

## HEALTH INSURANCE: NOW YOU'VE GOT IT, NOW YOU DON'T

### Principle: Health Care Coverage Should Be Continuous

Even if insured now, all Americans under age 65 are at risk of losing coverage for some time over the course of their lives. Continuity of insurance and continuity of care go hand in hand. Uninsured spells can lead to poorer health, greater risk of early death, and exposure to significant financial risk. Health insurance is most likely to improve health outcomes if coverage is continuous rather than intermittent.

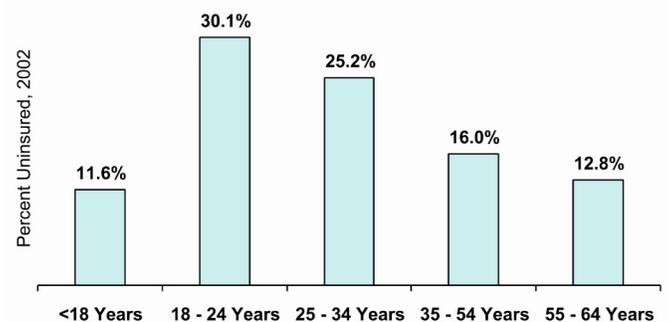
#### No small problem: Millions of Americans are affected.

- During 2002, census figures showed that more than 43 million Americans lacked health insurance for the entire year.
- Over a four year period (1996-1999), one out of every three Americans under age 65 – or 85 million Americans – lacked health insurance for at least one month, and 35 million were uninsured for between 25 and 48 months.
- The median spell without health insurance between 1996 and 1999 was slightly under 6 months. People with low family incomes tend to remain uninsured for longer periods.

#### Coverage is unstable during transitions.

- People are particularly vulnerable at life's transitions, over which they may have little control – losing or changing jobs, no longer qualifying as a dependent on a parent's policy, retiring before age 65, or losing a spouse through divorce or death.
- In poor economic times, uninsurance increases as people lose jobs, and employers drop coverage or shift more costs to their employees – which can make policies unaffordable, particularly for low-income workers.
- About 58 percent of uninsured adults report having changed or lost jobs in the previous year. "Job lock" keeps others in positions they might have left if not for fear of losing coverage. Job mobility of husbands is 25 percent to 32 percent lower when their wives do not have employment-based health insurance.
- Young adults are particularly vulnerable as they make the transition from school to work: 30.1 percent of 18- to 24-year-olds are uninsured compared with 11.6 percent of children under age 18.

**Young Adults Are Most Likely To Be Uninsured**



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.

#### Program rules contribute to instability.

- Breaks in coverage can result from public programs' requirements for eligibility, enrollment, and re-enrollment. For example, two-thirds of states require that children be uninsured for a period of time before enrolling in SCHIP.

- Medicaid enrollment is particularly volatile, due to coverage rules for pregnant women and income fluctuations of poor women. More than half of the single women in Medicaid at the beginning of the year lose their coverage before the end of the year.
- Federal reforms, including the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA) and the Health Insurance Portability and Accountability Act of 1996 (HIPAA), have not done the job. The monthly COBRA insurance premium can cost more than the entire state unemployment benefit, putting coverage out of financial reach for most unemployed workers.

**The financial risk of uninsurance can be substantial.**

- Medical bills are a factor in nearly half of all individual bankruptcy filings. Even healthy people can experience injuries or other unexpected health events. If one member of a family is uninsured and has an accident, a hospital stay, or a costly medical treatment, the resulting medical bills can affect the economic stability of the whole family.
- When uninsured people use health care services, they are often charged substantially more than their insured counterparts, whose insurance company can negotiate discounts.

**Discontinuous coverage interrupts continuity of care and negatively affects health.**

- Uninsured adults with chronic conditions are less likely to have a regular source of care. Nineteen percent of uninsured adults with heart disease and 26 percent with arthritis lack a usual source of care, compared with 8 percent and 7 percent, respectively, of their insured counterparts.
- One in five adults uninsured for a year or longer reported being in fair or poor health, compared with one in nine with continuous health insurance.
- Some studies show that Medicaid enrollees' health outcomes are more similar to the uninsured than to people with private insurance. This may stem in part from the participants' on-and-off coverage status.

**Adults Under Age 65 Uninsured For At Least A Year Report Worse Health Status**

Health Status	Uninsured At Least 1 Year	Uninsured Less Than 1 Year	Insured All Year
Excellent	18%	21%	27%
Very Good	27%	32%	36%
Good	35%	33%	26%
Fair	16%	11%	8%
Poor	4%	3%	3%

Source: Behavioral Risk Factor State Survey estimates for 1998. Ayanian, John Z., et al. 2000. "Unmet Health Needs of Uninsured Adults in the United States." *Journal of the American Medical Association* 284(16):2061-2069.

**Continuous and universal coverage is beneficial.**

- The committee's analysis suggests that, over one year, the diminished health and shorter life spans of Americans under age 65 who lack health insurance translates into between \$65 billion and \$130 billion. These are likely underestimates, given that they don't take into account additional positive effects on health and longevity after age 65 if individuals had always had coverage.
- Continuous coverage before age 65 could result in savings for the Medicare program. Now there is likely to be pent-up demand for services at age 65 among those previously uninsured.

Drawn from: *Coverage Matters*, 2001; *Health Insurance Is a Family Matter*, 2002; *Hidden Costs, Value Lost*, 2003; *Insuring America's Health*, 2004. Institute of Medicine. Washington, DC: National Academies Press.