



Issue Summary

The Uninsured

According to the U.S. Census Bureau, approximately 45 million Americans currently lack health insurance coverage. Furthermore, medical costs are at an overall high, and nationally the cost of private health insurance, for both employers and individuals, has risen dramatically in recent years. Due to these disturbing trends, a number of proposals have been put forth, both at the federal level and in the states, to attempt to solve the problem of the uninsured and ensure universal health insurance coverage for all Americans. Some of these coverage proposals include a government-run single-payer health insurance system, a mandate on all employers to provide their employees with health insurance coverage, and various forms of tax incentives and other initiatives to encourage people and businesses to purchase private-market health insurance coverage.

NAHU believes that there is no one magic answer to the problem of the uninsured. A multi-faceted approach will be required since no one solution will fit the needs of all of our citizens. Any attempt to provide Americans with universal access to health coverage should preserve the private health insurance market. Other countries have experimented with government-run health care systems, and this has only resulted in high-cost, lower-quality rationed care. Americans need to be able to access a competitive health insurance marketplace with a wide range of health plan choices.

The public policy components that NAHU feels would be necessary to ensure that all Americans have access to affordable, privately marketed health insurance coverage include:

- The availability of advanceable and refundable federal health insurance tax credits for low-income individuals. This credit must be able to be used to purchase coverage either through the individual health insurance market or through the employer-based health insurance system.
- Expansion of access to consumer-directed health insurance alternatives, such as allowing individuals to actively contribute to Health Savings Accounts until they retire (not just until they reach age 65), allowing the limited roll-over of Flexible Spending Account funds, and allowing individuals to participate in Flexible Spending Accounts as well as Health Reimbursement Arrangements as long as an eligible expense is reimbursed from only one of the accounts.
- The development of creative ways to insure high-risk individuals in both the group and individual markets that will ensure that coverage for the majority of individuals who are healthy remains affordable, such as the use of reinsurance pools.
- The availability of a health care safety net for the lowest-income segments of our population that utilizes the private market wherever possible to provide individuals with high-quality medical options. A good example of this is Health Insurance Flexibility and Accountability (HIFA) waivers, which allow states to use existing Children's Health Insurance Program (CHIP) dollars to help low-income parents purchase private employer-sponsored health insurance coverage for their dependents.

- The availability of continued federal funding for high-risk pools, which provide an important safety net for people with catastrophic medical conditions who do not have access to employer-based group health insurance, such as early retirees, self-employed individuals, and employees of businesses that do not offer health insurance coverage. Pools not only provide a coverage home for those very vulnerable consumers, but they also help stabilize state health insurance markets by guaranteeing that those very high-risk individuals are covered in a contained, private-market environment.

State health insurance markets need to be vibrant and competitive, allowing for a wide range of health insurance options for consumers. To achieve this goal, state markets need to:

- Have a guaranteed access mechanism in place, such as a high-risk health insurance pool or a designated carrier of last resort where people with catastrophic medical conditions can purchase coverage in the individual market.
- Allow for the use of medical underwriting in health insurance policies, which keeps health insurance costs low, instead of calling for the costly community and modified community rating mechanisms.
- Limit the number of mandated benefit requirements, which drive up the overall cost of health insurance markets.
- Provide a balanced degree of health plan regulation to encourage a competitive marketplace.
- Allow for a wide range of health plan choices to accommodate the varying needs of different types of consumers, including allowing Health Savings Account products to be sold in both the individual and group markets.

We also feel that in addition to these public policy objectives, other factors contributing to the national increase in health care costs must be thoroughly examined, including but not limited to:

- General over-utilization of health care services
- Soaring medical malpractice insurance costs for physicians
- Increased medical costs associated with various public health problems (e.g., obesity, tobacco use, the over-prescribing of antibiotics and an aging population)
- Prescription drug prices, including the costs of direct-to-consumer advertising
- Provider and hospital reimbursement problems, including the ability of health plans to negotiate with providers and establish adequate networks, particularly in rural areas.

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