

LIFT PERSPECTIVE

A publication of the Texas Conservative Coalition Research Institute
March 17, 2000
Vol. 1, No. 5

How Safe Is the Health Care Safety Net?

Former Democratic presidential candidate Bill Bradley stated that one of his key objectives, should he be elected to the presidency, would be to create a universal system of health insurance. Vice President Al Gore wants to achieve the same goal, but at a slower pace.

Proponents of universal coverage often claim that there are 44 million people without access to health care. What they mean is there are 44 million people without health insurance, which is a very different thing. While being uninsured may be a problem, it does not mean the uninsured cannot get health care. For example, federal law requires hospitals that serve Medicare patients (which is virtually all of them) to take any emergency case regardless of whether the patient has health insurance, at least until the patient is stable. At that point, the patient may be transferred to a public hospital.

Across the country, Americans — and even non-Americans, both legal and otherwise — have multiple, overlapping programs and other sources to which they can turn for care. Interestingly, many people who are eligible for these programs choose not to participate, even though the government spends millions of dollars every year encouraging them to enroll. There is no indication that universal coverage would be any more successful.

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Key Issues:

- States and local communities provide many health care services to low-income people and the uninsured.
- In 1995 the country spent about \$296 billion — about 30 percent of all health care spending — on health care for about 77 million poor and disabled Americans.
- For some the safety net works well, but for others it is often inefficient or

Medicaid and Medicare.

The country's primary health care program for the poor is Medicaid, a federal-state program that covers about 29 million non-elderly low-income and disabled people, plus another 4.1 million poor seniors who rely on Medicaid to cover their nursing home costs and health care expenses not covered by Medicare. In 1995 Medicaid spent \$86.8 billion at the federal level and states another \$54.2 billion (including administrative costs), for a total of \$141 billion. (Note: 1995 is used so that all numbers reflect the same year.)

In addition, Medicare covers more than 4.4 million non-elderly Americans who are disabled or have kidney disease. This portion of Medicare costs taxpayers about \$20 billion in 1995, for a Medicaid-Medicare total of \$161 billion.

Federal Grants.

The federal government spent about \$11 billion (1995) on various health care grants and programs. For example, the Health Resources and Services Administration (HRSA) provides funds for such programs

as the Maternal and Child Health and the Ryan White (for AIDS) block grants. The government also funds substance abuse treatment, mental health care, children's and Native Americans' health services, over 700 migrant workers' clinics and more.

DSH Payments.

Some hospitals serve a disproportionate share of the poor and so provide a considerable amount of uncompensated care. To offset their losses, both Medicare and Medicaid make supplemental payments to these disproportionate share hospitals, or DSHs, providing \$3.9 billion and \$8.9 billion, respectively, for a 1995 total of \$12.8 billion. The Medicaid DSH allotment is included in the Medicaid budget, while the Medicare DSH payment is not. ~~[see chart].~~

State and Local Programs.

States and local communities provide many health care services to low-income people and the uninsured. States may sponsor such services as immunization programs, rural or immigrant care. Most larger communities operate a county hospital that provides care for the indigent and uninsured and is partly funded by taxes on county residents.

According to the Health Care Financing Administration (HCFA), the total spent on state and local programs (excluding Medicaid) was \$43.3 billion in 1995.

Department of Veterans Affairs.

—The Department of Veterans Affairs (VA) provides health care services primarily to America's low-income and elderly veterans — about 11 percent of America's 26.2 million veterans. The other 89 percent receive health care through health insurance, health plans and Medicare. In 1995 the cost of these services to the federal government was \$15.6 billion.

Uncompensated Hospital Care.

Because hospitals must serve indigent and uninsured patients, they write off health care bills that patients cannot or will not pay. When hospitals cannot collect on a bill, they count it as bad debt or charity care. According to the American Hospital Association, uncompensated hospital care comes to \$28.1 billion a year.

Uncompensated Physician Care.

Physicians frequently donate time to poor and uninsured patients. Though private health insurance and federal programs are widespread, a 1994 American Medical Association survey found that physicians ~~lost~~ gave about \$21.14 billion in free or charity care.

Private-Sector Charity.

Alongside government-sponsored health care, the private sector sustains many health care services. For example, several state-based Blue Cross/Blue Shield Associations furnish health insurance for some poor children, and religious organizations subsidize a range of health care facilities. According to *Giving USA*, 1995 private-sector charity care amounted to \$12.59 billion.

Is the Safety Net Safe Enough?

In 1995 the country spent about \$296 billion —about 30 percent of all health care spending — on health care for about 77 million poor and disabled Americans. That's about \$3,800 per person providing for a health care safety net.

Though there may be some double counting in the total amount of care provided — for example, some of the uncompensated hospital care may be offset by revenue from state or local governments — it is clear that the U.S. spends a lot on its health care safety net.

For some the safety net works well, but for others it is often inefficient or difficult to access. Medicaid qualifications vary from state to state. And some workers make too much money to qualify for Medicaid, but not enough to purchase health insurance on their own without significant sacrifices. Meanwhile, many federal and state legislators continue to push legislation that drives up the cost of health insurance and results in more people being uninsured.

Bradley and Gore intend to throw more money at the health care system — \$65 billion under Bradley's proposal. But what should be clear from this analysis is that the health care system does not n't need more money, but more efficiency. Overlapping programs need to be cut and the money currently being spent needs to be allocated more efficiently. For example, low-income families could be given a voucher to purchase health insurance in the private sector rather than depend on several partial and sometimes redundant programs.

While there will always need to be a health care safety net, in part because there will always be transient and marginal people and people who are simply down on their luck, the current system could be restructured so that health care is better and more cost effective for everyone. But we should not fool ourselves into thinking that universal coverage will lead to universal care. People already have access to universal care and some choose not to take it. Americans ought to be free to get the care they need. They also should be free not to get that care.

