

HEALTH REFORM & LOW-INCOME PEOPLE

Problems and Policies

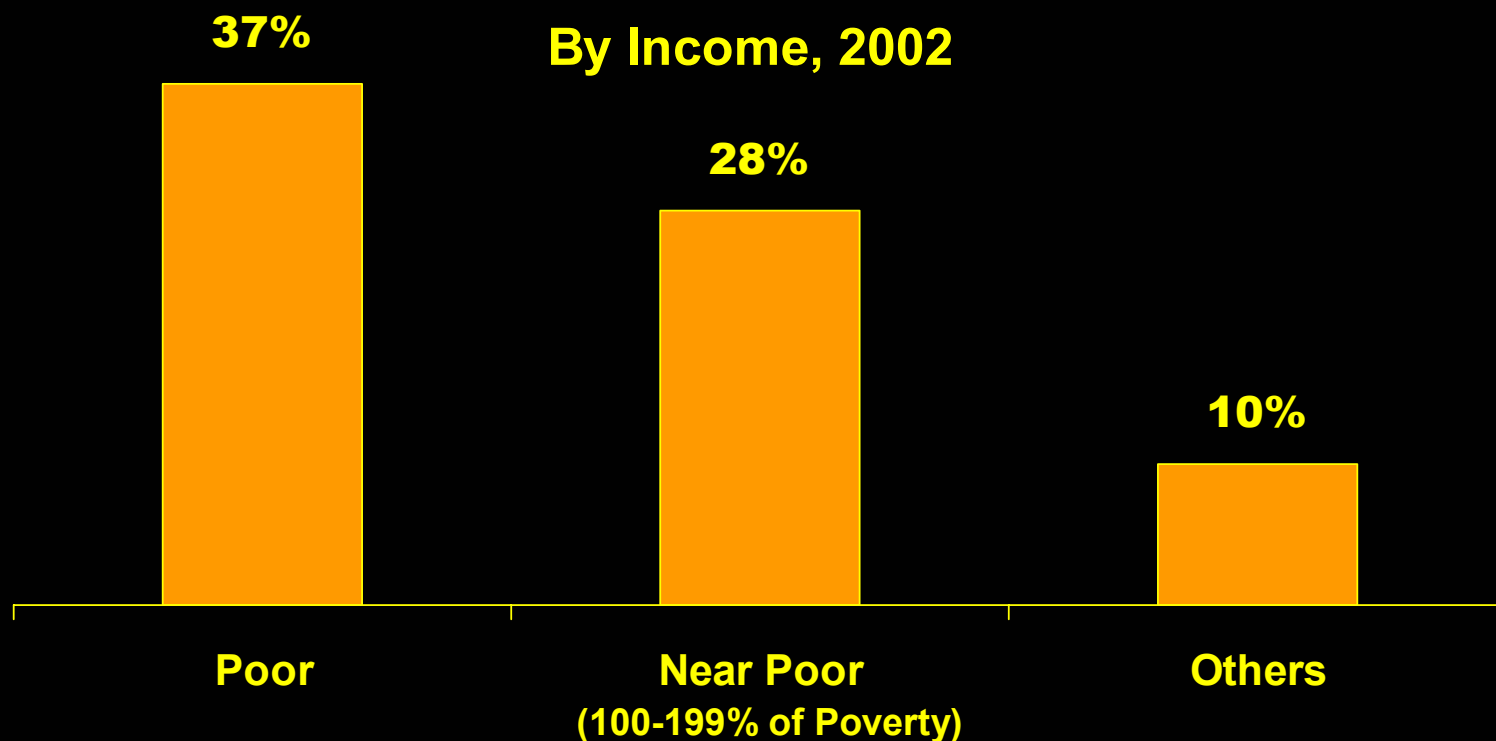
Jeanne Lambrew, PhD
Senior Fellow, Center for American

May 3, 2004

PROBLEM IS BIGGER

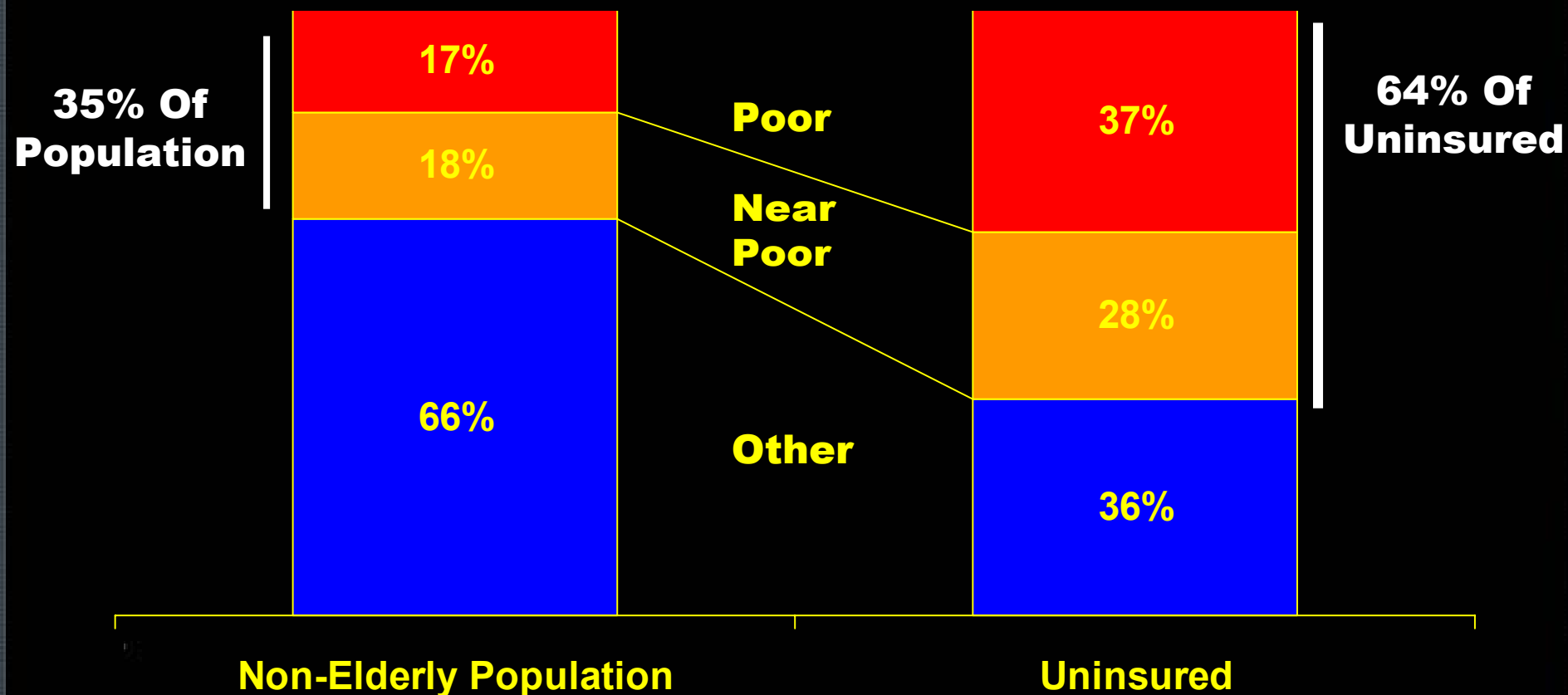
Lack of Coverage Affects Low-Income People the Most

Rate of Uninsured
By Income, 2002



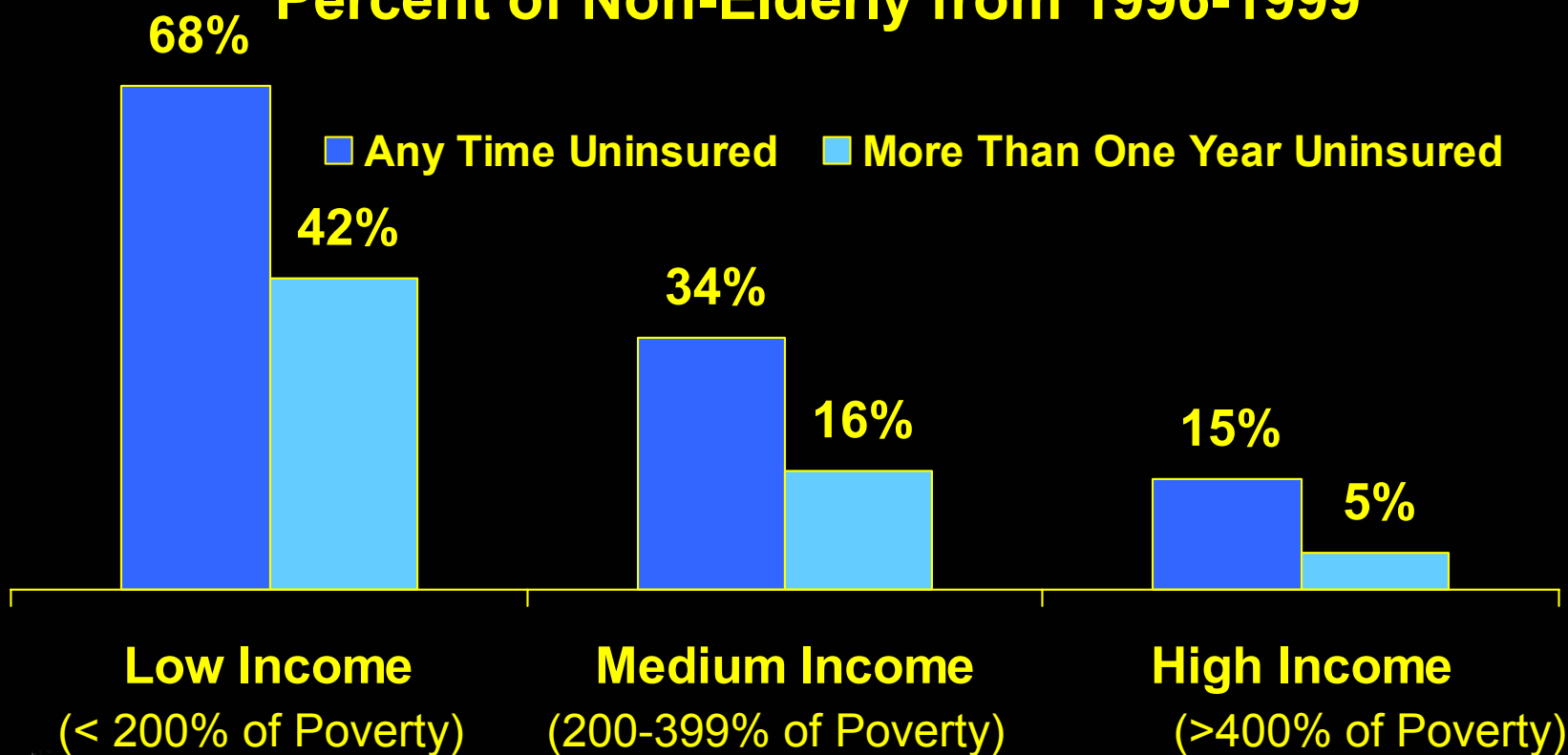
Most People Who Lack Coverage Have Low-Income

Distribution By Income



Low-Income More Likely To Experience Gap In Coverage

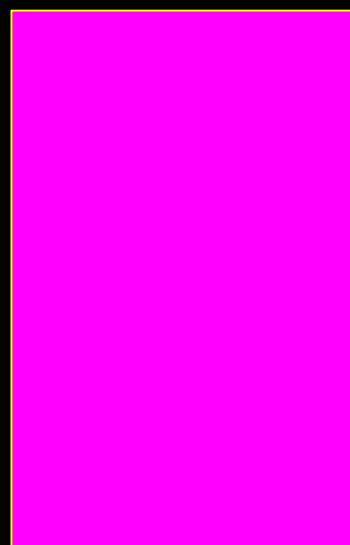
Percent of Non-Elderly from 1996-1999



Problems Not Isolated to the Uninsured

Working Adults Who Are Continuously Insured
Not Able To Pay Medical Bills, 2001

28%



Low-Income
(**< 200% of Poverty**)

12%

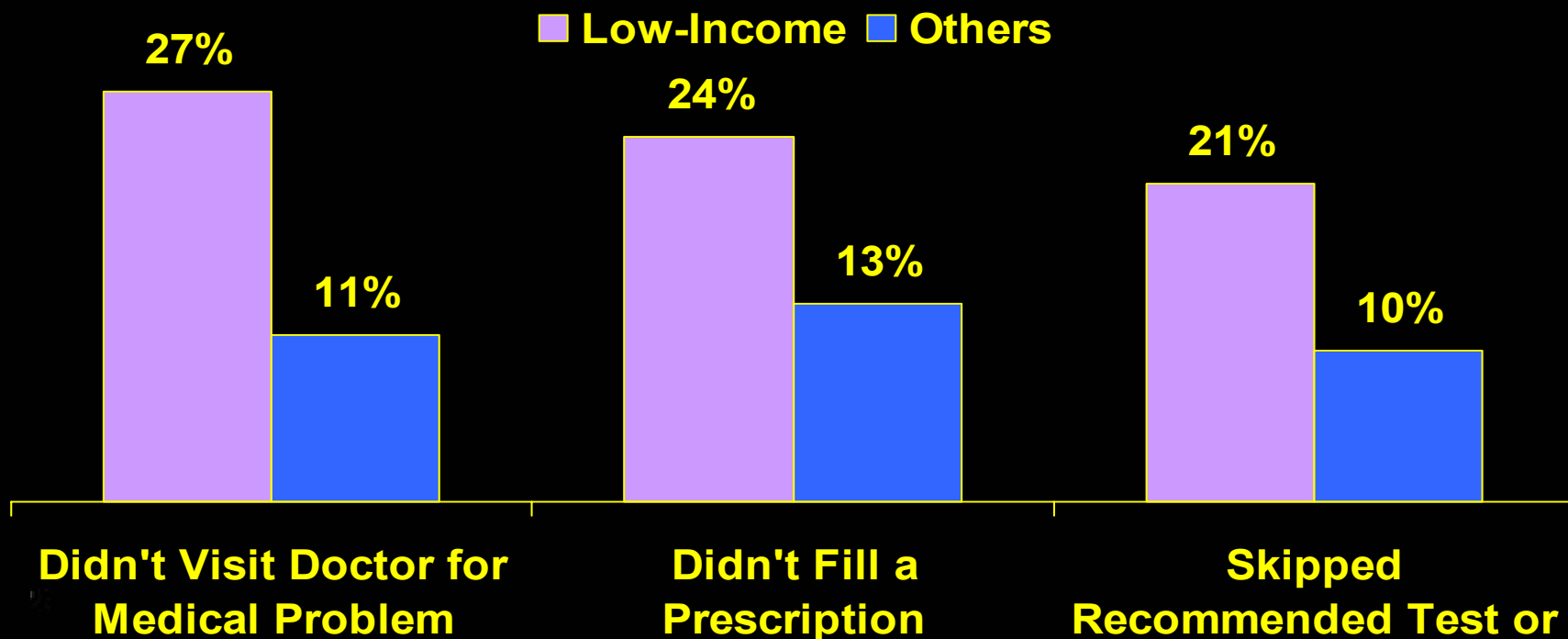


Others

IMPLICATIONS ARE MORE SEVERE

Worse Access to Health Care

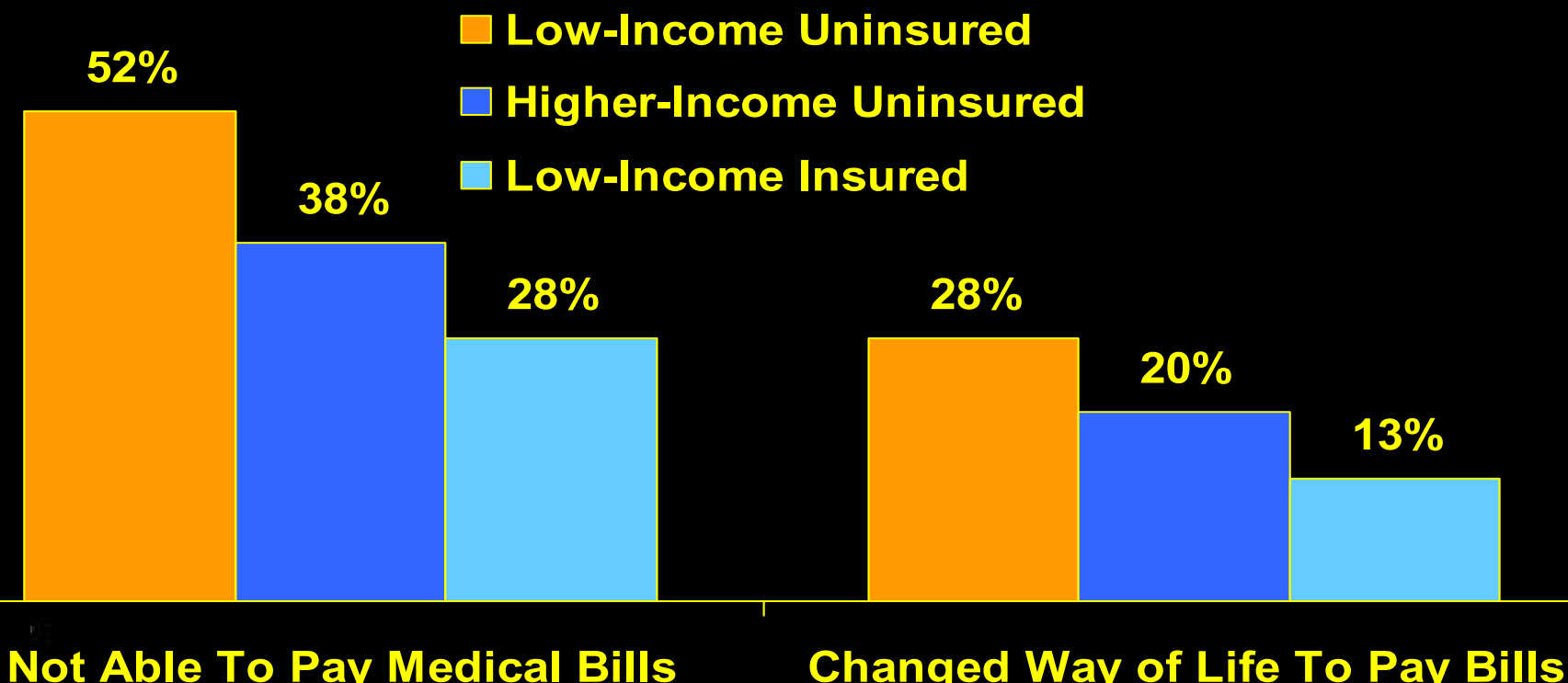
Percent of Working Adults Reporting Problems Due to Costs, 2001





Low-Income Uninsured Face Greater Financial Problems

Percent of Working Adults, 2001



NOT JUST “SOMEONE ELSE’S PROBLEM”

- **Results in a less healthy and productive nation**
- **Insured people pay through “cost shifting”**
- **One pink slip away...**
- **Against basic principle of fairness and opportunity:
Similar to:**
 - **Requiring up-front payment for fire department services**
 - **Charging a deductible for elementary school**

CHALLENGES

- **Too little tax liability for tax subsidies**
- **Too little job stability for work-based coverage**
- **Too many problems to be attractive to individual health insurers**
- **Yet ... the obvious answer – public programs – is:**
 - **Opposed by states without 100 percent Federal funding**
 - **Opposed by providers who prefer private insurers' rates**
 - **Anathema to conservatives**

PUBLIC POLICY RESPONSE

First, Do No Harm

Existing Medicaid / CHIP Coverage Is Threatened By:

- Reduction in Federal fiscal relief in July
- Up-front costs from the Medicare law
- Budget resolution funding cuts
- Administration activities:
 - 1115 waivers that reduce coverage
 - Aggressive program review that could have a “chilling effect”

Incremental Health Reform

- **Put first dollar toward Medicaid**
 - Most effective and efficient way to cover the uninsured
- **Improve Medicaid / State Children's Health Insurance Program (CHIP):**
 - Create financial incentives to improve enrollment
 - Move toward same protections nationwide
 - Simplify program

Comprehensive Health Reform

- **Progressive financial assistance**
 - Individuals pay a fair share of income for health care
- **Role for Medicaid:**
 - Reduce premiums and cost sharing
 - Provide services not covered by insurance
 - Support infrastructure that provides health care to low-income populations