

The US Health Care System: Insuring the Uninsured

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Who are the uninsured?

- Current US Census bureau estimates 43- 45 million persons uninsured; 70 million lack insurance for at least one month during the year.
- **Under 65** years of age, normally 25-64 years old. Young adults (20-25 years old) are single largest uninsured group (20%)
- They work (80% live in a home where the head of household is employed)
- They work in small firms (fewer than 25 employees)

Why Care about the Uninsured?

- All measures suggest that the uninsured have less access to needed screening, prevention, and appropriate/ timely interventions. For instance, they often fail to receive care until it is an emergent situation, resulting in worse outcomes, more expensive care (IOM 2002), & premature death (approx. **18,000 deaths** per year; IOM 2004, p8)

Why Care about the Uninsured?

- Economic consequences of illness, e.g., bankruptcy [middle class] see Himmelstein, et al, *Health Affairs*, 2005
- <http://content.healthaffairs.org/cgi/content/full/hlthaff.w5.63/DC1>
- <http://www.washingtonpost.com/wp-dyn/articles/A9447-2005Feb8.html>

Why Care about the Uninsured?

- Economic strain on the individual provider (cost shifting; “payer mix”)
- Economic strain on private insurance system:
Over **\$1000** is added to cost of a **family insurance policy** each year to cover the uninsured
http://www.familiesusa.org/assets/pdfs/Paying_a_Premium731e.pdf
- Human dignity & solidarity

What would insuring the uninsured cost?

- (a) The uninsured currently **utilize over \$100 billion** of health care services;
- (b) Estimates are that they may use **up to \$70 billion more of services**, if insured. (IOM 2004, p. 120)

Comparison – Iraq war \$125 billion/year

What kind of Insurance do People Have?

- **Employer-based Insurance** = 175 million (56% - down from a high of about 70%)
- **Individual** Insurance policies (for those under 65) = 18 million (5%)
- **Medicaid** = 38 Million (12%) [includes about 5 million SCHIP]
- **Medicare** = 40 Million (13%)
- **Uninsured** = 46 million uninsured (15%)

Current Health Insurance Tax Deduction

- Employer contributions to health insurance are not taxed as employee income. (\$100 billion a year in regressive tax credits)
- Example: Employer provides health insurance worth \$10,000.00 to employees. No one is taxed on this income. If they were taxed on this, those in 33% bracket (married couple with \$200,300+ income) receive \$3000 tax break, those in 15% bracket receive \$1500 break (married couple with \$16,050 - \$65,100 income) .

Sen. John McCain

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- Persons without employer-based insurance eligible to receive a direct refundable tax credit of \$2,500/individuals and \$5,000/families to offset the cost of insurance. Families choose the insurer & money sent directly to insurance provider.
- Problem of individual policies, pre-existing conditions

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click on "Issues" and "Health Care"

- "As President, John McCain will work with governors to develop a best practice model that states can follow - a Guaranteed Access Plan or GAP - that would reflect the *best experience of the states to ensure these patients* have access to health coverage. One approach would establish a nonprofit corporation that would contract with insurers to cover patients who have been denied insurance and could *join with other state plans* to enlarge pools and lower overhead costs. There would be reasonable limits on premiums, and assistance would be available for Americans below a certain income level."

Current Political Proposals

Senators Barack Obama
& Hillary Clinton

Strengthen employer-based system, increase individual purchaser options

- Employer “pay or play” provision; subsidy for small businesses
- Insurance Pool – guarantee access to purchase a comprehensive plan; guarantee affordability through regulation & subsidy for catastrophic costs
- Expand Medicaid & SCHIP
- Sen. Clinton adds an individual mandate – “Universal Participation”

Defeating Reform: The Rhetoric

- Conservative nation in sense of fear of losing what you have
- “Rationing” (Fear of the poor? I.e., playing on the fear that the needs of the poor constitute a “bottomless pit”)
- “Socialized medicine”
- “Government run healthcare”
- Loss of choice of doctor

Suggested further reading

- IOM (2002), *Care Without Coverage: Too Little, Too Late*
- IOM (2004), *Insuring America's Health: Principles and Recommendations*
- Haynes Johnson & David Broder, *The System: The American Way of Politics at the Breaking Point*
- Jonathan Cohn, *Sick: The Untold Story of America's Health Care Crisis and the People Who Pay the Price*
- Jonathan Oberlander, "The Politics of Health Reform: Why Do Bad Things Happen to Good Plans?" *Health Affairs* Web Exclusive