The American College of Physicians-American Society of Internal Medicine (ACP-ASIM or “the College”) represents over 115,000 physicians who specialize in internal medicine and medical students with an interest in internal medicine. ACP-ASIM’s membership includes practicing physicians, teaching physicians, residents, students, researchers, and administrators who are dedicated to assuring access to high quality medical care for all Americans.

We appreciate this opportunity to present our comments on the needs of uninsured Americans and we are pleased that the Subcommittee on Health is addressing specific steps to facilitate access to health insurance coverage for the nation’s uninsured population.

As physicians, the primary mission of our members is to care, to heal, to advocate for the sick, and to promote the good health of the individual and the nation. On a daily basis, internists see the delayed treatment and poorer health that results from a lack of insurance. The College believes that it is unconscionable for the United States to allow tens of millions of its citizens to go without health insurance simply because they cannot afford it.

In 1999, ACP-ASIM launched a major campaign to address the problem of the uninsured. Our campaign has included a three-pronged effort of research, public education and advocacy: research on the health consequences of a lack of insurance; a public education campaign to inform policymakers, candidates, and the public about the adverse health consequences of being uninsured; and advocacy of core principles and a sequential plan on how the health care system should be reformed to achieve affordable access to care for all Americans.

The College’s plan to expand health insurance coverage includes the expansion of public programs, the implementation of a refundable tax credit, and other measures. ACP-ASIM will continue to press for solutions until we have achieved affordable, accessible health insurance for all Americans.

America’s Uninsured Population
The latest statistics from the Census Bureau indicate that roughly one out of every six non-elderly Americans – or nearly 43 million people in the United States - have no health insurance. Millions more have some health insurance, but lack adequate coverage to provide financial access to needed health care or sufficient protection from catastrophic medical expenses.

- Nearly two-thirds of the nation’s uninsured persons live in a family with an income less than 200% of the federal poverty level (FPL). Thirty percent live in a family with an income between 100 and 199% FPL and another 35% live in a family with an income less than 100% FPL. In 2000, FPL for a single person was $8,959 and $17,761 for a four-person family.

- More than 80 percent of the uninsured are in working families, but 60% are not offered employer-based health insurance coverage. These families must choose between a doctor’s appointment and feeding their families, buying medicine or paying the rent.

- Not all low-income persons are eligible for public coverage. Even with an income as low as $4,000 per year, adults with no children do not qualify for Medicaid coverage. In 11 states, no non-disabled adult without a child can qualify for Medicaid.

- Hispanic Americans comprise more than one-quarter of the total uninsured population, though they account for only 12% of the total population. Hispanics have been consistently over-represented in the uninsured population. Given the current projected growth in the Hispanic population, the number of uninsured and the proportion of the U.S. population that is uninsured are also expected to increase through 2050.

- Ten million children under age 18 are uninsured, including 2.8 million poor children living in families with an income below 100% FPL. Over seven million children under age 19, living in families with an income at or below 200% FPL, are uninsured.

A combination of strategies is required in order to adequately provide insurance coverage to America’s uninsured population. Poor children may benefit from expanded outreach efforts for Medicaid enrollment. Poor adults (with or without children) may benefit from an expanded Medicaid program, including a broader definition of eligibility. Working near-poor persons may benefit from a properly designed health tax credit. It is unlikely that any one specific proposal will work best for each person included in the diverse population of uninsured Americans.

**Health Consequences of a Lack of Insurance**

The lack of health insurance has important health and financial consequences for both the individual and the nation. Millions of Americans are unable to receive the care they need, which endangers the health and lives of all patients, adds cost to the health care system, and reduces productivity. Missed or delayed care may result in unnecessary morbidity or mortality and greater severity of illness. Delays in seeking care are particularly damaging in diseases such as cancer and diabetes for which diagnosis and treatment during early stages may prevent further complications and prolong survival.
Medical treatment for the uninsured is often more expensive than preventive, acute, and chronic care of the insured because the uninsured are more likely to receive medical care in the emergency department than in a physician’s office. According to the National Center for Health Statistics, non-urgent cases accounted for more than 50% of the 90 million visits to U.S. hospital emergency departments in 1992. These increased costs are absorbed by providers as free care, passed on to the insured via cost shifting and higher health insurance premiums, or paid by taxpayers through higher taxes to finance public hospitals and public insurance programs.

The inability of the uninsured to access preventive care also increases the nation’s health care costs. For example, uninsured pregnant women typically seek prenatal care late in the pregnancy, if at all, and this increases the probability that newborn care will occur in a neonatal intensive care unit. Another example is the failure to detect and treat hypertension in its early states, which increases the likelihood of hospitalization and care in the intensive care unit for stroke, myocardial infarction, or congestive heart failure. The failure to prevent these complications results in loss of productivity and increased costs of medical care. In consideration of these facts alone, it is clear that insuring the uninsured is in everyone’s best interest.

Making preventive medicine and existing treatment therapies accessible to uninsured people will not only increase overall access to health care but may also substantially contribute to a reduction in the total burden of illness facing the United States.

Evidence of Health Consequences

ACP-ASIM conducted an extensive literature search to document the evidence of a relationship between a lack of health insurance and a reduced access to care and poorer medical outcomes. We identified more than 100 scientific studies that adjusted for factors other than insurance in order to focus on the link between the lack of health insurance and access to care and medical outcomes.

The results of these studies confirmed what doctors know from their own practice experiences: people without health insurance tend to live sicker and die younger than people with health insurance. Our results were published in our first report called, “No Health Insurance: It’s Enough to Make You Sick.” (All College reports mentioned in this statement are available at www.acponline.org/uninsured.)

Evidence from the available medical and scientific literature suggests that:

- Uninsured Americans are three times more likely than the insured to experience an avoidable hospitalization for diabetes and two times more likely for hypertension.

- Uninsured people are more than three times more likely to die in the hospital than the insured.

- Uninsured men are one and one-half times more likely than the insured to be diagnosed with prostate cancer at a late stage.
• Uninsured adolescents between the ages of 10 and 18 are four times more likely to have unmet health needs, four times less likely to get dental care, four times less likely to get needed prescriptions, and four times less likely to get needed eyeglasses.

• Uninsured children under 17 are nearly two times less likely to receive medical treatment for common childhood illnesses, such as sore throat or tonsillitis, acute or recurrent earache, or asthma.

• Uninsured children are up to 40% less likely to receive medical attention for a serious injury.

Our second report, “No Health Insurance? It’s Enough to Make You Sick: Latino Community at Great Risk” focused on the evidence of the unmet health needs of America’s Latino population, the nation’s fastest growing minority group and the largest uninsured population:

• Uninsured Latino women with breast cancer are more than twice as likely to be diagnosed at a later stage compared to uninsured non-Latino women.

• Uninsured Latino men with prostate cancer are almost four times more likely to be diagnosed at a later stage than uninsured non-Latino men.

• Uninsured Latino children with asthma are six times more likely not to receive standard medical treatment than uninsured non-Latino children.

Our third and most recent report, “No Health Insurance? It’s Enough to Make You Sick: Uninsured Women at Risk” highlighted evidence of consequences experienced by uninsured women:

• Uninsured women are up to five times more likely than the insured to report unmet health needs.

• Uninsured women aged 50-64 are two times less likely to have had a recent mammogram, two times less likely to have had a recent Pap test, and two times less likely to have had a recent clinical breast examination.

• Uninsured women with breast cancer, compared with the insured, have a 49% higher adjusted risk of death.

• Uninsured women, ages 18 to 64, experience nearly twice the risk of in-hospital death than all insured patients.

• Uninsured pregnant women are three times more likely than insured women to report not receiving the recommended number of prenatal visits and have a 31% higher likelihood of an adverse hospital outcome at childbirth.
Arguments that uninsured Americans receive the same levels of medical care as insured Americans, despite their lack of coverage, are contradicted by these studies. Research has clearly demonstrated that having health insurance makes a difference in health care for Americans. The uninsured – even those who are sick, chronically ill, or who have special health care needs – get less health care than those who have insurance. Many studies have shown that increasing coverage improves access to care.

Evidence from the available medical and scientific literature also clearly demonstrates that uninsured Americans experience poorer medical outcomes. A lack of insurance is associated with a delay in seeking care, disease progression, and reduction of the likelihood of a favorable outcome or survival. It is also associated with the increased probability of avoidable hospitalizations for manageable illnesses (some of which are risk factors for the leading causes of death), a generally higher mortality level, and specifically higher in-hospital mortality.

Uninsured children are particularly vulnerable to reduced levels of medical care for normal childhood illnesses such as a sore throat, earache (which, left untreated, can lead to hearing loss and speech and language deficits), and asthma, in addition to reduced levels of medical care for serious injuries or acute illnesses such as appendicitis.

Lack of insurance contributes to the endangerment of the health of each uninsured American as well as the collective health of the nation. Because lack of insurance is as much a risk to the public health as smoking, alcoholism, and obesity, this national crisis merits the nation’s immediate attention.

**Strategies for Reducing the Number of Uninsured**

The College understands that it is not enough just to educate voters and policymakers on why it is important that everyone have access to affordable healthcare, we must also suggest how to improve access to care for all uninsured Americans.

Early in 1999, the College released a package of proposed reforms that sought to use the federal tax code, existing government programs, and some new subsidies to help reduce the number of uninsured. During the past decade we have identified a number of steps that could be taken to improve access to health insurance. ACP-ASIM urges the Subcommittee on Health to consider ways to achieve the long-term goal of assuring that all Americans can obtain affordable, accessible health insurance coverage.

The following proposals should be considered as part of a comprehensive, sequential plan of action that will lead to coverage for all Americans:

- Enact refundable tax credits to expand coverage for lower-income Americans;
- Expand Medicaid to cover all individuals at or below 100% of the poverty level;
- Increase funding for outreach to encourage eligible children and families to enroll in Medicaid and the S-CHIP (Child Health Insurance Program);
Provide subsidies for those individuals who are eligible for COBRA coverage but cannot afford it;

Establish a defined timeframe for achieving affordable coverage for all Americans; and

Include an ongoing plan of evaluation to assure progress.

This multi-faceted approach recognizes that there is not just one way to expand health insurance coverage for all Americans. Expansion of Medicaid and the S-CHIP program will work well for certain segments of the population. Refundable tax credits will work well for individuals whose income is above poverty but not sufficient to purchase insurance in the marketplace.

**Tax Credit Legislation to Purchase Health Insurance**

There are several important considerations on how a tax credit should be designed to assure that it is effective in reaching the targeted population of low-to-moderate income Americans.

- The tax credit should include an advance payment option, which would enable taxpayers to receive monthly payments to offset premium costs, rather than having to wait until their taxes are filed to obtain credits.

- The credit should be refundable, meaning that individuals who have no federal income tax liability would still be able to qualify for the credit.

- The credit needs to be high enough to subsidize 90% or more of the costs of purchasing health insurance coverage, since a smaller credit will not be enough to make coverage affordable for many lower-income individuals.

The College is pleased that President Bush has proposed an income tax credit for the purchase of health insurance for individuals under age 65 that is refundable. The College also supports the advance payment option, which would make the tax credit available at the time the individual purchases health insurance. In addition, ACP-ASIM supports the proposal that the tax credit equal 90% of the health insurance premium. We hope, however, that the maximum credit will be raised above the current proposal of $1,000 per individual covered by a policy and $2,000 per family.

The Commonwealth Fund reports that the median family income of those with an income less than 100% FPL is $5,636 and those with an income 100-199% FPL is $18,324. If an average insurance policy covering a single employee under 65 cost $2,424 and a family policy cost $6,348 in 2000 (as reported by Gabel et al, “Job-Based Health Insurance in 2000: Premiums Rise Sharply While Coverage Grows,” *Health Affairs* 19, Sept./Oct. 2000: 144-151), it would be nearly impossible for these individuals and families to purchase health insurance coverage on their own with the President’s proposed maximum credit. On average, health insurance premiums would consume 25% of the family income for poor and near-poor families; however, the premiums may take even 40% or more of the family’s income.
ACP-ASIM recommends that the Subcommittee consider reporting a tax credit bill that is modeled after the provisions in the Relief, Equity, Access, and Coverage for Health (REACH) Act (S. 590), introduced by Senator James Jeffords (R-VT), Chair of the Health, Education, Labor and Pensions (HELP) Committee. The REACH bill includes refundable and targeted tax credits with an advance payment option. The College suggests, however, that a higher premium subsidy than is currently proposed be recommended by this Subcommittee.

Making the credit refundable means that even those individuals with no federal income tax liability would still qualify for the full tax credit. REACH targets those who face the greatest financial barriers to purchasing insurance, thereby using federal funds judiciously and avoiding “crowding out” or substitution of employer-provided insurance for insurance purchased by individuals using the tax credit. “Crowding out” becomes a danger when individuals make more than 200% of poverty and are more likely to have employer-provided insurance.

Implementing an advance payment option that means the value of the credit would be available at the time the premium is paid by the employee, e.g., when payments are due, not at the end of the year. ACP-ASIM believes that a tax credit bill modeled after the REACH proposal will minimize disruption in both public- and employer-provided coverage by building on, rather than replacing, the current system.

The REACH Act provides a $2,500 tax credit for couples that make up to $55,000 a year and have no access to employer-provided insurance. Individuals who earn up to $35,000 would receive a $1,000 credit. Smaller credits are available to individuals and families whose employers provide health insurance. ACP-ASIM is concerned, however, that the amount of the tax credit provided by the REACH bill may still be too low to make coverage affordable to many low-income families. Therefore, ACP-ASIM strongly encourages this Subcommittee to report a bill, modeled after the REACH proposal, that would include a higher premium subsidy to assure that the tax credit is sufficient to make insurance affordable for those most in need.
Expansion of Access through Medicaid and S-CHIP

Tax credits will be more effective if combined with expansion of Medicaid and the S-CHIP program. Congress should recognize that a tax credit, by itself, would still leave millions of Americans without access to affordable health insurance coverage. Tax credits may be useful to many Americans whose incomes are between 100 and 200% of the federal poverty level, but other strategies to increase access to care work better for the population below poverty.

The College therefore recommends a combined approach of tax credits, public program expansions, and increased funding for outreach to make coverage available to all Americans with incomes up to 150% of the federal poverty level.

- ACP-ASIM believes that Medicaid and S-CHIP programs should be expanded to include all adults with incomes below the federal poverty level.

The College will soon be publishing a policy monograph that proposes a strategy for expansion of Medicaid and S-CHIP programs. The recommendations include: establish a uniform income-based eligibility limit for enrollment in Medicaid (equal to 100% of the federal poverty level); increase in the federal contribution level to make it possible for states to enroll all low income persons; initiate a process to establish a uniform nationwide floor on benefits covered under Medicaid and S-CHIP; eliminate administrative barriers that inhibit enrollment and participation; and increase Medicaid reimbursement to physicians to assure adequate access to physician services. A copy of the monograph will be provided to this Subcommittee.

- ACP-ASIM also recommends increased funding for outreach since the numbers enrolled in both Medicaid and S-CHIP fall short of those eligible.

Outreach programs are designed to make already-eligible individuals aware of their eligibility for coverage under either the Medicaid or S-CHIP program. Lack of knowledge concerning coverage options is one of the principal reasons that millions of Americans who are eligible for Medicaid or S-CHIP coverage remain uninsured. The ability of states to educate potential enrollees about their options has been hampered by inadequate funding for outreach programs.

- ACP-ASIM also advocates that states and the federal government institute administrative changes to make enrollment in Medicaid and S-CHIP a simpler option for potential enrollees.

Complex and lengthy enrollment procedures and forms serve as a significant barrier to enrollment in the Medicaid and S-CHIP programs. Congress could increase enrollment by providing states with funding and direction to develop ways to simplify the process of enrolling individuals in both the Medicaid and S-CHIP programs.
Conclusion

The 107th Congress will have a unique opportunity to finally tackle the issue of lack of health insurance. This Subcommittee on Health is to be praised for taking the initiative now to pave the way for constructive action next year.

ACP-ASIM believes that a combination of approaches, including refundable tax credits for low-wage workers, expansion of Medicaid and S-CHIP programs to all individuals below the federal poverty level, increased funding for outreach, and simplified enrollment procedures, would represent a major step forward in making affordable health insurance coverage available to those most at risk of being uninsured.

However, ACP-ASIM believes that such reforms be included as part of an overall sequential package that will lead to coverage for all Americans by a defined date, rather than being treated as stand-alone incremental measures. Later this year, ACP-ASIM will be providing the Subcommittee with further ideas on making coverage available to all Americans, in a series of steps, starting with low-wage workers and the poor.

As a nation we are capable of great things. When we muster our collective will, no enemy or obstacle can withstand our collective might. If we all recognize the health risks associated with the lack of health insurance and if we can all agree that it is a problem that must be solved, we believe that we can achieve health coverage for all in the near future. Concern for the health risks of the uninsured is not an issue for one party or another. The health risks of the uninsured can and must be addressed by all.