

Expanding Coverage

Issue

Today 46 million people in America currently lack health care coverage. Between 2000 and 2004 alone, 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 America’s Uninsured?

- Over 80 percent of uninsured Americans are from working families.
- 9 million are children under age 18 are uninsured.
- 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.
- Over 20 percent of African-Americans and 34 percent of Hispanics are without health insurance.

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. 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 lack of health coverage and the estimated lost economic value of no health care insurance is between \$65 billion and \$130 billion annually.

Where Do the Uninsured Turn to Get Care? Twenty percent of the uninsured say their usual source of care is the hospital emergency department (ED). The ED has long been the nation’s health care safety net – guaranteeing access to all regardless of ability to pay. The ED also plays an essential role in every community’s response to epidemics, and disasters, both natural and man-made. Hospital EDs face enormous pressures. In a recent survey of hospital leaders, 45 percent responded that they perceive their ED as being at or over capacity. Staff shortages, lack of critical care beds, a growing elderly population and the demands of the Emergency Medical Treatment and Labor Act (EMTALA) are stretching ED capacity. Hospitals are proud to serve their communities,

but the regulatory requirements of EMTALA represent an unfunded mandate for hospitals that contributes to nearly \$27 billion in uncompensated care hospitals provide annually. And the financial pressure of uncompensated care will only grow as the ranks of the uninsured and underinsured continue to swell.

AHA View

THE NEAR-TERM VIEW

The AHA believes that every American deserves access to basic health care services – services that provide the right care, at the right time, in the right place. Increasing coverage for the uninsured through incremental steps that build on expanding access to both public coverage and private insurance holds the most promise in the near term.

These incremental steps include:

- expansions in Medicaid and SCHIP, which must be reauthorized in 2007;
- refundable tax credits; and
- pooling mechanisms to make insurance more affordable.

On Capital Hill. Specifically, the AHA and the Catholic Health Association of the United States have developed a legislative initiative that would ensure health care coverage for all children through age 18, and assist others in paying for coverage by allowing small employers to use tax credits to purchase insurance for their employees or allowing low-income people to use tax credits to purchase insurance, either through the workplace or independently.

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 Americans needed mental health care.

Mentally ill patients seeking treatment 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. This discrimination results from outdated misconceptions and the stigma surrounding mental illnesses. If allowed to continue, the financial and human costs of untreated mental illness will far exceed the costs purported by opponents – that covering mental health services will exponentially and unfairly increase premiums for all enrollees. In fact, recent data show that the cost of instituting equal coverage for treatment of mental illnesses is inconsequential. An important study reported in the March 20 New England Journal of Medicine concluded that providing mental health coverage that equals coverage for physical illnesses does not increase total costs as compared to those paid by an insurer not offering parity.

Protecting Against Medicaid Cuts. The AHA believes that the Medicaid program must be protected from cuts and vigorously opposes any federal reduction to Medicaid. Any discussion of reforming the Medicaid program should be conducted through a deliberative process, not through the budget process. The national Medicaid Commission will submit its recommendations to Secretary Leavitt and then Congress in December.

As we expand coverage, we must ensure that essential medical services currently available to everyone – insured and uninsured – are sustained. Many hospitals are in financial jeopardy, and their failure would put communities at risk, because without them, vital medical services and social services would disappear. For many of these hospitals, public funding such as Medicaid is critical. However, a vast majority of states are considering proposals to cut Medicaid eligibility, health services and payments to providers – proposals that put safety net hospitals in further financial jeopardy.

Non-Legislative Strategies. Under the leadership and coordination of the Robert Wood Johnson Foundation, the AHA again has joined with a diverse group of national partners that include health care, business, labor and consumer groups, for Cover the Uninsured Week, May 1-7, 2006. Nationally organized events in all 50 states will bring the challenges faced by individuals without health coverage to the public’s attention. Thousands of events, including health and enrollment fairs, will take place in communities across the country.

Nine million children lack health care coverage and access to regular medical care. We will again partner with the Robert Wood Johnson Foundation to support their program, Covering Kids and Families on Back to School 2006, which takes place in August when parents prepare for their children’s return to school – preparations that should include getting their children health coverage.

THE LONGER-TERM VIEW

Long-term solutions require broad-based discussion and commitment. The AHA continues to lead such efforts with our hospital members and other key stakeholders such as physicians, employers, labor leaders and insurers.

Defining a Unified Health Policy for America. Health care in America is a patchwork quilt, mended together over time to address disparate needs. Addressing the problems of the U.S. health care system – which the lack of coverage for all is just one – requires a broader debate about health care in our nation. The AHA remains steadfastly committed to health care system reform in America – committed to coverage for all and broader system reform.

The AHA’s leadership has charted a course to achieve this goal calling the initiative the **Unified Health Care Policy Project**. The initiative has focused on creating a shared vision of a future health care system and on building broad-based support for change. This initiative involved both formal and informal listening sessions with hospital leaders, our communities and key national stakeholders about their views of our health care “system;” what they like and don’t like about the system; and what they believe a vision of a future health care system in America ought to look like. Those conversations yielded a consensus vision of a future health care system captured in the principles.

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America's health care system should:

- Provide affordable coverage for everyone's basic health care needs.
- Provide care equitably to all.
- Be based on the premise that health is a shared responsibility.
- Demand better stewardship of limited resources.
- Be sufficiently financed to meet long-term responsibilities.
- Emphasize wellness and center on preventive and primary care.
- Deliver high quality, evidence-based care.
- Be structured to provide more coordinated continuity of care.
- Be simple and easy to understand and navigate.
- Be transparent in sharing information with consumers and clinicians.

The AHA continues its work to develop a concrete proposal for broadbased health care system change and to lead the way toward national discussion about how to develop a unified health care policy for America based on these values.