

# Health for *Life*

Better Health  
Better Health Care

## National Framework for Change



## Health Coverage for All Paid for by All

Nearly one in five people under age 65 are uninsured – an estimated 47 million people. This number has increased by over 5 million in the past decade. Another 40 million people are uninsured at some point during the year. Lack of insurance has consequences for individuals, their families and society at large. These include:

- Lost health and longevity affecting an individual's ability to go to school and work;
- Financial stress on individuals and families;
- Financial stress on health care providers that care for large numbers of uninsured patients; and
- Lost workforce productivity.

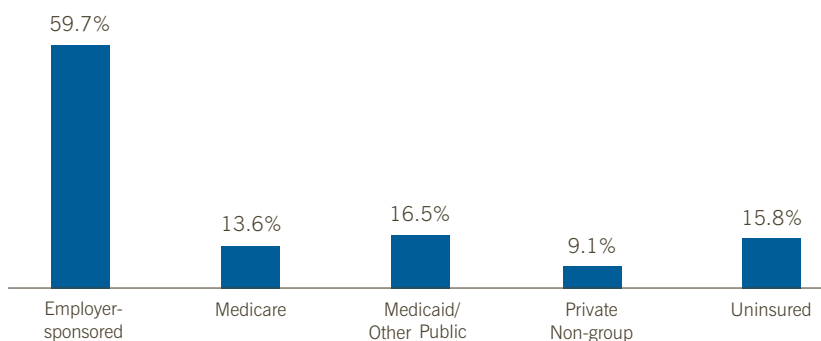
The proportion of people without health insurance ranges from a high of 24.1 percent in Texas to a low of 8.5 percent in Minnesota.<sup>1</sup> Eight out of ten uninsured individuals are adults, and the vast majority (83 percent) are in working families.<sup>2</sup> Nearly 9 million children are uninsured, down from more than 11 million in 1998 – largely due to the introduction of the State Children's Health Insurance Program (SCHIP).<sup>3</sup>



More on Health for Life at  
[www.aha.org](http://www.aha.org)

## Nearly 16 percent of Americans are uninsured.

Chart 1: Percent of Population by Type of Health Insurance Coverage, 2006

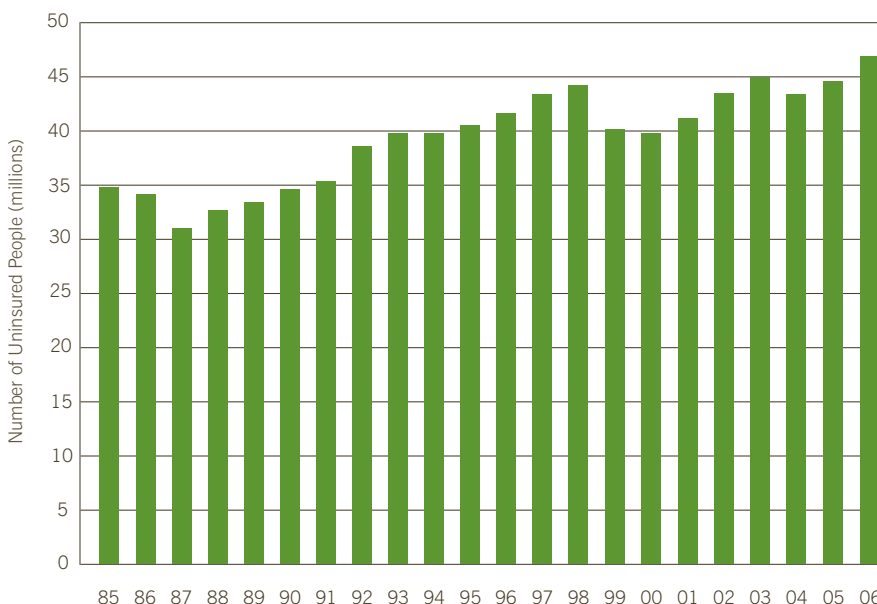


Note: Individuals can be covered by more than one type of insurance during the year.

Source: U.S. Census Bureau. (2007). *Income, Poverty, and Health Insurance Coverage in the United States: 2006*.

## The number of uninsured people is rising.

Chart 2: Number of Uninsured People, 1985 – 2006



Source: U.S. Census Bureau. (2007). *Income, Poverty, and Health Insurance Coverage in the United States: 2006*.

Although non-citizens are more likely to be uninsured, eight out of 10 uninsured people are U.S. citizens. Members of racial and ethnic minorities also are more likely to be uninsured. A third of Hispanics and Native Americans lack health insurance.<sup>4</sup>

People lack insurance for a variety

of reasons. Cost is the most frequently cited reason, particularly for minority and low-income individuals. About two-thirds of uninsured people have incomes below 200 percent of the federal poverty level (FPL), or \$20,650 for a family of four.<sup>5</sup> Job-related factors play a role as well. Low-wage workers are less likely

to be offered health insurance and may turn down coverage if premium contributions are too high. Self-employed individuals may not be able to obtain coverage because of poor health status or high costs. People often experience gaps in coverage when they change jobs or finish school.<sup>6</sup>

## Uninsured People Have Less Access to Care and Higher Rates of Death

Lack of health insurance is associated with poor health status and premature death. People without insurance are less likely to get primary and preventive care, more likely to forgo care when sick and less likely to complete recommended treatment after receiving care.

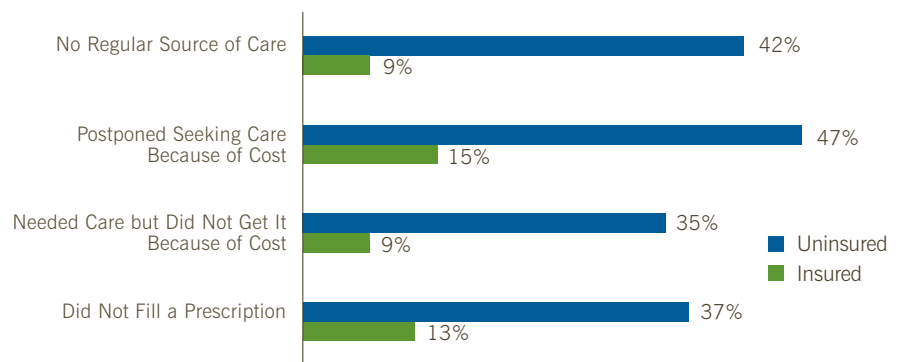
Over a third of uninsured adults reported that they did not fill a prescription because of cost in the last year. Uninsured individuals are less likely to have received recommended preventive care screenings such as mammograms, colonoscopies, pap smears and prostate exams than those with insurance.<sup>7</sup>

Lacking a regular source of primary care, people without insurance often forgo needed care until conditions progress to an urgent or emergent stage. The uninsured are 30-50 percent more likely to be hospitalized for a condition that could have been managed with adequate primary or preventive care.<sup>8</sup> The care they end up getting is often fragmented and more expensive. People without insurance rely more heavily on emergency departments for care – the most expensive place to get outpatient treatment.

Individuals with chronic conditions, who were previously uninsured before entering the Medicare program, had significantly more doctor visits and

### The consequences of being uninsured include barriers to care...

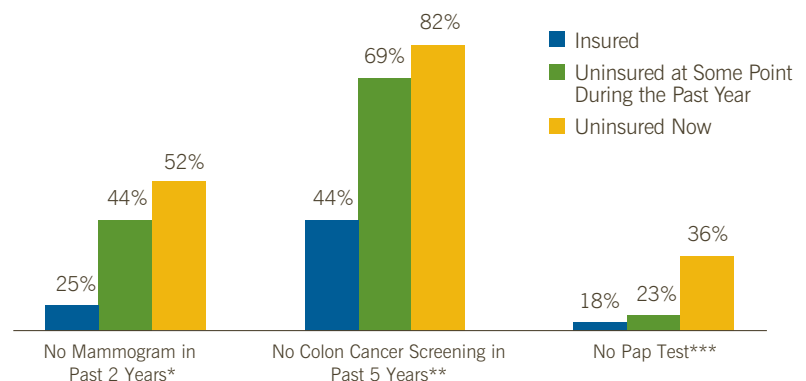
Chart 3: Percent of Families Facing Barriers\* to Health Care by Insurance Status, 2003



\*Experienced by the respondent or a member of their family in the last 12 months.  
Source: Kaiser Family Foundation. (2003). *Kaiser 2003 Health Insurance Survey*.

### ...lower likelihood of receiving preventive care...

Chart 4: Percent of Individuals Not Receiving Selected Recommended Preventive Care Services by Insurance Status, 2005



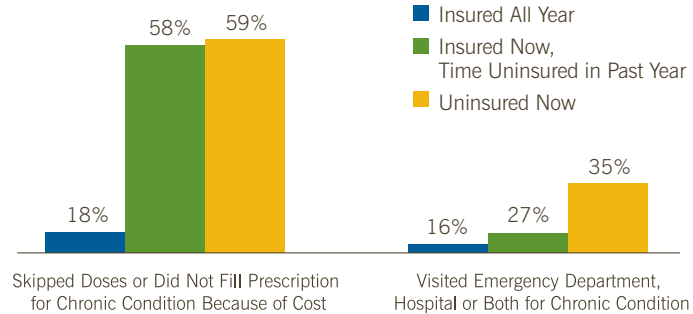
\*Among women age 50-64. \*\*Among adults age 50-64. \*\*\*Among females age 19-29 in past year or in past 3 years for women 30+.  
Source: The Commonwealth Fund. (2005). *Biennial Health Insurance Survey*. New York, NY.

hospitalizations than those who had been continuously insured.<sup>9</sup> This finding suggests they had medical needs they were unable to meet prior to obtaining Medicare coverage.

The Institute of Medicine found that 18,000 Americans die unnecessarily each year because they lack health insurance.<sup>10</sup> Risk factors for disease are less likely to be identified and treated; chronic conditions are more likely to advance to disabling levels; and cancers are less likely to be diagnosed at earlier, more treatable stages. Ultimately, people without insurance have a shorter life span and lower quality of life.

**...less ability to manage chronic conditions and higher likelihood of visiting the emergency department.**

Chart 5: Percent of Adults Ages 19 – 64 with a Chronic Condition\* Having Trouble Managing It



\*Hypertension, high blood pressure or stroke; heart attack or heart disease; asthma, emphysema or lung disease.  
 Source: Collins, S.R., et al. (2006). *Gaps in Health Insurance: An All-American Problem, Findings from the Commonwealth Fund Biennial Health Insurance Survey*. New York, NY: The Commonwealth Fund.

**Consequences Extend Beyond Health and Health Care**

The consequences of uninsurance extend beyond the health of the individual to their broader social and economic well-being and that of their family, their community and the country as a whole.

Lack of insurance is associated with poor health. In turn, poor health interferes with an individual’s economic success. Children with poor health miss more school and have lower cognitive development. Ultimately, lower educational attainment due to poor health leads to lower wages. Poor health also leads to increased disability and lost work time and is estimated to reduce income for an individual by 12-28 percent.<sup>11</sup>

Lack of health insurance leads to decreased financial security and increased household stress. Uninsured individuals are more likely to have problems paying their medical bills than those with insurance. These problems can interfere with the ability to meet other household expenses. Twenty-three percent of uninsured individuals report having to curtail

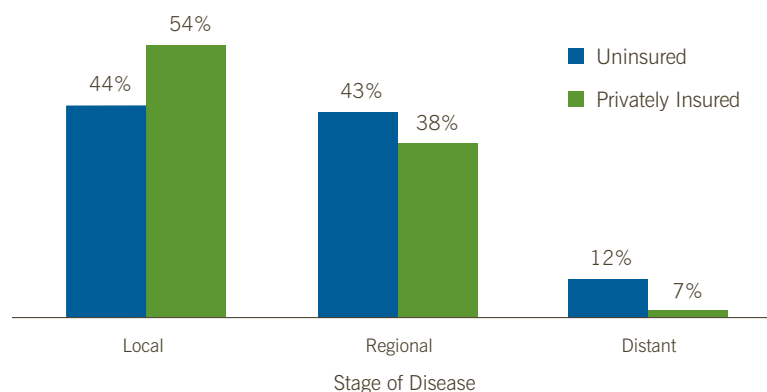
spending on basic needs such as food and heat because of medical bills.<sup>12</sup>

Having lots of uninsured people in a community can place stress on

its health care system. Hospitals and physicians will provide large amounts of care for which no payment is received. To compensate for these unpaid costs,

**Treatable diseases are more likely to be caught at later stages among uninsured people.**

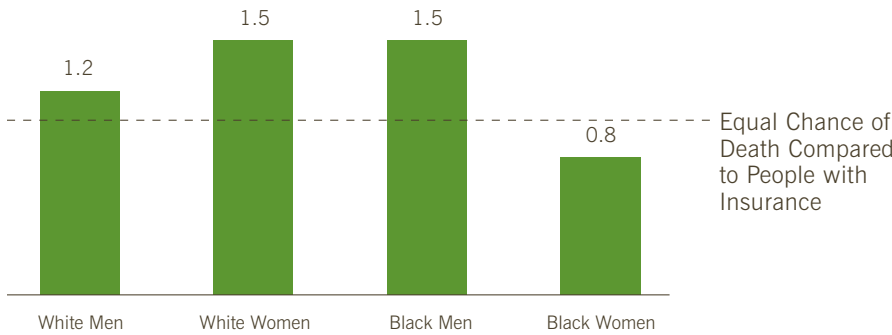
Chart 6: Distribution of Women with Breast Cancer by Disease Stage at Time of Diagnosis



Note: Distant stage is most advanced disease.  
 Source: Ayanian, J.Z., et al. (1993). The Relation between Health Insurance Coverage and Clinical Outcomes Among Women with Breast Cancer. *The New England Journal of Medicine*, 329, 326-331.

**Ultimately, lack of health insurance is associated with a higher risk of death.**

Chart 7: Relative Risk of Death, Uninsured vs. Employer-based Coverage, Among 25-64 Year Olds over a Five-year Period, 1982-87



Note: All differences are statistically significant after adjusting for age and income except for black women.  
 Source: Sorlie, P.D., et al. (1994). Mortality in the Uninsured Compared to Those With Public and Private Health Insurance. *Archives of Internal Medicine*. 154: 2409-2416.

providers may have to charge more to paying patients or cut costs in other areas. Raising rates for private insurers can increase premium levels, making it harder for employers to offer coverage. If hospitals or physicians provide too much care without receiving payment, they can become financially unstable, potentially closing or cutting back services and affecting access to care for the community as a whole.<sup>13</sup>

Uninsurance and associated health effects can raise the number of people in a population who are sick or disabled, which in turn can hurt the local economy. Poor health status can lead to a lower percentage of people able to work, lower economic output and less paid in taxes.<sup>14</sup>

**Coverage Is Out of Reach for Many Low-Income Working Families**

Insurance is out of reach for many working families. Between 2001 and 2007, premium levels for family coverage rose by 78 percent while wages only went up by 19 percent.<sup>15</sup> For a family of four with income between 100 and 199 percent of the FPL (about \$20,000 to \$40,000), health insurance premiums would represent over a third of household income.<sup>16</sup> There is no standard of “affordability,” but even for a family at 300 percent of the FPL, coverage would be about 20 percent of household income.

About a quarter of uninsured individuals are eligible for either Medicaid or SCHIP but not enrolled. Another 56 percent are not eligible for coverage but have household incomes below 300 percent of the FPL.<sup>17</sup>

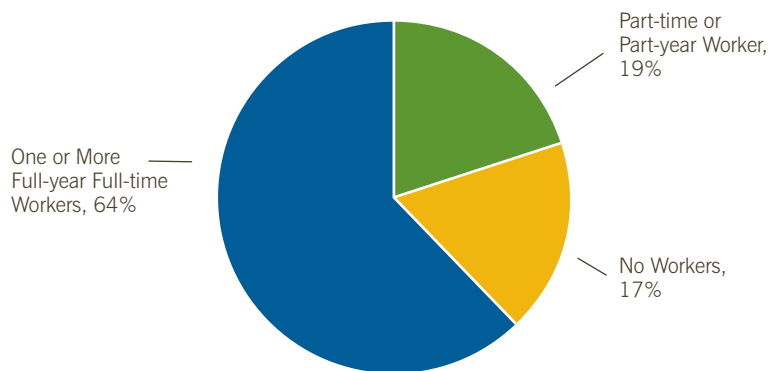
Those workers who can least afford to buy insurance on their own are the

least likely to be offered insurance by their employers. Only 45 percent of workers under 100 percent of the FPL

are offered health insurance, compared to 92 percent of workers over 400 percent of the FPL.<sup>18</sup>

**Over 80 percent of uninsured individuals are in working families.**

Chart 8: Percent of Uninsured Individuals by Family Work Status, 2006



Source: Employment Benefits Research Institute. (2007). Sources of Health Insurance and Characteristics of the Uninsured: Analysis of the March 2007 Current Population Survey. *Issue Brief No. 310*.

## Health Coverage Is a Shared Responsibility

Currently the cost of health care is shared across government, employers and individuals.

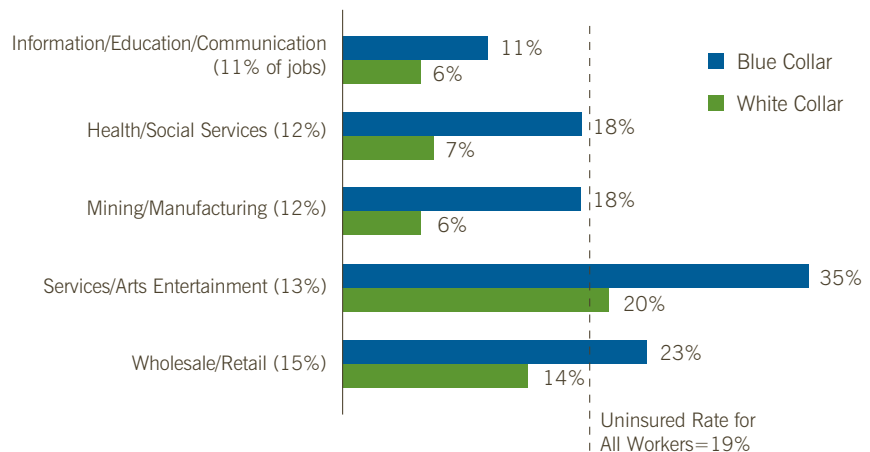
Medicare covers nearly all people over 65 and finances 18 percent of spending on health care. Medicaid covers 55 million individuals and also accounts for 18 percent of spending on health care. Other government programs cover an additional 10 percent. In total, government finances about 45 percent of health care expenditures.<sup>19</sup>

The private sector finances 55 percent of health care expenditures. Two-thirds of that spending comes from private health insurance, and the other third is paid out-of-pocket by individuals. Many employees also contribute to the premiums paid by their employers.

Nearly 90 percent of private health insurance is provided by employers.<sup>20</sup> Providing insurance is voluntary. Businesses are not required to offer it, and employees are not required to participate. Employers often don't offer coverage to part-time or temporary workers. People working in the services, arts and entertainment industries, where wages tend to be lower, are less likely to be offered health insurance by their employers. Small employers also are less likely to offer health insurance than large employers. As health insurance has become more expensive, fewer employers are choosing to provide health insurance coverage. The percent of firms offering coverage has fallen from 69 percent in 2000 to 60 percent in 2007, and employees are being asked to contribute an increasing share of premiums.<sup>21</sup>

### Workers in the services and arts industries are most likely to be uninsured.

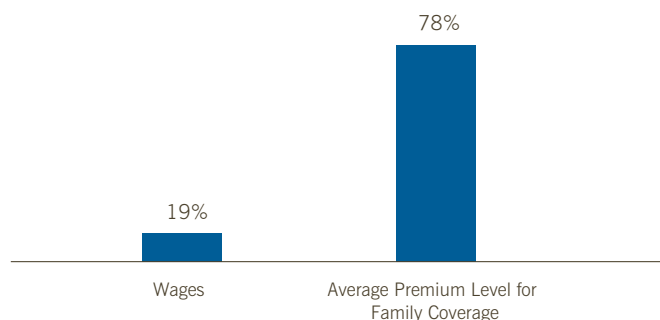
Chart 9: Uninsured Rates Among Selected Industry Groups, White vs. Blue Collar Jobs\*, 2005



\*White collar workers include all professionals and managers; all other workers classified as blue collar.  
Source: Kaiser Commission on Medicaid and the Uninsured/Urban Institute analysis of March 2006 CPS.

### Since 2001, premium levels have risen four times faster than wages.

Chart 10: Percent Growth in Average Premium Cost of Family Coverage\* vs. Wages from 2001 to 2007



\*Family coverage is defined as health coverage for a family of four.  
Source: Kaiser/HRET. (2007). *Employer Health Benefits 2007 Summary of Findings*.

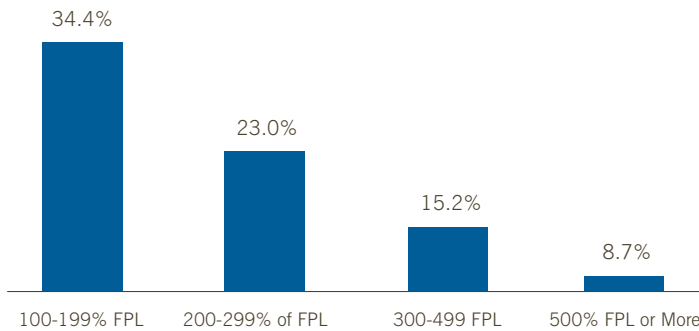
“ ”  
from the field

“We as a nation should be working toward a health system that is truly high performing—one that provides accessible, high-quality, equitable, patient-centered care for all.”

Karen Davis, President, Commonwealth Fund

**For a family at 100-199 percent of the poverty level, insurance premiums are over a third of income.**

Chart 11: Premium Payments for Employer-sponsored Coverage as a Percentage of Income



Family coverage is defined as health coverage for a family of four.

Source: Blumberg, L.J., et al. (2007). Setting a Standard of Affordability for Health Insurance Coverage. *Health Affairs*. Web Exclusive.

A very small proportion of people – about 10 percent – purchase health insurance on their own without being part of an employer group or publicly

insured.<sup>22</sup> Premium rates are generally higher for people with individual insurance coverage – especially those who are older. Coverage also tends to be less

comprehensive with higher deductibles and copays and limits on coverage for certain types of services. Individuals that already have health problems often cannot get coverage at all. These issues make purchasing insurance through the individual market a poor choice for low-income individuals and people with chronic conditions.<sup>23</sup>

In addition to funding Medicare and Medicaid, the government also subsidizes the cost of health insurance through the tax system by excluding premiums paid by employers from income and by providing tax subsidies for the self-employed. Flexible spending accounts and health savings accounts also allow employees to use tax-free dollars for health expenses.

Thus only a small proportion of the U.S. population – particularly the 47 million uninsured people – receive no assistance from either the government or employers to acquire health care coverage.

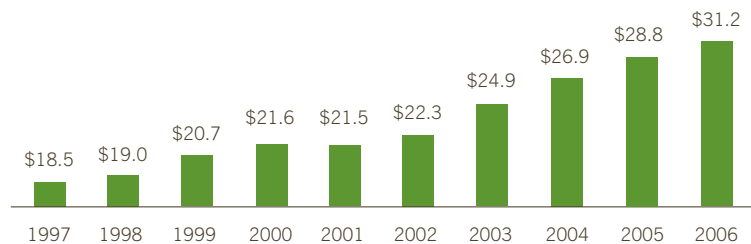
## A Large Share of the Costs of Caring for the Uninsured Is Absorbed by Private Businesses and Consumers

Uninsured individuals pay for about 35 percent of their care out-of-pocket. The costs for much of the rest of their care are never reimbursed. Each year, hospitals provide an estimated \$31 billion in care for which no payment is received, while doctors provide about \$5 billion.<sup>24, 25</sup>

These costs are passed along to private payers in the form of higher rates for health care services. While Medicare and Medicaid both have programs that

**Hospitals provide over \$30 billion in care costs for which no payment is received.**

Chart 12: Aggregate Hospital Uncompensated Care Cost (in Billions), 1997-2006



Source: AHA Annual Survey.

“ ”  
*from the field*

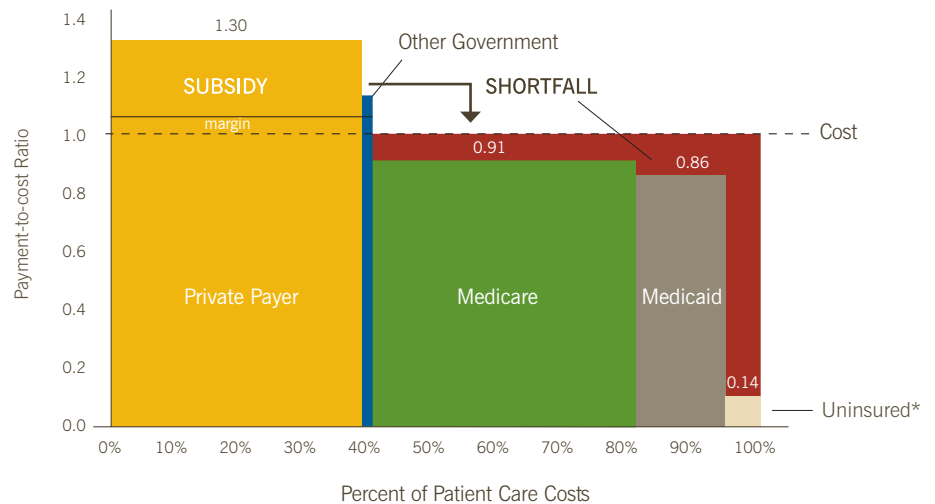
“We know that children who have health insurance are far more likely than uninsured children to see a doctor when they are sick and get the check-ups, prescription medicines and immunizations that they require to stay healthy and thrive. That’s an important investment in our nation’s future.”

Risa Lavizzo-Mourey, M.D., M.B.A., President and CEO of the Robert Wood Johnson Foundation

are supposed to help offset the costs of care for uninsured people, payment rates including these “Disproportionate Share” subsidies have fallen well below the costs of caring for program beneficiaries in recent years. In fact, private payers not only cover the unpaid costs of uninsured patients, they also fund the growing shortfalls for Medicare and Medicaid.

**Private payers subsidize care for the uninsured and cover Medicare and Medicaid shortfalls.**

Chart 13: Cost Shifting Relationship for U.S. Community Hospitals, 2006



\*Payment for uninsured represents local tax subsidies.  
Source: AHA analysis of AHA Annual Survey Data.

83%

Percent of uninsured individuals in working families

**WHAT WOULD WE GAIN FROM COVERAGE FOR ALL?**

Everyone – individuals, business, insurers, and government – must play a role in expanding coverage to America’s 47 million uninsured. Extending coverage would provide clear benefits:

- Better health;
- 18,000 fewer deaths;
- Increased educational attainment, greater workforce participation and higher personal income levels;
- \$65 – \$130 billion annually in economic value of improved health and longevity;<sup>26</sup>
- Reduced cost burden on private insurers and businesses; and
- Improved financial stability for providers serving low-income populations.



## ENDNOTES

- 1 U.S. Census Bureau. (2007). *Income, Poverty and Health Insurance Coverage in the United States: 2006*.
- 2 Employment Benefits Research Institute. (2007). Sources of Health Insurance and Characteristics of the Uninsured: Analysis of the March 2007 Current Population Survey. *Issue Brief No. 310*.
- 3 U.S. Census Bureau. (2007). *Income, Poverty and Health Insurance Coverage in the United States: 2006*.
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- 6 Graves, J.A., and Long, S.K. (2006). *Why Do People Lack Health Insurance?* Washington, DC: The Urban Institute.
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- 11 Kaiser Commission on Medicaid and the Uninsured. (2003). *Sicker and Poorer: The Consequences of Being Uninsured*. Washington, DC.
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- 16 Blumberg, L.J., et al. (2007). Setting a Standard of Affordability for Health Insurance Coverage. *Health Affairs*. Web Exclusive.
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- 19 Catlin, A., et al. (2007). National Health Spending in 2005: The Slowdown Continues. *Health Affairs* 26(5), 142-153.
- 20 U.S. Census Bureau. (2007). *Income, Poverty and Health Insurance Coverage in the United States: 2006*.
- 21 Kaiser Family Foundation and Health Research and Educational Trust. (2007). *Employer Health Benefits 2007 Summary of Findings*. Washington, DC.
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- 23 Collins, S.R., et al. (2005). *Paying More for Less: Older Adults in the Individual Insurance Market*. New York, NY: The Commonwealth Fund.
- 24 Analysis of American Hospital Association Annual Survey, 2006 data for community hospitals.
- 25 Hadley, J., and Holahan, J. (2003). *Who Pays and How Much? The Cost of Caring for the Uninsured*. Washington, DC: The Urban Institute.
- 26 Institute of Medicine. (2003). *A Shared Destiny: Community Effects of Uninsurance* Washington, DC: National Academies Press.



Health for Life is a framework developed by the American Hospital Association in collaboration with others to improve America's health and health care by calling for: a focus on wellness, the most efficient affordable care, the highest quality care, the best information and health care coverage for all paid for by all.

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