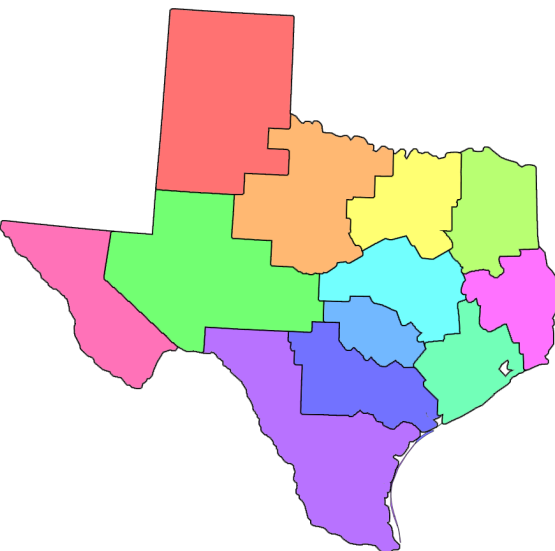
The Perryman Group estimated the economic costs of a 500,000-person decrease in the number of Texans covered by health insurance and found that the state loses \$13.6 billion in annual gross product and over 121,200 jobs (including multiplier effects). Of that amount, losses of almost \$6.8 billion in yearly gross product and more than 66,900 jobs are due to decreased health-related spending, with approximately \$5.8 billion in annual gross product and 45,600 jobs lost due to decreased productivity (including multiplier effects). Economic harms are spread across the state.

Another aspect of the situation is that federal resources are available to cover a significant portion of Medicaid costs, and Texas is one of only a handful of states 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 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.

Millions of Texans 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. 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 by expanding health insurance coverage using available federal funds and reap notable economic and fiscal gains in the process. As hundreds of thousands of the most vulnerable residents enter the ranks of uninsured, the situation will only become more difficult.

The Estimated Economic Impact of 500,000 Texans Losing Health Insurance Coverage



Region	Gross Product	Jobs
High Plains	-\$0.329 b	-3,020
Northwest Texas	-\$0.287 b	-2,667
Metroplex	-\$3.046 b	-26,469
Upper East Texas	-\$0.551 b	-5,155
Southeast Texas	-\$0.418 b	-3,981
Gulf Coast	-\$3.411 b	-28,301
Central Texas	-\$0.612 b	-5,769
Capital	-\$0.708 b	-6,441
Alamo	-\$1.453 b	-13,231
South Texas	-\$1.905 b	-18,091
West Texas	-\$0.199 b	-1,803
Upper Rio Grande	-\$0.707 b	-6,300

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

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

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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

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FORECASTING

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

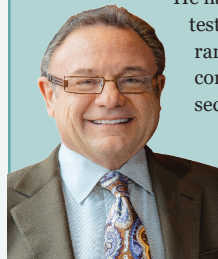
SPEECHES

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.



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