Uninsured Americans and the new Democratic Congress

Is universal coverage now more likely?

At any point in time, around 45 million Americans have no health insurance, although only about half of them will have been in this situation for a year or more. About another 20 million formally insured Americans have limited coverage, with many subtle exclusions and coverage caps. About a quarter of these people could probably afford private coverage if it were available on reasonable terms. Most of them, however, are in families headed by one or two low income workers, and they could not afford the $13 000 (£7 000; €10 000) or so that it costs to provide an average family of four with good health care in the United States (and much more if anyone in the family is chronically ill).

If uninsured Americans fall critically ill they usually receive the necessary health care at the nearest hospital. Few of them, however, receive the timely primary care available to insured Americans. Furthermore, many of them are subsequently hounded by doctors, hospitals, or bill collectors over unpaid hospital bills, which pushes a good number of them towards or into bankruptcy. After a thorough study, the prestigious Institute of Medicine of the National Academy of Sciences estimates that around 18 000 Americans die prematurely each year for want of health insurance, although only about half of them will have been in this situation for a year or more.

In August 2003 I published a paper entitled “Is there hope for the uninsured?” My answer then was “probably not.” As economic forecasts go, this one has been accurate so far. The question now is whether the Democrats’ ascendancy to power in Congress requires a recalibration of that dire forecast, especially in light of the recent unveiling of a proposal for universal coverage by America’s Health Insurance Plans, the national association of private health insurers in the US.1 My revised answer is “probably not,” although I would love to be proved wrong by subsequent events.

It is not for want of attention that so many uninsured Americans find themselves in their predicament. Their plight has been explored in a decades’ old series of conferences, town hall meetings, workshops, public hearings before Congress and state legislatures, television talk shows, and even, in recent years, exuberant nationwide observances of “cover the uninsured week.” An entire industry has sprung up in the health services research community, dedicated annually to counting and categorising the number of uninsured people, arguing over the accuracy of the various counts, and debating whether uninsured people are worse off for their lack of coverage.

An equally energetic research enterprise has sprung up to create health reform proposals designed to bring universal coverage to the US. Although some of these proposals have been crafted with scholarly detachment, they mostly embody distinct political ideologies or the pecuniary interests of groups who profit from health care. The previously mentioned health insurance proposal unveiled by the health insurance industry on 13 November 2006 is a classic example of this genre. Although America’s Health Insurance Plans would tolerate a modest expansion of government insurance programmes for poor Americans, for the most part the plan calls for federal subsidies towards the purchase of the private health insurance policies the association’s members sell. It is, like all such plans, designed to allow the originator to do well by doing good.

It may be asked why, during more than a century with so many health reform proposals on the table at any time, not one has become the law of the land, if only by accident. The answer seems to be twofold.

Firstly, unlike Europeans, Americans tend to believe that poverty is the product of free choice rather than lineage and bad luck. The persistence of that myth, despite empirical evidence to the contrary, has made it difficult to raise taxes for universal health insurance, even though the US has the lowest ratio of taxes to gross domestic product in the Organisation for Economic Cooperation and Development.

However, a more important obstacle to universal health insurance in America is that, although all politically powerful interest groups have their own preferred strategy for universal coverage, these groups always prefer the status quo as the alternative—a phenomenon known as Altman’s law (after Brandeis University economist Stuart H Altman). Because no single plan has garnered the support of a political majority, we always revert to the current non-system mix of employer, government, and self coverage or no coverage. And Altman’s law holds.

The Democrats’ ascendancy to congressional power will probably trigger another national conversation on the plight of uninsured people. But even if the Democrats mustered the courage and the votes to raise taxes or enlarge the nation’s already huge deficit for the sake of universal coverage, President Bush’s veto pen would undoubtedly nip that idea in the bud, ironically appealing to the very budget deficit for which he is largely responsible.

Thus, it is a safe bet that any flurry of activity on uninsurance will be just another instalment in the never ending series of America’s national conversations on the topic—a conversation that resembles nothing so much as the rambling of a drunken lover at a bar—big talk, little action. In health care it has become “the American way.”

Competing interests: None declared.

2 Reinhardt UE. Is there hope for the uninsured? Health Affairs 2003;22:w3-390.
5 Princeton University, Princeton, NJ 08544, USA
6 Uwe E Reinhardt, James Madison professor of political economy (reinhardt@princeton.edu)