

Insuring America's Health: Principles and Recommendations

An Institute of Medicine Report

Presented By

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Presentation Overview

- Mandate of the IOM Committee
- Key findings from first five reports
- Overview of Report 6
 - Lessons from the history of reform efforts
 - The five principles
 - Applying the five principles to the four prototypes
 - Recommendations
- Where do we go from here

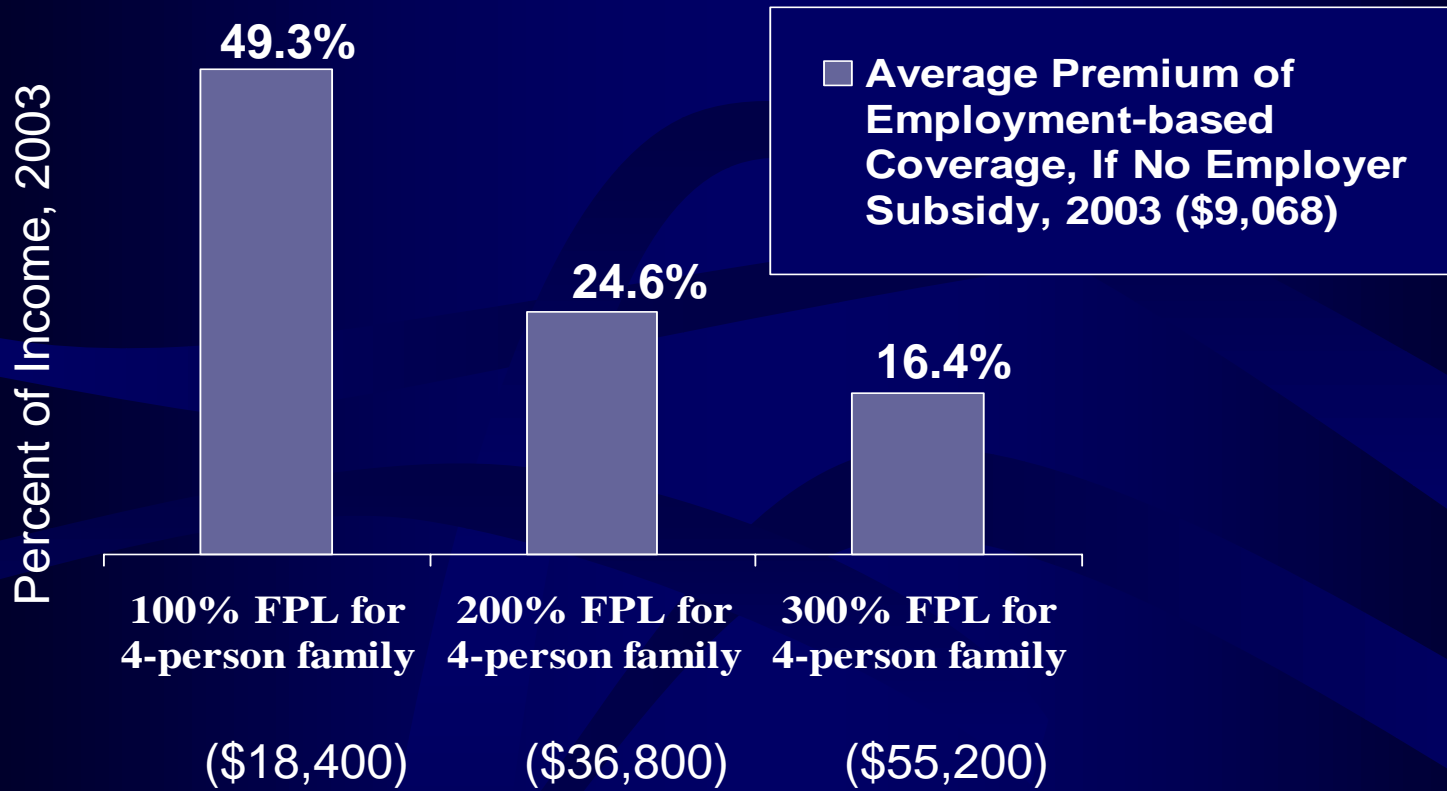
The IOM Committee

- Committee on the Consequences of Uninsurance created in 2000 with support from The Robert Wood Johnson Foundation to conduct a three year study to:
 - Assess and consolidate evidence about the health economic and social consequences of uninsurance
 - Raise awareness and improve understanding of these consequences

Key Findings – Report One

- *Coverage Matters* (October, 2001)
 - 80% of the 43.8 million uninsured live in working families
 - Two thirds live in families earning less than 200% of Federal Poverty level; being uninsured is seldom a matter of choice
 - Young adults are more likely to be uninsured primarily because they are ineligible for workplace coverage
 - Hispanics, other people of color, immigrants, young adults, and workers in small business are especially likely to be without coverage

Without Subsidies, Health Insurance Premiums Are Unaffordable to Low-Income Working Families



Source: Institute of Medicine. 2004. *Insuring America's Health: Principles and Recommendations*. Washington, DC: National Academies Press.

Key Findings – Report Two

- *Care Without Coverage: Too Little, Too Late*
(May, 2002)
 - Health insurance contributes independently to improved health status and outcomes
 - Uninsured adults receive fewer preventive services, less care for chronic illness, poorer hospital-based care
 - They are more likely to die prematurely – 18,000 deaths each year attributable to lack of insurance

Key Findings – Report Two

- *Care Without Coverage: Too Little, Too Late* (May, 2002)
 - Evidence shows that key ingredients for achieving better outcomes include: continuity of coverage; adequate provider participation, prescription coverage, coverage for mental health services

Key Findings – Report Three

- *Health Insurance is a Family Matter* (September, 2002)
 - Lack of coverage for even one family member can threaten the well-being of the family unit, including those WITH coverage
 - Children in uninsured families receive fewer medical, dental, preventive services
 - Even when children are insured themselves, if their parents are not, they are less likely to receive appropriate care

Key Findings – Report Three

- *Health Insurance is a Family Matter*
 - 60 million people live in families with at least one member uninsured; one in five children in the US live in such families
 - Half the uninsured children are today eligible for Medicaid or SCHIP
 - When SCHIP is extended to parents, they are more likely to enroll their children

Key Findings – Report Three

Insuring parents is an important part of bringing health care to children

Key Findings – Report Four

- *A Shared Destiny: Community Effects of Uninsurance* (March, 2003)
 - Having a high rate of uninsured in a community can effect access to care even for the insured
 - Financial instability of health care providers can hurt local economies, drain public dollars, and shift attention of public health agencies away from population health protection

Key Findings – Report Four

- *A Shared Destiny: Community Effects of Uninsurance* (March, 2003)
 - Medically underserved populations, even those with coverage, may have reduced access to primary care
 - The capacity of clinics and community health centers to serve their clientele, including those with coverage, is strained by large numbers of uninsured patients

Key Findings – Report Four

- *A Shared Destiny: Community Effects of Uninsurance* (March, 2003)
 - The safety net is essential, but not a sufficient response to the needs of the uninsured
 - For example, many safety net providers have difficulty referring their patients to specialty services (including surgical services)

Key Findings – Report Four

- *A Shared Destiny: Community Effects of Uninsurance* (March, 2003)
 - In communities with high uninsured rates, many services are less available for everyone:
 - emergency and trauma services
 - on-call specialty services
 - even services for vulnerable populations are less available

Key Findings – Report Five

- *Hidden Costs, Value Lost* (June, 2003)
 - The greatest economic costs of uninsurance result from worse health and shorter lives of those without coverage
 - Estimated annual economic value of foregone health is between \$65 billion and \$130 billion

Key Findings – Report Five

- *Hidden Costs, Value Lost* (June, 2003)
 - The cost of health services used by those uninsured for any part of a year was \$99 billion in 2001
 - One third of this amount was paid by the uninsured themselves
 - Most of the rest comes from federal, state and local taxes

Key Findings – Report Five

- *Hidden Costs, Value Lost* (June, 2003)
 - The cost of providing the uninsured with the same level of services as the insured would be \$34 to \$69 billion a year (2001 dollars)
 - This amounts to just 2.8% to 5.6% of all national health spending for health services OR
 - Half the \$100 billion increase in spending between 2000 and 2001

Key Findings – Report Five

- *Hidden Costs, Value Lost* (June, 2003)
 - As medical care becomes ever more successful in prolonging life and improving health, the disparities between insured and uninsured Americans in their access to and quality of health care – and ultimately their life chances – are increasingly unfair and contravene widely accepted democratic cultural and political values

Report Six: *Insuring America's Health: Principles & Recommendations*

- Lessons from History:
 - 20th century efforts yielded incremental changes and major reforms, but not universal coverage
 - Recent Federal expansions have targeted specific population groups but made little progress in reducing uninsurance nationally

Report Six: *Insuring America's Health: Principles & Recommendations*

- Lessons from History:
 - Some states have made significant progress in reducing uninsurance, but still have large uninsured populations
 - States do not have the fiscal resources to eliminate uninsurance and are limited legally by ERISA

Vision Statement

The Committee envisions an approach to health insurance that will promote better overall health for individuals, families, communities, and the nation by providing financial access for everyone to necessary, appropriate, and effective health services.

Key principles

- Health care coverage should
 - be universal
 - be continuous
 - be affordable to individuals and families
 - be affordable and sustainable for society
 - enhance health and well-being by promoting access to high quality care

Applying Principles to Prototype Coverage Proposals

Four Prototypes:

- Major public program expansion and new tax credit
- Employer mandate, premium subsidy, and individual mandate
- Individual mandate and tax credit
- Single payer

Applying Principles to Prototype Coverage Proposals

- Any of the prototypes could better achieve the principles than the *status quo*
- Each prototype does well on some principles and less well on others
- The ideal solution may well involve a hybrid taking the best of several prototypes
- The devil will, as always, be in the details

Recommendations

- The President and Congress should develop a strategy to achieve universal coverage and establish a firm and explicit schedule to reach this goal by 2010
- Use the 5 principles to assess the merits of current proposals and to design future strategies for expanding coverage to everyone

Recommendations

- Until universal coverage takes effect, the federal and state governments should provide resources sufficient for Medicaid and SCHIP to cover all persons currently eligible and prevent the erosion of outreach efforts, eligibility, enrollment and coverage.

Where do we go from here?

- IOM has not “costed out” the prototypes given the absence of key details; cost estimates for similar but more detailed proposals have been undertaken

Where do we go from here?

- Now, the policy analysis and political process has to pick up and move toward a meaningful solution
- Cost estimates have been carried out, by the Lewin Group, of proposals including in the ESRI “Covering America” documents
- It will be especially important to determine how costs and benefits are distributed across stakeholders as to estimate overall cost increases

Where do we go from here?

- The solution will have to be bi-partisan
- Parties will have to be flexible
- In the past, everyone's second favorite solution was to do nothing – that must become the LAST option

Where do we go from here?

- A key controversy: incremental solutions v. a commitment to covering everyone
- A key distinction: “disjointed” v. “guided” incrementalism
- Phasing in a complex program makes a lot of sense, but the commitment to achieving universal coverage by a date certain is essential

Where do we go from here?

- Problems with incrementalism:
 - Typically creates more and more bureaucracy rather than streamlining the system
 - Eligibility and enrollment issues often mean that the solution achieves much less than expected – e.g. SCHIP, programs for low-income seniors
 - Divides rather than unites a coalition of constituencies in favor of coverage expansion

Where do we go from here?

- Challenges we face:
 - Ignorance, misinformation and disinformation
 - Universal coverage is NOT single payer
 - Universal coverage is NOT a national health service
 - We cannot afford to cover everyone
 - If we cover everyone those with coverage now have to lose
 - Political Leadership and Intelligence – From whom? From where?

Where do we go from here?

**WE CANNOT AFFORD NOT TO
COVER THE UNINSURED**