

INCREMENTAL APPROACHES TO EXTEND COVERAGE ARE INSUFFICIENT

Principle: Health care coverage should be universal.

About two-thirds of Americans under age 65 have health insurance coverage either through their own jobs or that of a parent or spouse. To close the remaining gap, incremental expansions of public insurance programs have targeted discrete population groups, bringing health insurance to seniors through Medicare, and to poor adults and children through Medicaid and State Children's Health Insurance Programs (SCHIP). Despite these and other federal and state initiatives, more than 43 million people in the United States are uninsured.

Only by making coverage universal for all people living in the United States will the sizeable gap in coverage that persists be closed.

No one is immune.

- People of any age, race/ethnicity, gender, educational level, income, employment, or marital status can be uninsured. For example, half of all people who lack coverage are white, and 80 percent live in a family where someone works.

Where you live matters.

- Every state and locality has a unique mix of characteristics — including industrial base, regulatory environment, and demographics — that affects its uninsured rate. Opportunities for coverage by public programs also vary from state to state because of differing eligibility rules.
- Where you live can significantly influence your chance of being uninsured; Minnesota has the lowest rate of uninsurance at 8.8 percent among the under 65 population, while Texas has the highest rate at 28.4 percent. The rate of coverage by employers and public programs can vary substantially from state to state.

Not all jobs offer health insurance.

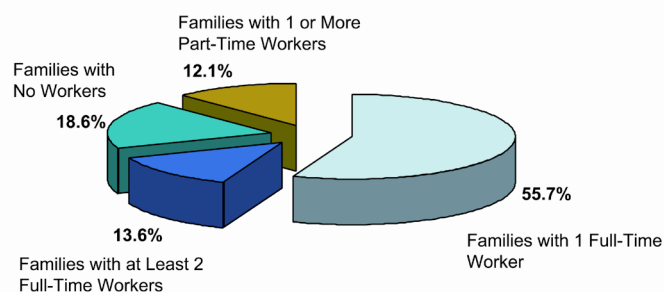
- Although there is a strong dependence on private employment-based insurance in the United States, more than 80 percent of uninsured children and adults under the age of 65 live in families with one or more working members.
- Employers are not required to provide health insurance. About one-fourth of workers are not offered coverage by their employer, and half of these remain uninsured, often because they cannot afford nongroup coverage and do not qualify for public programs. Nonetheless, full-time, year-round employment offers families the best chance of acquiring and keeping health insurance, as does higher family income.

Obtaining coverage on your own is costly or impossible.

- Just 7 percent of Americans under 65 purchase nongroup health insurance policies for themselves or their families.
- People with health problems, particularly those with chronic conditions, pay premiums for nongroup insurance that are up to 40 percent higher than their healthier counterparts.

Most Uninsured People Live in Working Families

Estimated 43.3 million uninsured under age 65, 2002 = 100.0%



Source: Hoffman, Cathy, and Marie Wang. 2003. *Health Insurance Coverage in America. 2002 Data Update*. Washington, DC: The Kaiser Commission on Medicaid and the Uninsured.

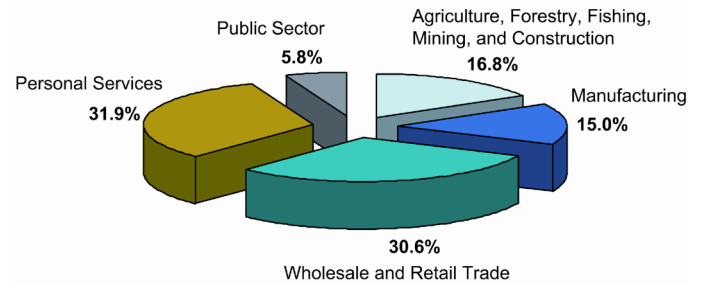
- Although federal reforms establish limited rights to purchase coverage when workers lose employment-based coverage, premium costs are not regulated.

Current approaches to extending coverage don't do the job.

- Since the mid-1980s the number of uninsured people and the country's uninsured rate have continued to grow.
- Public health insurance programs targeting lower-income individuals — those earning less than \$36,800 for a family of four — still leave many poor people without coverage. Nearly two-thirds of the 43 million uninsured are members of lower-income families.

Uninsured Workers Are Found in Every Industry

Estimated 25.7 million uninsured workers, 2002 = 100.0%



Source: Fronstin, Paul. 2003. *Sources of Health Insurance and Characteristics of the Uninsured: Analysis of the March 2003 Current Population Survey*. Issue Brief 264. Washington, DC: Employee Benefit Research Institute.

Barriers to enrollment are varied.

- Strict eligibility requirements often make public coverage and some private insurance difficult to obtain, including different eligibility rules for members of the same family. For example, parents may be ineligible while children are covered; younger children may be covered while teens are not. When states have expanded Medicaid programs to include parents as well as their children, enrollment of eligible children increased more than in states without parental eligibility.
- Complex enrollment and re-enrollment procedures create barriers to participating in public insurance programs. More than half of the 7.8 million children uninsured in 2002 were actually eligible for Medicaid or SCHIP coverage but were not enrolled.
- About four out of five uninsured people are U.S. citizens. Foreign-born, noncitizen residents, however, are more likely than citizens to be uninsured. Among full-time wage earners, 51 percent of noncitizen immigrants had employment-based coverage, compared with 76 percent of naturalized citizens and 81 percent of U.S.-born residents.

We can do better.

- Universal coverage would minimize gaps in coverage, which currently affect one-third of the population under 65 over a four-year period, interfering with therapeutic relationships, contributing to worse health, and heightening financial risks.
- Universal coverage makes more sense than “rescue” programs for those already seriously ill. For example, access to mammograms fosters early detection and treatment of breast cancer. Currently the uninsured are more likely than those with coverage to die from breast cancer and other treatable diseases.
- Universal coverage would alleviate the economic pressures on health service providers, particularly emergency departments, in regions with high concentrations of uninsured people.
- Public dollars that currently support uncompensated or charity care are not as well targeted to achieve improvements in health across the population as they would be if they were used for insurance-based financing for health care services.

Drawn from: *Coverage Matters*, 2001; *Insuring America's Health*, 2004. Institute of Medicine. Washington, DC: National Academies Press.