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**SELECTED BIBLIOGRAPHY OF
HEALTH INSURANCE REFORM OPTIONS
IN THE UNITED STATES**

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with
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**The Near East/DP Bureau
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1.0. OVERVIEW

The American health care system is under dramatic pressure. Many Americans are not satisfied with the health care they receive. While 34 million are uninsured, 60 million have inadequate health insurance (see Exhibit 1). The majority of uninsured Americans are members of working families. Sixty-seven percent come from families where someone works full-time, another 13 percent are working part-time. Only 20 percent are disconnected from the work force; this includes the unemployed, the disabled who have not met the two-year waiting period for Medicare, and those who have had to retire before age 65 but do not have employer-provided health benefits. Two-thirds of uninsured Americans are not below the federal poverty line; in fact they have a moderate or high income (see Exhibit 2). The high cost of health care in America limits access to care. Even people with health insurance face high medical expenses. Health insurance in the United States requires insured patients to pay more out-of-pocket and administrative expenses than do systems in other countries (see Exhibits 3 and 4).

A survey of proposals and analyses of proposals to reform health insurance in the United States published between January 1990 and April 1992 generally comprise three major approaches for substantially reducing the number of uninsured:

- **Type A:** employment-based coverage by private insurance, with the government insuring nonworkers and poor people;
- **Type B:** tax credits for the purchase of private insurance; and
- **Type C:** a government insurance system.

This report provides a descriptive summary of the three types.

2.0. SOURCES

Research sources include specialists and institutions involved in health insurance, identified from the literature review and the suggestions of members of the A.I.D. Near East Bureau. The Library of Congress provided about 600 recent articles (1990-present) on health insurance in the United States, from which 100 articles were selected for review on the basis of the publication date, the topic, and the significance of the issue presented in the article.

3.0. SUMMARY REVIEW OF THE LITERATURE

Many plans have been proposed to address the problems of inadequate health insurance and high health care costs. An analysis of these plans indicates there are three main types.

3.1. EMPLOYER INSURANCE OR TAX (Play or Pay)

This first type is a compulsory private insurance provided through employers who have the option to pay an equivalent tax. The Federal or the State government insures nonworkers and the poor. Most of the proposals to reform health insurance in the United States are of this type, among them: *Health America, Play or Pay, A Call for Action, Oregon's Plan, Health Care for ALL Americans, Health Access America, and Affordable Health Care for All Americans* (see bibliography for original sources on each of these).

COVERAGE: Universal. Some proposals exclude non-poor nonworkers.

ADMINISTRATION: Private insurers offer private plans, the government replaces or expands Medicaid/Medicare coverage or implements a new Federal/State program for anyone not covered by an employer or Medicaid/Medicare; or Medicaid/Medicare enrollees get vouchers to buy private insurance.

FINANCING: Based on employer/employee premium sharing, existing government sources, plus new taxes or individual medical savings accounts, with the government's role unchanged. Suggests the federal government pay the employer share of the premium for nonworkers; or employment-based tax to cover new Medicaid costs; elderly pay for Medicare expansion.

COST CONTAINMENT/PROVIDER REIMBURSEMENT: Several proposals incorporate methods of control that include:

- Cost containment and provider reimbursement based on co-payment, cost sharing, optional managed care;
- Reimbursement negotiated between provider and payer representatives;
- Improved consumer knowledge, malpractice reform, public program pays Medicare rates;
- Private insurance unchanged;
- Revised tax treatments of employee benefits; and
- Reduced administrative costs.

OTHER FEATURES: Catastrophic coverage, long-term care; modeled on the German, Canadian, and Dutch systems.

3.2. TAX CREDIT (Bush Administration Proposal)

Based on a tax credit for purchase of private insurance, this type of reform is included in: *President Bush's Health Plan; A Tax Reform Strategy To Deal With Uninsured; An American Approach to Health System Reform; and Universal Health Insurance* (see bibliography for original sources on each of these).

COVERAGE: Universal.

ADMINISTRATION: Individuals purchase private coverage from competing insurers independent of employers. Medicare/Medicaid beneficiaries would receive vouchers to use for the purchase of private coverage.

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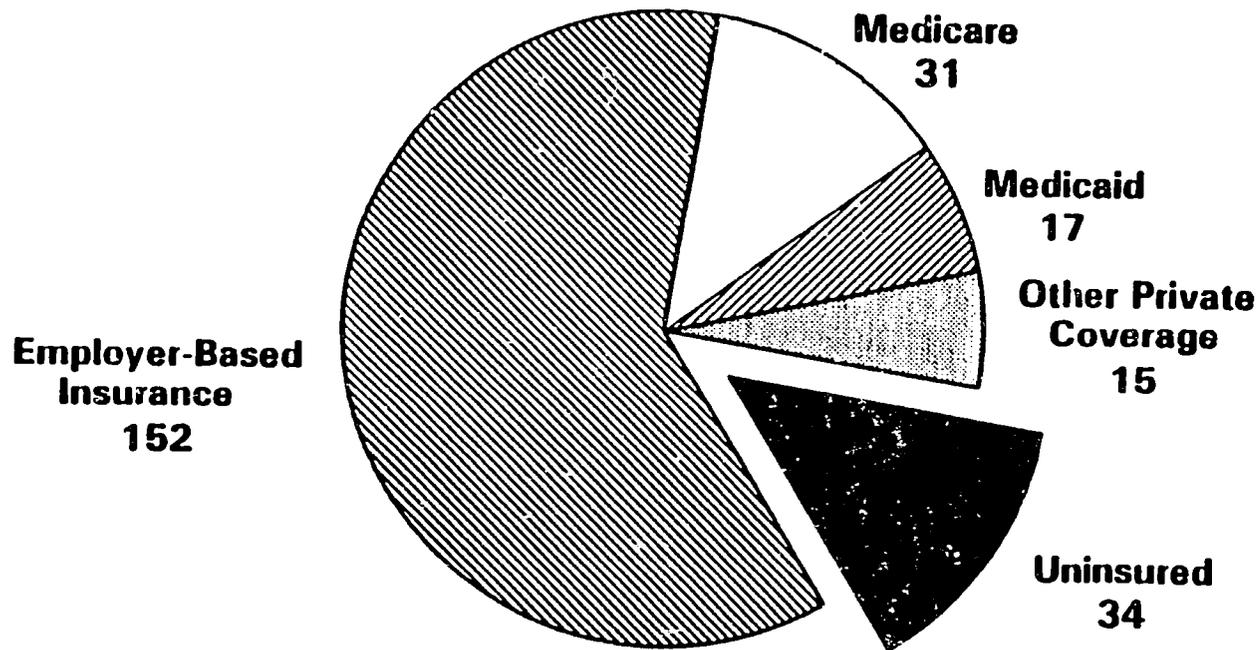
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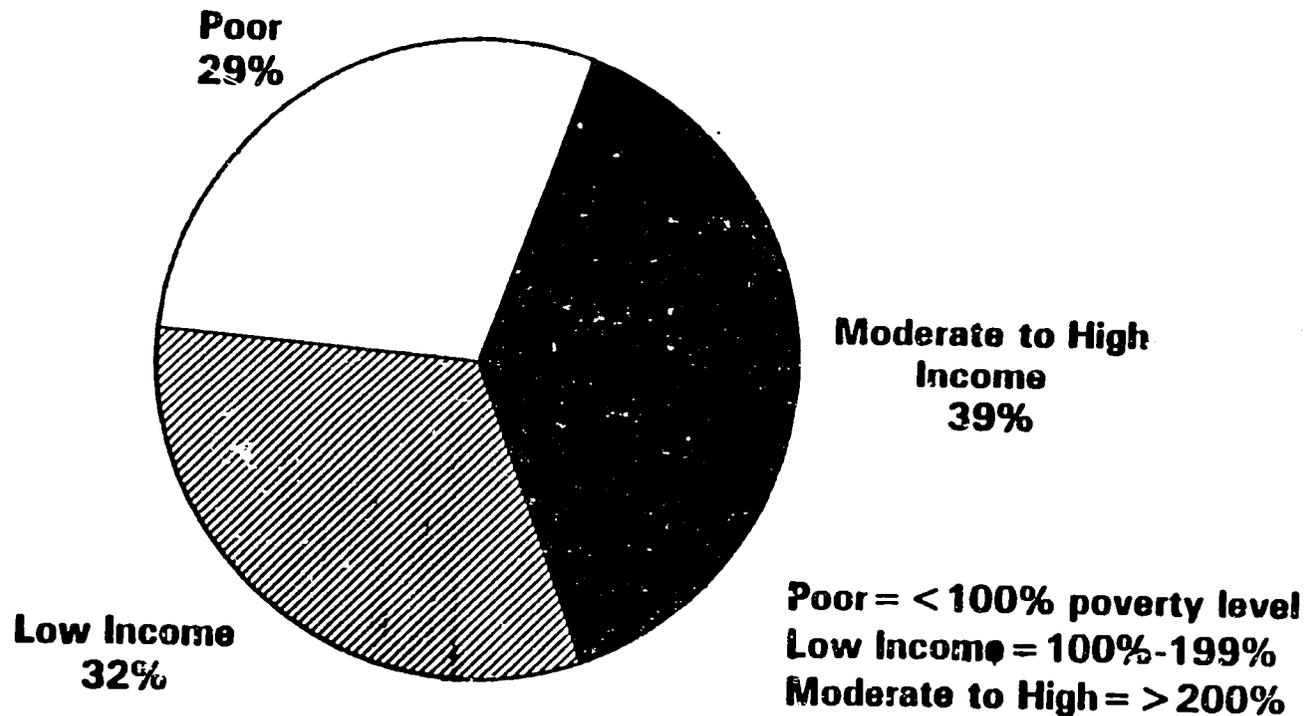
34 Million Americans Were Without Health Insurance in 1991



**Population by Source of Health Insurance
(in millions)**

Source: Karen Davis,
Johns Hopkins University, 1992

Two-Thirds of the Uninsured Are Above the Federal Poverty Level*

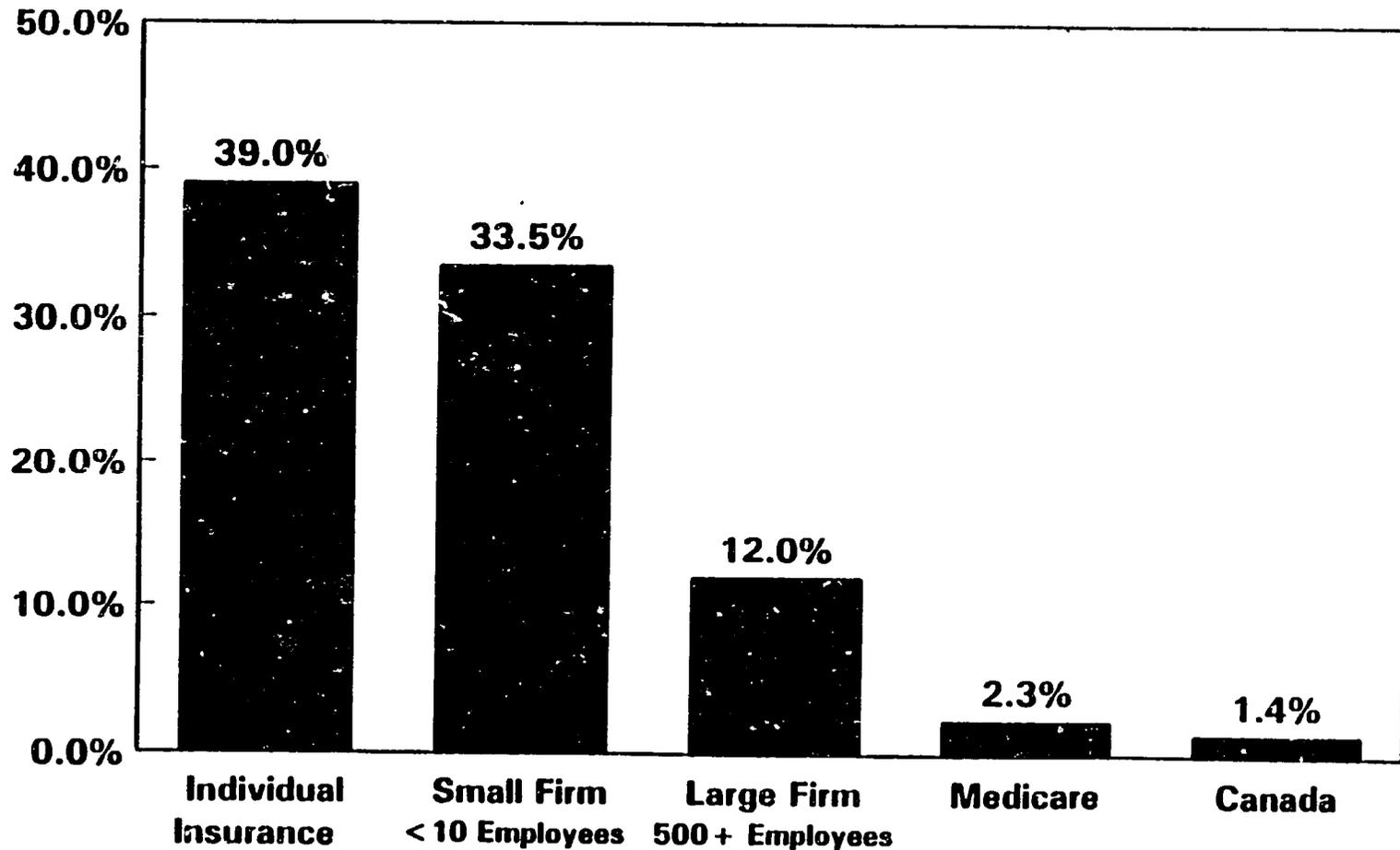


Uninsured by Income, 1990

Source: Karen Davis
Johns Hopkins University, 1992

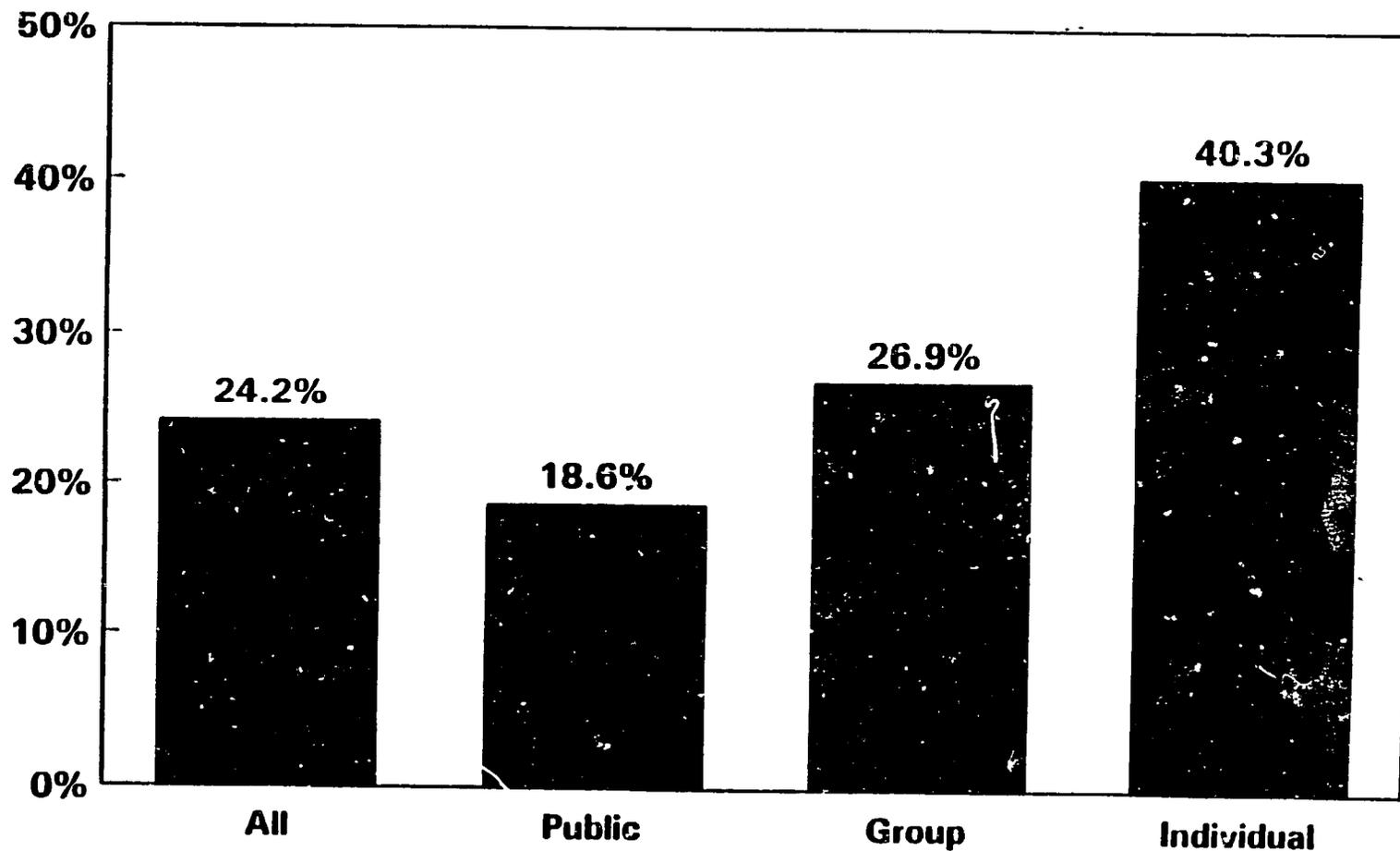
*Federal poverty level for a family
of four in 1990 was \$13,360

Administrative Expenses as a Percent of Health Benefits, 1987



Source: Karen Davis,
Johns Hopkins University, 1992

Percent Out-of-Pocket Expenses by Type of Insurance Coverage, 1987



Source: Karen Davis,
Johns Hopkins University, 1992

EXHIBIT 5

STRENGTHS AND WEAKNESSES

TYPE	STRENGTHS	WEAKNESSES
A	<ul style="list-style-type: none"> ● Offer a basic insurance plan to full-time workers ● Or employers could pay a tax equal to eight or nine percent of payroll 	<ul style="list-style-type: none"> ● No explanations for long-term care and drug coverage ● Lack of a system of control over employers ● Could still leave some uninsured
B	<ul style="list-style-type: none"> ● People required to buy basic health insurance on their own ● Health care supply and technology demand reduced ● Health system functions more like a market because insurance coverage linked to consumers' real preferences 	<ul style="list-style-type: none"> ● Cost for tax credit substantial ● Coverage costly for small firms ● Restrictions on insurers could raise policy prices ● Could leave some still uninsured
C	<ul style="list-style-type: none"> ● Every American insured ● Administrative savings from a single insurer 	<ul style="list-style-type: none"> ● Administrative inefficiency of government ● No check on overuse by consumers ● Acquisition of new technologies becomes a bureaucratic choice