

Editor's Notes

The Uninsured—Everyone's Problem*

By Stephen Jackson, M.D., Editor

As of September 2003, there were almost 44 million uninsured United States citizens, 6 million of them residing in California. And, the number is rising each year. As disconcerting as these data are, one must reckon with the fact that this national number jumps to 75 million if one seeks the number of Americans who were without health care coverage at some time during these past two years. This represents one-third of the non-elderly in the United States! Two-thirds of these 75 million had no health care insurance for at least six months, one-half at least nine months, one-quarter throughout the entire two-year period.

What happens when the uninsured become ill? In all likelihood, they wait and hope that they will get better. When they fail to improve and their condition worsens, then they access our health care system (most probably an emergency room) in a more advanced stage of their disease, and at a time when the cost of care will be much greater—and their outcomes much worse. Moreover, all of us (society) ultimately contribute to pay for this failure of our health care system. It is a lose-lose situation.

Four factors have contributed to the mounting numbers of the uninsured. First, as health care insurance costs continue to rise, it becomes increasingly difficult for employers to cover their employees, this being especially so for the small businesses that often are the least capable of affording it. Second, with the labor market softening, there is a tendency for employers, especially those who conclude that the costs of providing coverage are unaffordable, to pass the costs of insurance onto their workers. A parallel approach is to offer extremely inexpensive plans that are bare-boned and with limited benefits and large deductibles or co-pays. In fact, the threat of losing

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health care coverage as a “right” of employment has become the focus of a rising number of strikes in which wages no longer occupy center stage. The third factor is simple: with a sagging economy, as the number of unemployed continues to grow there are fewer people with health care insurance. Finally, the economic fortunes of California (and many other states) have become a conflagration of fiscal crises, leading to greater fiscal pressure on our elected officials to weaken public health programs (Medi-Cal here, Medicaid elsewhere). The inevitable consequence is an increased number of the uninsured. As California's Medi-Cal safety net, already unattractive to many physicians, is assaulted with further reductions of outrageously paltry physician reimbursements, those physicians will refuse to accept Medi-Cal patients, with access to care further deteriorating.

Incredulously, the uninsured are *not* the poorest and most downtrodden citizens in our society! They generally are not on welfare, about 80% of them belonging to a family in which at least one person is employed. As the uninsured problem grows, it will metastasize to more of the middle class working families. As such, the accompanying political agenda will become one of self-interest for the middle class, and less one of altruism by these “haves” to the disadvantaged.

Furthermore, there is a little-appreciated problem posed by our private sector's employment-based health care coverage, one that involves a disparity between low and high wage earners. If a worker earns more than \$15/hour, he or she has a 93% chance of having health care coverage *offered* by their employer; this contrasts with only a 50% chance for the employee earning less than \$7/hour. This disparity is compounded by the fact that if the lower wage earner is offered coverage, they wind up having to ante up a greater percentage of their income for health insurance. Because they have less discretionary income, they often, unfortunately, choose not to accept the offered coverage.

Now, we should be somewhat comforted by the fact that our government's Medicaid (Medi-Cal) program accomplishes a yeoman's job of keeping the uninsured numbers in check. There are 51 million citizens in this program nationwide. The general belief is that if an American is poor, then Medicaid covers that individual, but this is only partially true because different parts of the population are treated differently with respect to Medicaid eligibility. If you are a child, then you are likely to be eligible for public health coverage through Medicaid or the Children's Health Insurance Program. To qualify, a family of three must have earnings less than 200% of the Federal Poverty Level (FPL). California is a bit more altruistic with a 250% cutoff level. Nationally, this translates to an income of \$31,000 (\$36,000 for a family of four). However, the parents of these same children would be eligible only if their family income is 69% of the FPL, which translates

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to only \$11,000 nationally. But now we arrive at an even more abysmal situation, that of the childless adult, who in 43 states is not eligible even if they earn nothing and are penniless! This may well qualify as an abrogation of ethical duty within our public sector.

So, there are huge hurdles to be overcome if we, as a society, are to provide, at the very minimum, access to basic health care for all Americans. We need to strengthen the private employment-based sector and concomitantly improve coverage from the public sector. The uninsured were a key consideration in the deliberations of the California Legislature as it passed (and our former governor signed) SB 2, the landmark California Health Insurance Act of 2003 that will be tested both legally—and perhaps in a ballot initiative—before it will be implemented. Some hail SB 2 as the first step to a more encompassing solution for the uninsured. Others, however, believe SB 2 to be inadequate in its scope, failing to address the problems encountered by small businesses and low wage earners, while potentially aggravating our state's already injured economy. Perhaps the American people are not yet ready for a single payer system, but further increases in the population of the uninsured assuredly will lead to a revolution—rather than evolution—within our health care system. More commentary and updates on SB 2 (and its successors and assailants), as well as on Workers' Compensation reform legislation, will be forthcoming in the 2004 issues of this *Bulletin*.

* *Access to basic health care, rising costs of uncompensated care, and increasing numbers of uninsured citizens are issues entrenched in our nation's social, economic and political engagements. These issues were examined at the California Medical Association's recent health care leadership conference. One of the most informative presentations was by Ron Pollack, Executive Director of Families USA, a national organization for health care consumers, and this editorial is based on this well-respected consumer advocate's commentary.*

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May all that is good shine upon you.
May your nights be warm.
May all that is happy be known to your heart.

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