

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

The Changing Ranks of the Uninsured

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 middle-class families will be hardest hit, as by 2020, they will compose over half of the uninsured population in America. Specifically, the researchers explored the following question on the effects that failure to reform the health care system would have on the composition of uninsured:

What will the composition of the uninsured look like in ten years compared to now if health reform fails in terms of income, age and health status?

- **Middle-income families will be hardest hit.** In the worst case, the uninsured rate for those in families with incomes from 200 to 399 percent of the federal poverty level (FPL) would rise by 9 percentage points, from 19 percent to 28 percent in 2020. The number of uninsured people in this income group would increase by 7.3 million people. In the best case, the uninsured rate would rise to 23 percent. The rate of uninsurance for families with incomes 400 percent of the FPL or more would also increase. The number of uninsured families in this income level would increase from 7 percent in 2010 to 13 percent in the worst case, and 9 percent in the best case in 2020.
- **A larger share of the uninsured would come from middle- and higher-income families.** In the worst case, more than half of the uninsured will have incomes of more than 200 percent of the FPL in 2020, whereas such families currently comprise an estimated 44 percent of the uninsured. Even in the best case, the uninsured will increasingly consist of middle- and higher-income Americans. Being mostly ineligible for Medicaid or the Children's Health Insurance Program (CHIP), middle- and higher-income families who lose private coverage would become uninsured, whereas many eligible lower-income individuals would obtain coverage through Medicaid or CHIP.
- **The rate of uninsurance among lower-income families will remain at high levels.** In the best and worst cases, those in families with incomes less than 200 percent of the FPL will continue to have high uninsurance rates of 33 to 34 percent. Uninsurance rates would remain stable as eligible individuals increasingly shift to public coverage. This assumes that states maintain Medicaid eligibility at current levels.
- **The uninsured rate would increase significantly for older adults.** For adults ages 45 to 54, the rate would increase from 17 percent in 2010 to 24 percent in 2020 in the worst case. For adults ages 55 to 64, the uninsured rate would increase from 15 percent in 2010 to 18 percent in the best case, and 22 percent in the worst case in 2020. While the value of health insurance increases as people get older, many over age 45 would lose access to coverage through their employers while nongroup premiums would become increasingly unaffordable. For children ages 18 and below, Medicaid and CHIP would limit the rise in uninsurance rates to a 3 percentage point increase in ten years in the worst case.

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- **The uninsured population will shift somewhat toward older age groups.** Young adults ages 19 to 24 would have the highest rate of uninsurance in each year and scenario. They will, however, become a smaller share of the uninsured population in 2020 in both the best and worst cases. The share of uninsured ages 35 to 64 will be higher in 2020 in the worst case, with only minor changes in the best case.
- **Uninsured rates will rise for those in better health.** Among people in excellent, very good or good health, the uninsured rate would rise from 18 percent in 2010 to 20 percent in the best case, and 24 percent in the worst case. Currently, those in fair or poor health are more likely to be uninsured than those in better health. Among people in fair or poor health, the uninsured rate would remain fairly stable over time at 22 percent. This is because those with higher health care needs who currently have coverage would be more likely to continue their coverage as premiums increase. As a result, those who continue to have private health insurance will be an increasingly less healthy population in 2020.

For more information or to read the full report, log on to www.rwjf.org/reform.