

## 6.7 MAJORITY OF HEALTH COSTS FOR UNINSURED PEOPLE ARE SUBSIDIZED\*

Christopher Conover

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### Abstract

Although per capita health costs for people uninsured all year are less than half the amount spent for those who have private coverage, more than 65 percent of their costs are subsidized.

Per capita health costs for non-elderly individuals who are uninsured for the entire year are less than half the medical spending for their counterparts who have private insurance coverage (figure 6.7a). Slightly more than half of those who are uninsured at least some portion of the year are without coverage the entire year. In any given year, the part-year uninsured lack coverage for approximately six months. Therefore, individuals uninsured the entire year constitute approximately 70 percent of the number of uninsured on any given day.

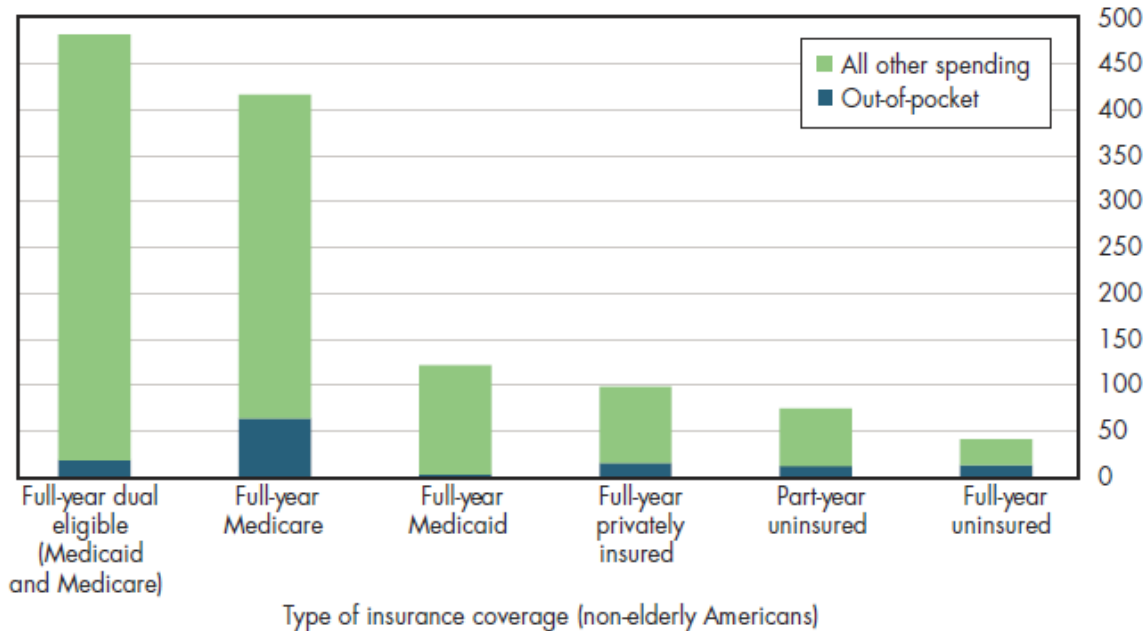
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### 6.7a Annual health spending for a non-elderly person uninsured all year is less than half the amount for those privately insured all year

Annual health spending per capita index: 100=full year privately insured (2008)



Note: Estimated spending for full year privately insured individuals younger than age 65 was \$3,914 in 2008.

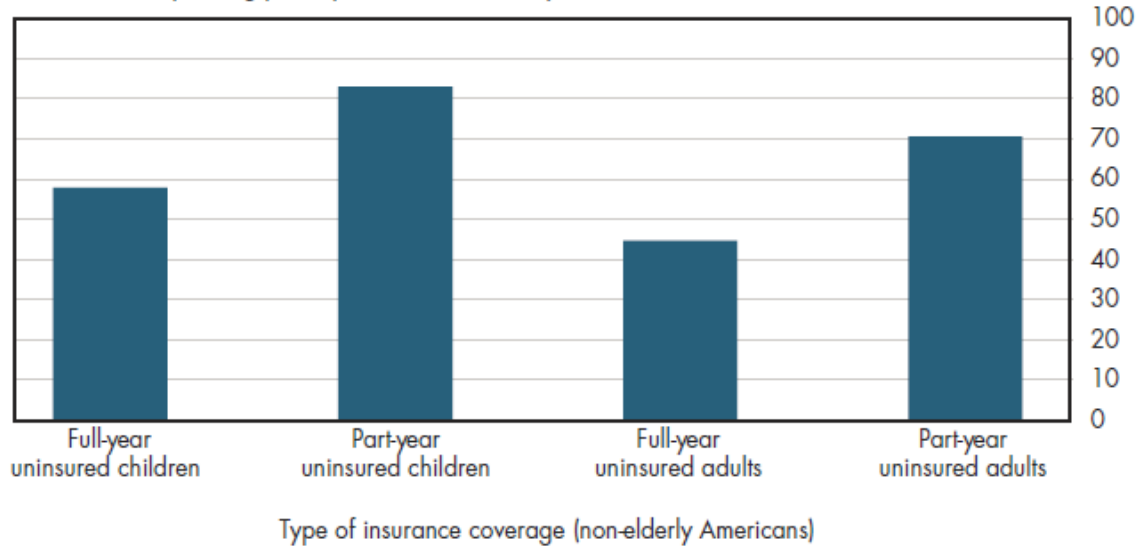
Although they are uninsured half the year, seven-eighths of spending for the part-year uninsured occurs during the portion of the year they are insured. This reflects the higher propensity of insured people to get care, but it also reflects strategic behavior by those drifting in and out of coverage. By deferring care when uninsured and using care as much as feasible if they know they are likely to lose coverage, they minimize the out-of-pocket burden associated with being without coverage.

Per capita spending on those privately insured all year is lower than for those on Medicaid the entire year. This disparity would be even larger if Medicaid payments to hospitals and doctors matched the levels paid by private health plans. Much of the difference reflects Medicaid coverage of expensive services not covered by standard private health plans (for example, long-term care costs such as extended nursing-home stays or home health for those whose condition is not likely to improve). The average non-elderly person covered by Medicare (that is, work-disabled) or Medicaid is in worse health than those who have private coverage.

Access to care appears to be somewhat better for uninsured children relative to uninsured adults. Spending for full-year uninsured children is approximately 60 percent of the level of statistically equivalent individuals having coverage the entire year; for their counterparts who are adults, spending is less than half that for equivalent adults having full-year coverage (figure 6.7b). Publicly subsidized care might be more accessible to children (for example, free clinics); likewise, the propensity for care-seeking among uninsured adults—some who have chosen to be uninsured—might be lower.

### 6.7b Relative to their adult counterparts, uninsured children have annual spending that is closer to the levels of those covered all year

Annual health spending per capita index: 100=full year insured (2008)



Note: All data compare estimated spending for the uninsured in each category to simulated spending if the individuals in each category were fully insured, taking into account differences in health status, demographic, and socioeconomic characteristics.

## 1 Downloads

Download Excel workbooks used to create Figure 6.7a Table<sup>1</sup> and Figure 6.7b Table<sup>2</sup>. [Note that you'd have separate links for each set of tables] Figures 6.7a and 6.7b were created from the following tables (the workbook includes all supporting tables used to create these tables):

- Fig. 6.7a: Table 6.7.1. Indexed Per Capita Spending for Insured and Uninsured Patients, by Source of Payment, 2008
- Fig. 6.7b: Table 6.7.2. Health Spending Per Capita for Uninsured to Simulated Spending if They Were Fully Insured

Download PowerPoint versions of both figures.

- Figure 6.7a Image Slide (as it appears above)<sup>3</sup>
- Figure 6.7a Editable Slide (can be formatted as desired)<sup>4</sup>
- Figure 6.7b Image Slide (as it appears above)<sup>5</sup>
- Figure 6.7b Editable Slide (can be formatted as desired)<sup>6</sup>

<sup>1</sup><https://hub.mili.csom.umn.edu/content/m10042/1.1/6.7aTAB.xls>

<sup>2</sup><https://hub.mili.csom.umn.edu/content/m10042/1.1/6.7bTAB.xls>

<sup>3</sup><https://hub.mili.csom.umn.edu/content/m10042/1.1/6.7aIMG.ppt>

<sup>4</sup><https://hub.mili.csom.umn.edu/content/m10042/1.1/6.7aDATA.ppt>

<sup>5</sup><https://hub.mili.csom.umn.edu/content/m10042/1.1/6.7bIMG.ppt>

<sup>6</sup><https://hub.mili.csom.umn.edu/content/m10042/1.1/6.7bDATA.ppt>

## 2 References

- A. Author's calculations.
- B. Hadley J, J Holahan, T Coughlin and D Miller. Covering the Uninsured in 2008: A Detailed Examination of Current Costs and Sources of Payment, and Incremental Costs of Expanding Coverage. Prepared for the Kaiser Commission on Medicaid and the Uninsured. Kaiser Commission on Medicaid and the Uninsured. Washington DC. August 2008.