



The Cost of Doing Nothing on Health Care

Lost Productivity Costs States \$124 billion to \$248 billion

By Peter Harbage and Ben Furnas

It may seem like now is the wrong time for the United States to fix our broken health system. It's true that we are still dealing with the recent financial crisis and the continuing economic downturn. But health reform is actually exactly what we need to help get the American economy back on its feet.

Our analysis shows that the broken health care system will cost us between \$124 billion and \$248 billion in lost productivity this year alone due to the almost 52 million uninsured Americans who live shorter lives and have poorer health.¹ In fact an analysis by the Institute of Medicine found that, “the estimated benefits across society in healthy years of life gained by providing health insurance coverage are likely greater than the additional social costs of providing coverage to those who now lack it.”²

These findings are based on a 2008 analysis by the New America Foundation, which found that the national economic cost from lost productivity in 2007 was between \$104 billion and \$207 billion.³ Economic costs from lost productivity have increased by about 20 percent during the two years since the New America Foundation conducted its analysis. The low bound of this estimate represents just the cost from uninsured Americans’ shorter lifespans. The high bound represents both the cost of shortened lifespans and the loss of productivity due to the reduced health of the uninsured.

The cost of doing nothing in our current system is clearly too high. We must reform the health care system to build a stronger economy moving forward.

Methodology

The 2009 estimates are derived from methodology developed by the New America Foundation using the Institute of Medicine’s report on the economic cost of uninsurance. This report projects these costs forward to 2009 using gross domestic product growth figures from the Congressional Budget Office and the most recent estimates of the uninsured from the Cecil G. Sheps Center for Health Services Research and North Carolina Institute of Medicine.

Note: Massachusetts is not included in the table because the most recent data on the uninsured from the University of North Carolina study did not take into account recent dramatic changes to the Massachusetts health system.

Endnotes

1 Mark Holmes, Thomas C. Ricketts, and Jennifer King. “Updating Uninsured Estimates for Current Economic Conditions: State Specific Estimates” (Cecil G. Sheps Center for Health Services Research and North Carolina Institute of Medicine, March 2009).

2 Institute of Medicine, “Hidden Cost, Lost Value” (Washington, D.C., 2003), available at <http://www.iom.edu/Object.File/Master/12/327/Uninsured5FINAL.pdf>

3 Sarah Axeen and Elizabeth Carpenter, “The Cost of Doing Nothing: Why the Cost of Failing to Fix Our Health System is Greater than the Cost of Reform” (The New America Foundation, November 2008).

The economic cost of lost productivity from the uninsured in each state this year

	Total uninsured 2009	% uninsured 2009	Low bound	High bound
USA	51,290,000	19%	\$124 billion	\$248 billion
Alabama	720,000	18%	\$1.7 billion	\$3.4 billion
Alaska	140,000	20%	\$330 million	\$670 million
Arizona	1,300,000	22%	\$3.1 billion	\$6.2 billion
Arkansas	500,000	20%	\$1.2 billion	\$2.4 billion
California	7,700,000	23%	\$18.3 billion	\$36.7 billion
Colorado	880,000	19%	\$2.1 billion	\$4.2 billion
Connecticut	420,000	14%	\$1 billion	\$2.0 billion
Delaware	110,000	14%	\$260 million	\$520 million
District of Columbia	90,000	16%	\$200 million	\$430 million
Florida	3,920,000	25%	\$9.4 billion	\$19 billion
Georgia	1,880,000	21%	\$4.5 billion	\$9 billion
Hawaii	140,000	12%	\$330 million	\$670 million
Idaho	280,000	20%	\$670 million	\$1.3 billion
Illinois	1,960,000	17%	\$4.7 billion	\$9.3 billion
Indiana	960,000	17%	2.3 billion	\$4.6 billion
Iowa	310,000	12%	\$740 million	\$1.5 billion
Kansas	350,000	14%	\$840 million	\$1.7 billion
Kentucky	670,000	18%	\$1.6 billion	\$3.2 billion
Louisiana	840,000	22%	\$2 billion	\$4.0 billion
Maine	170,000	14%	\$410 million	\$810 million
Maryland	810,000	16%	\$1.9 billion	\$3.9 billion
Massachusetts	*	*		
Michigan	1,370,000	15%	\$3.3 billion	\$6.5 billion
Minnesota	550,000	11%	\$1.3 billion	\$2.6 billion
Mississippi	550,000	21%	\$1.3 billion	\$2.6 billion
Missouri	770,000	15%	\$1.8 billion	\$3.7 billion
Montana	180,000	21%	\$0.4 million	\$860 million
Nebraska	210,000	13%	\$500 million	\$1 billion
Nevada	570,000	23%	\$1.4 billion	\$2.7 billion
New Hampshire	150,000	13%	\$360 million	\$710 million
New Jersey	1,330,000	17%	\$3.2 billion	\$6.3 billion
New Mexico	470,000	26%	\$1.1 billion	\$2.2 billion
New York	3,090,000	18%	\$7.4 billion	\$14.7 billion
North Carolina	1,750,000	21%	\$4.2 billion	\$8.3 billion
North Dakota	70,000	13%	\$170 million	\$330 million
Ohio	1,500,000	15%	\$3.6 billion	\$7.1 billion
Oklahoma	720,000	22%	\$1.7 billion	\$3.4 billion
Oregon	660,000	19%	\$1.6 billion	\$3.1 billion
Pennsylvania	1,440,000	13%	\$3.4 billion	\$6.9 billion
Rhode Island	130,000	13%	\$310 million	\$620 million
South Carolina	760,000	19%	\$1.8 billion	\$3.6 billion
South Dakota	100,000	14%	\$240 million	\$480 million
Tennessee	900,000	16%	\$2.2 billion	\$4.3 billion
Texas	6,240,000	28%	\$15 billion	\$30 billion
Utah	410,000	16%	\$980 million	\$2.0 billion
Vermont	80,000	14%	\$190 million	\$380 million
Virginia	1,150,000	16%	\$2.7 billion	\$5.5 billion
Washington	990,000	17%	\$2.4 billion	\$4.7 billion
West Virginia	290,000	19%	\$690 million	\$1.4 billion
Wisconsin	620,000	12%	\$1.5 billion	\$3.0 billion
Wyoming	90,000	18%	\$220 million	\$430 million