

# Richmond Times-Dispatch

[OPINION:](#) | [Editorials](#) | [Letters](#) | [Commentary](#)

Monday, August 17, 2009 |

[Richmond, VA](#) 84° Feels Like: 87° Partly Cloudy

## Michael Tanner: Who Are the Uninsured?

Text size: [small](#) | [medium](#) | [large](#)

MICHAEL TANNER TIMES-DISPATCH COLUMNIST

Published: August 16, 2009

No single topic drives the health care reform debate like the number of uninsured Americans, variously numbered in speeches and ads at 45 million, 46 million, 47 million, or even 50 million. Unfortunately, most of what we think we know about the un insured is wrong.

For the record, according to the latest figures from the Census Bureau, 45.6 million Americans currently lack health insurance. This is actually down slightly from the 47 million that were uninsured in 2006. However, those numbers don't tell the whole story.

For example, roughly one quarter of those counted as uninsured -- 12 million people -- are eligible for Medicaid and the State Children's Health Insurance Program (S-CHIP), but haven't enrolled. This includes 64 percent of all uninsured children, and 29 percent of parents with children. Since these people would be enrolled in those programs automatically if they went to the hospital for care, calling them uninsured is really a smokescreen.

Another 10 million uninsured "Americans" are, at least technically, not Americans. Approximately 5.6 million are illegal immigrants, and another 4.4 million are legal immigrants but not citizens.

Nor are the uninsured necessarily poor. A new study by June O'Neill, former director of the Congressional Budget Office, found that 43 percent of the uninsured have incomes higher than 250 percent of the poverty level (\$55,125 for a family of four). And slightly more than a third have incomes in excess of \$66,000. A second study, by Mark Pauly of the University of Pennsylvania and Kate Bundorf of Stanford, concluded that nearly three-quarters of the uninsured could afford coverage but chose not to purchase it.

And most of the uninsured are young and in good health. According to the CBO, roughly 60 percent are under the age of 35, and fully 86 percent report that they are in good or excellent health.

Finally, when we hear about 45 million Americans without health insurance, it conjures up the notion that all

of those are born without health insurance, die without health insurance, and are never insured in between. The reality is that most people without health insurance are uninsured for a relatively short period of time.

Only about 30 percent of the uninsured remain so for more than a year, approximately 16 percent for two years, and less than 2.5 percent for three years or longer. About half are uninsured for six months or less. Notably, because health insurance is too often tied to employment, the working poor who cycle in and out of the job market also cycle in and out of health insurance.

None of this is to suggest that many of those without health insurance face do not severe hardship, or that we shouldn't try to expand health insurance coverage. But it does mean that we might be able to deal with this problem in a much more targeted way, rather than having a huge and expensive new government program.

For example, young, healthy, and well-off people might be more inclined to buy insurance if it cost less. That means ending regulations, like community rating, that increase the cost of insurance for younger and healthier workers; eliminating costly mandated benefits; and creating more competition by allowing people to purchase insurance across state lines.

And if people are losing their insurance when they lose their jobs, we should move away from a health care system dominated by employer-provided health insurance. That means changing the tax treatment of health insurance.

The current system excludes the value of employer-provided insurance from a worker's taxable income. However, workers purchasing health insurance on their own must do so with after-tax dollars. This provides a significant tilt toward employer-provided insurance. Workers should receive a standard deduction, a tax credit, or, better still, large Health Savings Accounts (HSAs) for the purchase of health insurance, regardless of whether they receive it through their job or purchase it on their own.

We can then look at those people who may need some kind of subsidy to better afford insurance.

Doctors know that if you don't get diagnosis correct, you are not going to prescribe the right treatment. The same is true with health care reform. In trying to expand coverage to those who need it, let's make certain we understand the facts.

---

*Michael Tanner is a senior fellow at the Washington-based Cato Institute, and the author of "Healthy Competition: What's Holding Back Health Care and How to Free It." Contact him [mtanner@cato.org](mailto:mtanner@cato.org).*

## Reader Reactions

Posted by ( hsr0601 ) on August 16, 2009 at 3:42 pm

Good News !

A staff writer at The New Yorker and some experts have examined Medicare data from the successful hospitals of 10 regions, and they have found evidence that more effective, lower-cost care is possible.

Thankfully, the provisions in the reform include more expansive policies than they have.

Please be 'sure' to visit <http://www.nytimes.com/2009/08/13/opinion/13gawande.html?hp> for credible evidences !

Some have followed the Mayo model with salaried doctors employed, Other regions, too, have found ways to protect patients against the pursuit of revenues over patient.

And a cardiac surgeon of them said they had adopted electronic systems, examined the data and found that a shocking portion of tests were almost certainly unnecessary, possibly harmful.

According to analysis, their quality scores are well above average. Yet they spend more than \$1,500 (16 percent) less per Medicare patient than the national average and have a slower real annual growth rate (3 percent versus 3.5 percent nationwide).

Surprisingly, 16 % of about \$550 billion (the total of medicare cost per year) is around \$88 billion per year, except for Medicaid (total cost of around \$500 billion per year), medicare 'alone' can save \$880 billion over the next decade.

In addition, under the reform package, along with the already allocated \$583 billion, the wastes involving so called "doughnut hole", the unnecessary subsidies for insurers, abuse, exorbitant costs by the tragic ER visits etc are weeded out, the concern over revenue (below) might be a thing of the past.

(( Net Medicare and Medicaid savings of \$465 billion + the \$583 billion revenue package = \$1048 billion - the previously estimated \$1.042 trillion cost of reform = \$6 billion surplus - \$245 billion (the 10-year cost of adjusting Medicare reimbursement rates so physicians don't face big annual pay cuts) = the estimated deficit of \$239 billion ))

In modernized society, the business lacking IT system is unthinkable just like pre-electricity period, nevertheless, the last thing to expect is happening now in the sector requiring the best accuracy in respect to dealing with human lives. Apparently the errors by no e-medical records have spawned the crushing lawsuits (Medical malpractice lawsuits cost at least \$150 billion per year), and these costs have led to the unnecessary tests, treatments, even more profits so far. And in different parts of the U.S., patients get two to three times as much care for the same disease, with the same result.

Thank You !

[Report Inappropriate Comment](#)

Posted by ( Anon ) on August 16, 2009 at 1:03 pm

“And most of the uninsured are young and in good health.”

These are people with diabetes who don't know it yet.

[Report Inappropriate Comment](#)

Posted by ( mrright ) on August 16, 2009 at 12:26 pm

Excellent column Mr Tanner.It pulls the rug from under Obama's most often used excuse to totally revamp and ruin our healthcare system.

Why are truthful columns like yours sidebars to the daily dose of liberal rhetoric?

[Report Inappropriate Comment](#)

Page 1 of 1