

# Remember the Uninsured?

BY FELICIEN "FISH" BROWN

To paraphrase an oft-misunderstood line, the uninsured we shall always have with us. Or so it seems. In 1998, just five years after President Bill Clinton proposed guaranteed health insurance for every American, and 50 years after President Harry S. Truman did the same, universal coverage is not even on the agenda. An estimated 41.7 million Americans, including 10.6 million children, were uninsured for the entire year in 1996.<sup>1</sup>

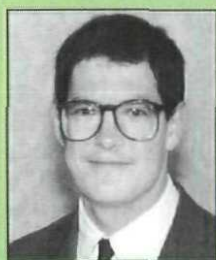
Is there any chance for the richest nation in the world to ensure that its people can get the healthcare they need? Yes, but it will require a sustained effort on the part of advocates to make the political climate more responsive to the goal of guaranteeing health insurance for all Americans. It will also require a willingness to promote incremental, politically feasible policies that expand coverage.

CHA continues to be committed to the fundamental belief that because healthcare is essential to human dignity, all people are entitled to comprehensive health insurance. Catholic healthcare needs to constantly remind federal policymakers of this. Now and in the next few years, however, we also need to promote practical, bipartisan efforts to reduce the number of uninsured. Expanding coverage will be a piecemeal process, but there are good reasons to believe that real progress can be made. And when the environment is again responsive to addressing the problem more comprehensively, we will be at the forefront of that effort.

## WHO IS UNINSURED AND WHY

Ten years ago, 31.8 million Americans, or 14.8 percent of the population, were uninsured.<sup>2</sup> Since then, the uninsured have increased on average by 1 million annually and now account for almost 18 percent of the U.S. population.

More than five out of every six uninsured persons live in a family headed by a worker; this family is likely, however, to have a low to moderate income. What is the principal reason people do not have health coverage? Lack of money and the



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high cost of health insurance. A good job is still the best ticket to getting coverage. In fact, 64 percent of Americans have health insurance through their employers. But workers' premiums are going up as employers shift more costs onto them, and employees are increasingly choosing not to participate.<sup>3</sup> Not surprisingly, lower-wage workers are less likely to purchase coverage offered to them by their employer.

Coverage rates also differ markedly by age. Virtually all Americans aged 65 and older have Medicare, and the percentage of adults uninsured generally decreases as age increases. Almost one-third of 21- to 24-year-olds are uninsured, in part because they are "in between" parents' or Medicaid coverage and a job with health benefits. Despite efforts on their behalf, 10.6 million (15 percent) of the nation's children do not have coverage.

## WHERE TO GO FROM HERE: FOUR GUIDING PRINCIPLES

What has emerged from the failure of healthcare reform in 1994, and from the limited success in enacting healthcare legislation since then, are several political and policy assumptions that will, it appears, be guiding principles for federal action in the next few years.

**Big Changes Will Not Sell** Without a federal emergency, Congress is unlikely to enact massive legislation that would directly affect a majority of Americans, greatly expand government's role, or carry a hefty price tag.

**Solutions Must Build on Existing Federal Laws or Programs** Congress, like most large organizations, consists of closely held fiefdoms. New programs lead to jurisdictional fights, which make congressional action all the more difficult.

**The States Must Be Involved in Any Solutions** Not only do the states already provide health coverage to millions of low- and moderate-income Americans—through Medicaid, the new State Childrens Health Insurance Program (SCHIP), and state employee benefits—but they also are the primary regulators of private insurance and managed care plans.

**Treatment of the Uninsured Problem Cannot Violate the Physicians' Motto "First Do No Harm"**

The most effective argument against new health coverage solutions has been their potentially negative effect on those who already have insurance. This argument worked to defeat Clinton's proposal and will continue to operate effectively in future debates. Even the recent hint of federal activity to limit how much insurers can charge in premiums for higher-risk populations led the Health Insurance Association of America to declare that such limits would hike premium costs for all Americans—which threw a wet blanket on the idea. Another potential "harm" due to expanded federal insurance programs would be the dropping, by businesses or employees, of private coverage, the so-called crowd-out effect. Policymakers want to avoid this effect because it is both costly to the federal government and inefficient.

**OPTIONS FOR EXPANDING HEALTH COVERAGE**

If, indeed, these are the four guiding principles for the near future, what can Congress and the president do to reverse the growth in the number of uninsured? The policy response depends on who the target populations are, primarily in terms of age, income, and work status.

**Building on Medicaid and SCHIP** Governors and state legislatures all over the country are enacting new legislation which, with federal funding available under the new SCHIP program, will expand coverage to low-income children. If an anticipated 2 million to 3 million uninsured children gain coverage under SCHIP, that will demonstrate the success of a partnership approach characterized by substantial federal matching funds and guidance combined with significant state flexibility.

As of late April, more than half the states had submitted SCHIP proposals to the federal government and nine states had received approval. Many states are expanding Medicaid programs. But other approaches, including subsidies for private coverage, are also emerging. It will take a few years before we know just how successful these efforts have been, but there is reason for great optimism.

Still, how can we gain coverage for the remaining 7 million to 8 million children uninsured, not to mention the millions of low-income adults without access to these new programs? Currently,

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3 million children are eligible for Medicaid but are not enrolled in it. We need a better outreach effort by states and the federal government to identify these children, provide them with information on Medicaid and SCHIP, and sign them up. Establishing simple mail-in applications; stationing eligibility workers in community sites; and using schools, hospitals, and other not-for-profit organizations to enroll children will go a long way to facilitate greater participation. Clinton has proposed modest new financial incentives for states to expand outreach; Congress should enact them without delay.

Unfortunately, the coverage being extended to many children will not also apply to many of their parents. Women eligible for coverage during pregnancy, for example, often lose it after their babies are born. However, the new legislation that will be needed to cover uninsured low-income adults can be modeled on existing federal/state efforts. Why not allow low-income parents to "buy into" Medicaid or SCHIP for family coverage? A few states are already exploring this idea. The approach will require significant government subsidies if the premiums are to be affordable for families, but it is worth the effort.

**Medicare Expansions** Fortunately, 39 million elderly and disabled people have Medicare coverage, and it is unlikely that this guarantee will be scaled back anytime soon. Whenever proposals have been floated to raise the Medicare eligibility age, they have been quickly shouted down. Even the new Bipartisan Commission on the Future of Medicare will not likely be successful in convincing Congress and the president to pursue this option. In fact, there are good reasons to expand Medicare to uninsured 55- to 64-year-olds, albeit with more stringent eligibility criteria and different premium requirements. Three million "near elderly" Americans are uninsured and, although their percentage of the uninsured (9.6 percent) is smaller than that of other age groups, they have more health problems demanding care.

Clinton put forward a pretty good Medicare buy-in proposal for the near elderly, but, without additional federal subsidies to make the coverage affordable, adoption of the idea would not reduce the number of uninsured by much. The Congressional Budget Office (CBO) estimated

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## Inaction will only increase the number of uninsured.

this year, CHA's Mission Services division sponsored two audio conferences in which Sr. Jean deBlois, CSJ, PhD, CHA's vice president of Mission Services, analyzed the criteria for the use of life-sustaining interventions for persons with life-threatening illness. Sr. deBlois, a registered nurse, subsequently used the website to answer questions from her audiences across the United States.

The work of Supportive Care of the Dying, a coalition of CHA and 11 Catholic healthcare systems to promote supportive care, compassionate relief of suffering, and pain and symptom management to persons with life-threatening illness, is also available in this area of the website. Here you can read the coalition's initial report, *Living and Healing During Life-Threatening Illness*, a needs assessment conducted through focus groups in 11 locations across the country. Also posted is "Hints for Conducting Focus Groups," a guide written by Sylvia A. McSkimming, PhD, to describe how Catholic healthcare organizations can re-create the focus group discussions used in the coalition's research project. CHAUSA also provides instant access to current and back issues of *Supportive Voice*, the official newsletter of the coalition.

### PUBLIC POLICY AREA

The public policy section of the website remains a must-have tool for many CHA members. Public policy advocates appreciate being able to save time and money by being able to quickly find on the website recent proposed legislation, regulations, and other documents important to Catholic healthcare, such as the Medicare PSO agreement, bills on managed care and patient protections, and CHA's response to HCFA on organ transplant rules. □

CHA's website can be found at [www.chausa.org](http://www.chausa.org). For more information, contact David Warren at 314-253-3464; e-mail: [dwarren@chausa.org](mailto:dwarren@chausa.org).

that only 320,000 of the 1 million uninsured 62- to 64-year-olds would enroll in Medicare under the president's proposal,<sup>1</sup> and two-thirds of these enrollees would have bought private coverage anyway. The CBO did not indicate how much this population would have to pay for private coverage, but the cost would probably be high. If the CBO estimate of participation is accurate, supporters of the proposal should call for additional federal subsidies, not a complete rejection of the Medicare buy-in idea. One option for funding subsidies and making federal assistance more progressive is to income-relate Medicare premiums for all beneficiaries.

**Temporary Assistance for the Unemployed** Several years ago Congress enacted, in the Consolidated Omnibus Budget Reconciliation Act (COBRA), a requirement that employers providing health benefits must allow individuals leaving their jobs to purchase coverage by paying 102 percent of the cost of insurance. Although this guarantee is important, relatively few eligible persons have taken advantage of it because of the high cost of premiums. New federal subsidies for low-income workers between jobs would greatly assist them in gaining access to COBRA coverage on a temporary basis. Subsidies could be eliminated for those with incomes above 250 percent of the poverty level.<sup>5</sup>

**Tax Incentives** Businesses and workers with employer-based coverage already are exempted from paying taxes on the cost of health insurance. And the tax deduction for self-employed individuals is scheduled to be increased gradually, from 30 percent of premium costs today to 100 percent by the year 2002. Rep. Bill Archer, R-TX, is floating a proposal to immediately increase the deduction to 100 percent, intending by this measure to reduce the number of uninsured.

Politicians and economists disagree

sharply about the effect new tax breaks for healthcare coverage would have on the uninsured. Tax credits, particularly if they are refundable, allow more low-income individuals to purchase coverage than do tax deductions, which benefit mostly moderate- and higher-income people. But the federal cost in lost revenues due to tax credits could be high, because such credits could be claimed by those who have private coverage already or would have purchased it anyway.

Nonetheless, a limited tax-incentive approach to reducing the number of uninsured might be worthwhile as an experiment in determining what works.

### THE WORST APPROACH IS TO DO NOTHING

The lack of political consensus concerning which uninsured groups to target, and how to design new federal efforts to do so, could prolong any effort to expand coverage. What the last decade has taught us is that inaction will only increase the number of uninsured. Although there is no single right path to universal coverage—at least none apparent at this time—there are many avenues worth pursuing. The cost will not be minimal. But now that our nation has its first federal budget surplus in more than two decades—and substantial state budget surpluses as well—we can no longer afford to wait. □

### NOTES

1. Health Insurance Coverage: 1996; Current Population Reports, U.S. Census Bureau, Washington, DC, September 1997.
2. *EBRI Issue Brief*, Employee Benefit Research Institute, Washington, DC, December 1997.
3. *Modern Healthcare*, March 30, 1998, p. 58.
4. "An Analysis of the President's Budgetary Proposals for Fiscal Year 1999," Congressional Budget Office, Washington, DC, March 1998, p. 39.
5. "Strategies for Incremental Expansion of Access to Care," American College of Physicians, Philadelphia, 1998, p. 11.