

What Will Happen to Health Insurance and Jobs in Each State if the *Texas v. United States* Lawsuit Succeeds?

In *Texas v. United States*, a district court judge in Texas overturned the Affordable Care Act (ACA), ruling that the statute was unconstitutional. The case has now reached the U.S. Court of Appeals for the 5th Circuit. If the lawsuit succeeds and the ACA is judicially repealed, millions of people will be harmed.

For example, Medicare beneficiaries will experience cuts to preventive care and prescription drug coverage; people with job-based health insurance will lose guaranteed access to zero-copay preventive services; people with preexisting conditions will once again be denied health insurance because they need it; young adults up to age 26 will lose their right to coverage through their parents' health insurance policies; and coverage gains resulting from Medicaid expansion and federal premium tax credits for private health insurance will disappear.

A judicial repeal of the ACA would lead to the following consequences nationwide:

- » At least 19.9 million people would lose their health insurance coverage entirely.
- » State economies would lose \$134.7 billion or more in federal health care dollars, taking away at least 1.7 million jobs a year.

Although the potential impact of this lawsuit is far-reaching, this fact sheet focuses on three specific questions about what will happen if the federal courts overturn the ACA: (1) How many people in each state will lose health insurance coverage entirely? (2) How much federal money will stop flowing to each state's

economy? (3) How many jobs will be lost in each state as a result of federal dollars buying less health care within the state's boundaries?

How Many People in Each State Will Lose Health Insurance Coverage Entirely?

In March 2019, the Urban Institute estimated the number of people who would become uninsured under ACA repeal.¹ Researchers produced two estimates: a lower bound of 19.9 million, showing what would happen if states responded to ACA repeal by immediately reinstating all pre-ACA coverage expansions, and an upper bound of 20.1 million, showing what would happen if states did not immediately seek, or could not quickly obtain, the waivers that provided the expansion, waivers that affected seven states. Table 1 displays the lower-bound estimate. Actual coverage losses likely would be larger.

At least 19.9 million people would lose their health insurance coverage entirely.

**Table 1. Number of People Losing All Health Insurance if the ACA Is Repealed
(Plaintiff States Highlighted in Yellow)**

State	People losing coverage	State	People losing coverage
Alabama	143,000	Montana	112,000
Alaska	68,000	Nebraska	52,000
Arizona	297,000	Nevada	282,000
Arkansas	299,000	New Hampshire	89,000
California	3,789,000	New Jersey	595,000
Colorado	400,000	New Mexico	226,000
Connecticut	223,000	New York	607,000
Delaware	28,000	North Carolina	503,000
District of Columbia	34,000	North Dakota	25,000
Florida	1,560,000	Ohio	741,000
Georgia	461,000	Oklahoma	146,000
Hawaii	11,000	Oregon	372,000
Idaho	79,000	Pennsylvania	858,000
Illinois	605,000	Rhode Island	67,000
Indiana	497,000	South Carolina	242,000
Iowa	187,000	South Dakota	12,000
Kansas	62,000	Tennessee	168,000
Kentucky	379,000	Texas	1,733,000
Louisiana	494,000	Utah	102,000
Maine	83,000	Vermont	13,000
Maryland	345,000	Virginia	642,000
Massachusetts	102,000	Washington	565,000
Michigan	720,000	West Virginia	162,000
Minnesota	265,000	Wisconsin	153,000
Mississippi	100,000	Wyoming	12,000
Missouri	169,000	United States	19,877,000

Source: Linda J. Blumberg, Matthew Buettgens, John Holahan, and Clare Wang Pan, *State-by-State Estimates of the Coverage and Funding Consequences of Full Repeal of the ACA* (Washington, DC: Urban Institute, March 2019), https://www.urban.org/sites/default/files/publication/100000/repeal_of_the_aca_by_state_o.pdf.

Note: These coverage losses represent a lower-bound estimate, assuming that all states immediately restore their pre-ACA coverage expansion waivers under Social Security Act Section 1115. Coverage losses may also underestimate losses resulting from the termination of young adults' access to dependent coverage through age 26.

How Much Federal Money Will Stop Flowing to Each State's Economy?

If the federal courts repeal the ACA, fewer federal dollars would buy health care in each state. Ending the ACA's Medicaid expansion would terminate federal matching funds that now pay 90% of expansion costs in the states that have implemented that option. Federal premium tax credits would stop paying for private health insurance in every state. In the seven states that have obtained reinsurance waivers under ACA Section 1332, federal reinsurance money would disappear as well. Altogether, state economies would lose between \$134.7 billion and \$141.1 billion in annual federal health care dollars, depending on whether states restore their pre-ACA coverage expansion waivers. Table 2 shows a best-case scenario, assuming all states immediately restore those waivers.

Altogether, state economies would lose between \$134.7 billion and \$141.1 billion in annual federal health care dollars.

**Table 2. Federal Health Care Dollars Leaving State Economies if the ACA Is Repealed
(Plaintiff States Highlighted in Yellow)**

State	Federal dollars (millions)
Alabama	\$1,155
Alaska	\$540
Arizona	\$2,119
Arkansas	\$1,778
California	\$22,403
Colorado	\$2,812
Connecticut	\$1,851
Delaware	\$302
District of Columbia	\$281
Florida	\$9,342
Georgia	\$2,318
Hawaii	\$305
Idaho	\$594
Illinois	\$2,997
Indiana	\$3,046
Iowa	\$1,398
Kansas	\$545
Kentucky	\$4,146
Louisiana	\$3,606
Maine	\$495
Maryland	\$2,939
Massachusetts	\$1,718
Michigan	\$5,191
Minnesota	\$1,841
Mississippi	\$717
Missouri	\$1,161

State	Federal dollars (millions)
Montana	\$1,092
Nebraska	\$774
Nevada	\$1,170
New Hampshire	\$366
New Jersey	\$2,698
New Mexico	\$2,165
New York	\$10,149
North Carolina	\$4,570
North Dakota	\$180
Ohio	\$4,414
Oklahoma	\$1,236
Oregon	\$2,552
Pennsylvania	\$5,052
Rhode Island	\$509
South Carolina	\$1,653
South Dakota	\$200
Tennessee	\$1,586
Texas	\$6,456
Utah	\$991
Vermont	\$169
Virginia	\$4,679
Washington	\$4,150
West Virginia	\$1,045
Wisconsin	\$1,017
Wyoming	\$243
United States	\$134,718

Source: Linda J. Blumberg, Matthew Buettgens, John Holahan, and Clare Wang Pan, *State-by-State Estimates of the Coverage and Funding Consequences of Full Repeal of the ACA* (Washington, DC: Urban Institute, March 2019), https://www.urban.org/sites/default/files/publication/100000/repeal_of_the_aca_by_state_o.pdf.

Note: These funding losses represent a lower-bound estimate, assuming that all states immediately restore their pre-ACA coverage expansion waivers under Social Security Act Section 1115.

How Many Jobs Will Be Lost in Each State?

Sherry Glied, a leading health economist and dean of the Robert F. Wagner Graduate School of Public Service at New York University, developed a straightforward method for estimating job losses that result when a state turns away federal money that could have been used for health coverage.² Earlier research established that each dollar of federal funding generates approximately \$1.70 in economic growth due to “multiplier effects.” Such effects result when a health care provider spends federal health care dollars to buy other goods and services. In estimating the impact of a Medicaid cutback on the New Hampshire state economy, Glied determined the total percentage reduction in state gross domestic product (GDP) that would result from the loss of federal funds and calculated the corresponding drop in total state employment. Table 3 applies that same methodology to ACA repeal, showing that at least 1.7 million jobs would be lost due to federal health care dollars disappearing from state economies. As with the earlier tables, Table 3 shows a lower bound for GDP and job losses, assuming that all states would immediately restore pre-ACA coverage expansions. If no states did so, 1.8 million jobs would be lost, rather than 1.7 million.

At least 1.7 million jobs would be lost due to federal health care dollars disappearing from state economies

Table 3. Percentage Reductions in State GDP and Job Losses Resulting from Lost Federal Health Care Spending under ACA Repeal (Plaintiff States Highlighted in Yellow)

State	Change in GDP	Jobs lost	State	Change in GDP	Jobs lost
Alabama	-0.9%	18,000	Montana	-3.8%	18,000
Alaska	-1.7%	6,000	Nebraska	-1.1%	11,000
Arizona	-1.0%	30,000	Nevada	-1.2%	17,000
Arkansas	-2.4%	30,000	New Hampshire	-0.7%	5,000
California	-1.3%	220,000	New Jersey	-0.7%	31,000
Colorado	-1.3%	35,000	New Mexico	-3.7%	31,000
Connecticut	-1.1%	19,000	New York	-1.0%	100,000
Delaware	-0.7%	3,000	North Carolina	-1.4%	62,000
District of Columbia	-0.3%	3,000	North Dakota	-0.6%	2,000
Florida	-1.5%	35,000	Ohio	-1.1%	62,000
Georgia	-0.7%	30,000	Oklahoma	-1.1%	18,000
Hawaii	-0.6%	4,000	Oregon	-1.8%	35,000
Idaho	-1.3%	10,000	Pennsylvania	-1.1%	65,000
Illinois	-0.6%	36,000	Rhode Island	-1.4%	7,000
Indiana	-1.4%	44,000	South Carolina	-1.2%	26,000
Iowa	-1.2%	20,000	South Dakota	-0.7%	3,000
Kansas	-0.6%	8,000	Tennessee	-0.7%	23,000
Kentucky	-3.4%	65,000	Texas	-0.6%	77,000
Louisiana	-2.4%	48,000	Utah	-1.0%	14,000
Maine	-1.3%	8,000	Vermont	-0.9%	3,000
Maryland	-1.2%	33,000	Virginia	-1.5%	60,000
Massachusetts	-0.5%	19,000	Washington	-1.3%	43,000
Michigan	-1.7%	74,000	West Virginia	-2.3%	17,000
Minnesota	-0.8%	25,000	Wisconsin	-0.5%	15,000
Mississippi	-1.1%	12,000	Wyoming	-1.0%	3,000
Missouri	-0.6%	18,000	United States	-1.1%	1,699,000

Sources: Linda J. Blumberg, Matthew Buettgens, John Holahan, and Clare Wang Pan, *State-by-State Estimates of the Coverage and Funding Consequences of Full Repeal of the ACA* (Washington, DC: Urban Institute, March 2019), https://www.urban.org/sites/default/files/publication/100000/repeal_of_the_aca_by_state_o.pdf; U.S. Department of Commerce, Bureau of Economic Analysis, *Gross Domestic Product by State: Fourth Quarter and Annual 2018*, May 1, 2019, <https://www.bea.gov/news/2019/gross-domestic-product-state-fourth-quarter-and-annual-2018>; U.S. Department of Labor, Bureau of Labor Statistics, "Table 1. Employees on nonfarm payrolls in States and selected areas by major industry," *State and Metro Area Employment, Hours, & Earnings*, last modified March 11, 2019, https://www.bls.gov/opub/ee/2019/sae/annavgt_2018.htm.

Note: GDP estimates were determined by (a) multiplying federal health care spending losses shown in Table 2 by the 1.7 multiplier used by Glied and (b) calculating the resulting number as a percentage of the state GDP. GDP was determined by averaging all four quarters of state GDP estimates reported by the Bureau of Economic Analysis for 2018. Job losses were calculated by multiplying the estimated GDP percentage loss by the total number of nonfarm jobs in the state as estimated by the Bureau of Labor Statistics for 2018.

These economic estimates have two important limitations. First, and most importantly, they show only the adverse impact of eliminating federal health care funding. They do not take into account offsetting economic gains that could result from repealing the ACA's funding mechanisms, such as taxes imposed on health insurers and medical device manufacturers. Accordingly, these estimates should not be viewed as showing the net economic impact of repealing all of the ACA.

Second, some of the federal funding losses are accompanied by reduced state financing responsibility. Federal Medicaid dollars, for example, require some state expenditures, even if the percentage is quite low for newly eligible adults. However, net state spending as a result of expansion, taking into account offsets and revenues, has been neutral or slightly

advantageous for states fiscally. And since state spending changes in one direction would likely be offset by state spending and revenue changes in the opposite direction, the net macroeconomic impact of state fiscal responses is not likely to be significant.

Conclusion

No legislation is perfect. But the ACA has made an enormous positive difference in the day-to-day lives of America's families. Unable to prevail in Congress, the ACA's opponents have turned to the courts, hoping to overturn the decisions of our country's democratically elected leaders. No one knows how the case will end, but we do know this: If the plaintiffs prevail, and unelected judges throw out legislation that has now become part of the American fabric, millions of people will suffer grievous harm.

Endnotes

¹ Linda J. Blumberg, Matthew Buettgens, John Holahan, and Clare Wang Pan, *State-by-State Estimates of the Coverage and Funding Consequences of Full Repeal of the ACA* (Washington, DC: Urban Institute, March 2019), https://www.urban.org/sites/default/files/publication/100000/repeal_of_the_aca_by_state_o.pdf.

² Sherry A. Glied, "How a Medicaid Work Requirement Could Affect New Hampshire's Economy," *To the Point* (blog), The Commonwealth Fund, May 9, 2019, <https://www.commonwealthfund.org/blog/2019/how-medicaid-work-requirement-could-affect-new-hampshires-economy>.

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