

# How Not to Help the Uninsured

and some things that might make a difference

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# What is probably not true

- The political climate is favorable now for an individual insurance mandate and/or large scale subsidy programs (\$100B).
- The uninsured are poor, sick, and miserable.
- Insurance needs to be comprehensive and complete or it's not worth the trouble.

# My conclusions about what it would take and my guesses about what we might have.

- To make a major (50%+) reduction in the number of uninsured through subsidies for voluntary coverage will take about \$100B *a year*.
- An employer-enforced individual mandate would be a big help, but is not in the cards now.
- The optimist plans ahead, but always mentions the tax subsidy.

# The typical uninsured person is poor, sick, and miserable

- There is no typical uninsured person: the population varies by income, age, health state, and almost anything else you could think of.
- Most of the uninsured are not poor, and most people with incomes like the uninsured are insured: “affordability” is not the problem for most.

# The uninsured, continued

- On average, the uninsured are as healthy as the insured because they are younger.
- Controlling for income, the uninsured have slightly poorer health than the insured (who are screened by work requirement), but better health than those on Medicaid.
- The uninsured would be happier with free insurance, but most would be worse off if they paid for comprehensive coverage.

# What might help until we can raise the money...

- Some coverage is better than no coverage, but there is almost no “low coverage” good value policy on the market: design one! Probably “donut hole” coverage is most valuable. Needs to be more than 10% cheaper than individual coverage.
- The uninsured who can afford coverage need to be blitzed by marketers: “this is your brain without insurance.”
- At every opportunity, make coverage the default option—new employees, students, club members.

# Avoiding distractions

- Risk segmentation in private insurance is not a major problem, and reducing it increases the number of uninsured.
- Beyond a very few things, covering preventive care is not that important.
- Employment based insurance is not worth saving for small firms (though it should not be persecuted either).

# Conclusions

- Probably getting people like us to stop making insurance so expensive is the first best step.
- We need better empirical evidence on the good insurance will do for the non-poor uninsured; current evidence will only convince the believers..
- Taxpayers cannot be shamed into paying for coverage; they need to be convinced by accurate information, repeated.