Uninsured America: problem of lack of health insurance coverage in the US

(Nieubezpieczona Ameryka: problem braku ubezpieczenia zdrowotnego w Stanach Zjednoczonych)

M Makowska A-F

Abstract – The large number of uninsured people is one of the American health care system’s greatest concerns. For years this number exceeded 15% of the US population. This article analyses the literature and the latest research concerning lack of health insurance in the US, with both negative and positive aspects being discussed. A brief history of US health insurance is provided, and characteristics of people without insurance are considered along with an explanation of the reasons why, despite the current obligation to have insurance, many people do not have it. The article also shows how a lack of insurance affects the availability of medical services.

Key words - United States, health insurance, Obamacare, Trumpcare, uninsured.

I. INTRODUCTION

There has been a crisis in the US health care system for many years [1,2]. International reports show that while this system has the highest costs in the world it is not the best in terms of availability, quality or equality [3]. Apart from ever increasing costs, the system has been criticized for its complexity [1]. However, the greatest criticism of the system is the large number of people without health insurance [1,2].

In 2013, as many as 16.6% of people living in the US had no health insurance [4]. The absence of health insurance is usually associated with a low income [5,6]. Historically, the large number of uninsured people was due to the fact that insurance was very expensive and the law allowed people to be uninsured [7]. This was changed by the 2010 Patient Protection and Affordable Care Act (PPACA), commonly referred to as Obamacare.

The changes introduced by this act began to take gradual effect from October 1, 2013. One of Obamacare’s goals was to make health care more accessible and increase its
quality [8]. While Obamacare managed to reduce the number of uninsured people to a record low of only 10.5% in 2015 [4] there are still 28 million people in the US with limited access to health care.

In European countries, where health care is available to all, or almost all, such numbers of uninsured people appear to be enormous. From the European perspective, where the universal healthcare coverage is one of the basic privileges of citizens, situation in US can be seen as the egoism under the mask of American values. However, many Americans themselves do not perceive a great problem, considering the postulate ‘healthcare for everyone, no one without it’ to be a manifestation of a socialist utopia that destroys health and insurance markets [9]. Further, not all Americans saw the Obamacare changes as consistent with American values. For example, for some people the obligation to have insurance signaled a loss of freedom [9,10]. Also, the current US President, Donald Trump, is not a PPACA supporter.

II. A SHORT HISTORY OF HEALTH INSURANCE IN THE US

Shortly after the end of World War II, President Truman called for the creation of a national health fund that would provide health care to all Americans [11]. However, there were many opponents of this idea. The American Medical Association exhibited the following attitude: ‘Compulsory sickness insurance...is a variety of socialized medicine or state medicine and possesses the evils inherent in any politically controlled system. It is contrary to American tradition and is the first and most dangerous step in the direction of complete state socialism. The American Medical Association rejects any such scheme as a method of the distribution of medical care.’ [12]. President Truman’s idea was not implemented.

However, over time, the idea of state intervention in the sphere of health became more accepted. The first manifestation of this was the creation in 1965 of Medicaid and Medicare by President Johnson. Since then, state health insurance has covered the costs of treatment for people over 65 years of age. It has also been possible for individual states to set up their own funds to provide care to children from poor families, their relatives, the blind and other people with disabilities [13]. Over the years, the criteria were extended to increase both the number of people for whom this state insurance was available and for what the insurance would pay. For example, 19 million people were enrolled in Medicare in its first year, and nearly 49 million Americans were enrolled in 2011 [14]. In 2003, President George W. Bush signed the Medicare Prescription Drug Modernization and Modernization Act, which was intended to help Medicare-covered people buy prescription drugs [15].

In 1997, the Children’s Health Insurance Program (CHIP) was created, which was intended to cover the cost of health care for uninsured children [16]. Also, military service members, their families and retired soldiers are eligible for Military Health Care insurance.

Governmental aid, did not, however, solve the health care access problems of a large proportion of US citizens. In 2011, government programs were used by 20.5% of the population. As much as 55.8% of health insurance was sponsored by employers and 5.7% of people bought insurance for themselves, but around 18% remained uninsured [17].

The situation changed when Obamacare came into force in 2013, this further extending the eligibility criteria for state health programs. This reform created the Healthcare Insurance Marketplace (Healthcare.gov), where insurance companies compete for customers on a governmentally-regulated basis, and where many people have the opportunity to purchase subsidized policies at prices much cheaper than normal market prices. Additionally, insurance companies can no longer refuse to sell insurance to people with existing medical problems1. Also, the changes imposed an obligation on employers with more than 50 employees to buy health insurance policies for their employees. Obamacare’s biggest change, however, was to make voluntary health insurance mandatory, and there are now penalties for being uninsured [18].

Three years after the introduction of Obamacare it is evident that this reform has helped reduce the number of uninsured people. Figure 1 shows the number of uninsured people across two decades. In 2015, 10.5% of people were without insurance [4], which constituted a marked decrease from the years before Obamacare was implemented, and was less than in 1978, when the uninsured accounted for 12% of the population [19]. Despite these positive changes, 28 million people in the United States still remain uninsured.

1 Before the introduction of Obamacare insurance companies could refuse to sell insurance to people suffering ‘costly illnesses’ or significantly raise their premiums.
Since President Trump was elected, US government start working on the American Health Care Act, a new reform commonly referred to as Trumpcare. It is estimated that the Trumpcare would increase the number of uninsured people by 24 million by 2026, but would save the federal budget $337 billion [20]. In one representative poll only 17% of the public supported Trumpcare, 56% opposed the reform, while 26% were undecided [21]. There were several attempts to pass the law in Congress but they failed, so the President Trump start using the executive orders to weaken the Obamacare even without replacing it. One of the examples is that Republican Party’s sweeping tax reform bill passed in December 2017 eliminate the penalty for not having health insurance. The law will take effect starting from 2019 [22].

It is also worth mentioning that even for insured patients medical bills are a heavy burden. Medical services in the US are usually not free for people who are insured they are paying the deductible of the insurance, cost-sharing is common, and services are expensive. A 2016 published study by the Kaiser Family Foundation and the New York Times found that as many as 26% of Americans between the ages of 18 and 64 years had experienced problems paying medical bills in the preceding 12 months. Among those declaring such problems, 53% were uninsured, but 47% had insurance. Among the latter, 19% had employer-sponsored insurance, 18% were insured by Medicaid, and 22% bought insurance in the market [23]. Finally, it should be noted that in 2012 as many as 28 million Americans spent all their savings to pay medical bills, and 4 million had to declare bankruptcy due to these costs [24].

### III. CHARACTERISTICS OF THE UNINSURED

#### Age

In 2015, the least insured age group was people between 26 and 34 years old, only 83.7% of this group being insured. A slightly higher percentage (85.5%) was observed for the 19-25 age group. In contrast, the vast majority of people in the age group up to 19 years old (94.7%) and older people over 65 (98.9%) had health insurance, these two groups of people having the greatest chance of being insured under government programs [25].

#### Race

People outside the White ethnic group are currently more likely to be uninsured. Although non-whites (including Hispanics) represent only 41% of American society, they constitute more than half of uninsured people. Thus, the percentages of uninsured people among Hispanic (17.2%) and Black (12.2%) people are greater than for Whites (8.1%) [26].

#### Income

The 2015 poverty level for a family of three people was considered to be an income of $19,087. Of those in poverty - 26% did not have insurance, 27% of people without insurance had incomes between 100% to 199% below the poverty line, 28% of those uninsured had incomes between 200% to 399% below the line, and 19% of those without insurance had incomes below 400% of poverty line [26].

#### Education

People with a graduate or professional degree are more likely to have health insurance (95.2%) than those with a bachelor's degree (93.0%), a high school diploma (84.4%), and no high-school diploma (72.4%) [25]. In addition to providing the opportunity to obtain a better paid job, a good education also fosters both the ability to understand the intricacies of the insurance system and the competence to apply for assistance in obtaining health insurance.

#### Work

In 2015, 9.9% of those who worked full-time did not have health insurance. This was fewer than those who worked part-time (15.8%), and those without work
(15.8%). The unemployed were significantly more likely (44.9%) than those working (13.8%) to have publically funded insurance [25].

Other factors

The number of uninsured people is also state-dependent. Most of the uninsured live in the south and west. For most uninsured people having no insurance is nothing new. For example, in 2015, as many as 76% of uninsured people did not have insurance coverage in the previous year. Most of the uninsured (79%) are US citizens [26].

Reasons for not having health insurance

Despite the creation of the Healthcare Insurance Marketplace, for most people without health insurance the main barrier is that it costs too much. As many as 53% of people without insurance are in the lowest income bracket [4]. It is interesting to note that around a quarter of uninsured people are able to obtain Medicaid support or to purchase subsidized insurance in the market [4]. It may be speculated that many of these people find it too difficult to understand their rights because of the great complexity of the US health insurance system. The media could play a large role in educating and informing such people. Studies indicate that the insured and uninsured have different ways of obtaining information relating to health issues. In attracting the attention of the uninsured it is important to elicit the help of media which focus on specific ethnic groups, and also knowledge obtained from interpersonal contacts is extremely important [27].

Some people may not benefit from state aid because of their aversion to it (perhaps because of pride or, as mentioned below, for philosophical/political reasons) or because they have habituated to coping without health insurance and/or perceive their risk of becoming ill as low. There are also people who do not understand the new rules and think that the obligation to have insurance does not apply to them [26].

Another reason for people not having health insurance is the coverage gap. As of October 2016, as many as 19 states had not extended the Medicaid criteria. This resulted in 2.6 million people falling into the so called coverage gap. Such people have a slightly higher income than that needed to be eligible for Medicaid available from their state, but below the lower limit to be eligible for preferential health insurance in the Healthcare Insurance Marketplace [4]. It is also worth noting that people living and working in the US illegally cannot obtain preferential health insurance even when they have low incomes.

The passion for freedom that is embedded in American culture can also result in an unwillingness to buy health insurance. Some people think that ordering them to have insurance is a restriction of their freedom [9,10]. The Internet contains many articles written by American citizens setting-out reasons not to buy health insurance (see, e.g.,[28]). For example, it has been argued that if one is healthy, eats well and does not smoke, then paying premiums simply provides profits for insurance companies; a person can invest their money in a better way (for example, starting their own business) and thereby make money which will secure them against possible health problems. Second, it is said that people can always get free medical help online. Third, the drugs prescribed by US doctors will probably be innovative and expensive and one can import drugs for oneself from countries where they are cheaper (e.g., from India). Fourth, no one collects medical information from the uninsured that can be used by an employer or government agency [28]. People who share such views prefer to pay a penalty for not having insurance rather than buying it.

IV. THE CONSEQUENCES OF NOT HAVING HEALTH INSURANCE

Limited access to medical services

The Emergency Medical Treatment and Labor Act (EMTALA) has been in force in the US since 1986. This gives the right to receive medical assistance in a hospital emergency room regardless of someone’s ability to pay. Previously, medics were able to transfer patients from private to public medical institutions regardless of whether they were in a condition good enough for such transportation [29]. In 2006, the Institute of Medicine recommended that Congress should allocate more funds to safety net hospitals for the uninsured, since lack of funds was the greatest obstacle to providing adequately high standards of care for everyone needing it [30].

The safety net is created not only by emergency departments, but also by community health centers, public hospitals, charity clinics, and in some places teaching and community hospitals [30]. Unfortunately, however, this net has not expanded widely enough to allow the access of all uninsured people [31].

Studies show that uninsured people are less likely to seek medical help when they are sick. They delay visits to a doc-
tor because they will have to bear additional expenses, and sometimes even when they go to a doctor they leave without help because of such expenses [31]. The uninsured are less likely than the insured to have access to early-onset prevention programs involving procedures such as blood pressure measurement, mammography, and cholesterol checks [32]. Uninsured people are also less likely to comply with doctors' recommendations, for example, they may not buy prescription drugs because they cannot afford them [31].

Due to the aforementioned issues, uninsured people are more likely to be hospitalized than the insured due to ailments that could be prevented if earlier action were taken [31]. According to reports from the Institute of Medicine, people without health insurance suffering from cardiovascular disease, cancer, asthma and other chronic ailments are more likely to experience worse outcomes, poorer quality of life and premature death compared to those with insurance [33].

Medical debt

In 1981, only 8% of bankruptcies in the US were caused by medical expenses, but this had risen to 46.2% by 2001 and 62.1% in 2007: not only do the uninsured face problems in paying their medical bills, they are also at greater risk of bankruptcy [34].

In 2015, 53% of uninsured and 20% of insured people had problems with payment or were unable to pay their medical bills. As many as 27% of uninsured and 13% of insured people claimed to have lost their savings paying medical bills. Further, 21% of the uninsured and 7% of the insured had problems paying other bills, and 22% of the uninsured and 8% of the insured had to borrow money to pay for medical services. Finally, bailiffs were contacted in connection with the medical claims of 27% of those uninsured and 13% of those insured [26].

The above shows that the problem of paying medical bills often quickly turns into a debt for uninsured people and this is exacerbated by the facts that, as already indicated, most people do not have insurance for financial reasons, and that the hospital bills issued to uninsured people are higher than those for insured patients [35].

Social consequences

It is important to point out that the problem that millions of Americans lack health insurance also has implications for people buying insurance. The large number of uninsured people influences the cost of health services. Someone must pay for everyone who accesses care. Health care service charges are rising, as are insurance premiums, and both state and local taxes [36]. Because uninsured people delay their treatment, they often fail to report ailments while they can still be dealt with at a relatively low cost: they often only seek medical attention when they are severely ill. The whole system then bears the cost of their treatment, although prevention would be much cheaper. One example is diabetes, which can be treated but if neglected may cause blindness or neuropathy [37]. Society not only loses because of the treatment costs of such individuals, but also because the person will also have more limited working opportunities.

Additionally, lack of insurance results in lack of access to cheaper or free medicines. As a result, people who have to take medicines often stop doing so and eventually become a greater burden on society.

V. CONCLUSIONS

There seems to be little place for universal health insurance in the United States. This is illustrated by a joke quoted in a report from the National Bureau of Economic Research: ‘Health policy expert X dies and goes to heaven. When there, he is greeted by God himself, and the Lord says that the health expert can ask one question of Him before entering heaven. The health expert chooses to ask God ‘Will we ever have universal health insurance coverage in the United States?’ To which God answers ‘Yes, but not in my lifetime’ [38].

Nevertheless, in recent years some change has occurred. The recent Obamacare health reforms have been praised for reducing the number of uninsured people to relatively low levels. However, a huge number of people (28 million) are still uninsured [4], and attempts of current U.S. President, is expected to reverse some of the Obamacare changes. There is a fear that this may lead to an increase in uninsured individuals [37], with many people believing that the main problem with the US health system is not the number of uninsured people but the costs that they generate [38].

The issue of lack of insurance is extensive and multidimensional and many studies have investigated the subject. The above analysis of the literature shows that, for many Americans, being uninsured has not been a matter of rational choice but can be attributed to a number of negative factors (e.g., lack of funds, ignorance, inability to take advantage of government assistance, immigration status, and the coverage gap). Of course, there is a small group of people who do not buy insurance because they think it is a poor
investment (especially when their health risk is low), or have philosophical / political objections. The consequences of not having health insurance, however, can be severe: the uninsured have worse access to health care and disease prevention, and the results of their treatment are poorer. They also often have problems paying medical bills. However, it must not be forgotten that the public also bears many consequences when a large number of people lack medical insurance.

VI. REFERENCES

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