

Coverage for America:

We All
Stand to
Gain



Families USA

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Introduction

Health reform will make coverage secure for every American, bringing stability and peace of mind to millions. We all pay the price when millions of people go without health coverage: premiums are higher, the nation's economy is less productive, and we cannot rein in health care costs. Everyone therefore has a stake in bringing rising health care costs under control, and ensuring that everyone has coverage will do just that.

Health reform legislation under consideration in the House of Representatives, known as America's Affordable Health Choices Act of 2009, includes measures that will significantly expand access to high-quality, affordable health coverage. In fact, the Congressional Budget Office (CBO) estimates that the House bill would add coverage for 23 million Americans in 2013 (the first year of implementation) and 37 million in 2019 (the last year for which the CBO provided data). Without meaningful health reform, the number of uninsured, which is currently about 46 million, would rise to 51 million in 2013 and 54 million in 2019.¹

Key Findings

In order to understand how many people will gain coverage in *each state* under the House bill, Families USA apportioned the CBO's national estimate across the states based on the most current Census Bureau data on the uninsured (which run through 2007).

- Under this bill, every state will see a significant increase in the number of people with health coverage (see table on page 2).
- If coverage gains follow the current distribution of the uninsured across the states, each state is bound to gain coverage for at least 48,000 people by 2019.
- The following five states will have the largest gains in coverage, with between 1,387,000 and 5,337,000 newly covered people: Illinois, New York, Florida, Texas, and California.

Discussion

Expanding Coverage

The House health reform bill builds on the system that we currently have. People who have coverage that they like, through a job or some other source, will be able to keep that coverage. In addition, this bill will create new pathways to quality, affordable coverage for the millions of Americans who are currently left out of the system.

Number of Americans Who Will Gain Health Coverage under America's Affordable Health Choices Act of 2009, by State

State	Number Gaining Coverage, 2013	Number Gaining Coverage, 2019
Alabama	306,000	492,000
Alaska	58,000	93,000
Arizona	614,000	988,000
Arkansas	243,000	391,000
California	3,317,000	5,337,000
Colorado	405,000	651,000
Connecticut	162,000	261,000
Delaware	50,000	81,000
District of Columbia	30,000	48,000
Florida	1,854,000	2,982,000
Georgia	827,000	1,331,000
Hawaii	51,000	81,000
Idaho	109,000	175,000
Illinois	862,000	1,387,000
Indiana	363,000	585,000
Iowa	146,000	235,000
Kansas	169,000	271,000
Kentucky	301,000	484,000
Louisiana	423,000	681,000
Maine	59,000	96,000
Maryland	383,000	616,000
Massachusetts	*	*
Michigan	540,000	869,000
Minnesota	226,000	363,000
Mississippi	284,000	457,000
Missouri	374,000	602,000
Montana	76,000	123,000
Nebraska	112,000	180,000
Nevada	233,000	375,000
New Hampshire	72,000	115,000
New Jersey	664,000	1,068,000
New Mexico	220,000	353,000
New York	1,286,000	2,069,000
North Carolina	770,000	1,239,000
North Dakota	34,000	55,000
Ohio	616,000	991,000
Oklahoma	322,000	519,000
Oregon	323,000	520,000
Pennsylvania	595,000	957,000
Rhode Island	51,000	81,000
South Carolina	349,000	562,000
South Dakota	43,000	69,000
Tennessee	423,000	680,000
Texas	2,889,000	4,647,000
Utah	195,000	313,000
Vermont	33,000	53,000
Virginia	529,000	851,000
Washington	368,000	593,000
West Virginia	125,000	201,000
Wisconsin	233,000	375,000
Wyoming	37,000	59,000
Total**	23,000,000	37,000,000

* Data for Massachusetts are not reportable because state-level data on the uninsured do not fully reflect changes in coverage under the Massachusetts health reform law, implementation of which began in 2006.

** Numbers do not add to total because they do not include data for Massachusetts.

America's Affordable Health Choices Act of 2009 would cover millions of people by doing the following:

- **Ensuring Access for All:** Under our current system, millions of Americans with health problems—even common conditions such as diabetes and asthma—are unable to buy health coverage on their own. Or, if they are offered coverage, the premiums can be so high that they are unaffordable.² The House bill would require insurers to offer coverage to every person who applies, regardless of health status, age, or gender. In addition, under the bill, insurance companies will no longer be able to discriminate against people with pre-existing conditions by charging them higher premiums or denying them coverage altogether.
- **Making Premiums Affordable:** Millions of middle class families simply cannot afford health coverage. The House bill will help these families by creating a new health insurance marketplace where everyone can purchase quality coverage, regardless of age or health status. This new marketplace is known as a health insurance “exchange.” In addition, for middle class families who purchase coverage through such an exchange, the bill will provide subsidies to help make premiums affordable. These premium subsidies would be available to families with incomes up to 400 percent of the federal poverty level (\$88,200 for a family of four in 2009).
- **Strengthening Medicaid:** There is a common perception that people with low incomes are all eligible for Medicaid, but this is simply untrue. Federal law does require states to cover all poor children. However, income eligibility levels for parents vary widely across the nation; the national median income eligibility for parents is only 67 percent of the federal poverty level (about a mere \$14,770 for a family of four in 2009).³ Moreover, in 43 states, adults without dependent children are not eligible for Medicaid at all—even if they are penniless.⁴ The House bill will make all individuals who have incomes below 133 percent of the federal poverty level (about \$29,330 for a family of four in 2009) eligible for Medicaid, substantially increasing the number of very low-income people with health coverage.

Stabilizing Coverage

In addition to expanding coverage to those who are now uninsured, America's Affordable Health Choices Act will also provide important benefits to those who currently have health coverage. First, the bill's insurance market reforms will ensure that every American can get high-quality, affordable health coverage, regardless of health status, age, or gender. Second, the House bill will help bring rising premiums under control, reducing the burden of these costs on everyone. Third, the bill will help create a more productive economy: When significant numbers of people are uninsured, health insurance premiums rise, the labor market does not function as efficiently, and the economy is stifled. By bringing those who are currently uninsured into the health care system, the House bill will counteract these effects and help slow the rapid rise of health care costs.

- **Reforming the Insurance Market Will Help Guarantee Coverage at a Fair Price:** Due to the rising cost of health care, an ailing economy, and an insurance system that denies coverage to millions because of factors such as health status, age, and gender, millions of Americans worry about the stability and security of their health coverage. They are afraid that their current coverage is at risk—that health costs will continue to rise, making future coverage unaffordable, or that a job loss or a reduction in work hours will result in their coverage being taken away. In one recent survey, well over one-third (38 percent) of respondents with health coverage said that they are worried that they will lose their coverage over the next five years.⁵

America's Affordable Health Choices Act will deliver peace of mind to those who are worried about the security of their coverage. Under the bill, insurers will no longer be able to charge exorbitant premiums to people who have pre-existing conditions. Instead, they will be required to sell coverage to every American at a fair price. In addition, the bill will help ensure that Americans get the best value for their premium dollars by creating appropriate regulations that hold insurance companies accountable for how they spend the premiums that they collect.

- **Slowing the Rise in Health Insurance Premiums:** Because of the high cost of health 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 for as long as possible.⁶ When a health problem becomes so serious that treatment can no longer be delayed, the uninsured seek care. Then, they struggle to pay as much of their bills as they can: In 2008, the uninsured paid an average of 37 percent of the cost of care that they received out of their own pockets.⁷ However, they cannot usually afford to pay the whole bill on their own, and a portion goes unpaid (this is called “uncompensated care”). To cover the cost of this uncompensated care, health care providers charge higher rates when insured people receive care, and these increases are passed on to those who have insurance in the form of higher premiums, known as a “hidden health tax.” In 2008, for example, this “hidden health tax” increased premiums for family health coverage by an average of \$1,017, and, for single individuals, by \$368.⁸

If nothing is done to reduce the number of uninsured and the uncompensated care that is provided to them, premiums will continue their rapid ascent, and ever more people will be priced out of coverage. This vicious circle can be stopped, and the price of coverage can be stabilized—but only if we expand coverage.

As coverage is expanded under the House bill, the amount of uncompensated care for the uninsured will fall, and doctors and hospitals will no longer have to pass

on the cost of this care to insurers. Insurers, in turn, should then be in a position to slow the rate of increase in the premiums they charge.

- **Creating a More Productive Economy:** Investing in health coverage for America's workers is good for the economy. Insured workers are healthier and more productive on the job.⁹ They are absent less frequently and miss fewer days of work than those without coverage.¹⁰ A healthy, productive workforce will make the United States more competitive in the global economy.

In addition, expanding coverage and making it more affordable will help increase job mobility and make the labor market work more efficiently. In our current system, where some employers offer coverage and others don't, a phenomenon known as "job lock" occurs: People stay in their jobs so that they can keep their health coverage.¹¹ In fact, evidence suggests that job lock reduces job mobility by approximately 25 percent.¹²

Moreover, the fear of having to purchase health coverage in an unfair market—a market that allows insurers to deny coverage based on pre-existing conditions—discourages individuals from leaving their existing jobs and starting new businesses of their own. For example, well over half (58 percent) of respondents to a survey of small business owners and senior managers in California said that they thought more people would start businesses if affordable health insurance were available to all, regardless of pre-existing conditions.¹³ When this entrepreneurial spirit is dampened, the new ideas, new products, and competitiveness that new businesses bring to the economy are lost.

The House bill will solve these problems by ensuring that workers have access to affordable health coverage. As a result, they will be healthier and more productive, they will not feel that they are stuck in their jobs just because they need health coverage, and they will be more willing to head out on their own and start new businesses.

Conclusion

Health reform offers a unique opportunity to extend coverage to millions of Americans, bringing stability and peace of mind to those who are currently insured and helping control the growth in health care costs that affects everyone. The cost of inaction is clear: Health care spending will continue its rapid rise, and millions more Americans will join the ranks of the uninsured. America's Affordable Health Choices Act promises quality, affordable coverage for all.

Endnotes

¹ Congressional Budget Office, *Preliminary Analysis of the Insurance Coverage Specifications Provided by the House Tri-Committee Group* (Washington: Congressional Budget Office, July 14, 2009), available online at http://www.cbo.gov/ftpdocs/104xx/doc10430/House_Tri-Committee-Rangel.pdf.

² For data on current state consumer protections in the individual health insurance market, see Ella Hushagen and Cheryl Fish-Parcham, *Failing Grades: State Consumer Protections in the Individual Health Insurance Market* (Washington: Families USA, June 2008).

³ Data on file with Families USA.

⁴ A list of states that provide Medicaid coverage to adults without dependent children and to those who do not qualify for disability-related coverage is on file with Families USA.

⁵ Memo from Jim Kessler and Anne Kim, The Third Way, RE: *Offering Stability to Harry and Louise—A Strategy to Get to Yes on Health Care Reform*, available online at http://www.thirdway.org/data/product/file/224/Getting_to_Yes_with_Harry_and_Louise.pdf.

⁶ Kaiser Commission on Medicaid and the Uninsured, *The Uninsured and the Difference Health Insurance Makes* (Washington: Kaiser Family Foundation, September 2008).

⁷ Kathleen Stoll and Kim Bailey, *Hidden Health Tax: Americans Pay a Premium* (Washington: Families USA, May 2009).

⁸ Ibid.

⁹ Paul Fronstin and Alphonse G. Holtmann, *Productivity Gains from Employment-Based Health Insurance* (Washington: Employee Benefits Research Institute, April 2000).

¹⁰ Jennifer H. Lofland and Kevin D. Frick, "Effect of Health Insurance on Workplace Absenteeism in the U.S. Workforce," *Journal of Occupational and Environmental Medicine* 46, no. 1 (January 2006): 13-21.

¹¹ "Held Hostage by Health Care: Fear of Losing Coverage Keeps People at Jobs Where They're Not Their Most Productive," *Business Week*, January 29, 2007; 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.

¹² Brigitte C. Madrian, op. cit.

¹³ Small Business Majority California, *California Small Business Healthcare Survey* (Sausalito, CA: Small Business Majority, August 23, 2007).



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