

The Concept of Underinsurance: A General Typology

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Outline

1. The Importance of Health Care
2. Uninsured *versus* Underinsured
3. The Relative Character of Underinsurance
4. Dimensions of Underinsurance
5. The Problem of "Adequacy"
6. Conclusions


Importance of Health Care

“Of all the forms of injustice, injustice in health care is the most shocking and inhumane”

- Martin Luther King, Jr. -

“The enjoyment of the highest attainable standard of health is one of the fundamental rights of every human being.”

- World Health Organization -



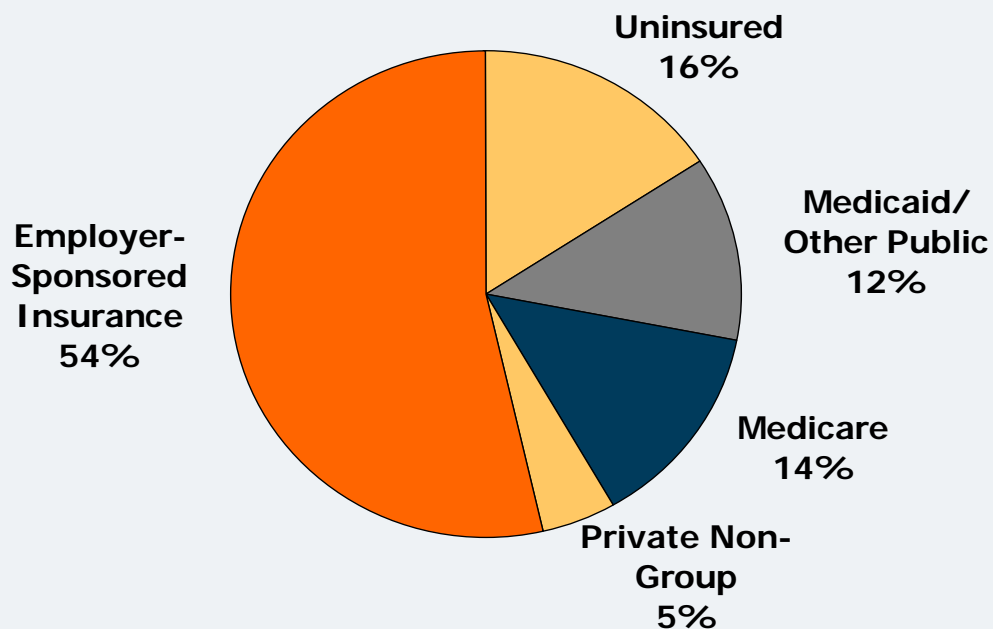
Numerous studies show a statistically significant association between health status and appropriate, available health care:

Health care available → Improved Health

The “right to be healthy” (a right of opportunity) entails a right to appropriate, available health care access.

In the U.S., the principal entry point for health care is through the use of health insurance.

Health Insurance Coverage in the U.S., 2006



Total = 296.1 million

NOTE: Includes those over age 65. Medicaid/Other Public includes Medicaid, SCHIP, other state programs, and military-related coverage. Those enrolled in both Medicare and Medicaid (1.8% of total population) are shown as Medicare beneficiaries.

SOURCE: Kaiser Commission on Medicaid and the Uninsured/Urban Institute analysis of March 2007 CPS.

The Uninsured

One way health insurance can be inadequate is by a person being **Uninsured**

1. No health insurance at one or more given points in time, or
2. No health insurance for one or more periods of time.

Two Caveats

1. Being uninsured means having NO health insurance of ANY kind (or having only a single service plan or covered by only IHS).
2. Regarding issues of justice and equity, being uninsured is "not voluntary."

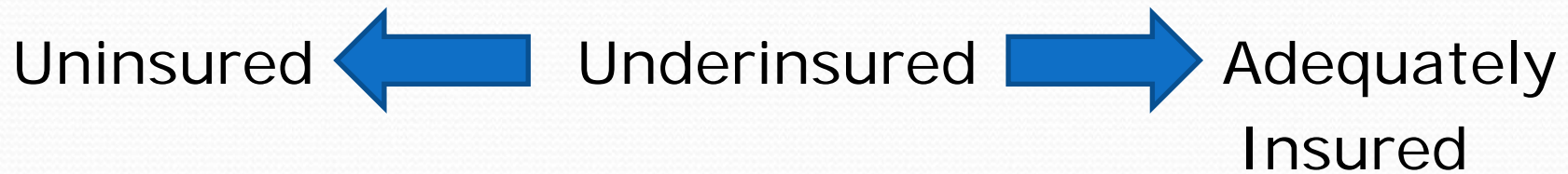
Underinsurance

People who **have** health insurance but are **NOT** “adequately covered” by that insurance are **Underinsured**.

Generally, a person is underinsured if:

1. The depth and breadth of the health insurance coverage is in some way inadequate, or
2. Access to health care is inadequate, or
3. The financial burden associated with the health insurance coverage is excessive.

Health Insurance Continuum



People are underinsured relative to an adequate health insurance plan. Thus, two important questions are:

1. What do we mean by adequate health insurance?
2. How do we measure or assess adequacy?

Relative Character of Underinsurance

If a health insurance plan is inadequate (underinsuring those it covers), it is inadequate relative to an adequate insurance plan.

Assessments of underinsurance need:

- A Benchmark Health Insurance Plan against which to assess inadequacy
- Consensus on the characteristics of the Benchmark Health Insurance Plan

Against Narrow Experiential Measures

We should **resist** assessments of underinsurance based on subjective preferences or experiences of individuals.

Suppose that someone wanted a benefit (e.g., cosmetic surgery) and claimed to be underinsured because it was not covered. This would render the concept of underinsurance meaningless as anything other than an emotive expression of preference.

We must start with some benchmark that is **not** narrowly subjective:

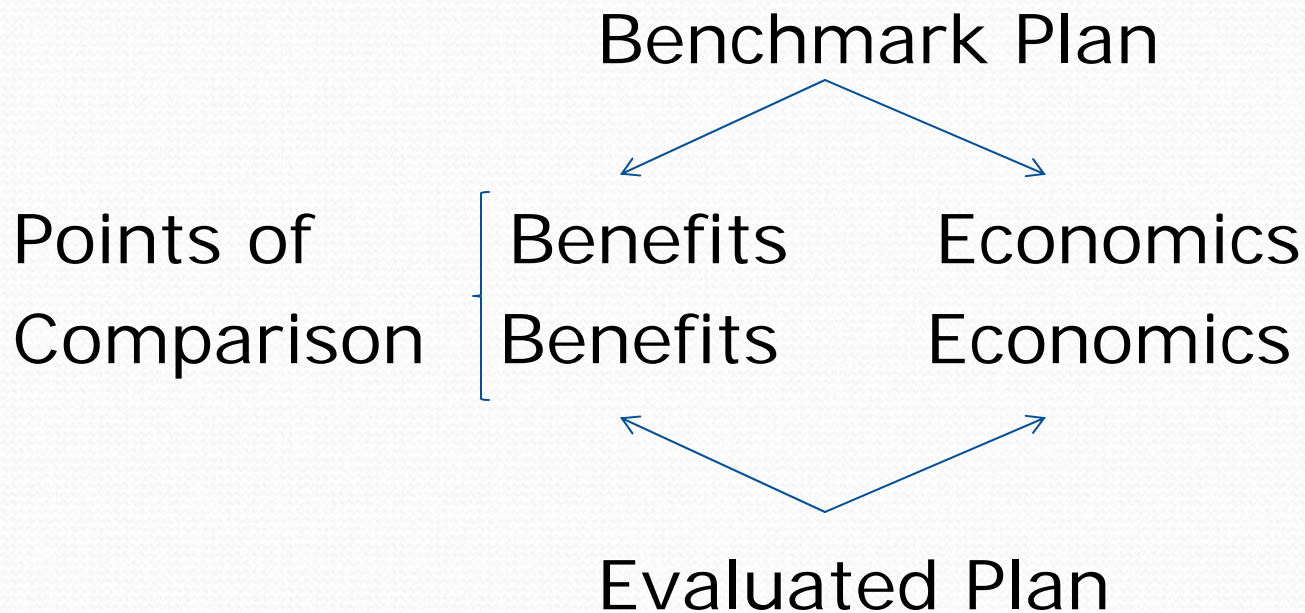
A “third-person” assessment, NOT a “first person” assessment.

Dimensions of Underinsurance

Two broad characteristics that are important in characterizing a Benchmark Health Insurance Plan:

- 1. Benefits (including Access)** – What benefits and services are offered, and what access is provided (e.g. Is preventive health care covered? What sort of pain management is covered? Is care available for covered benefits?)
- 2. Economics** – What the costs are to those covered by the plans (e.g., Is there a co-pay? Is there a deductible? What are the premiums paid?)

Given the two characteristics from the previous slide, what we have is a way to compare and contrast the “adequate” Benchmark plan with a plan we wish to evaluate for its adequacy:



Questions of Benefits

Relative to the **benefits** offered by the evaluated plan, we can ask:

1. Is there at least one necessary health benefit not offered by the health insurance plan, that is offered by the benchmark plan?
2. Is there at least one necessary health benefit offered only under specific conditions, that is offered by the benchmark health plan without those conditions?
3. Is there at least one necessary health benefit not available under the health insurance plan that IS available under the benchmark plan?



There is general agreement about at least some of the medical benefits needed for a health care plan to be adequate.

Example: There is consensus that coverage of immunizations and well-child visits are necessary for health insurance coverage to be adequate. Any Benchmark Health Plan would include this.

Thus, the children of a person whose health insurance plan did NOT cover immunizations and well-child visits would be underinsured.

Questions of Economics

Relative to the **economics** associated with the evaluated plan, we can ask:

1. In the past year, were evaluated plan's out-of-pocket payments $>$ Benchmark's out-of-pocket payments?
2. Is there some % chance of evaluated plan's maximum out-of-pocket payments $>$ Benchmark's maximum out-of-pocket payments?



There is general agreement about at least some of the economic elements needed for health care to be adequate.

Example: There seems to be general consensus that health insurance should not require or impose excessive financial burdens for covered benefits – generally no more than 10% of family income in any year for out-of-pocket costs.

Thus, a person whose health insurance required paying more than 10% of family income in out-of-pocket expenses in a year would be underinsured.

We **cannot** separate benefits and economics when evaluating a health insurance plan; financial consequences and benefits must BOTH be considered when evaluating health insurance plans.

Two simple examples:

- If we examined only benefits, we could have unlimited benefits for everything we wanted, but the cost could be astronomical.
- If we looked only at cost, we could have low or no costs, but very few benefits.

The 6000 Pound Gorilla in the Room

An Objection: This approach (typology) to underinsurance is too vague and ill-defined. (e.g., How do we “operationalize” the typology?)

But what is the cause of this vagueness?

The real problem is that we need to have some way warrant our claims about what an **ADEQUATE** health insurance plan is. As the U.S. Congress' Office of Technology Assessment wrote in 1988, “[C]alling something inadequate implies that there is a standard against which it can be judged.”

- If we have **no** standard of what an adequate health insurance plan is, then we have no real concept of what it means to be underinsured.
- If we have no real concept of what it means to be underinsured, then “the numbers” are meaningless.
- If we have **multiple standards** of what an adequate health insurance plan is, then we have multiple concepts of what it means to be underinsured.
- If we have multiple concepts of what it means to be underinsured, then we have multiple, incommensurable measures of the underinsured (“pick your favorite number”).

The problem of defining/characterizing an adequate health insurance plan (a Benchmark plan) is DIFFICULT. You must consider BOTH benefits and economics.

There are at least three kinds of approaches that (in my opinion) offer hope:

- (a) Combining a concept of “necessary medical care” with evidence-based health care;
- (b) Using a broad notion of “human rights” relative to health care – e.g., the right to have chronic pain managed;
- (c) Using a concept of procedural justice (e.g., Rawls, Habermas) which ensures impartiality, and reflects the considered preferences of affected stakeholders.

Conclusions

1. Underinsurance is a “relative term” – relative to the concept of adequate health insurance.
2. To answer questions about “How many” people are underinsured you must first have a concept of Adequate health insurance.
3. The concept of adequate health insurance is a complex one having multiple dimensions that necessarily reflect certain values (i.e., a normative dimension).
4. We can make headway into the question of Adequate health insurance by careful, focused attention on necessary health needs, and the socio-economic mechanisms needed to meet those needs.