

## MYTHS ABOUT THE UNINSURED

Lack of health insurance coverage among millions of Americans remains one of this nation's most pressing social challenges, but one that is often not well understood. Common knowledge about who the uninsured are, why they are uninsured, the difference health coverage makes, as well as the impact on all our lives of having a large uninsured population — is riddled with misconceptions and myths. Basic facts about the uninsured, outlined here under the most common myths, are essential to understanding how we might address the growing numbers of Americans without health insurance.

■ **Myth 1:** **The uninsured go without coverage because they believe they do not need it or don't want it.**

□ **FACT:** *The majority of uninsured, regardless of how young they are, say they forgo coverage because they cannot afford it, not because they don't need it.*

Only 7% of the uninsured report the main reason they lack insurance is because they don't think they need it. The majority of the uninsured (52%) say the main reason they don't have health insurance is because it is too expensive and the next most common reason they give is not being eligible for their job's health benefits (11%).

■ **Myth 2:** **Most of the uninsured do not have health insurance because they are not working and so don't have access to health benefits through an employer.**

□ **FACT:** *Most of the uninsured are either working full-time or have someone in their immediate family who does — the problem is that the majority of the uninsured are not offered benefits through their employers.*

Eight in ten uninsured Americans come from working families; even at lower income levels, the majority of the uninsured have workers in their families. However, 81% of uninsured workers are employed by firms who do not sponsor health benefits or are not eligible for their employer's plan. Few workers, even low-wage workers, turn down health benefits when available.

- **Myth 3:** Most of the growth in the uninsured has been among those with higher incomes.
- **FACT:** *The majority of the growth in the uninsured since 2000 has been among people earning less than \$38,000 a year for a family of four (commonly considered low-income).*

Since 2000, the number of uninsured adults has grown by over 5 million and nearly 75% of these adults were from low-income families. Overall, two-thirds of the uninsured are low-income with one-third living in poverty (earning less than \$19,000 a year for a family of four).

- **Myth 4:** Most of the uninsured are new immigrants who are not U.S. citizens.
- **FACT:** *The large majority of the uninsured (79%) are American citizens.*

New immigrants (immigrating less than six years ago) are only 10% of the uninsured population. New immigrants are at a higher risk of being uninsured compared to citizens, but make up just 3% of the total U.S. population, so their contribution to the size of the uninsured population remains relatively small.

- **Myth 5:** The uninsured often receive health services for free or at reduced charge.
- **FACT:** *Free or even discounted health services are not common and when the uninsured are unable to pay the full costs, the unpaid medical bills add to their providers' costs.*

Less than a quarter of families with at least one uninsured member report having received care for free or at reduced rates — in part, because the uninsured frequently go without needed care. Charges for services may actually be higher for the uninsured in comparison to fees negotiated by managed care organizations or set by public payers.

Those who are uninsured for an entire year pay for over a third of their health care costs out-of-pocket and many have real problems paying their medical bills. The uninsured are over twice as likely as the insured to report having problems paying their medical bills and are almost three times as likely to be contacted by a collection agency about medical bills.

- **Myth 6:** The uninsured can get the care they need when they really need it and are able to avoid serious health problems.
- **FACT:** *The uninsured are more likely to postpone and forgo care with serious consequences that increase their chances of preventable health problems, disability, and premature death.*

Over a third of the uninsured report needing care in the previous year but not getting it and nearly half of the uninsured report postponing care — rates at least three times higher than those with insurance. Studies repeatedly bear out that the uninsured are less likely than those with insurance to receive services for major health conditions, including traumatic injuries, heart attacks, pregnancy, and cancer.

Besides research showing the uninsured are more likely than the insured to develop a disability over time, we also know that, even after accounting for health differences, they are more likely to die early. The Institute of Medicine estimates that at least 18,000 Americans die prematurely each year simply because they lack health coverage.

- **Myth 7: Buying health insurance coverage on your own is always an option.**
- **FACT: *Individually purchased policies — vs. job-based group policies with similar benefits — are more expensive and coverage can be limited or even denied to persons in less than good health.***

When job-based health benefits are not offered or affordable, the purchaser of an individual policy faces a wide variety of covered services and prices, when healthy enough to qualify. The average annual cost of a family policy purchased in the individual market is about \$3,300, in contrast to the average cost of \$2,700 that an employee pays out-of-pocket towards group coverage. Since a person pays the entire premium costs for an individual plan, it is an even less viable option for the low-income uninsured. Beside these premium differences, deductibles and other cost-sharing requirements are often much higher in the individual insurance market also.

- **Myth 8: We don't really know how large the uninsured problem is and many are only uninsured for brief periods.**
- **FACT: *Depending on whether we count the number of people who are uninsured during a specific month, for an entire year, or just for short periods, the numbers will differ; and all measures are useful.***

Experts agree that *on any given day of the year* the number of uninsured is now about 45 million. This annual estimate made by the Census Bureau is the most frequently used, in part because it allows health coverage to be tracked year-to-year. Over three-quarters of the uninsured at a specific point in time will have been uninsured for more than 12 months.

The number of people *ever uninsured over the course of a year* is much greater than 45 million — by as much as 40%. The number of people uninsured for *the entire year* is smaller than 45 million — by about 25%.

- **Myth 9: The health care the uninsured receive, but do not pay for, results in higher insurance premiums.**
- **FACT: *The large majority of uncompensated care is subsidized through a mix of federal and state government dollars not cost-shifts to private payers.***

Anecdotes abound, but there is no hard evidence of cost-shifting to private payers; tightly negotiated managed care contracts have likely ratcheted down the potential for direct cost-shifts to private payers.

In 2004, health care spending among the uninsured totaled \$125 billion. Some of the uninsured had coverage for part of the year and so insurance paid \$51 billion of that amount. Of the remaining costs, the uninsured paid \$33 billion (45%) and the remaining \$41 billion was uncompensated.

Federal and state tax dollars, totaling \$35 billion, primarily subsidized hospitals that provide disproportionate amounts of care to the uninsured, as well as community clinics — in total, covering about 85% of all uncompensated care in 2004.

- **Myth 10:** Expanding health insurance coverage to all, or even a large share of the uninsured, will cost far more than the country currently spends on health care.
- **FACT:** *Because both the uninsured and government subsidies pay for a good share of their health care costs already, the amount of additional health spending to cover all of the uninsured is relatively small.*

Most proposals to expand health insurance do not account for the tax dollars currently being used for the care of the uninsured.

Assuming their health care use would increase once the uninsured gained coverage, that the uninsured would continue to pay for a share of their care, and that current tax dollars could be fully redirected towards insurance — the additional health care spending to cover ALL of the uninsured in 2004 has been estimated to be \$48 billion. However, this does not include any administrative costs associated with reforming the system. These new dollars represent only a 3% increase in personal health care spending (which totaled \$1.4 trillion in 2003).

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