

## What is the cost of failure?

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There is no shortage of doomsday scenarios currently being peddled by opponents of health care reform. There is scant discussion, however, of what would happen to health insurance coverage and costs if reforms are not enacted.

Over the past couple of months, the insurance lobby, Republican members of Congress, and wing nuts on the AM dial, among others, have provided an unending litany of the hell on earth to be paid if reform comes to pass. The same guardians of the status quo, though, are notably silent on the impact on coverage and spending by government, employers, and families were reform efforts to fail.

In a report released last week by the Robert Wood Johnson Foundation, [The Cost of Failure to Enact Health Reform: Implications for States](#), researchers from the Urban Institute estimate the likely changes in coverage and health care costs that each state will face in the absence of health insurance coverage reforms. Estimates are provided for three scenarios, ranging from best to worst case, with varying assumptions about health care costs and premium growth as well as employment, income growth, and changes in income inequality over the next decade.

Under any scenario, the authors conclude that if significant reforms that make health insurance more accessible and affordable and reduce the rate of health care cost growth over time are not passed, then the number of uninsured will continue to increase dramatically. Absent reform, health insurance premiums and out-of-pocket spending for business and families will grow faster than wages and the cost of financing public program growth and caring for a growing number of uninsured through safety net programs will place added burdens on taxpayers over the coming decade.

In the best-case scenario – that is, the most optimistic combination of full employment, high income growth, and slower growth in health care costs – the number of uninsured non-elderly Americans will grow to an estimated 53 million in 2014 and 57 million in 2019.

Absent reform, the number of uninsured Nevadans in the “best case” would rise from 518,000 in 2009 to 702,000 in 2019 or nearly 1 in 4 Nevadans under the age of 65. In the worst case, the number of uninsured rises to over 800 thousand by 2019.

In any scenario, the percent of non-elderly Americans covered by employer-sponsored insurance would decline and there would be substantial increases in employer spending on insurance premiums for businesses of all sizes. In Nevada, the rate of employer-sponsored coverage would fall from 58.6 percent in 2009 to an estimated 52.3 percent in 2019 in the

worst case and to 56.9 percent in the best case. Likewise, spending by Nevada employers on premiums would rise from \$3.6 billion in 2009 to an estimated \$8.9 billion in 2019 in the worst case (an increase of 145 percent over the decade) and to an estimated \$7.46 billion in 2019 in the best case (105 percent).

With the failure of comprehensive reform, individual and family spending on health care in Nevada would also increase significantly – from \$2.7 billion by non-elderly Nevadans in 2009 to \$5.5 billion in 2019 in the worst case (102 percent), and to \$4.8 billion in 2019 in the best case (75 percent)

Absent reform, premiums and costs will continue to outpace annual growth in personal wages and business income in Nevada and the majority of US states, thus adversely affecting business profitability and the financial security of millions of Americans over the next decade.

The report indicates that enrollment in Medicaid and other public insurance programs for low-income children and adults in Nevada would rise from 10.0 percent of the non-elderly population in 2009 to an estimated 12.3 percent in 2019 in the worst case – an increase of 126 thousand more Nevadans covered under public health insurance programs. Even in the best case and assuming no change in eligibility requirements, enrollment would increase by 113 thousand or to 11.1 percent of the non-elderly population by the end of the decade, resulting in further strains on Nevada taxpayers and the state general fund.

Finally, the combined growth of the uninsured and Medicaid enrollees will also place additional burdens on hospitals, community health centers, and other safety-net providers already struggling with the cost of uncompensated care and below-cost reimbursement for care provided to Medicaid and Medicare beneficiaries.

The report's authors recognize that the comprehensive reforms proposed by Congressional Democrats will undoubtedly be costly to American taxpayers. Nonetheless, the poverty of arguments made by opponents of reform and those beholden to the status quo lies in their failure to acknowledge the substantial, rising costs of inaction.

Critics repeatedly assert that proposed reforms will do more harm than good. The findings presented in [The Cost of Failure](#) not only debunk that claim in terms of dollars and common sense, the report abundantly underscores the costs that await businesses and workers in all 50 states if comprehensive coverage and cost containment reforms are not enacted.

A complete copy of the report and a discussion of the Urban Institute's Health Insurance Policy Simulation methodology can be found at <http://www.rwjf.org/files/research/49148.pdf>.

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