TEXAS PUBLIC POLICY FOUNDATION
PolicyBrief

July 2009
Center for Health Care Policy

America's Health Care Challenge: It's Not About Insurance

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Our nation's health care problems stem not from a shortage of ideas, but rather a lack of freedom to try these new ideas as well as a tendency to rely on government interventions. In the name of protecting the public, statutory restrictions and the resulting regulatory maze have created a system so complex that innovations in health care are almost impossible to achieve, making health care unaffordable and inaccessible for too many Texans.

Understanding the Uninsured

The number of uninsured Americans reported by the Census Bureau through the Current Population Survey (CPS) and Annual Social and Economic Supplement (ASES) should be understood in context with the knowledge that this number only represents the uninsured at the time the survey is taken. It is important for the public to know these numbers do not reflect:

- How long a person remains uninsured;
- What percentage of the uninsured remain uninsured within the year;
- How many of the uninsured do obtain coverage; or
- Changes to the uninsured's coverage within a given year.

Taking these four factors into consideration, we can conclude that the number of uninsured used to garner support for extreme health insurance reforms is inflated. When determining the actual target population for health insurance initiatives, we must remove several populations that characterize the Census Bureau's uninsured population. This can be done by removing the illegal immigrant population, those eligible but not enrolled for current government health insurance programs, and those making more than $50,000 per year, which is slightly more than 200 percent of the federal poverty level (FPL).

With these factors taken into account, the *target population* would equate to approximately 6.4 million people (2.1%) in the United States and 1.4 million (5.8%) in Texas. It is difficult to determine whether or not insuring the entire *target population* would result in a significant reduction of health care costs or contribute to the health and wellness of that population, but even if reforms targeted this specific population, *more than three times as many people would continue to be uninsured.*

Will Expansion of Government Programs Reduce the Number of Uninsured?

Despite the drastic actions taken by policymakers, the U.S. Census Bureau reports reveal that while the number of uninsured has increased over the years, the percentage of uninsured has hovered around 15 percent. The greatest "success" in current government programs is credited to *those who moved from private insurance to the public insurance options.* The Congressional Budget Office reported that "according to one study, 60 percent of the children who became eligible for SCHIP had private coverage in the year before the program was established." While reports vary, we can

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confidently conclude that between 25-50 percent of children who participate in the SCHIP program had private coverage the year before enrolling, which substantiates that the true target population of the SCHIP program was missed.

The conclusions drawn from the SCHIP experience is that expansion of government-provided health insurance does not lead to a corresponding reduction in the number of uninsured. It is not a way to save money—either for taxpayers or for purchasers of private insurance. Instead, government will continually try to cover an increasing number of people at a growing cost to taxpayers and health insurance consumers.

Will Providing an Affordable Insurance Option to the Uninsured Improve Patient Health or Cut Costs?

A common misconception presented by policymakers who tout urgency in insuring every American is the "understood" truth that having health insurance will result in better health. However, studies have found very little evidence to demonstrate that having health insurance improves health. When Medicare was studied, it was found, on average, that consumption of care increased and self-reported health modestly improved, but there was nothing that substantiated any effect on mortality. At best, it is uncertain that having health insurance results in better health.

A second common misconception is that providing health insurance for all—particularly government-provided insurance—will reduce the number of emergency department visits. Studies have overwhelmingly found that government-provided programs increase the number of costly emergency department visits. New evidence suggests that the rise in emergency room costs stems largely from a lack of access to primary care providers in the community, not the lack of insurance. The shortage of primary care providers is a substantial source of costly expenditures and declining health.

Rather than looking for ways to expand government-sponsored health coverage, we should allow the free market principles that encourage innovation and competition in every other sector of our economy to govern the health care market. This is a better way to ensure that more Texans have access to the health care they need without putting an unnecessary burden on taxpayers. By incorporating free market principles to make private insurance more affordable and pushing government programs toward efficient models of care rather than insurance, Texas can lead the way in hitting the right target—a healthy state with a healthy economy. This should be the road map for true health care reform. ★

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