ACP
American College of Physicians
INTERNAL MEDICINE | *Doctors for Adults*

STATEMENT OF THE

AMERICAN COLLEGE OF PHYSICIANS

TO THE

WAYS AND MEANS COMMITTEE,

SUBCOMMITTEE ON HEALTH

For the Record of The Hearing on the Uninsured

March 9, 2004

The American College of Physicians (ACP), representing more than 115,000 internal medicine physicians and medical students, is the nation's largest medical specialty organization and second largest medical association. The ACP commends Chairwoman Nancy Johnson for addressing the causes and consequences of lack of health insurance. Understanding who the uninsured are and why they lack health insurance is a critical first step to formulating policies that ensure this increasing segment of the population can access quality health care.

The advanced science, technology, and practice of American medicine is admired throughout the world. Americans with access to health care benefit from widely available preventive care, state-of-the-art equipment, and accomplished practitioners. However, the benefits of American medicine are less available to those who lack health insurance coverage. Individuals without health insurance coverage are less likely to have a regular source of care, more likely to delay obtaining needed medical care until a later and more advanced stage of disease, and more likely to obtain care in more costly emergency centers rather than in a physician's offices. For these patients, the benefits of the best medical services in the world are not fully realized.

Rising Numbers of Uninsured Americans

Tough economic times and soaring health care costs have compromised access to the health system. As unemployment rises, states cut back on the number of people eligible for public insurance programs. At the same time, employers reduce benefits, shifting a larger share of health care costs to employees, or simply discontinue offering health insurance coverage. After increasing by roughly a million people each year throughout most of the 1990s, the number of uninsured now exceeds 43 million persons, representing more than 17 percent of the U.S. population under age 65. (1) Those most likely to lack health insurance continue to include young adults in the 18-to-24-year-old age group, people with lower levels of education, people of Hispanic origin, those who work part-time, and the foreign born.

Health Consequences of Being Uninsured

A popular myth exists that not having health insurance is merely an inconvenience. The myth asserts that anyone can go to an emergency room or free clinic and get care. To help dispel this myth and prove that lack of health insurance is a serious health threat, ACP conducted a literature review of over 1,000 documents published over the last ten years linking health insurance coverage with the utilization of

health care services and individual health outcomes. The College's 2000 report, *No Health Insurance? It's Enough to Make You Sick,* verified that the uninsured experience reduced access to health care and tend to live sicker and die younger than people with health insurance. Evidence from the available medical and scientific literature indicates that:

- Uninsured Americans experience reduced access to health care;
- Uninsured Americans are less likely to have a regular source of care;
- Uninsured Americans are less likely to have had a recent physician visit;
- Uninsured Americans are more likely to delay seeking care;
- Uninsured individuals are more likely to report they have not received needed care;
- Uninsured Americans are less likely to use preventive services;
- Uninsured Americans experience poorer medical outcomes;
- Uninsured Americans experience a generally higher mortality and a specifically higher in-hospital mortality;
- There is a disproportionate representation of racial and ethnic groups among the uninsured;
- Uninsured Americans may be up to three times more likely than privately insured individuals to experience adverse health outcomes;
- Uninsured patients are up to four times as likely as insured patients to require both avoidable hospitalizations and emergency hospital care.

More specifically, ACP found that uninsured working-age adults are:

- More likely to go without care that meets professionally recommended standards for managing chronic diseases, such as timely eye exams to prevent blindness in persons with diabetes;
- Less able to access medications needed to manage conditions like hypertension or HIV;
- Less likely to receive appropriate cancer screening, resulting in delayed diagnosis, delayed treatment, and premature mortality; and
- More likely to have avoidable medical crises and emergency hospitalizations from untreated conditions.

A separate study, funded by ACP to raise awareness about the uninsured found that high proportions of uninsured adults were not receiving needed medical care. The study examined 1997 and 1998 survey data for more than 220,000 adults between the ages of 18 and 64 from the Centers for Disease Control and Prevention's Behavioral Task Force. Highlights from this study, which was published in the Journal of the American Medical Association, (2) include:

- About 14 percent of respondents lacked health insurance and 10 percent had gone without health insurance for an entire year.
- Nearly two-fifths of long-term uninsured and one-third of short-term uninsured adults reported they were unable to see a physician within the last year due to costs.
- Of the long-term uninsured, nearly 70 percent of those in poor health and nearly 50 percent of those in fair health reported being unable to see a physician in the previous year due to cost.
- Those who reported excellent or very good health were two to three times more likely to have health insurance.
- For highly recommended preventive services, long-term uninsured adults (those that were without health insurance for more than one year) were three and a half times less likely to receive cardiovascular risk reduction services such as hypertension and cholesterol screening; 25 percent less likely to have had a mammogram; and three to four times less likely to have had a screening for breast cancer.
- Clinical risk groups for the long-term uninsured reported being unable to see a doctor when they needed due to cost during the past year including: 37 percent of smokers, one-third of the obese, 40 percent for hypertension, 46 percent of diabetics, and 37 percent with elevated cholesterol. One in five of the short-term uninsured in these same risk groups reported encountering the same obstacles.
- One quarter of the long-term uninsured had not received a routine check up in the last two years in high-risk groups reporting hypertension, diabetes and elevated cholesterol.
- Nearly half of the long-term uninsured women and 40 percent of short-term uninsured women reported being unable to see a doctor when needed during the last year (versus 30 percent and 22 percent of men.)
- Long-term uninsured women aged 50-64 were three times less likely than insured women of the same age to have received a mammography or clinical breast exam; long-term uninsured women between ages 18 and 64 were three times as likely not to have obtained a pap smear within the last three years.
- Nearly 20 percent of the self-employed had been uninsured for greater than one year; another 5 percent had been without insurance for some period within the last year.
- Nearly 40 percent of the employed long-term uninsured and 30 percent of the employed short-term uninsured reported being unable to see a doctor when needed during the last year.
- In contrast to federal and state government efforts to extend affordable health care coverage to children, nearly 33 million adults continued to lack a cohesive plan to address their needs.

Economic Costs of Being Uninsured

One of the principal obstacles to enactment of legislation to expand health insurance coverage to all Americans is the belief that the cost would be enormous and unaffordable. In a forthcoming paper, *The Cost of the Lack of Health Insurance*, ACP documents the extent of what is known about the aggregate economic costs to the United States of maintaining a considerable uninsured population. By illustrating that the United States already spends an enormous amount on health care for the uninsured, both in terms of the direct costs of services provided and the indirect costs to society of having individuals forego or delay receipt of needed health care, the paper counters the claim that the cost of extending coverage to the uninsured is prohibitive.

Following an extensive review of the current literature, ACP found that the most integral cost estimate of the uninsured takes into account multiple factors, some more quantifiable than others. There are the direct costs borne by the health care system for treating the uninsured, whose care is often more expensive than the insured since the uninsured tend to receive treatment in the emergency department and lack preventive care. These costs must be absorbed by providers as free care, passed on to the uninsured via cost shifting and higher health insurance premiums, or paid by taxpayers through higher taxes to finance public hospitals and public insurance programs. Estimates of the direct costs of the uninsured found in the literature include:

- The uninsured receive as much as $98 billion in medical care, $35 billion of which is considered uncompensated, a year.
- Total government spending in the name of the uninsured is about $30 billion a year.
- Hospitals provide about $24 billion worth of uncompensated care a year.
- Physicians spend about $5.1 billion a year caring for those who cannot pay their bills.
- Employers and managed care companies spend $1.5-$3 billion through higher rates to cover part of the amount hospitals spend caring for the uninsured. (3)

Although the indirect costs associated with lack of insurance are more difficult to calculate, a discussion of the consequences of not extending coverage to the uninsured would be incomplete without their consideration. Inadequate preventive care and delayed treatment among the uninsured yields substantial societal costs in terms of reduced life expectancy, lower workforce productivity, diminished educational attainment, imperiled public health, and the financial burden shouldered by uninsured individuals and communities. Making preventive medicine and existing treatment therapies available to uninsured persons 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.

The Institute of Medicine (IOM) report, *Hidden Costs, Value Lost*, estimates the aggregate, annualized cost of diminished health and shorter life span to be between $65 billion and $130 billion for each year of health insurance forgone. This figure does not include the increased financial risk and uncertainty borne by the uninsured and their families, which is estimated to cost between $1.6 billion and $3.2

billion, nor does it account for the wide range of societal costs to which a price tag cannot be assigned. (4)

Critics of proposals to expand health insurance coverage point to the high cost of the additional medical care that would be used by newly insured Americans if coverage were expanded. However, a report published in *Health Affairs* in June 2003, found that this amount may not be as high as critics claim. The authors estimated that the uninsured would use about $34-$69 billion (in 2001 dollars) in additional medical care if they were fully insured, accounting for about 3-6 percent of total health care spending. While this amount may seem large in absolute dollars, an increase in medical spending of this range would increase health care's share of gross domestic product (GDP) by less than one percentage point. (5)

In a related analysis, the IOM found the estimated benefit that the uninsured would experience from incremental health coverage ($1,645 to $3,280) to be higher than the estimated incremental cost of providing that service to the uninsured ($1,004 to $1,866), resulting in a benefits-cost ratio of at least one for most values within each range. (4) Given the positive effects health insurance has on life expectancy, public health, educational attainment, production, and the economy in general, the benefits of extending coverage to the uninsured appear to be greater than the costs of not insuring them.

The value of extending health insurance coverage to all Americans requires an understanding of the alternative—the cost of leaving over 17 percent of the population under age 65 uninsured for all or part of the year. When millions of Americans are unable to receive the care they need, the health and lives of all patients are endangered, costs are added to the health care system, and productivity is reduced. In the debate of how to extend coverage to the uninsured, it is critical that both short and long-term benefits are fully considered, since the latter may offset what many critics fear are the direct costs associated with such an expansion.

Proposals to Expand Health Insurance Coverage

Given that the rising number of uninsured are imposing huge economic and social costs on our country, ACP believes that it is essential that Congress enact legislation to expand health insurance coverage to all Americans by the end of the decade, starting with the working poor and near poor who do not qualify for coverage under public safety net programs and those who do not have access to affordable employer-provided and individual insurance In April 2002, ACP proposed a plan, entitled "Achieving Affordable Health Insurance Coverage for All Within Seven Years: A Proposal from America's Internists," which offers a framework for policies that would enable all Americans to obtain affordable health insurance within seven years. The College's plan calls on Congress to take the following steps:

- Enacting legislation to make affordable coverage available to all people with incomes up to 200 percent of the Federal Poverty Level (FPL), including: creating a national income eligibility for Medicaid at 100 percent of FPL; converting the State Children's Health Insurance Program (SCHIP) to a federal-state entitlement program; and creating a tax credit/premium-subsidy program for individuals from 100-200 percent of FPL that would apply to Medicaid or SCHIP "buy-ins" or toward the purchase of private insurance.
- Expanding the premium subsidy program to uninsured people with incomes above 200 percent of FPL, while authorizing the creation of purchasing groups and conditions for health plan participation, modeled after the Federal Employees Health Benefit Program.

- Enacting legislation to authorize states to request a waiver to opt-out of the national framework for coverage. States that meet federal guidelines would be able to use federal funding for state programs.
- Establishing a national commission that would report annually to Congress on progress, develop a basic benefits package, and recommend mechanisms to discourage individuals from voluntarily opting out of insurance coverage.

Key elements of the College's seven year plan subsequently have been incorporated into the bipartisan Health Coverage, Affordability, Responsibility and Equity Act of 2003 (HealthCARE Act of 2003), H.R. 2402, introduced by Rep. Steve LaTourette (OH) and Marcy Kaptur (OH). A companion bill, S. 1030, has been introduced in the Senate.

We believe that the policy framework proposed in the HealthCARE Act of 2003 provides a realistic basis for a bipartisan consensus in Congress on expansion of health insurance coverage. The legislation provides for a program of tax credits combined with state purchasing pools, to provide uninsured low-income Americans with the same dollar subsidies and choice of health plans available to members of Congress and other federal employees through the Federal Employee Health Benefits Program. It provides a means for small businesses to band together to purchase coverage comparable to that available under the FEHBP. It also provides states with new options to expand and simplify enrollment on Medicaid, without imposing new unfunded mandates on the states. Finally, it provides an innovative structure to encourage health plans to offer essential health benefits without imposing unrealistic benefit mandates. The ACP would welcome the opportunity to provide additional information to the Committee on the HealthCARE Act of 2003 and on initial steps that could be taken this year, based on elements in this legislation, to expand health insurance coverage to the working poor.

Conclusion

The American College of Physicians appreciates the opportunity to provide the Ways and Means Committee's Subcommittee on Health with this summary of our views on the economic and health costs of not providing health insurance coverage to 44 million Americans, as well as our recommendations for expanding coverage to all Americans.

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Notes

1. U.S. Census Bureau. Current Population Reports: Health Insurance Coverage in the United States: 2002. September 2003.

2. Ayanian J, Weissman J, Schneider E, Ginsburg J, and Zaslavsky A. Unmet Health Needs of Uninsured Adults in the United States. JAMA. October 2000; 284 (16): 2061 - 2069.

3. Hadley J, Holahan J. How Much Medical Care Do the Uninsured Use, and Who Pays For It? Health Affairs Web Exclusive. 12 February 2003.

4. Institute of Medicine. Hidden Costs, Value Lost. Consequences of Uninsurance Series, No. 5. Washington, DC: National Academies Press; 17 June 2003.

5. Hadley J, Holahan J. Covering the Uninsured: How Much Would It Cost? Health Affairs Web Exclusive. 4 June 2003.