

# The Powers Report Podcast

## Episode 2

### Health Insurance Doesn't Make People Healthier

Welcome to The Powers Report Podcast. I am your host, Janis Powers. The show brings you candid, unique and data-driven perspectives on the health care industry. Each segment features a different topic in health care, covering policy, technology, advancements in pharmaceuticals and changes to the health care delivery and payment systems. I believe that any solution that is going to positively impact the American health care system has to satisfy two major criteria: financial viability and behavioral incentive alignment. In other words, access to high quality care across our community of 330 million people can only be achieved if we can afford it, and if we behave in ways that optimize our health. Only then will we be able to bring down costs and better engage patients so we can improve access to care. Please subscribe to our show on i-Tunes or on your preferred podcasting platform and connect with us on social media. Again, this is Janis Powers, and welcome to The Powers Report Podcast.

The podcast is sort of a “myth-busters” segment. It’s called “Health Insurance Doesn’t Make People Healthier.” It’s an idea that goes against the grain of what many of us believe to be true. That is, that the access to health care provided by health insurance should correlate to better health outcomes. The thought is that when we get health insurance, we should be healthier, because now we have access to care that’s covered under our insurance plan. Well, the facts show otherwise. As I will discuss, there’s a reality gap between the expectations of what health insurance can do and the how people actually use it. We need to come to terms with the notion that health insurance does not make people healthier so we can direct our resources to more effective financial mechanisms for funding health care services.

So let’s get to some data to prove the point. I’m going to give you high level data, but it’s going to sound a bit in the weeds. I am purposefully explaining the details of the data because for this topic, health insurance doesn’t make people healthier, the devil is in the details. This is about understanding exactly which data is relevant, reading the footnotes in studies and being clear on which studies generate useful conclusions. On the plus side, there will not be a test later, so you don’t need to take notes.

According to data from the US Census Bureau (1), the percentage of Americans with any kind of health insurance was 85.4% in 2008.

In historical context, 2008 is before the Affordable Care Act was signed into law, which happened in 2010. The data that 85.4% of Americans had health insurance represents non-institutionalized Americans. That means that there’s a portion of the total population that was not included in the calculations because they were incarcerated or were in some other detention-type program.

And as a sidebar, about 1% of the population was incarcerated in 2008 (2). The rate of incarceration has fallen since then but the United States still has the highest incarceration rate in the world. That’s an interesting tidbit that I am sure is a topic of discussion for many sociologists, attorneys, policy makers and the NAACP and might be the subject of a future podcast here.

In any case, outside of the institutionalized portion of the population, the 85%-ish number includes everyone, meaning people who are 65 and older and kids. Most people who are 65 and older have

insurance under the Medicare program. Kids are typically insured with their parents, or through CHIP, the Children's Health Insurance Program. So when the 65 and older crew and kids are included in calculations about the number of Americans who have health insurance, the figure is going to skew high.

Therefore, you'll oftentimes see calculations for so-called "non-elderly adults." That means that the Medicare-aged population have been excluded from calculations and children have been excluded.

So, like I mentioned, the percentage of total Americans with any kind of insurance was 85.4% in 2008. For the non-elderly adult population, the number of Americans with health insurance that year was a lot lower, or about 80.6%. That's about a five point difference – five percentage points lower. Put another way, about a decade ago, one in five non-elderly adults didn't have health insurance. You can see why there was major momentum behind getting President Obama elected and in getting the Affordable Care Act across the line.

In 2017, the total number of Americans with health insurance was 91.3%. For the non-elderly adults, 87.7% had health insurance. Both these numbers are big improvements over 2008's figures. It's a leap of six or seven percentage points over ten years, which is very meaningful.

So what's happened to the health of the overall population during that period?

I'll give you some trend data and the dates may not exactly line up. The data may be for adults, non-elderly adults or the entire population, but you'll get the point.

Life expectancy. In 2008, life expectancy in America was 78.2 years (3). It had been on a steady increase for decades. It reached a recent high in 2014 when it hit 78.9 years. Starting in 2015, it dropped and it has dropped every year so that in 2017, the average life expectancy in America is now 78.6 years (4). If more people have access to insurance, why are our lives becoming shorter?

Let's talk about obesity. That's gone up from 33.7% around 2008 to 39.6% around 2016 (5). Right now, seven out of ten Americans are either obese or overweight. Obesity is a major problem because it correlates to the onset of almost every major chronic disease, from high blood pressure to cancer to Alzheimer's. An increase in about six percentage points in the obesity rate over a decade is terrible news for the health of the American people.

Now consider cancer. This is the second leading cause of death in America. This is a little trickier to analyze because there is clear evidence of drops in cancer mortality rates (6). This is great news. It means that people who get cancer are less likely to die from it than they used to.

But even better would be if people didn't get cancer at all. So I'd like to consider the overall incidence of cancer, meaning whether people develop it in the first place.

That news isn't as good, and the results are mixed. The interesting thing is that the rates of incidence vary considerably based on the kind of cancer and the sex of the patient. Prostate cancer affects men; ovarian cancer affects women. Looking at data from 2010 to 2014, the rate of change in the incidence for different types of cancers in men and women was about split. In other words, for both men and women, if you look at the most prominent types of cancers that affect either group, people got more of some kinds of cancers and then they got less of other types of cancers. For men, they got more liver cancer, but less prostate and lung cancer. Like men, women developed more liver cancer, but less cancer affecting the colon, rectum and ovaries.

For men, the news was a little better. The incidence of all types of cancer decreased an average of 2.2% a year from 1999 to 2014. Statisticians attribute the drop to a decline in lung cancer, which is more prevalent among men. And that decline is related to the public health non-smoking efforts that got a big push well before 2008. For women, the overall cancer incidence rates didn't change at all. Getting access to health insurance didn't change the rate at which women developed cancer.

What does all this mean? Well, you could say that the health care system was able to treat cancer more effectively, enabling people to survive it more often. But people still keep getting it. This issue encapsulates what many believe to be a major problem in our health care system. We treat disease; we don't prevent it. Things would be a lot cheaper and people would be a lot healthier and happier if they were able to lower their chances of getting disease. Apparently, the health insurance system isn't doing an effective job of addressing this issue, at least in the case of cancer.

Now, these are broad brush indicators. It can take years for the impact of public health programs and changes in health insurance status to manifest in changes in outcomes. But the fact that so many major health outcomes have gotten worse doesn't look good for the claim that health insurance makes people healthier.

There have been studies on this topic. One of the earlier ones was conducted among the Medicaid population in Oregon (7). Those enrolled in the Medicaid program showed no signs of improvements to health outcomes compared to those who weren't enrolled and had no health insurance. Folks try to discredit this study because it only lasted for two years. Still, the data is the data.

I talk about this issue in my book *Health Care: Meet the American Dream*. I provide citations for a number of studies related to the alleged correlation between increased access to health insurance and improved health outcomes. There are some key take-aways from these studies.

The first is that respondents to surveys report that their health is better when they get health insurance. Now some folks believe that people can do a pretty good job of communicating their health status based on how they report it. That connection may be true, but until I see the outcomes data that supports it – meaning that obesity rates and the incidence of other chronic diseases are dropping – I'm not buying it. Self-reported data is subjective and unsubstantiated and statistically irrelevant on its own.

Another take-away is that feeling healthier is good for your mental health and that can be seen as a positive health outcome from having health insurance. In some of these studies, individuals cite a more positive state of mental health once they have access to health insurance. Mental health issues are a major problem in America. Issues with mental health are some of the key drivers behind addiction, especially our tragic opioid crisis, so anything that can improve mental health is great.

But the positive feelings people have, I believe, are not a result of health insurance's improved access to therapists and mental health professionals. People feel better because they don't have to worry about the crushing financial devastation that having a major health episode can wreak on their financial health. In other words, having health insurance gives people peace of mind. They feel better knowing that if something terrible and unexpected happens, they'll have financial coverage for the situation.

Herein lies the major purpose of health insurance: to provide financial security against catastrophic health events. Health insurance's purpose is not to make people healthier, it's to protect them, financially, if something unexpected and traumatic happens.

Now, having health insurance isn't a guarantee that all of your health care expenses will be paid. Quite the contrary. For one thing, the rise in high deductible health plans ensures that those enrolled in these programs have to pay a lot out of pocket before their insurance kicks in. But some help is better than nothing and I have to imagine that having health insurance of some kind provides mental relief from financial stress.

Aside from the data, I think there's a deeper issue here that relates to what people in the health care industry have come to believe, over a generation. In 1973, Congress passed the Health Maintenance Organization Act. The intent was to offer a way to curb growing spending in health care (sound familiar?) The idea was that for a fixed fee, instead of billing for each service one by one (the fee for service model, which we still use today), health care organizations could provide medical care to a distinct group of individuals for a flat fee. Key to the success of the HMO was controlling spending. Enrollees were and today are typically required to see a primary care physician before they see expensive specialists on their own.

The hope was that care could be coordinated by this primary care doctor. All the health data for the patient would flow through this single point, enabling the primary care doctor to "manage" the patient's health and coordinate their care. Having one point of contact in the health care system as a patient's trusted advisor, their gatekeeper, their medical home, whatever you want to call it, is a great idea. Anyone who's practiced in health care can understand why. Health data for patients is so decentralized today that having that sole source of contact could really help in bringing down costs by better coordinating care and giving patients access to the care they need.

That's why industry executives and policy makers recommend that primary care services are covered "for free" in health insurance offerings. Of course, nothing is free. By free they simply mean that enrollees won't pay the provider for the visit, but the cost for the visit is distributed somewhere else in the plan. In any case, there's an idea in economics that as prices come down, consumers increase their purchases. So in health care, if prices go to zero, people will be incented to access them. Because primary is free, policy makers, economists and industry heavyweights have long professed that people will use the services.

That assumes that health care consumers behave like everyone else. They don't. When was the last time you got a "coupon" for a health care service? Couponing doesn't work and discounting care to the point where it's offered for free doesn't entice people to use it. In fact, they simply don't see value in it. So this idea that we can expand health insurance and offer free primary care so people can have their care coordinated and doctors can recommend the preventive care that's necessary to help identify diseases in their early stages...it doesn't work in the real world. People just don't go to their primary care doctor for check-ups. That's one reason why health insurance doesn't make people healthier. We don't use it the way designers think we should.

Which makes me wonder, why don't we mandate that Americans see their primary care doctor every year? We know there are benefits to having a relationship with a consistent care provider, yet we don't mandate that people visit one. We know that so many chronic diseases can be prevented if patients were educated, yet we don't mandate the education. It's time to start thinking about mandating primary care visits for all Americans. I will address this idea on a future podcast.

The data shows that having health insurance doesn't make people healthier. Offering free preventive care doesn't help either, because people don't use it. So what does make people healthier? It's the external determinants of health. It's the stuff that has nothing to do with your health insurance status. It's your age, sex, zip code, education level, ethnicity, job, behavioral attributes. And a lot of these behavioral attributes are controllable. Do you smoke? Do you work out? If so, how often? What kind of a work out are you doing? Are you stressed out? Do you drink after work every day because of the stress of your job? Do you sleep enough? It's this sort of stuff that impacts out health.

These are the sorts of things that we, as an American community, need to manage better. We can't rely on health insurance to make us better. We have to be responsible for our own behavior and then, when necessary, access the health care services we need, coordinated by a trusted care giver. That way, we get closer to being as healthy as we can be.

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