

It Just Makes Sense:

Economic and Fiscal Benefits to Texas of Accessing
Additional Federal Funds for Health Insurance Expansion

December 2020

Contents

Executive Summaryi

Introduction..... 1

Impact of Expanding Health Insurance Coverage 2

 2020 Effects if Expanded Health Insurance Coverage were in Place..... 4

 2022-23 Biennium Effects if Health Insurance Coverage Expansion is Implemented in 2021..... 7

 2022-31 Effects if Health Insurance Coverage Expansion is Implemented in 2021 10

Fiscal Benefits..... 13

Return on State Investment..... 15

Conclusion 16

Executive Summary

- 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, expanding coverage involves substantial economic and fiscal benefits.
- Expanding health insurance coverage leads to higher spending for health care, lower levels of uncompensated care, and improved morbidity and mortality outcomes (which affect productivity).
 - If Texas had previously implemented the program to access federal matching funds for health insurance expansion, current economic benefits would include an estimated increase in **2020** gross product of nearly **\$21.7 billion** and more than **231,700** jobs when multiplier effects are considered.
 - If Texas implements the program to access federal matching funds for health insurance expansion in 2021, the economic effects for the **2022-23 biennium** would gains of **\$45.3 billion** in gross product and almost **461,700 job-years** of employment over the biennium, including multiplier effects.
 - Looking over a longer time horizon, the benefits of expanding health insurance coverage become even more apparent. The Perryman Group estimates that implementing the program to access federal matching funds for health insurance expansion in 2021 would lead to total gains over the **first 10 years** of the program (fiscal years 2022-31) of **\$244.7 billion** and well over **2.1 million job-years** of employment including multiplier effects
- The economic stimulus associated with expanding access to health insurance would lead to increases in tax receipts to the State and local government entities including cities, counties, schools, and special districts. The Perryman Group estimates that if health insurance expansion is implemented in 2021, the net total dynamic fiscal benefits during the 2022-23 biennium would include **\$2.5 billion** to the State and nearly **\$2.0 billion** to local government entities across Texas. Note that these estimates fully account for the matching funds required to access the Federal resources, as well as a recent analysis of the static effects of implementing this initiative on the State budget.

- An outlay of State funds will be required to access federal funds available for health insurance expansion. However, the return on this investment is very large, generating substantial economic activity. The Perryman Group estimates that for every \$1 of State funds invested, \$1.95 is returned to the State in dynamic tax revenue.

Return on State Investment: Every \$1 in State Funding for Health Insurance Expansion Yields

\$72.91	Increase in Expenditures
\$35.78	Increase in Gross Product
\$23.21	Increase in Personal Income
\$9.57	Increase in Retail Sales
\$1.95	Increase in Dynamic State Revenue
\$1.58	Increase in Dynamic Local Revenue
(\$1.82)	Reduction in Local Taxes Required to pay for Uncompensated Care
(\$0.45)	Reduction in Uncompensated Premiums
\$3.06	Increase in Long-Term Income for Uninsured Texans
Note: Based on The Perryman Group's estimates of total economic and dynamic fiscal benefits associated with accessing available federal matching funds to expand health insurance coverage and estimated State outlays required. Source: US Multi-Regional Impact Assessment System, The Perryman Group	

- Millions of Texans do not have health insurance. Most cannot afford private insurance and are unable 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. It just makes sense!

Introduction

Millions of Texas do not have health insurance. In fact, the US Census Bureau estimates that in 2019, more than 5.2 million people in the state lacked health insurance, which was millions higher than the total in any other state. The proportion of Texans without health insurance (18.4%)

The proportion of Texans without health insurance (18.4%) was double the national average (9.2%), and the problem has almost certainly worsened this year due to COVID-19 and the related economic fallout and job losses.

was double the national average (9.2%), and the problem has almost certainly worsened this year due to COVID-19 and the related economic fallout and job losses.

Texas is one of only 12 states that have not yet chosen to expand health insurance coverage to low-income adults

using the financially attractive mechanism created with passage of the Affordable Care Act (ACA) in 2010. In addition to enhancing the health and wellbeing of individuals directly affected by receiving coverage, expanded coverage can contribute to fewer emergency room visits, improved health outcomes, enhanced employment and productivity, lower costs to hospitals and local governments for uncompensated care, less pressure on costs of health care and private insurance premiums, and other desirable developments.

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, expanding coverage involves substantial economic and fiscal benefits. The Perryman Group recently estimated economic and fiscal effects of accessing the available federal funds to allow expanded health insurance coverage.

Impact of Expanding Health Insurance Coverage

As noted, the primary reason for expanding access to health insurance is the wellbeing of Texans. At the same time, however, such efforts can have a substantial positive impact on the economy and tax receipts.

The primary reason for expanding access to health insurance is the wellbeing of Texans. At the same time, however, such efforts can have a substantial positive impact on the economy and tax receipts.

For county-level direct effects of expanding access to health insurance by accessing federal funds, The Perryman Group's analysis used detailed estimates of the eligible population at the county level as determined from a detailed demographic

assessment by Dr. Laura Dague and Constance Hughes of The Bush School of Government & Public Service at Texas A&M University.¹ The resulting overall effects were then quantified using The Perryman Group's proprietary impact assessment system (described in brief on the following page and in greater detail in Appendix A).

Results were estimated for the state as a whole, counties, metropolitan statistical areas, Council of Governments and Comptroller planning regions, and legislative districts. Effects were measured for three time periods.

- 2020 if expanded health insurance coverage were currently in place,
- the 2022-23 biennium assuming expanded coverage is implemented in 2021, and
- for the first 10 years after potential implementation in 2021 (fiscal years 2022-31).

¹ Dague, Laura and Constance Hughes, "County-Level Projections of Medicaid Expansion's Impact in Texas," September 2020, <https://www.episcopalhealth.org/wp-content/uploads/2020/09/Laura-Dague-Report-FINAL-9142020-1.pdf>.

Measuring Economic and Fiscal Impacts

Any economic stimulus, whether positive or negative, generates multiplier effects throughout the economy. In this instance, expanding health insurance coverage leads to higher spending for health care, lower levels of uncompensated care, and improved morbidity and mortality outcomes (which affect productivity). All of these channels of direct effect increase economic activity and generate downstream effects and dynamic responses rippling through the economy. In addition, increased economic activity generates tax receipts to the State and local governments.

The Perryman Group's dynamic input-output assessment system (the US Multi-Regional Impact Assessment System, which is described in further detail in the Appendices to this report) 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 hundreds 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 reduced morbidity and mortality and the related productivity gains. 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:

- **Total expenditures** (or total spending) measure the dollars changing hands as a result of the economic stimulus.
- **Gross product** (or output) is production of goods and services that will 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 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 gains** are expressed as job-years of employment for cumulative measures or jobs for ongoing effects or those measured for a particular year.

Monetary values were quantified on a constant (2020) basis to eliminate the effects of inflation. See Appendix A for additional information regarding the methods and assumptions used in this analysis.

2020 Effects if Expanded Health Insurance Coverage were in Place

If Texas had previously implemented the program to access federal matching funds for health insurance expansion, current economic benefits would be substantial. The Perryman Group estimates that the total economic benefits for Texas (from increased health-related spending, reduced uncompensated care expenses, and the reduction in morbidity and mortality and resulting gains in productivity) would include an increase in 2020 gross product of nearly **\$21.7 billion** and more than **231,700** jobs when multiplier effects are considered.

The Impact of Accessing Available Federal Matching Funds for Health Insurance Expansion on Business Activity in Texas: 2020 Results if Expansion were in Place

	Total Expenditures (Billions of 2020 Dollars)	Gross Product (Billions of 2020 Dollars)	Personal Income (Billions of 2020 Dollars)	Employment (Jobs)
Increased Health-Related Spending	\$19.756	\$10.678	\$7.453	126,892
Reduced Uncompensated Care	\$3.802	\$1.737	\$1.038	16,484
Increased Productivity from Reduced Morbidity and Mortality	\$20.701	\$9.282	\$5.574	88,343
TOTAL	\$44.259	\$21.697	\$14.065	231,720

Note: Direct effects based on studies of the potential outcomes of expanding health insurance coverage. The Perryman Group then estimated related increased health care spending, reduced uncompensated care, and improved morbidity and mortality as well as associated multiplier effects. Some of the benefits of morbidity and mortality effects arising from coverage in this period occur in subsequent years. Additional explanation of methods and assumptions may be found elsewhere in this report and Appendix A. Components may not sum to totals due to rounding.

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

Additional detailed results (by industry and by county, metropolitan area, region, and legislative district) are provided in Appendix B.

The Impact of Accessing Available Federal Matching Funds for Health Insurance Expansion on Business Activity by Council of Governments Region:²

2020 Results if Expansion were in Place

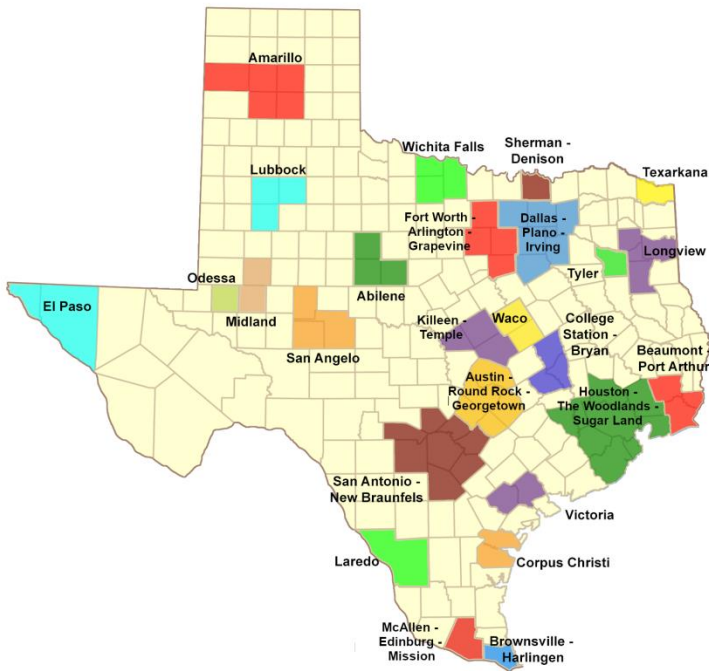


	GROSS PRODUCT (Billions of 2020 Dollars)	EMPLOYMENT (Jobs)
Panhandle	\$0.26	2,850
South Plains	\$0.26	2,923
Nortex	\$0.17	1,929
North Central Texas	\$4.70	48,844
Ark-Tex	\$0.23	2,651
East Texas	\$0.65	7,200
West Central Texas	\$0.29	3,169
Rio Grande	\$1.13	12,042
Permian Basin	\$0.23	2,499
Concho Valley	\$0.09	948
Heart of Texas	\$0.34	3,824
Capital Area	\$1.13	12,312
Brazos Valley	\$0.28	3,173
Deep East Texas	\$0.33	3,849
South East Texas	\$0.33	3,759
Houston- Galveston Area	\$5.43	54,107
Golden Crescent	\$0.13	1,452
Alamo Area	\$2.18	23,836
South Texas	\$0.47	5,420
Coastal Bend	\$0.50	5,478
Lower Rio Grande Valley	\$1.89	21,741
Texoma	\$0.15	1,760
Central Texas	\$0.35	4,028
Middle Rio Grande	\$0.16	1,930
Border Region	\$3.66	41,137
Texas	\$21.70	231,720

²Includes effects of increased health-related spending, reduced uncompensated care, and reduced morbidity and mortality (which improves productivity) associated with accessing available federal matching funds on Council of Governments Regions in a hypothetical scenario assuming the initiative had been in place in 2020.

The Impact of Accessing Available Federal Matching Funds for Health Insurance Expansion on Business Activity by Metropolitan Area: ³

2020 Results if Expansion were in Place



	GROSS PRODUCT (BILLIONS OF 2020 DOLLARS)	EMPLOYMENT (JOBS)
Abilene MSA	\$0.17	1,872
Amarillo MSA	\$0.18	1,977
Austin-Round Rock-Georgetown MSA	\$1.05	11,484
Beaumont-Port Arthur MSA	\$0.33	3,759
Brownsville-Harlingen MSA	\$0.60	6,767
College Station-Bryan MSA	\$0.23	2,549
Corpus Christi MSA	\$0.36	3,861
Dallas-Plano-Irving MD*	\$2.90	29,550
Fort Worth-Arlington-Grapevine MD*	\$1.65	17,570
El Paso MSA	\$1.11	11,856
Houston-The Woodlands-Sugar Land MSA	\$5.29	52,459
Killeen-Temple MSA	\$0.32	3,702
Laredo MSA	\$0.38	4,303
Longview MSA	\$0.22	2,473
Lubbock MSA	\$0.20	2,164
McAllen-Edinburg-Mission MSA	\$1.28	14,736
Midland MSA	\$0.05	567
Odessa MSA	\$0.10	1,085
San Angelo MSA	\$0.06	674
San Antonio-New Braunfels MSA	\$2.10	22,962
Sherman-Denison MSA	\$0.10	1,166
Texarkana MSA	\$0.08	943
Tyler MSA	\$0.15	1,621
Victoria MSA	\$0.08	873
Waco MSA	\$0.27	2,957
Wichita Falls MSA	\$0.12	1,332
Rural Texas	\$2.31	26,457
Texas	\$21.70	231,720
Source: The Perryman Group		

³Includes effects of increased health-related spending, reduced uncompensated care, and reduced morbidity and mortality (which improves productivity) associated with accessing available federal matching funds by Metropolitan Statistical Areas (MSA) and Metropolitan Division (MD) in a hypothetical scenario assuming the initiative had been in place in 2020.

2022-23 Biennium Effects if Health Insurance Coverage Expansion is Implemented in 2021

If Texas implements the program to access federal matching funds for health insurance expansion in 2021, the economic effects for the 2022-23 biennium would be notable. The Perryman Group estimates the total impact for Texas (from increased health-related spending, reduced uncompensated care expense, and the reduction in morbidity and mortality and resulting gains in productivity) would include gains of **\$45.3 billion** in gross product and almost **461,700 job-years** of employment over the biennium, including multiplier effects. (A job-year is equivalent to one person working full-time for one year, though it could be multiple individuals working partial years.)

The Impact of Accessing Available Federal Matching Funds for Health Insurance Expansion on Business Activity in Texas: 2022-23 Biennium Effects of Expansion Implemented in 2021

	Total Expenditures (Billions of 2020 Dollars)	Gross Product (Billions of 2020 Dollars)	Personal Income (Billions of 2020 Dollars)	Employment (Job-Years)
Increased Health-Related Spending	\$41.624	\$22.498	\$15.702	254,870
Reduced Uncompensated Care	\$8.009	\$3.660	\$2.188	33,110
Increased Productivity from Reduced Morbidity and Mortality	\$42.697	\$19.144	\$11.496	173,708
TOTAL	\$92.330	\$45.302	\$29.386	461,687

Note: Direct effects based on studies of the potential outcomes of expanding Health insurance coverage. The Perryman Group then estimated related increased health care spending, reduced uncompensated care, and improved morbidity and mortality as well as associated multiplier effects. Some of the benefits of morbidity and mortality effects arising from coverage in this period occur in subsequent years. Additional explanation of methods and assumptions may be found elsewhere in this report and Appendix A. Components may not sum to totals due to rounding. A job-year is equivalent to one person working full-time for one year. Source: US Multi-Regional Impact Assessment System, The Perryman Group

Additional detailed results (by industry and by county, metropolitan area, region, and legislative district) are provided in Appendix B.

The Impact of Accessing Available Federal Matching Funds for Health Insurance Expansion on Business Activity by Region:⁴

2022-23 Biennium

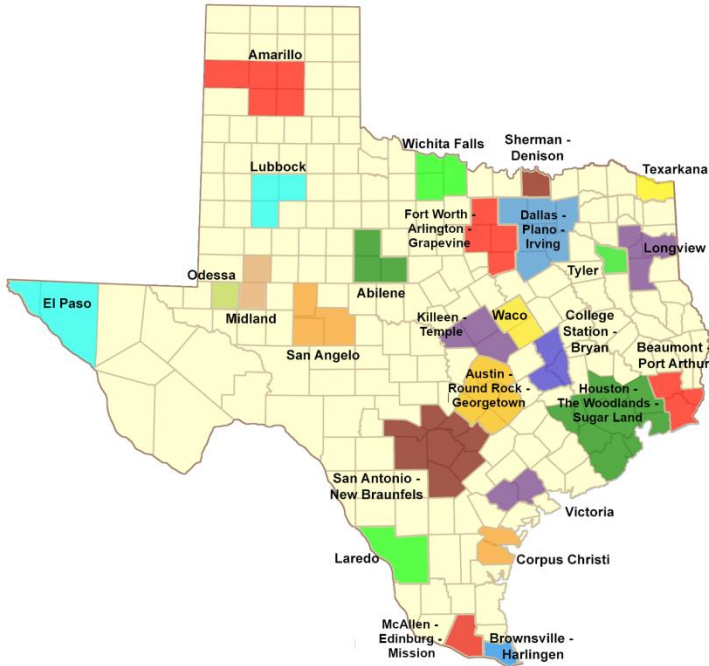


	GROSS PRODUCT (Billions of 2020 Dollars)	EMPLOYMENT (Job-years)
Panhandle	\$0.55	5,678
South Plains	\$0.55	5,824
Nortex	\$0.36	3,843
North Central Texas	\$9.81	97,298
Ark-Tex	\$0.48	5,284
East Texas	\$1.35	14,349
West Central Texas	\$0.60	6,315
Rio Grande	\$2.35	23,995
Permian Basin	\$0.48	4,979
Concho Valley	\$0.18	1,889
Heart of Texas	\$0.72	7,620
Capital Area	\$2.36	24,529
Brazos Valley	\$0.59	6,322
Deep East Texas	\$0.69	7,672
South East Texas	\$0.70	7,490
Houston-Galveston Area	\$11.34	107,781
Golden Crescent	\$0.27	2,893
Alamo Area	\$4.56	47,495
South Texas	\$0.98	10,804
Coastal Bend	\$1.05	10,917
Lower Rio Grande Valley	\$3.96	43,329
Texoma	\$0.32	3,507
Central Texas	\$0.73	8,028
Middle Rio Grande	\$0.34	3,847
Border Region	\$7.64	81,983
Texas	\$45.30	461,687

⁴Includes effects during the 2022-23 biennium of increased health-related spending, reduced uncompensated care, and reduced morbidity and mortality (which improves productivity) associated with accessing available federal matching funds by Metropolitan Statistical Area (MSA) or Metropolitan Division (MD) in a hypothetical scenario assuming the initiative is implemented in 2021. A job-year is one person working for one year, though it could be multiple individuals working partial years.

The Impact of Accessing Available Federal Matching Funds for Health Insurance Expansion on Business Activity by Metropolitan Area:⁵

2022-23 Biennium



	GROSS PRODUCT (BILLIONS OF 2020 DOLLARS)	EMPLOYMENT (JOB-YEARS)
Abilene MSA	\$0.36	3,730
Amarillo MSA	\$0.38	3,939
Austin-Round Rock- Georgetown MSA	\$2.20	22,880
Beaumont-Port Arthur MSA	\$0.70	7,490
Brownsville-Harlingen MSA	\$1.24	13,487
College Station-Bryan MSA	\$0.48	5,080
Corpus Christi MSA	\$0.75	7,693
Dallas-Plano-Irving MD	\$6.05	58,858
Fort Worth-Arlington- Grapevine MD	\$3.44	35,004
El Paso MSA	\$2.32	23,624
Houston-The Woodlands- Sugar Land MSA	\$11.04	104,496
Killeen-Temple MSA	\$0.67	7,378
Laredo MSA	\$0.79	8,577
Longview MSA	\$0.47	4,928
Lubbock MSA	\$0.41	4,312
McAllen-Edinburg-Mission MSA	\$2.67	29,367
Midland MSA	\$0.11	1,130
Odessa MSA	\$0.21	2,163
San Angelo MSA	\$0.13	1,344
San Antonio-New Braunfels MSA	\$4.39	45,754
Sherman-Denison MSA	\$0.21	2,324
Texarkana MSA	\$0.17	1,880
Tyler MSA	\$0.31	3,231
Victoria MSA	\$0.17	1,740
Waco MSA	\$0.56	5,894
Wichita Falls MSA	\$0.25	2,655
Rural Texas	\$4.82	52,728
Texas	\$45.30	461,687
Source: The Perryman Group		

⁵Includes effects during the 2022-23 biennium of increased health-related spending, reduced uncompensated care, and reduced morbidity and mortality (which improves productivity) associated with accessing available federal matching funds by Metropolitan Statistical Area (MSA) or Metropolitan Division (MD) in a hypothetical scenario assuming the initiative is implemented in 2021. A job-year is one person working for one year, though it could be multiple individuals working partial years.

2022-31 Effects if Health Insurance Coverage Expansion is Implemented in 2021

Looking over a longer time horizon, the benefits of expanding health insurance coverage become even more apparent. The Perryman Group estimates that implementing the program to access federal matching funds for health insurance expansion in 2021 would lead to total gains over the first 10 years of the program (fiscal years 2022-31) of **\$244.7 billion** and well over **2.1 million job-years** of employment including multiplier effects.

The Impact of Accessing Available Federal Matching Funds for Health Insurance Expansion on Business Activity in Texas: Cumulative Effects for Fiscal Years 2022-31 of Expansion Implemented in 2021

	Total Expenditures (Billions of 2020 Dollars)	Gross Product (Billions of 2020 Dollars)	Personal Income (Billions of 2020 Dollars)	Employment (Job-Years)
Increased Health-Related Spending	\$228.540	\$123.525	\$86.215	1,199,954
Reduced Uncompensated Care	\$43.976	\$20.094	\$12.013	155,884
Increased Productivity from Reduced Morbidity and Mortality	\$225.444	\$101.083	\$60.698	786,480
TOTAL	\$497.960	\$244.703	\$158.926	2,142,318

Note: Direct effects based on studies of the potential outcomes of expanding Health insurance coverage. The Perryman Group then estimated related increased health care spending, reduced uncompensated care, and improved morbidity and mortality as well as associated multiplier effects. Some of the benefits of morbidity and mortality effects arising from coverage in this period occur in subsequent years. Additional explanation of methods and assumptions may be found elsewhere in this report and Appendix A. Components may not sum to totals due to rounding. A job-year is equivalent to one person working full-time for one year.
Source: US Multi-Regional Impact Assessment System, The Perryman Group

Additional detailed results (by industry and by county, metropolitan area, region, and legislative district) are provided in Appendix B.

The Impact of Accessing Available Federal Matching Funds for Health Insurance Expansion on Business Activity by Region: ⁶

First 10 Years (2021-30)

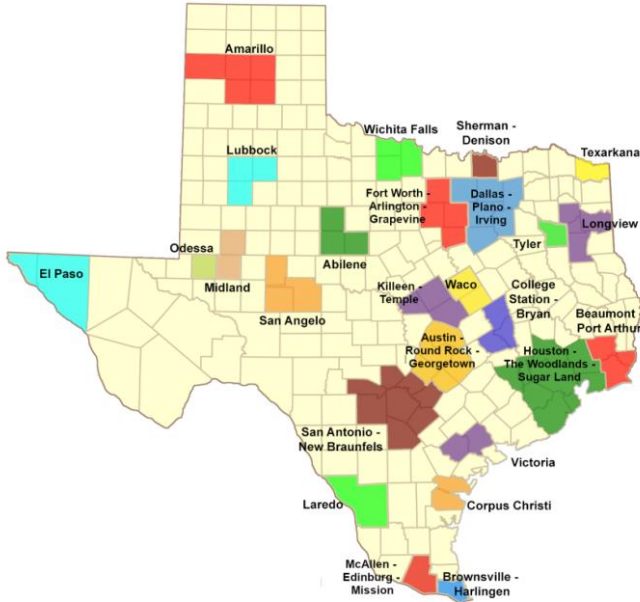


	GROSS PRODUCT (Billions of 2020 Dollars)	EMPLOYMENT (Jobs)
Panhandle	\$2.94	26,341
South Plains	\$2.97	27,030
Nortex	\$1.93	17,841
North Central Texas	\$52.95	451,318
Ark-Tex	\$2.60	24,532
East Texas	\$7.30	66,613
West Central Texas	\$3.23	29,313
Rio Grande	\$12.71	111,356
Permian Basin	\$2.60	23,099
Concho Valley	\$0.97	8,769
Heart of Texas	\$3.88	35,378
Capital Area	\$12.72	113,802
Brazos Valley	\$3.18	29,343
Deep East Texas	\$3.75	35,619
South East Texas	\$3.77	34,763
Houston-Galveston Area	\$61.19	499,928
Golden Crescent	\$1.48	13,430
Alamo Area	\$24.63	220,425
South Texas	\$5.32	50,182
Coastal Bend	\$5.68	50,674
Lower Rio Grande Valley	\$21.40	201,151
Texoma	\$1.72	16,278
Central Texas	\$3.93	37,268
Middle Rio Grande	\$1.85	17,866
Border Region	\$41.28	380,594
Texas	\$244.70	2,142,318

⁶Includes effects during the first 10 years after implementation (2021-30) of increased health-related spending, reduced uncompensated care, and reduced morbidity and mortality (which improves productivity) associated with accessing available federal matching funds by Council of Governments Region in a hypothetical scenario assuming the initiative is implemented in 2021. A job-year is one person working for one year, though it could be multiple individuals working partial years.

The Impact of Accessing Available Federal Matching Funds for Health Insurance Expansion on Business Activity by Region: ⁷

First 10 Years (2021-30)



	GROSS PRODUCT (BILLIONS OF 2020 DOLLARS)	EMPLOYMENT (JOB-YEARS)
Abilene MSA	\$1.95	17,315
Amarillo MSA	\$2.03	18,279
Austin-Round Rock- Georgetown MSA	\$11.88	106,150
Beaumont-Port Arthur MSA	\$3.77	34,763
Brownsville-Harlingen MSA	\$6.72	62,613
College Station-Bryan MSA	\$2.57	23,580
Corpus Christi MSA	\$4.07	35,708
Dallas-Plano-Irving MD*	\$32.68	272,965
Fort Worth-Arlington- Grapevine MD*	\$18.57	162,404
El Paso MSA	\$12.52	109,638
Houston-The Woodlands-Sugar Land MSA	\$59.59	484,672
Killeen-Temple MSA	\$3.62	34,250
Laredo MSA	\$4.30	39,832
Longview MSA	\$2.53	22,868
Lubbock MSA	\$2.21	20,017
McAllen-Edinburg-Mission MSA	\$14.44	136,333
Midland MSA	\$0.61	5,242
Odessa MSA	\$1.12	10,041
San Angelo MSA	\$0.69	6,241
San Antonio-New Braunfels MSA	\$23.74	212,341
Sherman-Denison MSA	\$1.12	10,791
Texarkana MSA	\$0.93	8,728
Tyler MSA	\$1.70	14,999
Victoria MSA	\$0.91	8,076
Waco MSA	\$3.03	27,359
Wichita Falls MSA	\$1.33	12,326
Rural Texas	\$26.06	244,787
Texas	\$244.70	2,142,318
Source: The Perryman Group		

⁷Includes effects during the first 10 years after implementation (2021-30) of increased health-related spending, reduced uncompensated care, and reduced morbidity and mortality (which improves productivity) associated with accessing available federal matching funds by Metropolitan Statistical Area (MSA) or Metropolitan Division (MD) in a hypothetical scenario assuming the initiative is implemented in 2021. A job-year is one person working for one year, though it could be multiple individuals working partial years.

Fiscal Benefits

Business activity generates tax revenue. The economic stimulus associated with expanding access to health insurance (measured in the course of this study) would lead to increases in tax receipts to the State and local government entities including cities, counties, schools, and special districts. Taxes are generated based on the increase in economic activity quantified by The Perryman Group and described in the preceding sections.

For example, the increase in retail sales associated with the economic stimulus measured in this study was quantified (results appear in

The Perryman Group estimates that if health insurance expansion is implemented in 2021, the total net dynamic fiscal benefits during the 2022-23 biennium would include \$2.5 billion to the State and nearly \$2.0 billion to local government entities across Texas.

Appendix B), and a portion of these retail sales are taxable and lead to increased receipts to local taxing entities.

Economic benefits also affect demand for housing and, hence, property tax values. When the total economic effects are considered (such as those measured in this study), the gains in taxes from these sources are significant. The Perryman Group estimated the

fiscal benefits to the State of Texas and local taxing entities across the state associated with the increase in economic activity expanded access to health insurance would involve. Note that these estimates fully account for the matching funds required to access the Federal resources, as well as a recent analysis of the static effects of implementing this initiative on the State budget.⁸

⁸ Fritz, Randy, John R. Pitts and John R. Pitts, Jr., "State Budget Impact of Providing Health Insurance to Low-Income Adults with 90% Federal Funding," <https://www.episcopalhealth.org/wp-content/uploads/2020/09/Fritz-Pitts-Pitts-Sept-2020-Impact-of-Medicaid-Expansion-on-State-Budget-1.pdf>, September 2020.

The Perryman Group estimates that if health insurance expansion is implemented in 2021, the net total dynamic fiscal benefits during the 2022-23 biennium would include **\$2.5 billion** to the State and nearly **\$2.0 billion** to local government entities across Texas.

Fiscal Benefits of Accessing Available Federal Matching Funds for Health Insurance Expansion (in billions of 2020 dollars)

	Texas	Local Governments Across Texas
2020 Effects if Health Insurance Expansion had been in Place	\$1.185	\$0.955
2022-23 Biennium Effects if Health Insurance Expansion is Implemented in 2021	\$2.473	\$1.994
2021-30 Effects if Health Insurance Expansion is Implemented in 2021	\$13.359	\$10.781
Note: Dynamic fiscal benefits based on the increase in economic activity associated with accessing available federal matching funds to expand health insurance coverage and The Perryman Group's estimates of related tax increases. Source: US Multi-Regional Impact Assessment System, The Perryman Group		

Return on State Investment

An outlay of State funds will be required to access federal funds available for health insurance expansion. However, the return on this investment is very large, generating substantial economic activity.

Moreover, The Perryman Group estimates that for every \$1 of State funds invested, \$1.95 is returned to the State in dynamic tax revenue (a recent study also demonstrates a positive net revenue effect on a static basis).⁹ The investment not only pays for itself, but also generates additional tax receipts to the State. Local government entities would see higher tax receipts due to the substantial economic activity generated as well as a reduction in amounts needed to pay for uncompensated care.

Return on State Investment: Every \$1 in State Funding for Health Insurance Expansion Yields	
\$72.91	Increase in Expenditures
\$35.78	Increase in Gross Product
\$23.21	Increase in Personal Income
\$9.57	Increase in Retail Sales
\$1.95	Increase in Dynamic State Revenue
\$1.58	Increase in Dynamic Local Revenue
(\$1.82)	Reduction in Local Taxes Required to pay for Uncompensated Care
(\$0.45)	Reduction in Uncompensated Premiums
\$3.06	Increase in Long-Term Income for Uninsured Texans
Note: Based on The Perryman Group's estimates of total economic and dynamic fiscal benefits associated with accessing available federal matching funds to expand health insurance coverage and estimated State outlays required. Source: US Multi-Regional Impact Assessment System, The Perryman Group	

⁹ Fritz, Randy, John R. Pitts and John R. Pitts, Jr., "State Budget Impact of Providing Health Insurance to Low-Income Adults with 90% Federal Funding," <https://www.episcopalhealth.org/wp-content/uploads/2020/09/Fritz-Pitts-Pitts-Sept-2020-Impact-of-Medicaid-Expansion-on-State-Budget-1.pdf>, September 2020.

Conclusion

Without adequate care, health issues can escalate into bigger and more expensive problems. Moreover, the human costs when individuals do not receive needed care can be tragic.

While the primary purpose of any insurance program is human health and wellness for the relevant population, providing adequate resources for health insurance also makes economic sense.

While the primary purpose of any insurance program is human health and wellness for the relevant population, providing adequate resources for health insurance also makes economic sense. The Perryman Group estimates that if federal funds

are accessed to expand health insurance coverage, economic benefits during the 2022-23 biennium would include over **\$45.3 billion** in gross product and nearly **461,700 job-years** of employment due to increased health-related spending, reduced costs of uncompensated care, reduced morbidity and mortality and the related multiplier effects through the economy.

Although an investment of State funds would be required, \$9 in federal matching funds would be available for every \$1 in State contributions. These outlays can be more than recouped within the current budget structure.¹⁰ Moreover, the enhanced economic activity associated with expanded coverage would generate additional tax receipts to the State and local governments, with \$1.95 returned to the State for every \$1 spent.

Millions of Texans do not have health insurance. Most cannot afford private insurance and are unable to obtain basic or preventive health

¹⁰ Fritz, Randy, John R. Pitts and John R. Pitts, Jr., "State Budget Impact of Providing Health Insurance to Low-Income Adults with 90% Federal Funding," <https://www.episcopalhealth.org/wp-content/uploads/2020/09/Fritz-Pitts-Pitts-Sept-2020-Impact-of-Medicaid-Expansion-on-State-Budget-1.pdf>, September 2020.

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. It just makes sense!