



Health Care Coverage in America:

Understanding the Issues
& Proposed Solutions

44 Million Americans Without Health Care Coverage

Uninsured Myths & Facts

MYTH: It doesn't really matter whether a person has health insurance

FACT: About 18,000 Americans die each year because they don't have health coverage

Uninsured Myths & Facts

MYTH: People without health coverage don't work

FACT: Eight out of 10 of the uninsured are in working families

MYTH: Most uninsured people in the U.S. are minorities

FACT: Non-Hispanic whites make up three-fourths of the uninsured

Uninsured Myths & Facts

MYTH: Virtually everyone who works for a large employer has health coverage

FACT: One out of four of the nation's uninsured in 2001 either worked for a large firm or was a dependent of someone who did

MYTH: Most people without health insurance are poor

FACT: Almost 29 million of the uninsured in 2002 had household incomes of \$25,000 or more

We Can Do Better

- Almost one in every six people in the U.S. lacks health insurance—43.6 million in 2002
- The percentage of the U.S. population without health coverage is growing, reaching 15.2 percent in 2002 vs. 14.2 percent in 2000
- Nearly 85 million people lacked coverage at some point between January 1, 1996 and December 31, 1999

Who Is Uninsured?

Who Is Uninsured?

- Nearly 44 million people in the U.S. lack health coverage, including nearly 8.5 million children
- Almost one in five adults age 18-64 was uninsured in 2002
- The uninsured come from every community, every walk of life, every race and ethnic group, every income level

Working Families

Most Uninsured Americans Are in Working Families

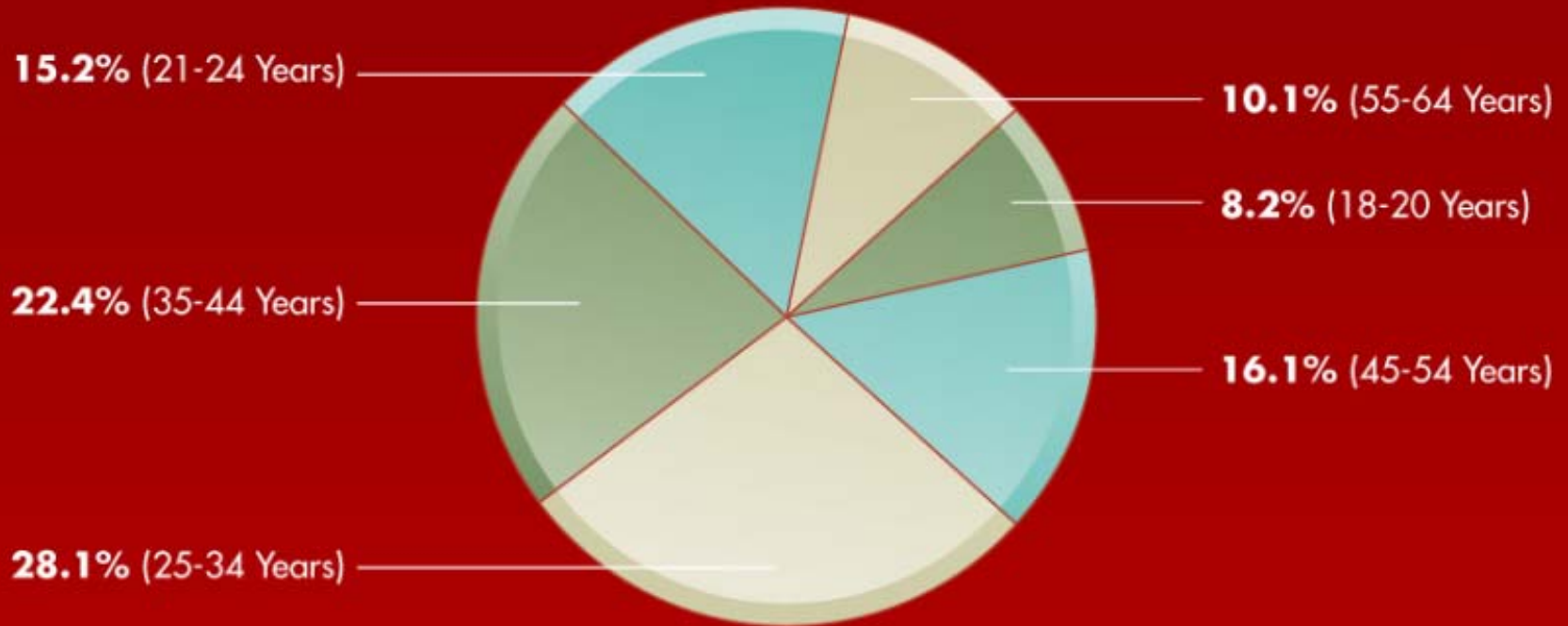


The Uninsured

- In 2002, 32.4 percent of Hispanics were uninsured for the entire year, compared with:
 - 20.2 percent of blacks
 - 18.4 percent of Asian and Pacific Islanders
 - 10.7 percent percent of non-Hispanic whites

The Uninsured

Uninsured Non-elderly Adults by Age, 2002



Why Is Health Coverage So Important?

Having No Insurance Is Dangerous to Your Health

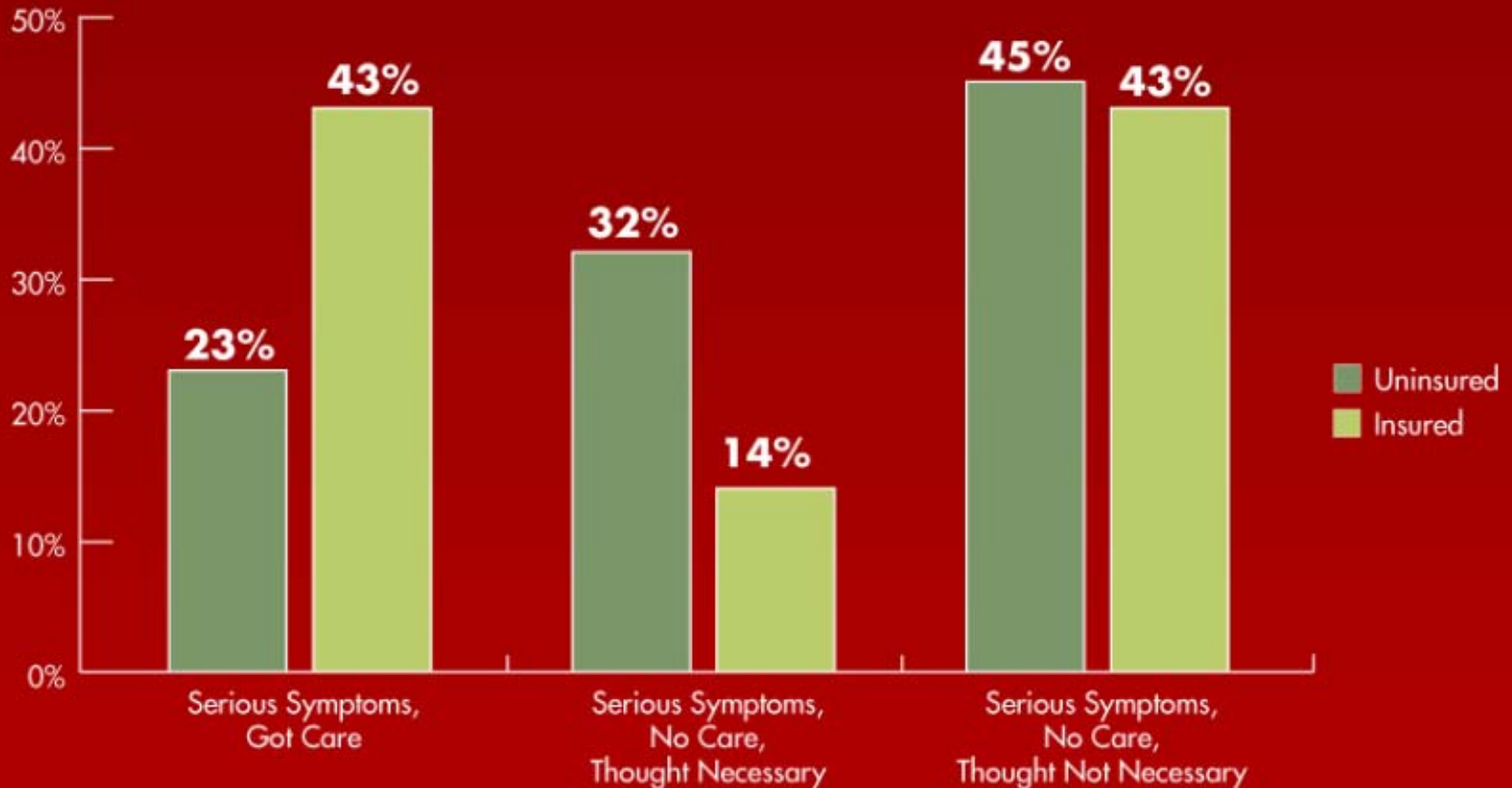
- An estimated 18,000 adults die each year because they are uninsured and can't get appropriate health care
- Uninsured women with breast cancer are less likely than insured women to receive breast-conserving surgery

Having No Insurance Is Dangerous to Your Health

- Uninsured children are at least 70 percent more likely to go without care for common childhood conditions
- Uninsured children are more than three times as likely not to get a needed prescription drug

Delaying Needed Care

Uninsured Less Likely to Get Care, Even for Serious Symptoms



Having No Insurance Leads to Adverse Financial Consequences

- On average, uninsured families pay more than 40 percent of their health care costs out of pocket
- More than half of uninsured working-age adults report serious problems paying medical bills, compared with less than a quarter of insured adults

How Do Americans Get Health Coverage?

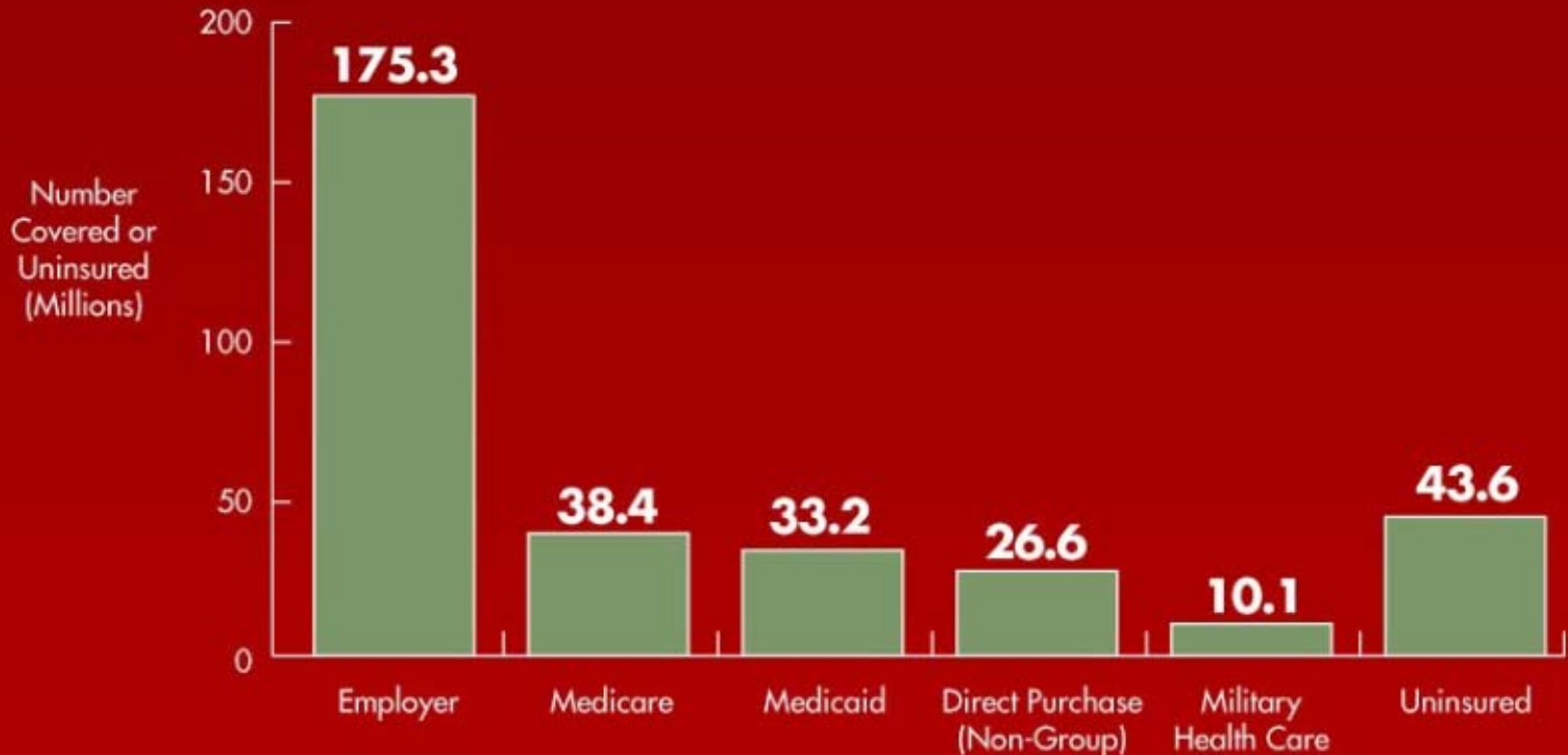
Public & Private Options

- Private Sources
 - Employer-sponsored coverage
 - Individual coverage

- Public Sources
 - Medicare
 - Medicaid

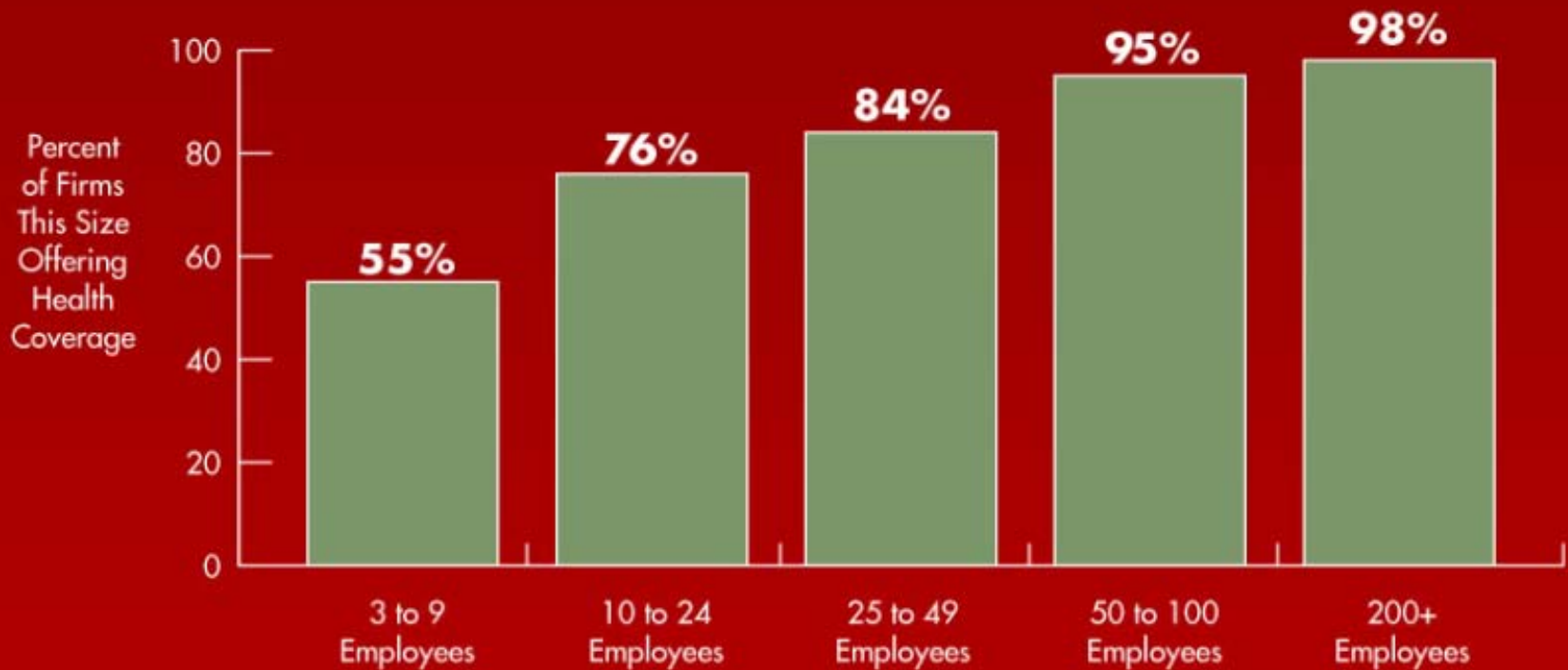
Public & Private Options

How Those in the U.S. Get Coverage



Private Sources: Employer-Sponsored Coverage

Small Firms Less Likely to Offer Coverage Than Large Firms



Advantages of Employer-Sponsored Coverage

- Health coverage on the job carries significant tax advantages for employers and employees
- Coverage through an employer is generally cheaper

Disadvantages of Employer-Sponsored Coverage

- Millions of working Americans don't have the opportunity to get coverage
- Employees can't always afford their portion of the premiums if offered coverage
- Coverage can be lost due to a change from full-time to part-time work, retirement or divorce
- Most employers offer a small number of insurance plans for employees to choose from—or only one

Private Sources: Individual Coverage

- 26.6 million people had individual coverage in 2002
- 34 percent of firms didn't offer coverage in 2003
- Two-thirds of uninsured workers in 2001 worked for employers who did not offer coverage

Advantages of Individual Coverage

- Coverage is portable and not tied to employment
- Offers a wider array of choices for those seeking health care coverage
- Potential for restraining costs within the health care system

Disadvantages of Individual Coverage

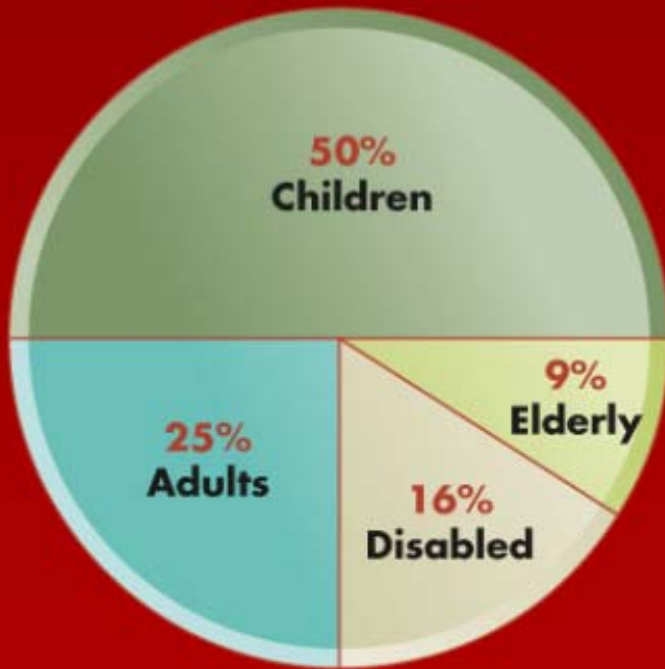
- Individual policies usually cost more and cover less
- Preexisting medical conditions make it harder to find coverage
- High-risk insurance pools are only offered in certain states

Public Sources: Medicare & Medicaid

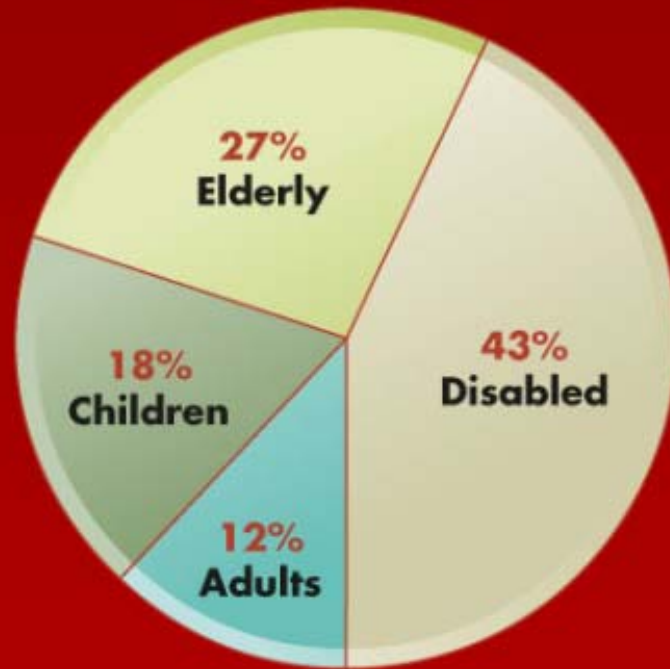
- Medicare covered 40.5 million people in 2004
- Approximately 51 million people were covered by Medicaid at some point in 2002
- Medicaid pays for nearly half of all long-term care services

Public Sources: Medicare & Medicaid

Medicaid Enrollees and Expenditures



Enrollees



Expenditures

Advantages of Medicare & Medicaid

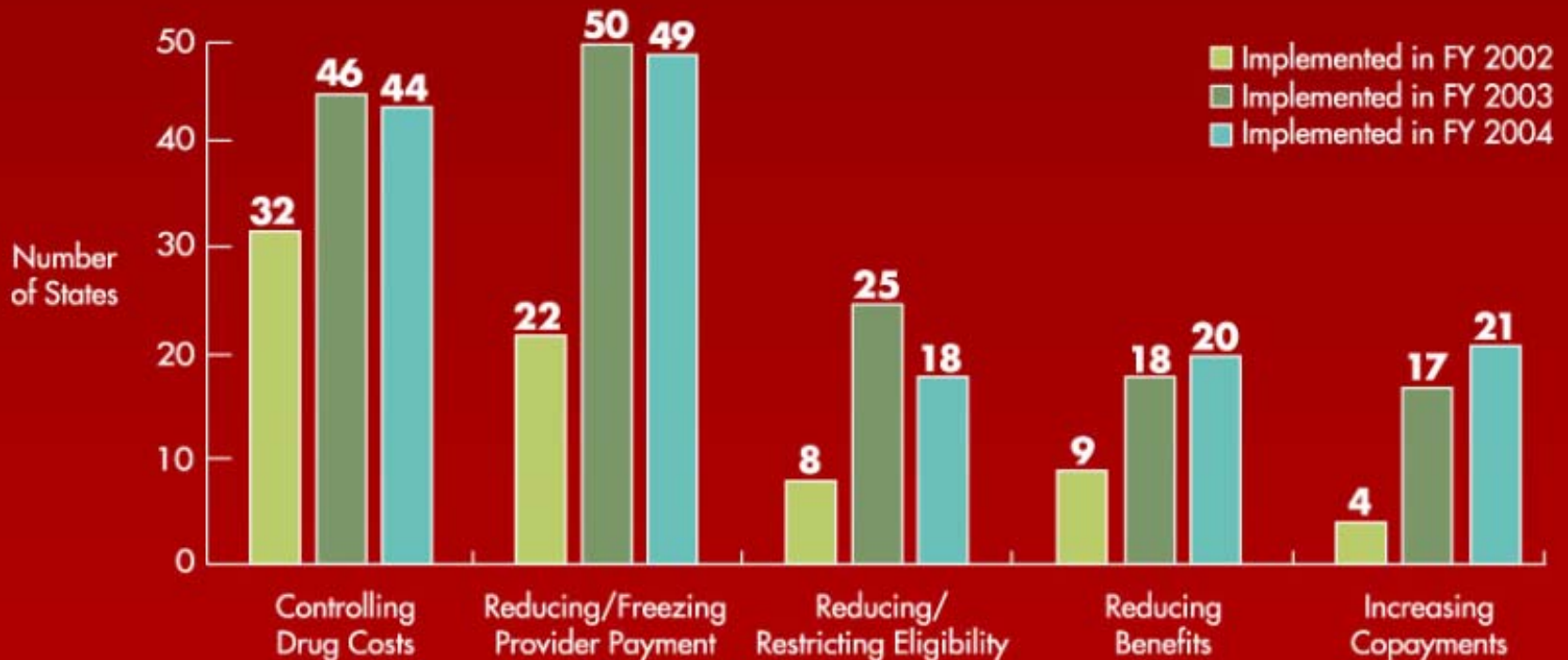
- Eligibility for Medicare is not dependent on an individual's income or assets
- Virtually everyone over age 65 is eligible for Medicare
- Medicaid enrollment grew during the recession of 2001 and 2002
- Medicaid offers a relatively generous package of benefits

Disadvantages of Medicare & Medicaid

- Medicaid consumed 12 percent of all state-financed spending in fiscal year 2002
- The sheer number of those in need, coupled with declining revenues and increased spending needs, often leads to cuts to Medicaid by state governments

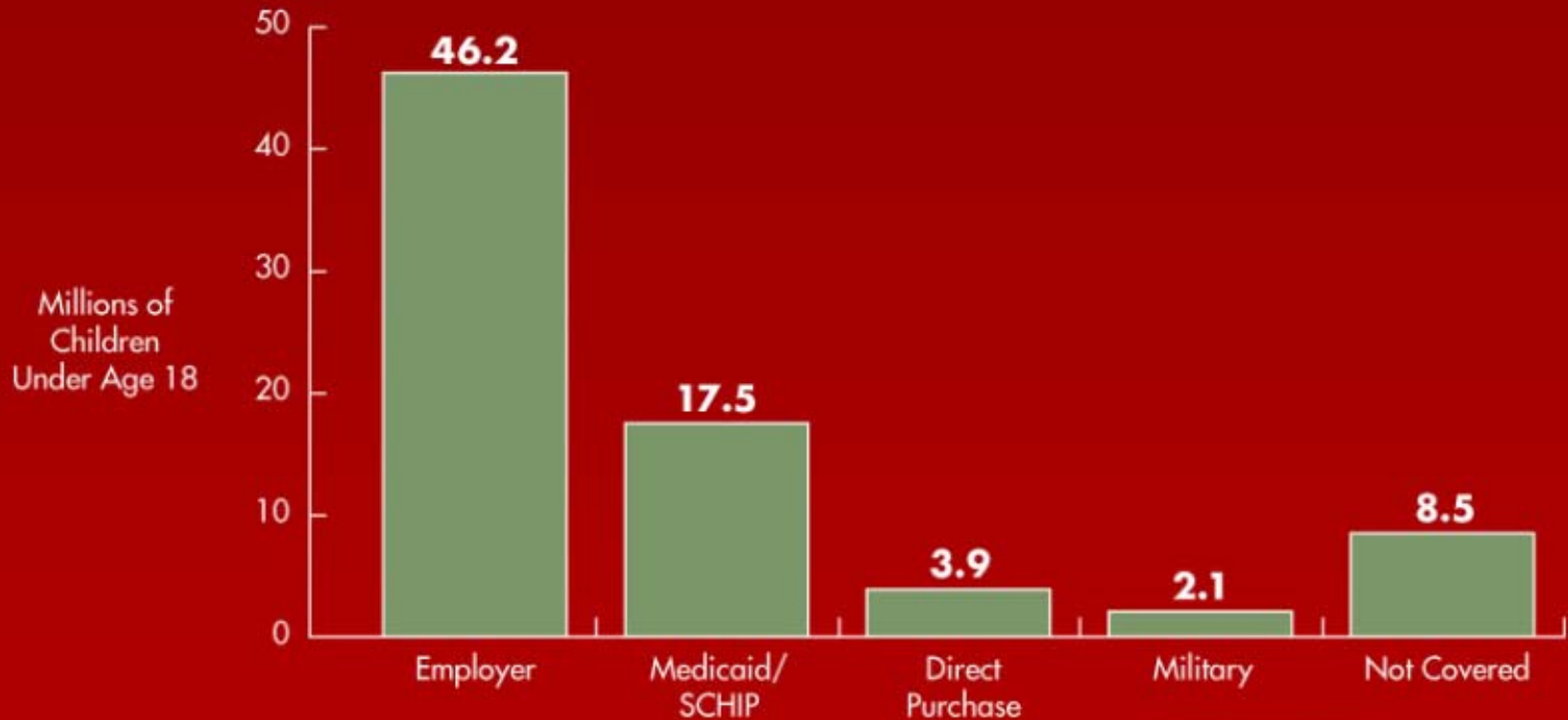
Disadvantages of Medicare & Medicaid

States Undertaking Medicaid Cost Containment Strategies



Public Sources: Children's Coverage

How Children Get Coverage



Advantages of Children's Coverage

- Children up to the age of 18 can be eligible for SCHIP or Medicaid
- Eligibility generally extends to children in families with incomes up to 200 percent of the federal poverty level

Disadvantages of Children's Coverage

- The trend is toward discouraging SCHIP enrollment, rather than encouraging it

Approaches to Covering the Uninsured

Policy Options

- Employer mandates
 - Treats all employers fairly
 - Employees and their dependents would have access to health care coverage
 - Economic burden on employers
- Individual mandates
 - Would make Americans care more about costs and quality
 - A requirement doesn't guarantee people will get coverage

Policy Options

- Expansion of existing public programs
 - Easiest and most efficient way to expand coverage
 - Current programs are confusing and inefficient
- Tax credits
 - Enhances affordability while retaining choice
 - Lack of information
 - Tax credits are too small

Policy Options

- Tax-financed health care system
 - Most likely to get virtually everyone covered
 - More efficient
 - More effective at controlling costs
 - Role for government too great
 - Costs the public treasury too much
 - Diminishes choice
 - Reduces competition

Important Questions to Ask About Any Health Coverage Proposal

- How many people will gain coverage?
- How much new spending will be necessary?
- Who will be asked to pay the added costs needed?
Government? Employers? Individuals?
- What is the likelihood that newly-covered persons will be able to keep their coverage for more than a few months?
- Will any people who are currently insured lose their coverage?

Important Questions to Ask About Any Health Coverage Proposal

- Is funding for the proposal permanent? Can it be sustained over many years?
- If the proposal is adopted, how might other “players” react, such as physicians, hospitals, insurance companies and employers?
- What help does the proposal offer to those with special situations, such as unusually high medical expenses?
- Does the proposal keep medical expenses in check for those who are currently paying for coverage?

Looking Ahead

The Future of the Uninsured

- Lack of insurance will continue to be a significant problem
- There is no ideal solution
- Balancing multiple objectives will be key to the success of any program
- Citizens must be involved in public discussions

Q & A

Let's Get America Covered!

www.CoverTheUninsured.org

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2004