



policy points

The Uninsured Rise Again The number of Americans without health insurance is rising again. The Institute of Medicine reports that the problem costs approximately 18,000 premature deaths each year.

BY JEFF ATKINSON



The number of people in the United States without health insurance has

grown to 43.6 million, according to the most recent figures from the [U.S. Census Bureau](#). The proportion of people in the U.S. with no health insurance at all in 2002 was 15.2 percent, up from 14.6 in 2001. (See [“Percent of Persons in U.S.”](#)) Another study, reported by the Institute of Medicine, indicates that the numbers nearly double to 80.2 million if the frame of reference is the number of people who did

not have health insurance for some period during the preceding two years.

The proportion of people covered by health insurance varies markedly from state to state. States in the Southwest have the highest rates of uninsurance (New Mexico, 22 percent; California, 18.7 percent; Texas 24.1 percent). The North Central and New England states generally have the lowest rates of uninsurance (Minnesota, 8 percent, Wisconsin, 8.4 percent, and Rhode Island, 8.3). (See [“People In Each State Without Insurance”](#))

Insurance and ethnicity

A person’s ethnicity also is related to the likelihood of

having health insurance. Hispanics are three times as likely as non-Hispanic whites to be uninsured. African Americans are twice as likely as non-Hispanic whites to be uninsured. Foreign-born U.S. residents are almost three times as likely to be without health insurance as persons born in the U.S.

Most people without health insurance are employed, but they usually have lower paying jobs that do not provide health insurance. The median annual income for a family without health insurance is \$20,000 to \$29,000. In contrast, the median annual income for a family with private health

insurance is \$50,000.

The Institute of Medicine has issued a series of five reports on the consequences of people not having health insurance. (The Institute, headquartered in Washington, DC, is part of the National Academy of Sciences chartered by Congress to give advice to the federal government on scientific and technical matters.) The reports, ranging in length from 169 to 278 pages, document the consequences of not having insurance for individuals, family members of people who are uninsured, health-care institutions, and the community at large. The reports are available on line at

Percent of persons in each state without health insurance*(Three year average, 2000-2002)*

Alabama	13.0
Alaska	17.8
Arizona	17.1
Arkansas	15.6
California	18.7
Colorado	15.3
Connecticut	10.2
Delaware	9.5
District of Columbia	13.2
Florida	17.5
Georgia	15.7
Hawaii	9.7
Idaho	16.4
Illinois	13.9
Indiana	12.0
Iowa	8.6
Kansas	10.9
Kentucky	13.2
Louisiana	18.6
Maine	10.8
Maryland	12.0
Massachusetts	9.0
Michigan	10.4
Minnesota	8.0
Mississippi	15.6
Missouri	10.4
Montana	15.2
Nebraska	9.6
Nevada	17.5
New Hampshire	9.2
New Jersey	13.1
New Mexico	22.0
New York	15.8
North Carolina	14.9
North Dakota	10.7
Ohio	11.4
Oklahoma	18.2
Oregon	13.3
Pennsylvania	9.7
Rhode Island	8.3
South Carolina	12.3
South Dakota	10.6
Tennessee	11.0
Texas	24.1
Utah	13.6
Vermont	9.6
Virginia	12.0
Washington	13.6
West Virginia	14.0
Wisconsin	8.4
Wyoming	16.4
USA Overall	14.7

Source: U.S. Census Bureau

This data also is available online — see Table 4, page 10, first column

Percent figures]

www.census.gov/prod/2003pubs/p60-223.pdfwww.iom.edu/project.asp?id=4660**Premature deaths**

The Institute of Medicine estimates that each year, the premature deaths of 18,000 adults under age 65 “can be reasonably attributed to the lack of coverage and less than adequate health care received as a result.” Uninsured adults and children incur less than half the per capita health-care costs of the insured population. Thus, needed care, including preventive care and screening, often are delayed or not provided.

For example, the risk of a woman dying of breast cancer is 30 to 50 percent higher for a woman without health insurance than a woman with private health insurance.

Treatment options also may be limited.

Women with breast cancer covered by private health insurance are more likely to receive breast-conserving surgery than women without insurance.

When uninsured persons are hospitalized, it is often for conditions for which hospitalization could have been avoided with proper care, such as hospitalizations for pneumonia, cellulitis, malignant hypertension, diabetes, and vaccine-preventable conditions.

The institute attempted to quantify the economic costs of diminished health and shorter life span due to lack of insurance. The costs also include less productivity in work and less enjoyment of life resulting from diminished health. The institute said these costs are between \$65 billion to \$130 billion per year.

This amount is more than the cost of providing health care for persons who are uninsured—which the institute estimated would cost between \$34 billion to \$69 billion per year (assuming no structural changes in the current system of health care and delivery).

Impact on families

In addition to the impact on individuals without health insurance, there also is impact on their family members. The more than 43 mil-

lion people in the United States without insurance live with approximately 20 million people who do have insurance. It is common, particularly in low-income families, for some members of family to have coverage (through an employer or the government), while other members of the family do not.

If an uninsured member of the family has an accident or other significant health problem, the economic stability of the whole family can be jeopardized. Lack of insurance for all family members can cause emotional stress for the family and that can be aggravated by contacts from bill collectors trying to obtain payment for unpaid medical charges. In addition, parents who have poor physical or mental health related to lack of insurance (or other reasons) are likely to have difficulty fulfilling their parental responsibilities and that, in turn, will have an adverse impact on their children.

Hospitals suffer

In the years before managed care and the federal government’s reduction in the amount of payments from Medicare, hospitals were often paid amounts that exceeded the cost of caring for the covered patients. This practice permitted “cost-shifting” through which the “profits” from caring for privately insured patients and Medicare patients subsidized some of the losses of caring for patients with no insurance (or patients covered by Medicaid).

According to surveys by the [American Hospital Association](#), the amount of uncompensated care provided by hospitals has been relatively stable at about 6 percent per year. That translated into \$20.8 billion in 1999. When managed care companies and Medicare reduced the level of payments or lowered the rates at which payments increased, hospitals were more financially strapped. Many hospitals began to operate at a deficit and were no longer able to absorb the cost of caring for patients without insurance.

A partial solution to this problem from the viewpoint of some hospitals was to cut back on services that are used by a

Percent of persons in U.S. without health insurance

1987	12.9
1988	13.4
1989	13.6
1990	13.9
1991	14.1
1992	15.0
1993	15.3
1994	15.2
1995	15.4
1996	15.6
1997	16.1
1998	16.3
1999	15.5
2000	14.2
2001	14.6
2002	15.2

Source: U.S. Census Bureau

disproportionate number of patients without insurance. Thus, some hospitals reduced or eliminated services related to trauma, burns, HIV/AIDS, inpatient psychiatry, chemical dependence, and alcohol dependence.

A study by the Institute of Medicine noted higher rates of uninsurance in urban areas corre-

lated with fewer hospital beds per capita. Geographic areas with high rates of uninsurance did have, however, above-average availability of neonatal intensive care unit (NICU) beds. This may reflect a greater need for neonatal services in such areas as well as the willingness of the government to pay for neonatal services while not providing coverage for the general population.

Surgeons jump ship

A hospital's ability to provide services depends, of course, on the willingness of doctors to help provide those services. Certain specialists, particularly orthopedists and neurosurgeons, may not relish being required to take call at a hospital for the privilege of coming into the hospital in the middle of the night to spend hours treating patients who do not have insurance. While doctors may be willing to provide some service for little or no compensation, if

the financial and time burdens become too great, doctors may look for other options such as moving to a hospital with a better payer mix or establishing their own ambulatory surgical centers or boutique hospitals that provide service only to patients who have health insurance.

When hospitals and physicians reduce or no longer provide certain services in a geographic area to avoid providing care to persons without health insurance, persons with health insurance who need those services will have to look elsewhere for care.

Public health consequences

Another spillover effect of lack of health insurance relates to public health. If a community has a high uninsurance rate, public health departments may decide to devote more of their resources to meeting the needs of people who are uninsured. That may be desirable for those without insurance, but it can come at a price for the population at large if resources are being diverted from other needed programs, such as mass immunizations, prevention of venereal disease, disease surveillance, and community-based education and intervention.

The era after 9/11 has shown the need for vigilant health departments that are ready to quickly identify and respond to massive health problems, including biological and chemical attacks. If public health resources are spread thin by a need to care for a growing uninsured population, the whole country could be endangered.

The degree to which public health departments are experiencing budget shortfalls is illustrated by Los Angeles County, a county with a population of 10 million, one fourth of whom are

uninsured. In recent years, the Los Angeles County Health Department faced a budget deficit of \$2.9 billion. In 2002, one way in which the county dealt with the problem was to close 11 of its 18 public health clinics and one of its six public hospitals. The county also scaled back support for 100 private clinics and cut 5,000 jobs (18 percent of its employees).

Bonds of the community

The issue of providing health insurance for all persons in the United States goes beyond the health consequences for individuals and the community. The issue also reflects the bonds that hold (or do not hold) our society together. The Institute of Medicine, in its report on "A Shared Destiny: Community Effects of Uninsurance," comments: "Health insurance, whether offered through an employer or publicly to groups left out of the employment-based system, is part of an implicit social contract in the United States. The lack of insurance coverage represents a breach of that contract that, when experienced by large numbers of individuals in a community, may erode the social bonds that define and nurture functioning, healthy communities..."

If the institute's estimate of \$34 to \$69 billion annually to provide care to the uninsured population is correct, that coverage would increase health-care costs in the United States between 2.8 and 5.6 percent. That is less than the economic costs associated with the diminished health and shortened lives of the uninsured. ■

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