

ISSUE BRIEF

The Consequences of Being Uninsured

AUGUST 2014

The Patient Protection and Affordable Care Act of 2010 (ACA) has increased access to health coverage for millions of Americans; however, it has left many uninsured and thus at risk for adverse health and financial consequences. This, in turn, impacts all of us. The more people who remain uninsured, the more our health care system is adversely impacted, including its ability to serve insured members of the community. So we continue to need comprehensive health care solutions that will increase access to health care for those who remain uninsured. State and local governments can play a vital role in expanding access to affordable health coverage and care by filling the gaps left by the ACA.

Uninsured After the Affordable Care Act

Despite the improvements in health insurance enrollment brought about by the ACA, many of us remain uninsured. In California, for example, the ACA made health care coverage available to about 3.2 million people,¹ but more than 4 million people in the state are expected to remain uninsured by 2015.²

On the national level, the Urban Institute estimates that 27.1 million people who live in the U.S. will remain uninsured by 2016.³ They will remain uninsured for a variety of reasons. A significant number would be eligible for Medicaid but live in states that did not expand Medicaid eligibility. The largest percentage of the uninsured is eligible for Medicaid, the Children's Health Insurance Program (CHIP), or subsidized insurance available through the ACA's marketplaces but did not enroll due to one or more of several factors. A significant number of people who are eligible for coverage face barriers that may prevent them from enrolling. Some may be eligible for subsidies but will decide that even subsidized health insurance is unaffordable. Some are not eligible for Medicaid, CHIP, or subsidized ACA marketplace insurance because of their immigration status, but they are a minority of the remaining uninsured. In California, the state with the highest number of undocumented

¹ "State's Undocumented Immigrants Use Fewer Health Services than U.S.-Born Residents," *Targeted News Service*, May 6, 2014, <http://insurancenewsnet.com/oarticle/2014/05/06/states-undocumented-immigrants-use-fewer-health-services-than-us-born-residen-a-499544.html#.U44OhfnIYkE>.

² *CalSIM version 1.91 Statewide Data Book 2015–2019* (UCLA Center for Health Policy Research and UC Berkeley Center for Labor Research and Education, May 2014), <http://healthpolicy.ucla.edu/publications/Documents/PDF/2014/calsimdatabook-may2014.pdf>.

³ Matthew Buettgens, Genevieve M. Kenney, and Hannah Recht, *Eligibility for Assistance and Projected Changes in Coverage Under the ACA: Variations Across States* (Urban Institute, May 2014), www.urban.org/uploadedpdf/413129-Eligibility-for-Assistance-and-Projected-Changes-in-Coverage-Under-the-ACA-Variation-Across-States.pdf.

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immigrants, they are estimated to make up fewer than 40 percent of those who remain without coverage.⁴ Nevertheless, immigrants, as well as low-income individuals and children, face particular obstacles in accessing health insurance and are more vulnerable to the consequences of being uninsured.

Health Consequences for the Uninsured

People who are uninsured suffer significant health consequences as a result of not having insurance. Being uninsured has been correlated with poorer quality of health care, lower rates of preventive care, and greater probability of death.⁵ Uninsured adults are more than 25 percent more likely to die prematurely than adults with health insurance.⁶ The Institute of Medicine estimates that, in the year 2000, lack of health insurance led to the death of 18,000 adults, making it the sixth most frequent cause that year of death among people aged 18 to 64.⁷

Many uninsured people avoid seeking medical care unless they are faced with an emergency, or they delay care until their symptoms become intolerable.⁸ As a result, the uninsured are less likely to receive a diagnosis in the early stages of a disease and are more likely to suffer complications from aggravated medical conditions. They are at particular risk from diseases that are asymptomatic or produce only minor symptoms.

People who don't have insurance are more likely to receive an initial diagnosis of cancer in a late stage of the disease, and tend to have poorer treatment outcomes and to die within less time after diagnosis.⁹ Uninsured people are also less likely to receive a timely diagnosis or treatment of sexually transmitted diseases, which can develop into serious health conditions and an increased risk of contracting HIV. Uninsured people who are HIV-positive are less likely to be aware of their HIV status and are likely not to seek treatment until the disease has progressed.¹⁰

Acute or Sudden Conditions

People who don't have health insurance also tend to experience poorer medical outcomes following accidents and acute or sudden conditions. Uninsured hospital patients with acute conditions are at greater risk of dying while they are in the hospital and for two years after being discharged. Uninsured adults who are injured in accidents are less likely to recover

⁴ CalSIM version 1.91 Statewide Data Book 2015–2019, *supra* note 2.

⁵ *America's Uninsured Crisis: Consequences for Health and Health Care* (The National Academies Press, 2009), www.iom.edu/Reports/2009/Americas-Uninsured-Crisis-Consequences-for-Health-and-Health-Care.aspx.

⁶ Kim Bailey, *Dying for Coverage: The Consequences of Being Uninsured* (Families USA, June 2012), <http://familiesusa.org/product/dying-coverage-deadly-consequences-being-uninsured>.

⁷ *America's Uninsured Crisis*, *supra* note 5.

⁸ *Id.*

⁹ Karen Davis, *The Costs and Consequences of Being Uninsured* (The Commonwealth Fund, June 2003), http://www.commonwealthfund.org/~media/files/publications/in-the-literature/2003/jun/the-costs-and-consequences-of-being-uninsured/davis_consequences_itl_663-pdf.pdf.

¹⁰ J. Michael McWilliams, "Health Consequences of Uninsurance among Adults in the United States: Recent Evidence and Implications," *The Milbank Quarterly*, Vol. 87, Issue 2, June 2009, pp. 443–94.

fully and more likely to die as a result of their injuries or to report subsequent declines in their health.¹¹

People who lack health insurance are more likely than the insured to die from trauma or other acute conditions, such as heart attacks or strokes. Uninsured adults who experience a stroke, respiratory failure, hip fracture, or seizure are more likely to face poorer health outcomes and are more prone to premature death.¹² Among patients hospitalized with acute ischemic stroke (characterized by a sudden loss of blood flow to an area of the brain), the uninsured had a higher level of impairment to the central nervous system and a 24 percent higher rate of mortality.¹³

Chronic Diseases

Among adults with chronic illnesses, the uninsured are less likely to schedule regular visits with physicians and to pursue clinically effective remedies, such as prescription medications.¹⁴ Uninsured adults are more likely than the insured to suffer from an undiagnosed chronic condition that could be controlled with appropriate management, such as diabetes, high blood pressure, or elevated cholesterol.¹⁵

A study analyzing the effects of acquiring health coverage found that people with cardiovascular disease or diabetes reported significantly improved health when they turned 65 and qualified for Medicare.¹⁶ The improvements were attributed to improved access to care, better use of effective treatments, and improved management of health conditions.¹⁷

Health Outcomes for Children

Children are particularly vulnerable to the medical consequences associated with not having health insurance. Children with insurance are more likely than uninsured children to be immunized and to have access to a regular source of care.¹⁸ Uninsured children are less likely to receive timely diagnoses for serious health conditions, are more likely to be hospitalized for avoidable medical conditions, and miss more days of school for health-related reasons. Uninsured children with diabetes are more likely to contract a life-threatening complication called diabetic ketoacidosis, which can lead to a diabetic coma or death.¹⁹ Among children with asthma, the uninsured are less likely to have access to appropriate care, and they have poorer asthma outcomes.²⁰

¹¹ *Id.*

¹² *The Costs and Consequences of Being Uninsured*, *supra* note 9.

¹³ *America's Uninsured Crisis*, *supra* note 5.

¹⁴ *Id.*

¹⁵ "Health Consequences of Uninsurance among Adults in the United States," *supra* note 10.

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ *Id.*

¹⁹ *The Costs and Consequences of Being Uninsured*, *supra* note 9.

²⁰ *Id.*

Economic Consequences

Medical debt is a significant problem for both insured and uninsured families. Medical debt can contribute to housing insecurity, increased credit card debt, and a higher risk of bankruptcy among both the uninsured and others with high medical costs.²¹ The uninsured often face disproportionately burdensome health care costs. People with insurance benefit from the lower prices negotiated by insurers, as well as the insurers' payment toward the cost of services. In many states, hospitals charge individuals without health insurance undiscounted rates, which are often more than 2.5 to 3 times the amounts paid by Medicare and insurers.²²

As a result of deferred medical treatment, people who lack insurance often miss more time from work when they are ill or injured and may retire sooner because of poor health. For many workers, being absent means a loss of earnings. Employers also incur costs when workers are absent, leave their jobs, or retire early for health reasons. Employee absence costs employers billions of dollars per year in wages paid to absent employees, administrative costs, replacement workers, and lost productivity.²³ Losing employees is also costly. The expenses associated with employee turnover average 20 percent of the employee's annual wage and include lost productivity and the cost of recruiting, hiring, and training a replacement.²⁴

Ultimately, people who have insurance also pay for the health care that people who are uninsured receive. As unreimbursed medical costs rise, health care providers often increase charges to people who have private insurance in order to compensate for the providers' economic losses.²⁵ These increases are sometimes called a "hidden health tax."

Consequences for the Health System and the Insured

High rates of uninsurance destabilize local health care systems, putting the health and wellbeing of entire communities at risk. Expanding access to affordable health care benefits both insured and uninsured community members.

²¹ Kathleen Stoll and Kim Bailey, *Hidden Health Tax: Americans Pay a Premium* (Families USA, May 2009).

²² Gerard F. Anderson, "From 'Soak the Rich' to 'Soak the Poor': Recent Trends in Hospital Pricing," *Health Affairs*, Vol. 26, No. 3, May 2007, pp. 780–89.

California law limits the amount hospitals can charge uninsured patients and patients with high medical costs whose household income is below 350 percent of the federal poverty level.

²³ *Absenteeism: The Bottom Line Killer* (Circadian, 2012), www.workforceinstitute.org/wp-content/themes/revolution/docs/Absenteeism-Bottom-Line.pdf.

²⁴ Heather Boushey and Sarah Jane Glynn, *There Are Significant Business Costs to Replacing Employees* (Center for American Progress, Nov. 16, 2012), www.americanprogress.org/issues/labor/report/2012/11/16/44464/there-are-significant-business-costs-to-replacing-employees/.

²⁵ *Hidden Health Tax*, *supra* note 21.

Emergency Resources

When uninsured patients avoid medical treatment until confronted with an emergency, emergency resources are expended on medical issues that could have been prevented or managed through less costly primary care.²⁶

Reliance on emergency services can lead to overcrowding, which often results in the diversion of ambulances from overtaxed hospitals to facilities that are further away.²⁷ The American Hospital Association found that almost half of all hospitals had diverted patients at some point during 2004.²⁸ These diversions delay the provision of services for patients in the diverted ambulances and increase the wait times for other patients in need of ambulance services.

Emergency room wait times also affect the availability of first-responders. A 2006 study found that Los Angeles ambulance crews waited an average of 27 minutes with patients who were seeking urgent medical attention.²⁹

Services Available

The range of services offered by hospitals is also affected by communities' rates of uninsurance. Hospitals often eliminate or limit unprofitable services in favor of revenue-generating activities. Non-safety-net hospitals most often cut back on services commonly used by uninsured patients, including maternity care, emergency department services, AIDS services, psychiatric emergency care, and substance abuse care.³⁰ The loss of these services can have a profound effect on community health. A recent study found increased mortality among inpatients in facilities located in hospital service areas where an emergency department had closed between 1999 and 2010. The study, which was limited to California, found a 10 percent increase in deaths among nonelderly adults, and a 15 percent increase among patients who had heart attacks.³¹

Having a high concentration of uninsured individuals in a community compromises the health outcomes of the community as a whole. Health care systems prefer to invest in affluent areas that have higher rates of insurance. Physicians generally prefer working in newer, more up-to-date facilities over under-resourced health centers in low-income communities.³² Hospitals in areas with high rates of uninsurance struggle with recruiting on-call specialists, resulting in longer wait times for emergency room visitors regardless of their health insurance status.³³ Lower rates of insurance within a community result in a decrease

²⁶ *America's Uninsured Crisis*, *supra* note 5.

²⁷ *Id.*

²⁸ *Id.*

²⁹ *Id.*

³⁰ *Id.*

³¹ Charles Liu, Tanja Srebotnjak, and Renee Y. Hsia, "California Emergency Department Closures Are Associated with Increased Inpatient Mortality at Nearby Hospitals," *Health Affairs*, Vol. 33, No. 8, Aug. 2014, pp. 1323–29.

³² *A Shared Destiny: Community Effects of Uninsurance* (The National Academies Press, 2003) http://www.nap.edu/catalog.php?record_id=10602.

³³ *Id.*

in availability of primary, preventive, specialty, and hospital-based care services, and may result in the closure or privatization of local community hospitals.³⁴ Insured adults in communities with low levels of insurance are less satisfied with the care they receive and are more likely to face challenges when seeking health care.³⁵

Safety-Net Providers

Uninsured individuals will continue to rely heavily upon safety-net providers for their primary care needs. The safety-net system primarily consists of community health centers, clinics, emergency rooms, and charitable care offered by private providers.³⁶ The Medicaid Disproportionate Share Hospital program provides states with funding to compensate for costs associated with the treatment of uninsured people, but funding for this program is expected to be cut by \$18 billion from 2017 to 2024.³⁷ Most of these cuts are expected to come out of emergency care services for poor urban and rural communities.³⁸ As people who remain uninsured continue to rely on unreimbursed services, the resources for these safety-net providers become further strained, potentially comprising the quality of care or increasing wait times and overcrowding for patients.³⁹

Safety-net providers may be further harmed by payment restructuring. As payment systems become increasingly more outcome-based, hospitals are beginning to face financial penalties if certain patients are readmitted within a designated period of time.⁴⁰ The uninsured are more likely to be require readmission because they often have multiple undiagnosed health problems. By caring for some of the most medically vulnerable individuals, safety-net providers risk penalties as a result of providing care to uninsured individuals.

Public Health

Limited enrollment in health coverage adversely affects overall public health by putting the public at risk for preventable diseases. Children without a regular source of care are less likely to receive a complete series of vaccinations, and reduced rates of immunization subject entire communities to outbreaks of communicable diseases, such as pertussis, measles and influenza.⁴¹

³⁴ *Id.*

³⁵ *Id.*

³⁶ Jessica Stephens & Samantha Artiga, *Key Facts on Health Coverage for Low-Income Immigrants Today and Under the Affordable Care Act* (The Henry J. Kaiser Family Foundation, March 2013), <http://kaiserfamilyfoundation.files.wordpress.com/2013/03/8279-02.pdf>.

³⁷ Julie Appleby & Kaiser Health News, “How Will the Health Law Impact Coverage for Immigrants?,” *PBS Newshour* (Oct. 12, 2012), www.pbs.org/newshour/rundown/2012/10/how-will-the-health-law-impact-coverage-for-immigrants.html; 42 U.S.C. § 1396 (f)(7).

³⁸ Nina Bernstein, “Hospitals Fear Cuts in Aid for Care to Illegal Immigrants,” *New York Times*, July 26, 2012, www.nytimes.com/2012/07/27/nyregion/affordable-care-act-reduces-a-fund-for-the-uninsured.html.

³⁹ *America’s Uninsured Crisis*, *supra* note 5.

⁴⁰ Laura Summer, *The Impact of the Affordable Care Act on the Safety Net* (Academy Health, April 2011), www.academyhealth.org/files/FileDownloads/AHPolicybrief_Safetynet.pdf.

⁴¹ *Id.*

Conclusion

Individual and community concerns call for an increase in access to health insurance. When many members of a community are uninsured, all members of the community are affected. Both the insured and the uninsured benefit when each person has access to affordable health coverage. Policies that extend access to health care to those left uninsured after implementation of the ACA are essential.

Existing federal, state, and local policies can be used to expand health coverage to be more comprehensive and all-inclusive. The ACA has created an unprecedented opportunity for states to expand health coverage for their residents. States should take advantage of the opportunity to expand access to Medicaid for their low-income residents. Under the Children's Health Insurance Program Reauthorization Act of 2009, states can also opt to receive federal matching funds to cover more categories of immigrant children and pregnant women without any waiting period in Medicaid and CHIP'.⁴²

Special attention should be paid to the subsets of the population who face disproportionately high rates of uninsurance and to the important safety-net organizations that continue to serve them. Any reduction in funding for safety-net providers should occur only after any decrease in the need for uncompensated care can be confirmed.

Health care coverage not only affects people in vital aspects of their lives, such as employment, education, and financial stability, but it also affects the health care system and the general public. Advocates can help to protect the health and stability of their communities by promoting access to health care coverage for the remaining uninsured, particularly those who lack coverage options.

⁴² See *Facts About Federal Funding for States to Provide Health Coverage to Immigrant Children and Pregnant Women* (National Immigration Law Center, Aug. 2010), www.nilc.org/ICHIA-facts-2010-08-06.html.