



# The Uninsured and Universal Access to Health Insurance

*Wyeth supports universal access to affordable health insurance, including meaningful coverage for prescription medicines with affordable out-of-pocket costs. To solve the problem of the uninsured, we believe that expanding and enhancing market-based health insurance, including coverage for medicines, is the best way to improve affordability and achieve the goal of universal access to health insurance and care. Healthcare reforms that only address drug costs or prices will not improve access to care or the underlying reasons for lack of insurance. Wyeth believes it is critical to develop partnerships and consensus around the key issues and challenges to find workable policy solutions to the uninsured that will both benefit patients and be supported by others in the healthcare system. Wyeth is committed to supporting patients that have difficulty affording their medications and has a long history of helping uninsured patients in need receive our medications at no cost through the Wyeth Pharmaceutical Assistance Foundation and other programs.*

## Issue

In the United States in 2006, an estimated 47 million people lacked health insurance at some point during the year, or about 16% of Americans. Because lack of insurance has a significant impact on the health of individual patients and public health by reducing timely access to high-quality care, policymakers and other healthcare stakeholders are actively developing different policy proposals to solve the problem of the uninsured.

## Background

### *Evolution of the U.S. Healthcare System and the Uninsured*

A large uninsured population distinguishes the U.S. from other major industrialized countries where health insurance is universally accessible or provided by the government. In the U.S., health insurance is available through a unique mix of private sponsors (e.g., employers) and public programs, such as Medicare and Medicaid. In addition, there is a smaller market for individually-purchased and other non-group health insurance.

This distinct U.S. system of health coverage evolved out of World War II when government wage controls led employers to offer additional workplace benefits, such as health insurance, to attract and retain employees. Moreover, in the second half of the 20th century, medical advances, including significant increases in the availability of modern pharmaceuticals, along with rising costs led to greater demand by consumers for insurance to help pay for healthcare.

Apart from modest declines in 1999 and 2000, the uninsured have risen over the last decade. While Medicare covers nearly all persons aged 65 and over, 47 million non-elderly individuals were uninsured in 2006. Some reasons cited for the rise in the uninsured include declining employer-sponsored coverage, increasing self-employment and jobs in small firms where health benefits are less common, and a growing non-elderly population in poor or near-poor families who do not qualify for Medicaid.

### *Consequences of Uninsurance and Approaches to Reform*

A well-documented consequence for individuals who lack coverage is a major increase in the chances that needed healthcare will be foregone. Uninsured persons receive less preventive and other primary care. Over time, this may lead to more complex and high cost medical conditions that require more intensive, expensive treatment. In addition, the uninsured more frequently access medical care in hospital emergency departments, which are the highest cost and most unaffordable setting for uninsured patients.

Opinion polls suggest that growing public concern about the continued rise in the uninsured and unease about the stability of the current system of health insurance have made healthcare a top election issue. As a result, state and federal policymakers and other healthcare stakeholders have developed and are advocating for a variety of policy approaches to address the problem ranging from greater to less government involvement.

Some approaches include creating a single payer system run by the government, increasing enrollment in Medicaid and the State Children's Health Insurance Program, expanding coverage through state initiatives (e.g., Massachusetts), building upon the existing employer-based system and improving the individual market, reforming the tax treatment of healthcare premiums, or providing tax credits to purchase health insurance.

### *Market-Based Policies and Interim Solutions*

Both economic policy studies and real world experience demonstrate that market-based policy approaches to expanding access to health insurance and coverage, including prescription drug coverage, hold the best promise for reducing the uninsured while improving affordability, access, and quality. The new Medicare Prescription Drug Coverage is a recent example of how market-based policies provide universal access to affordable coverage with greater choices at lower costs. Compared to original projections by the Congressional Budget Office (CBO), the net cost of the new Medicare drug benefit over 10 years (2004-2013) is \$243.7 billion less than in the original estimate.

Recognizing the long-term challenges of the uninsured and difficulties affording needed care and medicines, pharmaceutical organizations created the Partnership for Prescription Assistance (PPA) in 2005. This program brings together pharmaceutical companies, doctors, other providers, patient advocacy organizations and community groups to help qualifying patients who lack coverage get medicines and information about potential eligibility for public or private health programs. Since its creation, the PPA has helped over 4 million patients find programs that provide free or nearly free medications.

## **Key Facts and Figures**

- U.S. healthcare expenditures in 2006 were \$2.1 trillion dollars, or \$7,026 per person.
- Prescription drugs comprised just over 10 cents (10.3%) of the 2006 U.S. healthcare dollar. Hospitals and physician/clinical services were 30.8% and 21.3%, respectively.
- In 2006, the number of non-elderly, uninsured Americans was 47 million, up 2.2 million from 2005. This total includes approximately 8.7 million children.
- Most uninsured adults (75%) have been without coverage for more than 1 year.
- According to the U.S. Census Bureau, the percentage of people covered through employers declined from 64.2% in 2000 to 59.7% in 2006.
- Over 25% of uninsured adults reported postponing or foregoing needed care due to cost versus only about 5% of adults with private insurance.
- The Centers for Medicare & Medicaid Services reports that the cost of Medicare prescription drug coverage, an example of a market-based health insurance program, is nearly 40% below original CBO estimates.
- In 2005, about 6 million patients received 35 million prescriptions valued at \$5.1 billion through PhRMA member companies' patient assistance programs.

## Wyeth Position

- Wyeth supports universal access to affordable health insurance, including meaningful coverage for prescription medicines with affordable out-of-pocket costs.
- To solve the problem of the uninsured, we believe that expanding and enhancing market-based health insurance, including coverage for medicines, is the best way to improve affordability and make progress toward the goal of universal access to health insurance and care.
- Healthcare reforms that only address drug costs or prices will not improve access to care or the underlying problems of or reasons for lack of insurance.
- Wyeth believes it is critical to develop partnerships and consensus around the key issues and challenges to find workable policy solutions to the uninsured that will both benefit patients and be supported by others in the healthcare system.
- Wyeth is committed to supporting patients that have difficulty affording their medications. We have a long history of dedication to helping uninsured patients in need receive our medications at no cost through the Wyeth Pharmaceutical Assistance Foundation and other programs.

## References

Centers for Medicare & Medicaid Services, *National Health Expenditure Accounts, 2006 Highlights*

Congressional Research Service, *Health Insurance: A Primer*, Updated February 3, 2005

Institute of Medicine, Committee on Consequences of Uninsurance, *Coverage Matters: Insurance and Health Care*, 2001.

Kaiser Family Foundation, *The Uninsured: A Primer, Key Facts About Americans without Health Insurance*, October 2007.

U.S. Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States: 2006* (August 2007)