

## How to Fix Health Care – Free the Market and Give Individuals Control – Part II

### Why Government Control is not a Solution,

### but a Certain Path to Catastrophe

#### Who, Exactly, Are the “Uninsured?”

Why does the “fact” that nearly 47 million don’t have health insurance mean that we must have “government-controlled” medical care? The figure is a ruse, a phantom problem, a straw man argument that has been so widely mis-cited that most Americans believe it’s real. It’s a useful knee-jerk statistic to stir up outrage and justify big action, as long as the underlying facts aren’t made clear. It implies there are literally 47 million people who never, ever, have coverage, and that *all* of these uninsured are *unable* to get medical care. Those who cite this number rely on the innuendo that there is a problem with the “private” system, and that a massive government program is the only solution for these poor, miserable people who want health care, but can’t get it. Reformers use the figure to make it seem like health care is in a crisis.

Those using the statistic don’t want you to ask “who are the uninsured and *why* are they uninsured?” While the number may be fairly accurate as a “moment-in-time” snapshot, quoting this number as a reason for nationalizing health care is beyond disingenuous, it is sensationalism. Relying on the figure as a reason for embracing government control of the health care system is irresponsible.

The reason is that the number is fluid. Those comprising the 47 million are transitioning in and out of the group constantly. For the most part, it’s never the same people. The Census Bureau report<sup>1</sup> also acknowledges that “health insurance coverage is likely to be underreported” and “the estimate of the number of people without health insurance more closely approximates the number of people who are uninsured at a specific point in time during the year than the number of people uninsured for the entire year.”<sup>2</sup> Here are pertinent facts not widely known:

- In any given year ½ of the “uninsured” get coverage. Fully ½ of the 47 million remain uninsured for an average of only 4 months.
- In any given 2 years 90% of them have secured coverage.
- Twenty million of the “uninsured” can afford to buy health care and choose not to get it, according to a study by former CBO Director June O’Neill<sup>3</sup> (many are young and healthy and choose to spend their money on other things, like health club memberships). In 2007, 17.6 million of the uninsured had annual incomes exceeding \$50,000 and 9.1 million earned more than \$75,000,<sup>4</sup> and the latter are part of the fastest-growing segment of the uninsured population.<sup>5</sup>
- Of the other 27 million, most are single and under 35, and a third are illegal aliens.<sup>6</sup> Census figures show that 18.3 million of the uninsured were under 34. This age group often simply determines that they don’t need coverage because they are young and healthy.<sup>7</sup> Many young people would rather hedge their bets

and invest their money now and let it grow, rather than paying for insurance they (rationally) don't expect to get much of a return on.

- Nine million are already on Medicaid.<sup>8</sup> About 25% already qualify for existing medical assistance, e.g., Medicaid, but don't sign up.<sup>9</sup> A 2003 BlueCross BlueShield Association study estimated that 14 million of the uninsured are eligible for programs like Medicaid and SCHIP.<sup>10</sup> Once they make it to an emergency room, these people are typically signed up for government insurance.
- The Census Bureau data shows that 9.7 million of the uninsured are not citizens of the United States,<sup>11</sup> that is, illegal aliens. Others claim that 12 million illegal aliens are among the "uninsured." [According](#) to the Census Bureau, 43.8 percent of non-citizens are uninsured, versus only 12.7 percent of native-born citizens and 17.6 percent of naturalized citizens.
- Only about 10% of these uninsured are persistently *unable* to secure coverage. As few as 12 million are facing genuine hardships and unable to buy insurance — less than 4% of our population.<sup>12</sup> BlueCross BlueShield's 2003 study determined that 8.2 million Americans are actually without coverage for long periods because they are too poor to purchase health care, but earn too much to qualify for government assistance.<sup>13</sup> Many people could afford coverage if they responsibly ordered their priorities.
- The notion that the uninsured get little or no care is a myth: They receive 50% to 70% of the health care the insured receive.<sup>14</sup>

The number of American citizens who don't have health insurance because of some market failure is essentially zero, as is the number who can't get medical care. Only a fraction of the 47 million figure are American citizens who both can't afford insurance and are not eligible for government assistance. The above facts notwithstanding, CBO estimates that H.R. 3200 will only reduce the uninsured by 16 million, and that getting this done will cost 1 Trillion dollars, or \$62,500.00 per person. Congressional Budget Office estimates that 17 million would remain uninsured *after* the plan is implemented.

**The Uninsured Already Receive Care** – Federal law says all patients must be treated regardless of whether they are insured. The health care industry has a vibrant segment within it that ensures those who need help paying for care get it. All hospitals have or contract with financial counselors who work with indigent, under-insured, or uninsured patients to find payment solutions. The counselors are paid professional experts in screening patients for all available local and state programs, and private, non-profit, and charitable programs whose purpose is to help pay medical bills. This is standard practice because hospitals want all their patients to be able to pay to the extent possible. The counselors have a strong incentive to find payment solutions and resources, because their income depends on connecting patients to resources (getting the hospital or doctor paid). They make money by finding solutions. Examples include:

- Healthy start, a Medicaid program
- Social security disability
- Free volunteer health clinics, provided by medical professionals who donate their time. All cities have programs of this nature (why doesn't the government strengthen this type of program?).

Moreover, hospitals can write off a portion of uncollected billings. In Ohio, for example, H-Cap (The Hospital Care Assurance Program (HCAP) is the State of Ohio's Medicaid disproportionate share program) is a state program that reimburses and hospitals and doctors for a percentage of the unpaid bills from indigent and uninsured patients. This program is not for patients, but for hospitals after they've done everything else they can to get paid on an account. The hospital files a claim for partial reimbursement of unpaid accounts.

The fact is that mechanisms already exist to ensure that medical care provided is paid for. The free market has provided jobs to specialists who help people find the resources to pay their medical costs. It's also an information resource to the community.

Why would we permit a government takeover of 17% of our economy and abandon the current system in which 89% are happy, especially when these uninsured 3-4% are not being denied medical care (they have access to care because federal law requires hospitals to treat all who show up at emergency rooms, and there are plenty of charity hospitals), and most of them qualify for existing programs? Why would this great nation do this when government-run health care is proven to dramatically reduce the scope of and access to medical care? It is "government by fraud" to force all taxpayers to support mandatory health insurance for those who presently *choose* not be covered even though they could afford it, or could access existing programs, were they to properly assume that individual responsibility. Democrats can't be forthcoming about these real numbers because it would sink their government takeover.



## Endnotes

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<sup>1</sup> **Carmen DeNavas-Walt et. al.**, "Income, Poverty, and Health Insurance Coverage in the United States: 2006," **US Census Bureau**, August, 2008, <http://www.census.gov/prod/2008pubs/p60-235.pdf>

<sup>2</sup> **Philip Klein**, "The Matter with Myths," *The American Spectator*, <http://spectator.org/archives/2009/07/21/the-matter-with-myths>

<sup>3</sup> Study: **O'Neill, Drs. June and Dave**; "Who Are the Uninsured? An Analysis of America's Uninsured Population, Their Characteristics and Their Health"; released by Employment Policies Institute (EPI) June 23, 2009; [http://epionline.org/studies/oneill\\_06-2009.pdf](http://epionline.org/studies/oneill_06-2009.pdf)

<sup>4</sup> **Philip Klein**, "The Matter with Myths," *The American Spectator*, <http://spectator.org/archives/2009/07/21/the-matter-with-myths>

<sup>5</sup> **Sally Pipes**, "*Top Ten Myths of American Health Care: A Citizen's Guide*".

<sup>6</sup> **Investors Business Daily**, "Reformers' Claims Just Don't Add Up," July 17, 2009,

<http://www.investors.com/NewsAndAnalysis/Article.aspx?id=482591&Ntt=Reformers%27+Claims+Just+Don%27t+Add+Up>

<sup>7</sup> **Philip Klein**, "The Matter with Myths," *The American Spectator*, <http://spectator.org/archives/2009/07/21/the-matter-with-myths>

<sup>8</sup> **The Limbaugh Letter**, "Doomsday Machines," August, 2009.

<sup>9</sup> **Wall Street Journal**, "A Better Health Reform," July 24, 2009,

<http://online.wsj.com/article/SB10001424052970203946904574300041131468218.html#mod=djemEditorialPage>

<sup>10</sup> **Philip Klein**, "The Matter with Myths," *The American Spectator*, <http://spectator.org/archives/2009/07/21/the-matter-with-myths>

<sup>11</sup> **Philip Klein**, "The Matter with Myths," *The American Spectator*, <http://spectator.org/archives/2009/07/21/the-matter-with-myths>

<sup>12</sup> **Investors Business Daily**, "Reformers' Claims Just Don't Add Up," July 17, 2009,

<http://www.investors.com/NewsAndAnalysis/Article.aspx?id=482591&Ntt=Reformers%27+Claims+Just+Don%27t+Add+Up>

<sup>13</sup> **Philip Klein**, "The Matter with Myths," *The American Spectator*, <http://spectator.org/archives/2009/07/21/the-matter-with-myths>

<sup>14</sup> **Robert Samuelson**, "Obama's Misleading Medicine of 'Reform,'" *Investors Business Daily*, July 27, 2009,

<http://www.investors.com/NewsAndAnalysis/Article.aspx?id=483408&Ntt=Obama%E2%80%99s+Misleading+Medicine+of+%22Reform%22>