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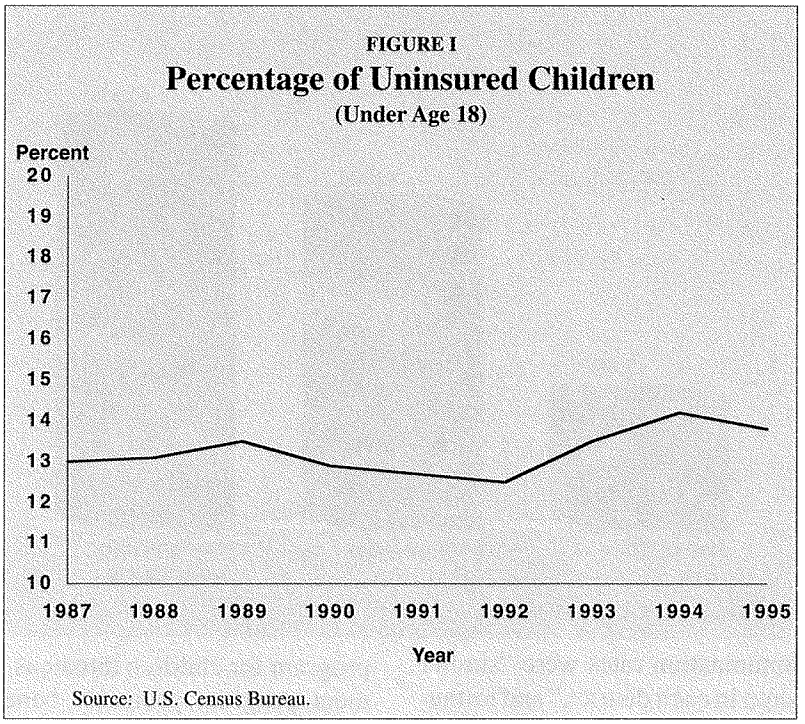
Is There an "Uninsured Children" Crisis?

In the next session of Congress, expect a major battle over health insurance for children. Proponents of government intervention want a Medicare program or a resurrection of the failed Clinton health care plan for children. And they are already starting their campaign.

Take, for example, John J. Sweeney, president of the AFL-CIO, who poured at least $35 million of union members' dues into political ads claiming that Republicans were trying to destroy Medicare. Speaking at a recent meeting of the American Public Health Association (APHA), Sweeney said, "If they [Republicans] don't come around, we'll use children's health the way we used Medicare, and that's a promise and a commitment."



Laying the Groundwork for Children's Health Insurance. In order to lay the groundwork for this battle, a number of liberal policy groups and special interests are commissioning studies to create a crisis mentality by conveying the notion that the number of uninsured children is rising and that they are currently unable to get adequate care, especially prenatal and preventive care and immunizations.

Bogus Claim #1: The number of uninsured children is growing rapidly. As Figure I shows, the percentage of uninsured children has, in fact, remained relatively stable over the past decade, with only a slight increase since President Clinton took office. However, the graph does not reveal the internal dynamics in children's health insurance coverage, and that's where the problem lies. In 1989, 63.2 percent of children received their health insurance through a parent's employer's plan, while 13.6 percent were covered under Medicaid. By 1993, only 57.6 percent had employer-based health insurance, and 19.9 percent were covered under Medicaid. Those without insurance increased only slightly, from 13.3 percent to 13.5 percent.

One reason for the decline in employer-based health insurance is rising costs. So what did the 104th Congress do last September, just before members went back to their districts to campaign? Passed, for the first time at the federal level, mandates — requiring insurers to pay for equal treatment of mental and physical health care problems and two-day hospital maternity stays — which will cause the cost of health insurance to go up.

State governments have already mandated well over 1,000 health insurance benefits for such services as chiropractic care, drug and alcohol abuse and marriage counseling. Studies in six states have found that mandated coverage accounts for between 7 and 21 percent of all insurance claims, depending on the state. As a result, the cost of health insurance has increased and employers have canceled policies — leaving more children uninsured. The 105th Congress will consider more mandates — even as it denounces the growing number of uninsured children.

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Bogus Claim #2: The only way to ensure that all mothers have prenatal care and that all children get vaccinations and primary care is by providing them with universal health insurance. While there are constant warnings that low-income children aren't getting enough care, the facts tell a different story.

According to the Health Care Financing Administration, almost 94 percent of all U.S. women get prenatal care in the first two trimesters. Only 6 percent wait until the third trimester or get no care at all. Those numbers could be improved, especially among African-American and Hispanic mothers, of whom only about 88 percent get prenatal care in the first two trimesters. Despite that fact, clearly there is no nationwide crisis.

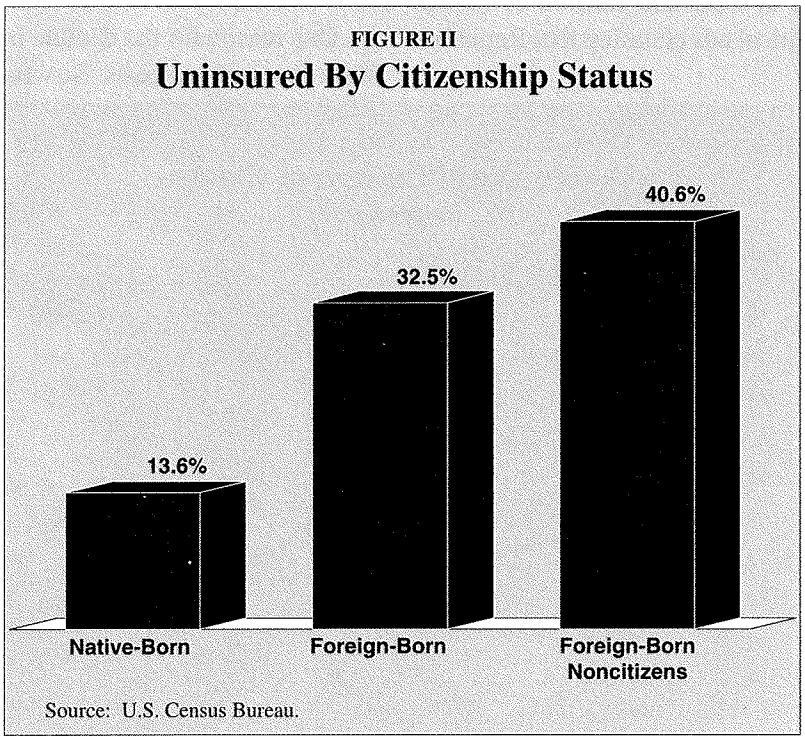
Nor is there a crisis with regard to immunizations. For example, in 1994 the *Journal of the American Medical Association* (JAMA) published a study of measles immunizations among 2-year-olds in Mississippi during a 1989-91 measles outbreak. Researchers found that immunization rates were "similar for white and black children in each district," and immunization rates were higher in rural than in urban areas. The rate ranged from 79 percent to 97 percent, according to geographical district, averaging 87 percent statewide. Virtually all school-age children were fully immunized because schools required immunization proof prior to enrollment. Again, not perfect, but far from a crisis.

Would more preventive care for children avert the development of expensive-to-treat conditions later on? The Office of Technology Assessment (OTA) has studied the cost-effectiveness of adding coverage for several preventive measures. It has found that only three kinds of preventive care save money: prenatal care for poor women, tests in newborns for certain congenital disorders and most childhood immunizations.

Where the Real Problem Lies. Rather than asking how we should socialize children's health care, policy makers should be asking how to reach those populations most at risk. For example, 25.6 percent of New Mexico's population is uninsured, compared to only 7.3 percent in Wisconsin. While part of that difference has to do with income and occupation, most of it has to do with demographic rather than economic differences. New Mexico has a disproportionate share of the immigrant population. According to the Census Bureau, 13.6 percent of the country's native-born population lacked health insurance in 1995, while 32.5 percent of the foreign-born were uninsured and 40.6 percent of foreign-born noncitizens lacked coverage. [See Figure II.]

FIGURE II

Uninsured By Citizenship Status



Source: U.S. Census Bureau.

Thus any nationwide health insurance program for children threatens to evolve into an entitlement program primarily benefiting legal and illegal immigrants — and to attract more immigrants even as states with large immigrant populations seek legislative remedies that reduce the financial burdens of immigration.

While the percentage of uninsured children has changed little, the demographics have changed significantly. And since the numbers vary from state to state, so should the solutions.

This Brief Analysis was prepared by Merrill Matthews Jr., NCPA vice president of domestic policy.