

THE “47 MILLION UNINSURED” MYTH

By Investors Business Daily

Health Care: The latest poverty data highlight what many keep calling the “crisis” of the uninsured. Some 47 million people lack medical insurance, a record. A social disaster? Hardly.

It goes without saying that there now seems to be a broad consensus that the great tragedy of our health-care system is that so many people go uncovered. One glance at the data certainly suggests that is the case.

That might be why a broad spectrum of politicians, ranging from Sen. Hillary Clinton on the left to Mitt Romney on the right, advocate universal health care as key to health reform. Even Wal-Mart has joined with its nemesis, the Service Employees International Union, to call for universal health care.

But, like so many other things that get spun in the media, most of what you know about the uninsured is wrong.

Take the idea that, somehow, this is part of the growing split between the haves and have-nots in this country. It’s not that simple.

One of the shocking things in the Census Bureau’s report this week on poverty and health care in America is that so many well-to-do people can easily afford health care, but choose to go without it.

The median household income, according to the data released this week, is \$48,200. You might be surprised to discover that 38% of all the uninsured – that’s almost 18 million people – have incomes higher than \$50,000 a year. An astounding 20% of all uninsured have incomes over \$75,000. These are people who can afford coverage.

Is it really a good idea to tax working people to subsidize those who refuse to pay for a necessity they could easily buy? The answer, of course, is no.

One other breakdown of the data is instructive. By far the group with highest share of uninsured is Hispanics. Some 34.1% of all Hispanics lack coverage.

That latter piece of data is alarming. Drilling even deeper, one finds that fully 27% of all the uninsured in the U.S. – that’s 12.6 million people – aren’t even citizens. Not coincidentally, the government also estimates that about 12

million illegals now reside in the U.S., though some think tanks put the number as high as 20 million.

Putting the two together, this suggests that – surprise – a major reason for the uninsured “problem” is our failure to enforce our border.

By some estimates, another 20% or so is uninsured only for a couple of months a year. As TV journalist John Stossel recently noted, as many as a third of all those eligible for public-health programs don’t even bother to apply.


Once you whittle it down, you start to realize that the number of hard-core uninsured who are citizens is in fact fairly small – perhaps half the reported 47 million or less.

Yet it is not clear that shrinking the 47 million to zero would help all that much. Because the uninsured still get health care. They get it through Medicaid, the state-run, federally funded program for the indigent. They get care, by law, in any emergency room in the country.

No, that’s not the best way to care for someone. But to say that people have “no access to health care,” as we often hear, simply is a lie.

Moreover, it’s not clear that those who go the emergency-care route are worse off. A study by health economists Helen Levy of the University of Michigan and David Meltzer of the University of Chicago found “no evidence” that boosting coverage for all would be a cost-effective solution to improve overall health.

If there is a real problem here it is a tax code that encourages third-party payment of our health-care bills, thus driving up costs. An estimated 86% of all health-care purchases go through third parties. As anyone with a credit card understands, letting someone else buy something for you without any controls is an invitation to financial disaster.

Making consumers responsible for spending their own health-care dollars – and letting them benefit when they control costs – is the real answer to our “uninsured problem.” It would lead to lower costs, and wider coverage – something universal-care advocates promise, but cannot deliver. 

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