

BRIEF ANALYSIS

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Uninsured in the Lone Star State

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According to the U.S. Census Bureau, 4.8 million of the 19.6 million Texas residents — about one in every four — are not covered by health insurance. Moreover, the proportion of uninsured has changed little in the past 10 years. However, in many cases the uninsured are uninsured by choice. And lacking health insurance does not mean lacking health care in Texas.

The primary reason so many Texans lack insurance is that government policies encourage people to be uninsured. Although both state and federal policies contribute to the problem, the federal government probably bears the bulk of the blame.

Who Is Uninsured?

Wherever they live, young adults, single people, His-

panics and noncitizens tend to remain uninsured in higher proportions than the overall population — and Texas has greater numbers of each than most states. According to the Texas Health and Human Services Commission:

- 42 percent of Texas adults age 18 to 24 and 32 percent of those age 25 to 34 — a total of 1.8 million — are uninsured.
- 23 percent of the uninsured (1.1 million) are single and have never been married.

- 50 percent of the uninsured (2.4 million) are Hispanic.
- 19 percent of the uninsured are noncitizens.

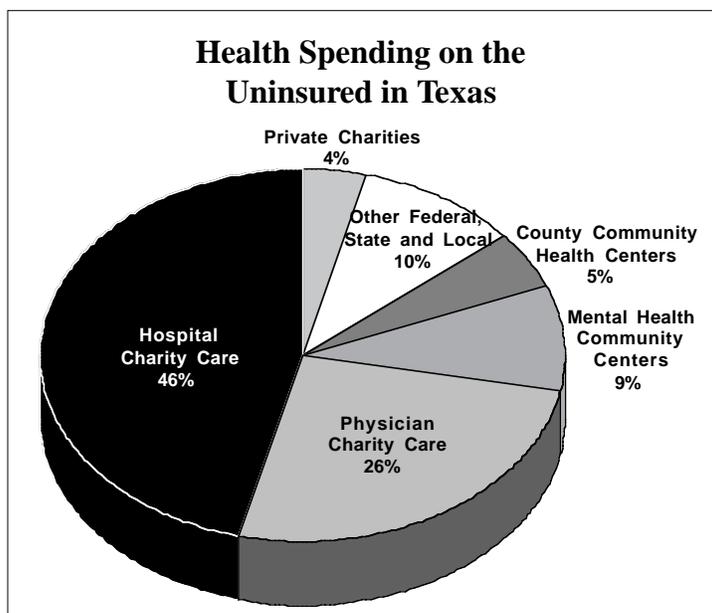
Free Care for the Uninsured. Another reason why Texas has so many uninsured is that lack of insurance is no barrier to health care. There are more than 40 federal health care service programs that fund health services for the uninsured in Texas. The largest single program — spending more than \$1.5 billion dollars a year — is the disproportionate share hospital (DSH) payment program, designed to compensate hospitals that serve a

larger than average number of indigent patients. There are also programs for public housing residents, seasonal farm workers, legal immigrants and even undocumented immigrants. A 1985 federal law made it illegal to turn away hospital emergency patients in every state.

Further, Texas counties are required by state law to have programs to

serve the medically indigent. They usually fulfill this requirement by forming hospital districts, which have taxing authority. Texas also requires nonprofit hospitals to provide indigent care equal to 5 percent of their revenue. In addition, state and local governments, charities and nonprofit providers run numerous other health care programs.

According to a recent report by the Texas Comptroller, public and private organizations spend approximately \$1,000 per uninsured individual per year, on the



average, on charity care. That equals \$4,000 for a family of four — an amount that would buy adequate private insurance in almost all Texas cities [see the figure]. Although technically “uninsured,” Texans without health insurance receive care worth almost two-thirds as much as is spent on Medicaid recipients each year.

Free Care vs. Government Insurance. In Texas, state officials estimate that as many as 1.6 million people may be eligible for Medicaid but not enrolled. In addition, hundreds of thousands of children are eligible for but are not enrolled in the State Children’s Health Insurance Program (CHIP). Why? Because the benefits of enrolling do not appear to be worth the bureaucratic hassles of doing so. In all major Texas cities, Medicaid patients and the uninsured enter the same emergency rooms, see the same doctors and are admitted to the same hospital rooms. Those who have signed up for government insurance do not get more care, faster care or better care.

Government Insurance vs. Private Insurance? Texas has been criticized for not having more people enrolled in Medicaid and CHIP. But is this criticism valid? National studies show that the expense of public programs increases the taxpayer burden without actually reducing the number of uninsured. For example, recent research by the Center for Studying Health System Change found among those children in families earning less than 200 percent of the poverty level — the group targeted by CHIP — Medicaid and other state coverage increased from 29 percent to 33 percent from 1996-97 to 1998-99. Meanwhile, the rate of private coverage fell from 47 percent to 42 percent. Overall, public merely

substituted for private, leaving the percent uninsured virtually unchanged.

Impact of Unwise Federal Policies. Federal policies affect the uninsured in Texas in several important ways. Although federal tax subsidies for employer-provided insurance total about \$125 billion per year, most of the uninsured get no tax relief when they purchase insurance on their own. And although much of the free care for the indigent is subsidized through federal programs, in most cases the money cannot be used to purchase private insurance instead.

The Impact of Unwise State Policies. Texas has approximately 43 health insurance mandates — the fourth highest number of any state in the nation. Under these laws, insurers are required to cover everything from drug and alcohol abuse to in vitro fertilization. And with every mandated benefit, the cost of insurance rises — making it less attractive to people who are otherwise uninsured.

Conclusion. The availability of health care with or without insurance is a major reason why 24 percent of Texans do not have insurance. This is especially true of healthy young adults, many of whom prefer to spend their disposable incomes on other things, knowing they can get health care if they need it. However, government policies could reduce the number of uninsured, simply by subsidizing private insurance as generously as it subsidizes free care to the uninsured.

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