

Alliance for Health Reform

**“Exploring Realistic Coverage
Options for the Uninsured”**

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Federal Response to the Uninsured: *On the Plus Side*

- Polls consistently show that covering the uninsured is a top concern of Americans:
 - 62% support universal coverage (though no consensus on policy approach)
 - 75% agree that people should be responsible for having coverage in the same way that auto insurance is mandatory
 - Covering the uninsured is the top concern among health care opinion leaders
 - Health care issues, including rising costs and covering the uninsured, ranks third in concerns among voting population (tied with terrorism), behind the war in Iraq and the economy
- “Making health care more affordable” and “providing basic health insurance coverage to all Americans” are also important priorities for US business leaders
- Collaborative efforts like the strange bedfellows group offers hope and generates momentum for the notion that finding common ground is possible
- Now that Congress has passed a Medicare drug benefit, covering the uninsured is the next major health initiative to tackle
- Medicaid reform could provide an opportunity to think about how the most vulnerable currently get coverage, who’s left out, and how to fill the gaps

Federal Response to the Uninsured: *On the Down Side*

- As popular as the issue might be in polls, most Americans don't agree on a single solution, don't want to pay more taxes, and don't want to lose current coverage
 - And their vote in the polling booth doesn't come down to a candidate's platform on the uninsured
- Federal budget deficit renders any new spending virtually impossible
 - Prior to any new spending on Katrina relief, Federal deficit projected to be \$330 billion in FY 2005 and \$4.0 trillion over 2006-2015
- Covering the uninsured is simply not a priority for this Administration (or for Congressional leaders)
 - President's advance tax credit – virtually identical proposal in 2000 and 2004 elections, and similar proposal included in every annual budget submission
- Medicare is *still* and will continue to be an issue – expect proposals to modify the drug benefit and address solvency in the coming years
- Medicaid reform has focused on cuts and caps rather than improvements
- Congress can't even agree on Katrina relief – how can we find common ground on a broader initiative?

Have We Made *Any* Progress Since SCHIP Passed in 1997?

- Trade Adjustment Assistance health coverage tax credit
 - But that program was created for displaced workers and PBGC beneficiaries – was not intended to cover the uninsured
 - Less than ¼ of those eligible are participating
- 1115 HIFA Waivers
 - So-called “half a loaf” approach to health coverage
 - At the expense of those who are already covered
- Redistributed SCHIP funding
 - Maintaining existing coverage, not new coverage
- Health Savings Accounts
 - Analysts disagree whether HSAs will reduce the number of uninsured
 - 2005 survey found that only 2% of firms offering health benefits offered an HSA-qualified plan, 1.2% of all covered workers enrolled in these plans; and 37% of those did not receive any employer contribution to their HSA for either single or family coverage

Current State of Affairs

1. The problem isn't as bad as we think it is
 - Not really 45 million – more like 36 - 41
2. Half a loaf is better than nothing
3. Patients, including Medicaid beneficiaries, should be informed consumers who bear more responsibility for the cost of their care
4. Those who are truly sick can get care when they really need it:
 - Emergency rooms
 - Community health centers
5. If only we could find some way to cap entitlement spending...

Parting Thoughts

- If we're serious about the uninsured:
 - First, we have to agree on the problem
 - Second, we have to work together on a solution
- Any legislation to address the uninsured should be based on sound analysis and represent prudent public policy
- In the meantime, at the very least, we shouldn't make things worse