



Global Highlights

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Health

A European look at the US health coverage

➤ For sure, most European readers of *Global Highlights* do not conceive a **non-universal health system**. We may disagree on the level of private sector involvement, or worry about the present and future fiscal costs, or complain about crowded emergencies and long waiting lists. But, once in the formal economy, universal health coverage is taken as a non negotiable right.

➤ From this side of the ocean, the story seems quite simple. I) A health-care system based on private insurance might be costlier (see June 6, 2008 [Global Highlights](#)), and also 'patchy' as Tim Harford explains in [The Undercover Economist](#). Instead, some light regulation to prevent the exploitation of scarcity power by private health-care providers, coupled by focused subsidies could work better. II) The official statistics by the [US Census](#) show that 15.3 percent of people did not have health insurance in 2007 and the **number of uninsured was 45.7 million**. These figures, mainly composed by middle-low class citizens (since poor, old, children, and rich people can access the Medicaid, the Medicare, the State Children's Health Insurance Program or private providers, respectively) are deemed by many as too high. III) The US presidential candidates seem to be, in one way or the other, determined to tackle the problem¹.

➤ But, what about if we add more data and analysis? I) The US Census also reports that the number of people **with health insurance increased** to 253.4 million in 2007 (from 249.8 million in 2006). This improvement was mainly driven by an increase in the number of people **covered by the government** (83.0 million, up from 80.3 million in 2006). Moreover, 11 million of uninsured earned less than \$25.000, probably making them eligible for Medicaid. So, perhaps, the US government has not been ignoring the issue? II) The same data source shows that ten million out of those uninsured earn more than \$50.000 annually, which means they are hardly rich, but that **can afford coverage** in most states (a typical insurance policy in New York costs about \$400 per month, and much less in other regions). III) Many of the uninsured are young, and even if they get ill, some studies show that [their health](#) is only slightly worse than that of those with insurance! Are we sure that the government should intervene in a general 'preventive' way, forcing everyone to save and spend money in health services?

➤ All in all, expanding the overall health-care coverage will be one of the **key public policy goals** in the next decade. The consequences of the *status quo* are well-known: [worse health and debts](#). From an international perspective, it is hard to conceive that several million people (10? 20? 40?) are involuntarily uninsured in the most dynamic economy in the world. But maybe it's just because we are seeing this through European eyes after all. Finally, especially given the events of the last weeks, a key question needs to be answered: **Will the US be able to afford** these additional expenses, in the current financial environment?

¹ See <http://www.barackobama.com/issues/healthcare/> and <http://www.johnmccain.com/healthcare/>.