

Expanding Coverage

Issue

Today more than 45 million people in America lack health care coverage. Between 2000 and 2005, nearly 6 million more people were added to the ranks of the uninsured, primarily due to a decline in employer-sponsored coverage. In addition, state governments are cutting eligibility and benefits to the public insurance programs that help our most vulnerable populations – Medicaid and the State Children’s Health Insurance Program (SCHIP). Health care insurance premiums are rising, making it increasingly difficult for small employers and individuals to purchase affordable health care coverage. Expanding health insurance coverage and sustaining access to essential health care services for all must rise to the top of the national public policy agenda

Who Are the Uninsured?

- Over 80 percent are from working families.
- 9 million are children under age 18.
- Half are low-income adults.
- 20 percent have access to employer-based health coverage but cannot afford the premiums.
- Two-thirds live in low-income families earning less than \$39,000 a year.

Consequences of No Insurance. The lack of health insurance leads to poorer health. When compared with the insured population, the uninsured are more likely to experience avoidable hospital admissions for chronic conditions such as asthma, diabetes and hypertension. Uninsured children are seven times more likely to go without needed medical care than children who have health insurance. A recent study showed that one in five parents of uninsured children has delayed or skipped needed medical care for their child because they did not know how to pay for it. In addition, 20 percent of the uninsured say their usual source of care is the hospital emergency department, which has long been the nation’s health care safety net – guaranteeing access to all regardless of ability to pay. The nation as a whole is economically disadvantaged as a result of the poorer health and premature death of uninsured Americans. The Institute of Medicine estimated that 18,000 Americans die prematurely because of a lack of health coverage, and the estimated lost economic value to our nation of no health care insurance is between \$65 billion and \$130 billion annually.

AHA View

The AHA believes that everyone deserves health care coverage that provides the right care, at the right time, in the right place. Increasing coverage for the uninsured through incremental steps that build on raising awareness and expanding access to both public coverage and private insurance holds the most promise in the near term. The AHA also supports achieving parity between medical and mental health benefits for group health plans.

Raising Awareness. Under the leadership and coordination of the Robert Wood Johnson Foundation, the AHA joined again with a group of national partners that include health care, business, labor and consumer groups, for Cover the Uninsured Week, April 23- 27. This year’s focus: the need to reauthorize SCHIP. Thousands of events, including health and enrollment fairs, took place at hospitals and community forums across the country. Later this year, the AHA will again support the Robert Wood Johnson Foundation program “Covering Kids and Families” on its Back to School 2007 campaign, which occurs in August when parents prepare for their children’s return to school – preparations that should include getting their children health coverage.



Health Coverage Coalition for the Uninsured. Over the past two years, the AHA has been part of a diverse group of national organizations that set aside political and ideological differences to develop a consensus proposal with the goal of covering as many people as quickly as possible. In January that group, the Health Coverage Coalition for the Uninsured (HCCU), unveiled its consensus proposal, which seeks to expand public and private coverage through Medicaid and SCHIP and tax credits to purchase insurance for low-income families. The HCCU proposal has two



Health Coverage Coalition for the Uninsured

phases. The first is the “Kids First Initiative” that would allow parents to more easily enroll their children in public programs, like SCHIP and

Medicaid. It calls for a “one-stop shopping” system whereby low-income families could enroll uninsured children in SCHIP or Medicaid at the same time as they apply for other public programs, like reduced-cost lunches or food stamps. Almost 75 percent of the 9 million uninsured children are eligible for either SCHIP or Medicaid but not enrolled. The “Kids First Initiative” also would provide tax credits to low-income families up to 300 percent of the federal poverty level (FPL) to purchase health care coverage for their children. Reps. Rahm Emanuel (D-IL) and Jim Ramstad (R-MN) have announced their intentions to introduce bipartisan legislation that would implement the “Kids First Initiative” of the HCCU proposal.

The second phase of the coalition’s proposal focuses on uninsured adults. It seeks to expand Medicaid to all adults under 100 percent of FPL and provide tax credits to low-income individuals and families up 300 percent of FPL to purchase health care coverage.

In addition to the AHA, the HCCU includes AARP, American Academy of Family Physicians, American Medical Association, American Public Health Association, America’s Health Insurance Plans, Blue Cross and Blue Shield Association, Catholic Health Association, Families USA, Federation of American Hospitals, Healthcare Leadership Council, Johnson & Johnson, Kaiser Permanente, Pfizer Inc., United Health Foundation and U.S. Chamber of Commerce.



SCHIP. The State Children's Health Insurance Program has provided coverage for over 6 million children and is scheduled to expire September 30. Being without health coverage limits a child's ability to grow, thrive and engage in society in a productive way.

- Uninsured children are between three and five times more likely to have unmet medical needs than insured children.
- Uninsured children are more than twice as likely to go without care for recurring ear infections, which if untreated can lead to permanent hearing loss.
- Uninsured children are four times more likely to end up in the emergency department with conditions that could have been avoided.
- Uninsured children are 25 percent more likely to miss school than insured children.
- Three-quarters of children, previously uninsured, no longer had unmet health needs or delayed care after gaining public coverage through SCHIP or Medicaid.

Congress must reauthorize SCHIP and continue providing needed health coverage to low-income children. Funding for the program should be increased to broaden coverage for children eligible but not enrolled in SCHIP or Medicaid. In addition, tax credits should be available for low-income families to help them purchase coverage for their children.

The Senate budget resolution included an AHA-backed amendment to raise the tobacco tax to provide an additional \$35 billion to fund SCHIP over the next five years. The proposal was offered by Sen. Gordon Smith (R-OR).

Funding. As Congress identifies ways to fund SCHIP and other coverage expansions, it is imperative that it not be done by cutting Medicare and Medicaid payments to hospitals. America's hospitals, which serve as the health care safety net for the poor, elderly and disabled, are facing growing cost pressures – new and costly pharmaceuticals and information technologies, labor shortages and preparing for pandemics and terrorist threats. Both the Medicare and Medicaid programs fail to cover the cost of caring for beneficiaries. In fact, the Medicare Payment Advisory Commission estimates aggregate Medicare hospital margins of *negative* 3.1 percent in 2005 and projects that those margins will fall to *negative* 5.4 percent in 2007 – the lowest Medicare margins recorded in over a decade. And, the Medicaid program continues to be underfunded, with providers receiving only 87 cents for every dollar spent by hospitals caring for beneficiaries.



Bridging the Parity Gap. The AHA is working with the Administration, Congress and more than 350 national organizations to ensure that discriminatory barriers in employer-provided health insurance are no longer allowed to routinely deny patients needed mental health care. Patients seeking mental health care are discriminated against by requiring higher copayments, allowing fewer doctor visits or days in the hospital, or imposing higher deductibles than those required for other medical illnesses.

The Mental Health Parity Act of 2007 (S. 558), introduced by Sens. Pete Domenici (R-NM), Edward Kennedy (D-MA) and Michael Enzi (R-WY), would expand the limited protections offered by the *Mental Health Parity Act of 1996*. That law provided for parity between mental health and physical health insurance coverage only with respect to annual and lifetime dollar limits. S. 558 would also establish parity for hospital days, outpatient visits, copays, deductibles and out-of-pocket maximums. Full parity is critical since, after the 1996 law took effect, many employers eliminated discriminatory dollar limits on mental health coverage, but created new discriminatory restrictions on other aspects of mental health benefit plans, such as office visits and hospital days.