talking about HEALTH CARE REFORM

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Investing in Health Coverage: It Just Makes Sense

Everyone has a stake in reducing health care costs. We all feel the pinch of rising costs—federal and state governments, businesses big and small, and Americans who *have* insurance and those who don't—and we want relief.

But we also have a stake in making sure that everyone has health coverage. This may not be so obvious to people who *have* health insurance, but we all pay a price for the growing number of Americans without insurance: Our insurance premiums are higher, the nation's economy is less productive, we are less able to protect the public from epidemics, and we cannot bring down overall national health care spending. So, insured or not, it's in our best interest to expand health coverage.

1. Reducing Premiums for Everyone

The cost of providing care for people without health insurance reappears as a "hidden health tax"—we all pay the price in the form of higher medical bills and higher insurance premiums.

Because of the high cost of care, uninsured people are less likely to get the care that they need when they need it, and they are more likely to delay seeking care as long as possible.[1] When a condition becomes so serious that treatment can no longer be delayed, the uninsured seek care. They struggle to pay as much as they can, but usually, they cannot afford to pay the whole bill on their own. As a result, health care providers charge higher rates to insurance companies in an effort to cover the costs of care for the uninsured, and these increases are passed on to those with insurance in the form of a hidden health tax that results in higher premiums.

- In 2008, the uninsured, on average, paid for more than one-third (37 percent) of the total cost of care they received out of their own pockets.
- Third-party sources, such as government programs and charities, paid for another 26 percent of that care.
- The remaining amount, approximately $42.7 billion in 2008, was unpaid and constituted uncompensated care, the cost of which was passed on to consumers who had health insurance.
- In 2008, families who had private insurance paid $1,017 more in premiums due to the cost of care for the uninsured.[2]

2. Promoting a Healthy and Productive Workforce

If more workers are covered by insurance and have access to health care, they will be more productive on the job, and our economy as a whole will be stronger.

Insured employees are healthier and more productive on the job.[3] Therefore, investing in health coverage will make the workforce healthier and more productive. Higher productivity, in turn, will make the United States more competitive in the global economy. In addition, expanding coverage and making coverage more affordable will increase job mobility and make the labor market work more efficiently.

- Business executives affirm the link between health and productivity: More than six in 10 believe a strong connection exists between "the health of the workforce, its productivity, and bottom-line company impacts."[4]
- Because of the shorter lives and poorer health of the uninsured, our economy loses billions of dollars every year. In fact, economists estimate that up to $200 billion is lost each year due to uninsurance.[5]
- In our current system, where some employers offer coverage and others don't, "job lock" occurs. Job lock is a phenomenon in which people stay in a job so that they can keep health insurance.[6] If we level the playing field so that all workers have coverage and don't have to worry about losing that coverage when they leave a job, we can increase job mobility and labor market efficiency.

3. Slowing the Growth in Health Care Spending and Meeting Public Health Goals

If everyone is in the health care system, health conditions can be monitored and treated early before they become expensive problems, *and* public health goals can be met.

Providing health coverage to everyone can help to slow the rate at which health care spending consumes an ever larger share of our nation's economy. If everyone has quality, affordable health care, including preventive services and early diagnosis and treatment of conditions, we can *manage* chronic disease rather than *crisis manage* the serious consequences of delayed care. Moreover, efforts to improve the health of Americans through public health initiatives cannot succeed if millions of people are left behind because they don't have insurance.

- The rising prevalence of common chronic conditions is driving increases in health spending. Between 1987 and 2002, treatment for 20 common conditions accounted for more than two-thirds (67 percent) of the increase in private health insurance spending.[7]
- Care for people with common chronic conditions, including diabetes, heart disease, asthma, and hypertension, now accounts for three-quarters of U.S. health spending, with diabetes alone costing more than $174 billion annually.[8]

4. Protecting All Americans from Public Health Threats and Epidemics

Public health threats and epidemics cannot be effectively monitored and addressed when so many people are uninsured and delay seeking care.

In order to address public health threats such as H1N1 (swine flu), West Nile Virus, tuberculosis (TB), and other serious health threats, we need a complete picture of disease prevalence and patterns of transmission. When we leave millions of people outside the health care system, we hinder our efforts to identify patterns and deal with these threats early and effectively.

- The high cost of care deters people without health insurance from seeking appropriate, timely care. In 2007, more than one in four uninsured adults (27 percent) postponed seeking care because of cost, and nearly one in four (23 percent) needed care but did not get it because of cost.[9]
- Once their symptoms grow severe, the uninsured seek care. However, during a pandemic, delaying care may endanger an individual's health and pose a serious public health threat.[10]
- If we can provide every American with health coverage they can rely on, people would not have to delay or forgo care because of cost, which would make us all healthier and safer.

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[1] Kaiser Commission on Medicaid and the Uninsured, *The Uninsured and the Difference Health Insurance Makes* (Washington: Kaiser Family Foundation, September 2008).

[2] Kathleen Stoll, *Hidden Health Tax: Americans Pay a Premium* (Washington: Families USA, May 2009).

[3] Paul Fronstin and Alphonse G. Holtmann, *Productivity Gains from Employment-Based Health Insurance* (Washington: Employee Benefits Research Institute, April 2000).

[4] Thomas Parry and William Molmen, *On the Brink of Change: How CFOs View Investments in Health and Productivity* (San Francisco: Integrated Benefits Institute, 2002), as cited in Ronald Loeppke, Micahel Taitel, Dennis Richling, Thomas Parry, Ronald Kessler, Pam Hymel, and Doris Konicki, "Health and Productivity as a Business Strategy," *Journal of Occupational and Environmental Medicine* 49, no. 7 (July 2007): 712-721.

[5] Sarah Axeen and Elizabeth Carpenter, *The Cost of Doing Nothing: Why the Cost of Failing to Fix Our Health System Is Greater than the Cost of Reform* (Washington: New America Foundation, November 2008).

[6] Brigitte C. Madrian, "Employment-Based Health Insurance and Job Mobility: Is There Evidence of Job-Lock?," *The Quarterly Journal of Economics* 109, no. 1 (February 1994): 27-54.

[7] Kenneth E. Thorpe, Curtis S. Florence, David H. Howard, and Peter Joski, "The Rising Prevalence of Treated Disease: Effects on Private Health Insurance Spending," *Health Affairs*, Web Exclusive (June 2005): 317-325.

[8] Centers for Disease Control and Prevention, *Chronic Disease Overview*, available online at: http://www.cdc.gov/nccdphp/overview.htm#2, last modified on November 20, 2008.

[9] Kaiser Commission on Medicaid and the Uninsured, op. cit.

[10] American Public Health Association, *Prescription for Pandemic Flu* (Washington: APHA, February 2007), available online at http://www.apha.org/NR/rdonlyres/D5017DB9-F400-4399-A656-939C4C8DF259/0/FLUpolicycomplete.pdf.

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