

# The Cost of Failure to Enact Health Reform: 2010 - 2020

## Impact on Medicaid and the Children's Health Insurance Program (CHIP)

In a report from the [Robert Wood Johnson Foundation](#), analysts at the [Urban Institute](#) used their Health Insurance Policy Simulation Model to assess the changes in coverage patterns and health care costs that would occur nationally from 2010 to 2020 in the event that major reforms are not enacted. The study examined three alternative scenarios:

1. **Worst case** – continuing high levels of unemployment; slow growth in incomes; high growth rates for health care costs;
2. **Intermediate case** – somewhat faster growth in incomes, but a lower growth rate for health care costs; and
3. **Best case** – full employment; faster income growth; even slower growth in health care costs.

Under all three economic scenarios, the analysis finds that an increasing burden would be placed upon existing public insurance programs like Medicaid and CHIP. Specifically, the researchers explored the following questions on the effects that failure to reform the health care system would have on Medicaid and other public insurance programs:

### **How many people will obtain coverage under Medicaid given changes in incomes, health care costs and declines in employer coverage?**

- **Medicaid and CHIP coverage would increase substantially.** Enrollment in the programs would increase from 45.4 million in 2010 to 58.2 million in 2020 in the worst case scenario, an increase of 12.8 million nonelderly Americans covered under public programs. Even in the best case, enrollment would increase by 7.2 million persons.

### **How much will spending on public insurance (e.g. Medicaid and CHIP) increase?**

- **Medicaid and CHIP expenditures on acute care services for the nonelderly would grow considerably.** The increase would happen both because of increased enrollment and because of higher health care costs. In the worst case scenario Medicaid and CHIP spending for the nonelderly would increase from \$278 billion in 2010 to \$576 billion in 2020, an increase of 108 percent. In the best case, spending would increase by 59 percent to \$442 billion. This assumes states maintain current eligibility levels. If they do not, Medicaid enrollment and spending will be lower but uncompensated care costs will be higher.

For more information or to read the full report, log on to [www.rwjf.org/reform](http://www.rwjf.org/reform).