

Section 29

CATEGORY I PANEL DISCUSSION TEMPLATE #23

Care for the Uninsured and Underinsured

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The Uninsured in the U.S. Healthcare System

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The Great Wave of Immigration in the United States started in the 1880s. In 1880, the country's population was 50 million (U.S. Census Bureau 2008), virtually all of whom lacked health insurance. Of course, at that time, medical services were scarce and provided only modest benefit. Today, in a country with a population that has grown sixfold and where private- and public-sector forms of health insurance are required to access a highly sophisticated healthcare system, the number of persons who lack health insurance approaches 47 million—just a little less than the entire U.S. population in 1880.

Health insurance has become the dominant mechanism for paying for medical services as a result of the entrepreneurial efforts of insurance companies; the industry-supported development of Blue Cross and Blue Shield plans; union bargaining efforts; and government programs for the elderly, poor, and, quite recently, children. Yet for an estimated 47 million, life circumstances or personal choices leave them without healthcare coverage. Lack of health insurance has been associated with limited or no access to comprehensive medical services, worse health outcomes, financial catastrophe for many families, and financial challenges for many service providers.

This column considers the current issues related to covering the medically uninsured. In this first installment, some background information is provided, including the number and characteristics of the uninsured.

PLUS OR MINUS A FEW MILLION

The number of medically uninsured persons is regularly estimated by four government surveys, each of which is designed to collect information about a host of issues in addition to insurance status. The U.S. Census Bureau conducts an annual social and economic supplemental survey each March—the widely cited Current Population Survey (CPS)—that asks respondents about their insurance coverage over the past year. Although the CPS does not distinguish between insurance status for the entire year or for a period of time during the year, its estimates tend to be similar to those of other surveys. The 2006 CPS estimate of the number of uninsured was 47 million.

The U.S. Census Bureau also conducts interviews every four months via the Survey of Income and Program Participation (SIPP). The more frequent interviews of the SIPP show how insurance status changes over the course of a year. The SIPP estimates of the number of persons uninsured at the time of the survey are similar to those

of CPS. However, the SIPP suggests that half of the estimated 47 million uninsured (about 23 million) go a full year without some form of insurance coverage and that the other half lack insurance for at least some period during the year.

Two other surveys provide estimates of insurance coverage: the Medical Expenditure Panel Survey (MEPS), which is administered by the Agency for Healthcare Research and Quality, and the National Health Interview Survey (NHIS), which is administered by the National Center for Health Statistics of the Centers for Disease Control and Prevention. During the first half of 2006, the MEPS estimated that 50.4 million people were uninsured. The NHIS estimated that 43.6 million persons lacked health insurance in 2006. Both surveys had similar range as the SIPP on coverage for all or part of the year.

Irrespective of the particular questions asked or the survey used, the number of medically uninsured Americans at any given point in time appears to be 47 million (16 percent of the total U.S. population), plus or minus a few million. This number should be a great concern to individuals and their healthcare providers.

PATIENTS WITHOUT INSURANCE: BAD DEBT AND CHARITY CARE

For healthcare providers, the relevant measure of the number of uninsured is the number of patients who lack insurance when they need services. However, lacking insurance coverage does not mean that a provider will bill a patient or will not collect on a bill. Hospitals classify patients' accounts either as *charity care* (i.e., no payment is expected after the patient's inability to pay is determined), or as *bad debt* (i.e., efforts to secure payments prove unsuccessful).

Determination of eligibility for some social programs based on demographics is quite clear. The elderly (14 percent of the population) and poor (11 percent of the population) are largely insured through Medicare and Medicaid, respectively. However, nearly one-quarter of those eligible for Medicaid do not participate, and a higher percentage of children eligible for State Children's Health Insurance Program do not participate. About half of the uninsured are white (non-Hispanic) and half are racial and ethnic minorities. Those with the greatest likelihood of being uninsured are young adults (age 19 to 24 years) and foreign-born persons; both have uninsured rates of approximately one-third (The Kaiser Commission 2007).

One key to insurance coverage is employer sponsorship. Although employer-sponsored health benefits are still the norm (at approximately 55 percent of covered persons), changes in the employment market and the cost of healthcare coverage have eroded this base. Four-fifths of uninsured persons are part of working families, and in 90 percent of these families someone is employed full-time. The uninsured largely work in small firms (fewer than 200 workers), as insurance coverage is nearly universal in large firms (The Kaiser Commission 2007), or they are self-employed.

Although those in the lowest-income-level jobs are least likely to be insured, the group with the greatest recent increase in the number of uninsured persons is composed of working middle-class adults. Approximately half of uninsured working

persons are employed by firms that do not offer coverage. The other half of uninsured workers are employed by firms that provide coverage but where the worker is ineligible for coverage (20 percent) or by firms that offer coverage but where the worker declines to participate (30 percent)—often because of the cost of participation. At a total premium of \$12,000 per family in 2007, it is not surprising that only three-fifths of persons with incomes below \$20,000 are insured and that more than 90 percent of persons with incomes above \$40,000 are covered (The Kaiser Commission 2007).

From a geographic standpoint, the Midwest overall has the lowest uninsured rate, and Minnesota has the lowest rate among individual states at under 10 percent. The South has the highest uninsured rate, and Texas leads the nation at more than one-quarter of its population lacking insurance (The Kaiser Commission 2007).

CONCLUSION

By whatever measurement we select, the number of persons without insurance is large and growing. Subsequent installments of this column will examine public- and private-sector attempts at finding solutions to this problem. Future installments will also discuss the consequences associated with being uninsured, the impact of the uninsured on healthcare providers, the options for national healthcare insurance, and the actions being taken at the local level.

Resources

- Current Population Survey: www.census.gov/cps
- Medical Expenditure Panel Survey: www.meps.ahrq.gov/mepsweb
- National Health Interview Survey: www.cdc.gov/nchs/nhis.htm
- State Children's Health Insurance Program: www.cms.hhs.gov/home/schip.asp
- Survey of Income and Program Participation: www.bls.census.gov/sipp

References

- The Kaiser Commission on Medicaid and the Uninsured. 2007. *Health Insurance Coverage in America, 2006 Data Update*. [Online information; retrieved 2/8/08.] www.kff.org/uninsured/upload/2006_DATA%20UPDATE.pdf.
- U.S. Census Bureau. 2008. "Census of Population and Housing." [Online information; retrieved 2/8/08.] www.census.gov/prod/www/abs/decennial/index.htm.

For more information on the concepts in this column, please contact Dr. Smith at deans@umich.edu.

