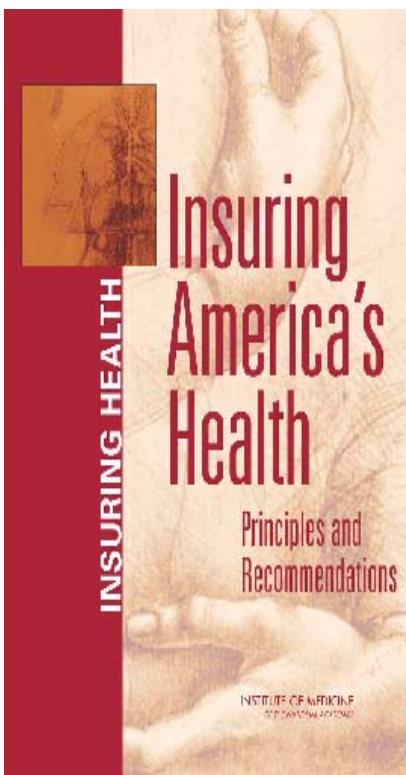




INSTITUTE OF MEDICINE



Insuring America's Health: Principles and Recommendations

Committee on the Consequences of Uninsurance
Board on Health Care Services
January 2004

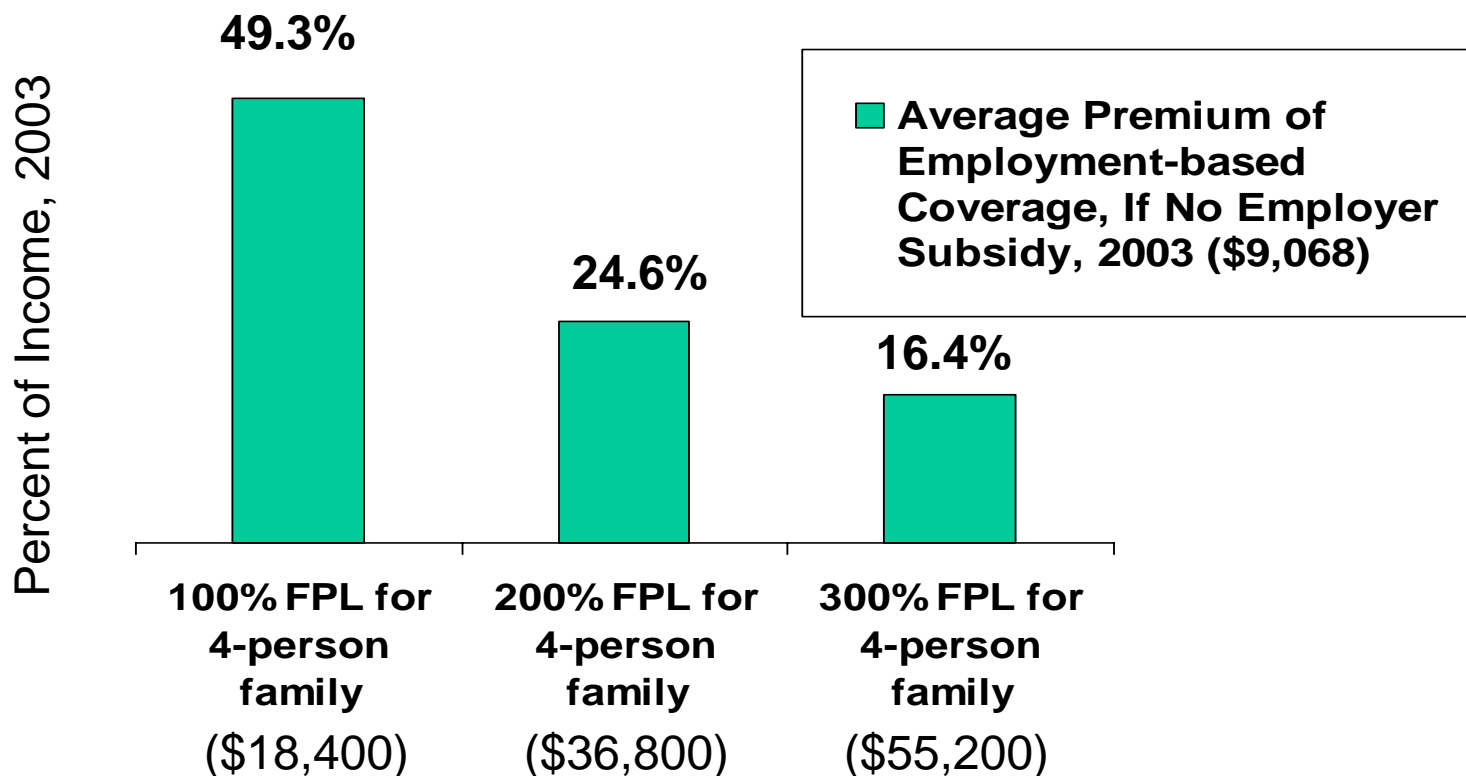


Coverage Matters

- Most people who lack coverage (80 percent) live in working families.
- Two-thirds live in families earning less than 200 percent of the federal poverty level.
- Young adults are more likely to be uninsured primarily because they are ineligible for workplace coverage.
- Being uninsured is most often not a choice; health insurance is unaffordable for most who lack it.



Without Subsidies, Health Insurance Premiums Are Unaffordable to Low-Income Working Families



Note: FPL = federal poverty level, estimated for 2003.

Source: Institute of Medicine. 2004. *Insuring America's Health: Principles and Recommendations*. Washington, DC: National Academies Press.



Care Without Coverage: Too Little, Too Late

- Health insurance contributes independently to improved health status and outcomes.
- Uninsured adults have a higher risk of premature death than do their insured counterparts.
- Uninsured adults receive fewer preventive services, less care for chronic illness, and poorer hospital-based care.



- Health insurance results in more effective care when it provides for adequate provider participation and includes preventive services, prescriptions, and mental health care.
- Continuity of coverage appears to account for some of the benefits of health insurance.



Health Insurance Is a Family Matter

- The lack of coverage for even one family member can threaten the well-being of the family unit, including members with coverage.
- Children in uninsured families receive fewer medical, dental and preventive services.
- Children in families with an uninsured parent are less likely to receive appropriate care whether or not the child is uninsured.



Uninsurance affects

- 60 million individuals who are uninsured or who live with an uninsured family member
- One in five families with children in the United States

Insuring parents is an important part of bringing health care to children.



A Shared Destiny: Community Effects of Uninsurance

- A community's high uninsured rate can adversely affect its health care institutions and providers, reducing access to services.
- The financial instability of health care institutions and providers can hurt local economies.



In communities with high uninsured rates

- Medically underserved populations, even those with coverage, may have reduced access to primary care.
- The capacity of clinics and community health centers to serve their clientele, including those with coverage, is strained by large numbers of uninsured patients.



In communities with high uninsured rates

- Emergency medical services and trauma care, on-call specialty services, specialty referrals, and services for vulnerable populations are less available
- Rural hospitals have lower financial margins, fewer ICU beds, fewer psych inpatient and are services, less likely to offer high-tech services



Emergency Room Visits

- Austin Area ↑43% among uninsured
- 2/3-3/4 children visits not emergencies
- \$265/visit vs. \$100/primary care
- U.S. 15% fewer emergency rooms (1998-2002)
- U.S. - ↑11% visits by uninsured in 2003



Community Health and Uninsurance

- Geographic differences in burden of disease and disability are related to socioeconomic disparities in health and coverage
- Diminished control of vaccine-preventable and other communicable diseases
- Weakened emergency preparedness
- Funding shortfalls for health department population-based public health activities



Hidden Costs, Value Lost

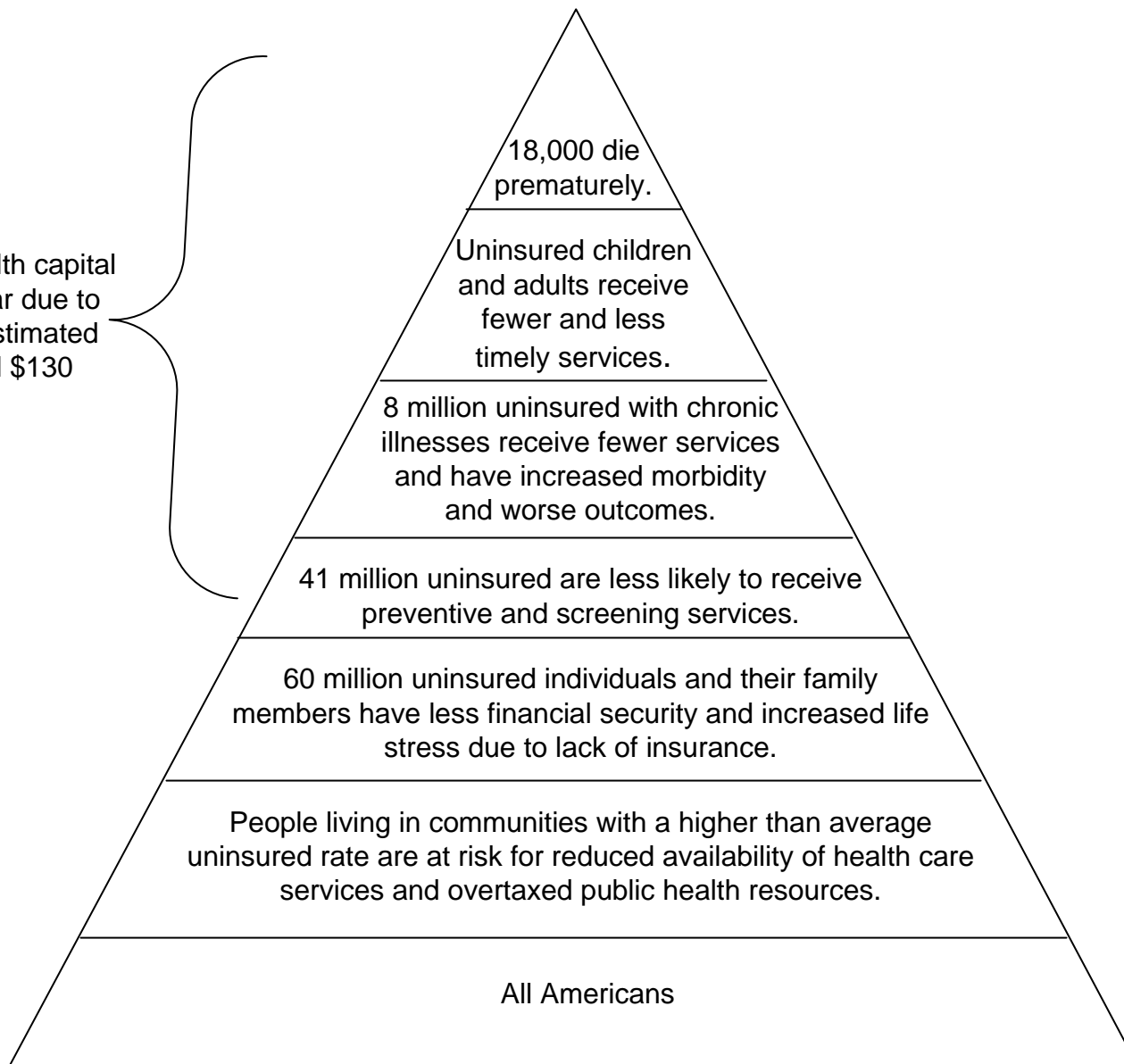
- Most of the costs of uninsurance are *not* health care costs.
- The greatest economic losses due to uninsurance result from worse health and shorter lives of those without coverage.



The estimated annual economic value of forgone health of the 40 million uninsured is between \$65 billion and \$130 billion.



The value of health capital forgone each year due to uninsurance is estimated between \$65 and \$130 billion





The cost of health services used by people who are uninsured for any part of a year is estimated at \$99 billion for 2001.*

*Hadley and Holahan, 2003. How Much Medical Care Do the Uninsured Use and Who Pays for It?
Health Affairs.



35 percent of the \$99 billion is uncompensated care.

38 percent is public and private health insurance payments.

27 percent is paid out of pocket by those who lack coverage.



Between 75 and 85 percent of the \$35 billion of uncompensated care is supported by the federal, state and local governments – ultimately by taxpayers.



The annual incremental cost of the additional services that the uninsured would use if they had coverage is in the range of \$34 billion to \$69 billion, in 2001 dollars.

Hadley and Holahan, 2003

Miller, Banthin and Moeller, 2003

Long and Marquis, 1994



This amounts to just 2.8 – 5.6 percent of all national spending for personal health care services,

the equivalent of about half of the \$100 billion increase in personal health care spending that occurred between 2000 and 2001.



As medical care becomes ever more successful in prolonging life and improving health, the disparities between insured and uninsured Americans in their access to and quality of health care – and ultimately their life chances – are increasingly unfair and contravene widely accepted democratic cultural and political values.



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Lessons from the Past and Present

- Efforts in the 20th century yielded both incremental changes and major reforms, but not universal coverage.
- Federal expansions over the past 20 years have targeted specific population groups but made little progress in reducing uninsurance nationally.



More Lessons

- Some states have made significant progress in reducing uninsurance within their boundaries, but still have large uninsured populations.
- States do not have the fiscal resources to eliminate uninsurance and are limited legally.



Insuring America's Health: Vision Statement

The Committee envisions an approach to health insurance that will promote better overall health for individuals, families, communities, and the nation by providing financial access for everyone to necessary, appropriate, and effective health services.

PRINCIPLES TO ELIMINATE UNINSURANCE



1. Health care coverage should be universal.
2. Health care coverage should be continuous.
3. Health care coverage should be affordable to individuals and families.
4. The health insurance strategy should be affordable and sustainable for society.
5. Health care coverage should enhance health and well-being by promoting access to high-quality care that is effective, efficient, safe, timely, patient-centered, and equitable.

Principle 1: Health care coverage should be universal.



- The Committee's reports document the ill effects of uninsurance on the health and economic well-being of uninsured persons, their family, community and the whole society. Hence:
- *Everyone* should have coverage.
- This is the most important principle.



Principle 2: Health care coverage should be continuous.

- Continuity of coverage promotes continuity of care, which improves quality and leads to better health.
- Discontinuities of coverage can result from job changes, new family circumstances, and administrative procedures of public programs.



Principle 3: Health care coverage should be affordable to individuals and families.

- No one should be expected to contribute to their insurance so much that they cannot pay for the other basic necessities of life or afford access to health services.
- Patient cost sharing should not deter appropriate use by low incomes families.



Principle 4: The health insurance strategy should be affordable and sustainable for society.

- Affordability will be determined through the political process and economic decisions made by individuals, families, and employers.
- Mechanisms will be needed to control inflation and use.
- The coverage strategy should strive for cost effectiveness, simplicity, and administrative efficiency.



Principle 5: Health insurance should enhance health and well-being by promoting care that is effective, efficient, safe, timely, patient-centered, and equitable.

- Preventive and screening services, outpatient prescription drugs, and mental health treatment in addition to outpatient medical and hospital care facilitate appropriate care and better health.
- The best clinically relevant research evidence should be used to the extent feasible in defining benefit packages.

Principles Applied to Prototypes to Extend Coverage



Four Prototypes:

- Major public program expansion and new tax credit.
- Employer mandate, premium subsidy, and individual mandate.
- Individual mandate and tax credit.
- Single payer.



Conclusions

- We need a national and coherent strategy aimed at covering the entire population.
- Federal leadership and federal funds are necessary, but not necessarily federal administration or national uniformity.
- Any of the prototypes could better achieve the principles than the *status quo*.



Recommendations

- The President and Congress should develop a strategy to achieve universal coverage and establish a firm and explicit schedule to reach this goal by 2010.
- Use the 5 principles to assess the merits of current proposals and to design future strategies for expanding coverage to everyone.



Recommendations, cont.

- Until universal coverage takes effect, the federal and state governments should provide resources sufficient for Medicaid and the State Children's Health Insurance Program to cover all persons currently eligible and prevent the erosion of outreach efforts, eligibility, enrollment, and coverage.



Closing

In the words of Richard Nixon in 1971 when he introduced his proposal for health insurance reform:

...nations, like men, are judged in the end by the things they hold most valuable.

Not only is health more important than economic wealth, it is also its foundation....

Our entire society, then, has a direct stake in the health of every member. In carrying out its responsibilities in this field, a nation serves its own best interests, even as it demonstrates the breadth of its spirit and the depth of its compassion.



For More Information

Consequences of Uninsurance

Project website

www.iom.edu/uninsured