

EVENT SUMMARY:
THE UNINSURED: WHAT DO THE NEW NUMBERS
MEAN FOR HEALTH REFORM?

September 18, 2009

The Alliance for Health Reform, with support from the Kaiser Family Foundation, organized a briefing at the Columbus Club in Union Station, Washington, DC, to discuss the new health coverage numbers released by the U.S. Census Bureau.

Ed Howard, executive vice president of the Alliance, extended a welcome from Senators Rockefeller and Collins and the Alliance board. He also thanked the panelists for their participation and the Kaiser Family Foundation for sponsoring the event. Mr. Howard made note of the new number of uninsured (46.3 million for 2008) and mentioned that different methods produce different uninsured numbers. He also expressed three points to keep in mind: no matter which method is used to estimate the size of the uninsured population, that number is rising; coverage matters; and the uninsured often don't get the care they need.

Diane Rowland, executive vice president of the Henry J. Kaiser Family Foundation and executive director of the Kaiser Commission on Medicaid and the Uninsured, opened with summary of the new numbers. She emphasized that no statistic measures today's situation, but rather the count at some point in the past. The number of uninsured is constantly changing, and the recent recession has likely made the situation worse. The full impact of the recession is not reflected in the current Census data, she said. She indicated that, with this understanding, children have fared rather well, with the number of uninsured children decreasing thanks to public coverage programs. It is harder for adults to qualify for public programs than it is for children, she said. Dr. Rowland noted that those at 200 percent of the federal poverty level (FPL) or below make up two-thirds of the uninsured. A significant portion of this group – childless adults – does not qualify for Medicaid, given the program's current categorical structure. The program is under strain from a different group, she said – those in working families who are losing coverage along with lost jobs.

John Colmers, secretary of the Maryland Department of Health and Mental Hygiene, discussed the challenges faced as his state attempts to help those with coverage keep it, and those without coverage to obtain it. He said Maryland has taken bold steps to expand coverage and contain costs, including legislation geared toward working families and small businesses. The uninsured rate has remained relatively stable -- from 15.6 percent in 2005-2006 to 14.4 percent in 2007-2008. The state increased eligibility for Medicaid from 30 percent of the FPL to 116 percent and enrolled more than 47,000 parents and caretaker relatives. Additionally, the state created a small business subsidy program, which covers up to 50 percent of the cost of premiums for certain small businesses with two to nine FTEs that haven't offered coverage for the past 12 months. At the same time, Maryland is facing serious budgetary challenges and the general fund is at one of its lowest levels of recent times. Right now, \$36 billion is spent annually in Maryland on healthcare costs. Costs are high and rising, the number of uninsured is growing, and states' employers are financially-stressed, along with taxpayers. Thus, maintaining the status quo cannot be an option. Significant reform at the federal level is essential, he said. But states must act on health care reform, whether the federal government does or not.

Stuart Butler, vice president for domestic and economic policy studies at the Heritage Foundation, emphasized the importance of looking at small changes in the big picture. Overall, there has been a slight decrease in private coverage, an uptick in public coverage, and a significant drop in coverage of workers at small firms (from 55 percent of workers covered to 49 percent over the last decade). The current path is unsustainable with serious unfunded obligations (a \$37 trillion shortfall in Medicare funding). Dr. Butler pointed to three major concerns: 1) The cost of benefits is squeezing out increases in cash income; 2) inequitable tax subsidies for health coverage favor higher-income workers; and 3) a catastrophic collapse of coverage is occurring in the small business sector. In moving forward, we should fix the financing problems in Medicare, not raid its resources to finance health reform, he said. We should restructure the tax treatment of health benefits, and move in a different direction with employer-based healthcare (especially among small businesses) through risk containment, pooling, and external management. Dr. Butler also stressed the importance of encouraging experimentation on the state level and empowering states to make changes in public programs. Finally, we need to think more broadly about major changes in the health insurance system to increase coverage, and we should use a bipartisan approach, he said.

Len Nichols, an economist and health policy analyst, is director of the Health Policy Program at the New America Foundation. He asked the audience to think about the moral and philosophical dimensions of health care. Who should be allowed to sit at our health care table of plenty? The numbers of uninsured remind us what health reform is all about, he said. Dr. Nichols pointed out that in three years, three million people have lost employer-based coverage and 13 million have been added to the Medicaid rolls. He emphasized how the current structure is unsustainable and is “breaking the states’ backs.” He suggested that the federal government must lead health reform, with states as partners. In comparing health reform in 1994 with today’s effort, Dr. Nichols noted that more people are aware now of unaffordability and unsustainability of the status quo as health care costs grow faster than income. He concluded with three major points: 1) Opposition to health reform is not about health care at all, but is rather about ideology; 2) we have waited so long to do reform that we now need to subsidize those at three or even four times the FPL to make premiums affordable, and this irritates many people; and 3) the rhetoric around reform has made it difficult to have an “adult conversation” about slowing the growth in health care costs. Both sides should come to the table with a common set of goals about what the country needs, he concluded.