

The Effects of Health Insurance on Health Care in the United States

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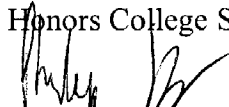
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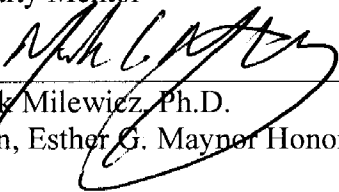
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Dedication

This senior project is dedicated to my mother, Doris Edwards. She has been involved in the healthcare system for over 20 years and has influenced my decision to pursue a career in healthcare as well. I would also like to dedicate this to the University of North Carolina at Pembroke for providing me with the opportunity to further my studies at such a well-known institution.

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ABSTRACT

The development of universal health insurance in the United States has been pending for hundreds of years. As the years progress, the need for such a system increases. The impact of the lack of health insurance is presented from the perspective of someone who works in the healthcare along with a recipient of healthcare outside of the United States for further comparison. Obamacare has the potential to provide quality universal healthcare, reducing the amount of debt in the United States. In order for our country to move forward, one must recognize the importance of the installation of quality health insurance to alleviate the burden of debt in our country.

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Introduction

The United States is one of three developed countries without national health insurance. As of 2011, 48.6 million people in the United States have no health insurance, and the quality of our healthcare suffers from it. (CNN) That translates to 4 out of 25 Americans not able to go to their family physician for a checkup. Approximately 7 million children do not have health insurance. That translates 7 million children reducing their chances of becoming the doctors and lawyers of the upcoming generation because their parents cannot afford their medications, medications that would simply make their precious life just a little less hectic. No matter how small or large these numbers appear on paper, one could never estimate value of just one out of those 48.6 million people.

The concept and overall grasp of this document is to remain factual and strictly non-biased. However, healthcare and health insurance is not just another “Mom and Pops” operation selling hot cakes. Being a part of the healthcare system whether one is the consumer, practitioner, or the institution, means being fully committed to ensuring quality care as if it were someone they knew and cared for. In order to clench some sort of understanding of the direction of the growth of some sort of national healthcare system, it is vital to understand its history, development, and its overall effectiveness since it emerged from the 19th century.

History

Not much is known about the existence of uniform health insurance in the United States until the 19th century. The Franklin Health Assurance Company of Massachusetts system of insurance arose around the 1850s, covering injuries during railroad and steamboat traveling. Before its existence, the compensation for lack of affordable healthcare involved relying on inherited home remedies for routine illnesses rather than seeking professional medical care. Women were often expected to be the caretakers of the families. They relied on remedies consisting of herbal concoctions often accompanied by numerous religious practices, proving to be a moderately successful method for healing routine illnesses. Private physicians were only sought after in the most extreme situations. Medical treatment was seen as an act of charity, not something one had to pay to receive. No real need for hospitals; however, because one could expect to receive the same quality of treatment at the comfort of their own homes. “Domestic medicine” was the universal term for this system of healthcare long before its reformation in the United States in the early 1900s. (Fillmore) It did not take long for someone to step up and create a safety net for our fellow Americans with the development of Blue Cross Group Hospital Insurance. In 1929, Justin Ford Kimball

noticed the increasing amount of debt due to unpaid hospital bills and introduced Blue Cross within the Baylor health system offering patients to prepay \$0.50 monthly or \$6.00 yearly for 21 days of hospital coverage. Not soon after its development, employers in mining and lumber camps developed Blue Shield to accompany Blue Cross in 1939. This system provided medical care by paying monthly to medical service bureaus made of groups of physicians. It served as a way for doctors to protect their payments and interests. This integrated system proved sufficient for protecting both the patient and the healthcare system.

The non-profit organization known as Blue Cross Blue Shield (Figure 1) paved the way for more health insurance companies to follow suit and join the market. One would think this would be a genius idea to provide equal, quality coverage for everyone, right? Not so much. Instead of using the base rate for everyone, the newer insurance companies charged premiums based on age, gender, health status, and pre-existing conditions. Health insurance policies quickly switched from non-profit to for-profit, transitioning from equal coverage to everyone to only covering healthy individuals and avoiding the sick. Note that during this time, health insurance could only be provided through their employers and only covered the employee, not their spouses or children. It appears the healthcare system was only nationally seen as another form of profit, not looking at the significance of the services they provide. It is not another fast food chain; it is a life at stake.



Figure 1: The Official BlueCross BlueShield symbol.

The Social Security Act of 1935 took effect under the presidency of Franklin Delano Roosevelt and compensated for situations similar to this as described in its preamble:

“An act to provide for the general welfare by establishing a system of Federal old-age benefits, and by enabling the several States to make more adequate provision for aged persons, blind persons, dependent and crippled children, maternal and child welfare, public health, and the administration of their unemployment compensation laws; to establish a Social Security Board; to raise revenue; and for other purposes.” (Perkins)

Social security is still in use to this day, providing insurance and a supplemental security income to retired persons, the unemployed, and the disabled. It is not one base pay to all who qualify, but rather the system pays a disproportionate amount to people earning low incomes. This safety net proves to be successful when it comes to ensuring the receivers are equally accounted for when it comes to healthcare and overall quality of living.

Defining Healthcare

It is important to properly define the terms, “healthcare” and “health insurance” before one can grasp an understanding of its history and tumultuous development over the last 100 years. The terms are often interchanged and used in similar instances; however, there is a significant difference between the two that should be noted. Health insurance is simply defined as, “a type of insurance coverage that pays for medical and surgical expenses that are incurred by the insured... can either reimburse the insured for expenses incurred from illness or injury or pay the care provider directly.” (Investopedia) Healthcare is a

more broad term, but can be generally defined as, “the maintaining and restoration of health by the treatment and prevention of disease especially by trained and licensed professionals (as in medicine, dentistry, clinical psychology, and public health)” (Merriam-Webster).

Healthcare is analyzed by dividing it up into the three stages of healthcare: primary, secondary, and tertiary. Primary healthcare involves the practice under a primary care physician or a family doctor. The patient usually stays in contact with their primary care physician throughout the years. Practitioners must possess a substantial amount of knowledge about various illnesses, including but not limited to chronic diseases and mental or social health issues. Secondary healthcare is provided through medical specialists such as endocrinologists, cardiologists, and dieticians. A patient may be referred to these sources once diagnosed or believed to possess a specific illness and needs further assessment. Secondary healthcare also deals with acute treatments, and seen for a short period of time. For example, if an individual had a gall bladder attack, the medical specialist will administer treatment via surgery at the hospital or in their own surgical suites. It is often the case in the United States that a patient is referred for secondary healthcare by a primary healthcare physician. Tertiary healthcare is consultive healthcare, referred to by either primary or secondary health professionals. Similar to primary care, tertiary care is generally a long term service but can be short term depending on the treatment, including cancer treatments, surgeries, and burn treatments. Dividing healthcare into these components makes it easier to provide better quality service to the patient and it alleviates the burden on the practitioners by having a sense of direction as to how to care for their patients.

The healthcare system is not easily defined either, as it is involved in prevention, diagnosis, treatment, and rehabilitation of the individual. It becomes easier for one to digest if healthcare is viewed as three separate components: healthcare consumers, healthcare providers, and the actual institutions and organizations of the healthcare system. The consumer is the individual seeking healthcare services, the provider is usually physicians or doctors that administer the care for the consumer, and some of the specific organization and institutions includes the hospital, doctors’ offices, and insurance companies. The quality of the healthcare system should be the main focus, but is often times neglected in the United States. Minimum standards for healthcare were officially enforced through the National Healthcare Skill Standards by the National Consortium on Health Science and Technology Education (NCHSTE) and the Far West Research Laboratory in 1992. The introduction to the document states, “Accountability criteria have been established for each foundation standard to better define the expectations for meeting the standard, to provide content for curriculum design and measurement, and certification of achievement.” (Consortium) Note this: the history of the development of United States healthcare systems dates back to the 19th century, and it took almost 100 years to produce a mandatory form of healthcare standards to follow. So how can the consumer measure the quality of the healthcare services received? There are a few general standards to be followed in this assessment.

First, is the healthcare being administered fitting your needs and preferences? Under any circumstances is it acceptable to administer healthcare in a way that is uncomfortable or morally unacceptable. It should also be just and fair, with no discrimination against ethnicity, sex, gender, age, or income. Secondly, does the healthcare include only the medical tests and procedures needed to improve the health of the consumer? It is unethical and unnecessary to perform tests or procedures irrelevant to the cause of ill health. If one feels any of the described circumstances apply to their current situation, it is very important to report it to their doctor. It would also be beneficial for the consumer to bring a trusted

friend or family member to their doctor visits and make sure the consumer does what they can to take care of themselves.

Healthcare Statistics: US vs. the World

Now that the history and quality of healthcare in the United States has been assessed, let us go into how the United States healthcare system measures up to a few other healthcare systems of strategically picked countries. As of 2012, the United States is the only one out of 33 developed countries without universal healthcare. The map in figure 1 exhibits a number of developed and developing countries that have some sort of universal healthcare.

(Cost) Canada, the United Kingdom, and Spain are three of the sixteen countries that have a single payer form of universal healthcare, with Norway being the first to utilize it in 1912. This system has the government provides insurance for all residents and pays for everything except for copays and coinsurance. It can be public, private, or a combination of both. Originated by New Zealand in 1938, nine countries use the two-tier universal healthcare system. Two-tier has less government involvement than the single payer method. The government

provides catastrophic insurance coverage, but the residents can still purchase additional insurance as well. One version two-tier has the government coverage along with a health savings account used for routine care, like Singapore for instance. The other version involves a core insurance policy along with supplemental coverage, used in Ireland. Insurance mandated universal policies, birthed in 1941 by Germany, make it mandatory for all residents to purchase insurance coverage. This prohibits insurance companies from denying coverage to sick people, preventing a rising effect in healthcare market failures. All three forms of healthcare remain in effect to this day, proving to be successful in keeping healthcare costs much lower than what it is for countries without it, the United States for example.



Figure 2 displays the countries highlighted in green that have some sort of universal healthcare system.

US Healthcare Analysis

It is important to note at this point that several presidents have struggled to obtain a reformation of healthcare in the United States, from Franklin D. Roosevelt to our current president, Barack Obama. What is wrong with the system now? Why is it taking so long for a reform? Let us look into the exhaustive, yet significant details behind the current situation. The United States has the most cutting-edge medical technology in the world; however, if someone is underinsured or uninsured, they have little to no access to this type of healthcare. When speaking of the underinsured, it is referring to individuals who have health insurance coverage, but not enough to cover a significant portion of the expenses that accumulate. One can assume under these circumstances that the lack of insured citizens in the United States simply are because they cannot afford it, and what they can afford does not always ensure quality healthcare. A journal article in *Health Affairs* notes that 26.3 percent of senior Americans surveyed claim

to have skipped medications and medical appointments because they could not pay for it. (Gardner) It is also an issue concerning of the quality of healthcare received by the consumer, including those that have enough coverage to afford it. Doctors face unfortunate circumstances when they are forced to see as many patients as they can during the day to make sure they make enough money. It is unfortunate for the doctor because they do not have adequate time to make the proper diagnosis for their patients, and it is even worse for the patient due to higher chances of being misdiagnosed. Instead of treating something that could be handled with the proper amount of time for analysis, the patient ends up having to make multiple trips to doctors and racks up an enormous medical bill that could have simply been avoided had they received the proper treatment the first time.

With time constraints not only is quality in question, safety is an issue as well. Think about a surgeon. What happens when he or she fails to take the required time outs during a procedure? The quality of the surgery is jeopardized, possibly resulting in leaving surgical equipment inside of the patient after they are stitched back up. Think about pharmacists. With so many prescriptions to be filled on a daily basis, if standard procedures are not followed, a child needing a simple antibiotic may end up with a prescription of a high-dosed Percocet. Think about hospitals. A nurse may have ten different patients to tend to at once, omitting the need to wash their hands in between. A 2008 study notes that the United States lacks 14,000 primary care doctors. (Torrey) This could explain the high demand for healthcare specialists in the country. The reduction of quality healthcare definitely puts many lives at risk. Last and definitely not the least, there is not enough preventative care provided for the consumer. This can be contributed to the lack of time provided to each individual. Seven out of ten deaths are contributed to chronic disease in the United States. (Prevention) There is no doubt that proper preventative care has not been established to alleviate these chronic illnesses throughout their lives. Once discovering a chronic disease, it should be mandatory for all doctors to administer some sort of preventative care to their patients. It should also be documented so there are records to show the doctor has in fact given the patient some preventative treatments. At that point it is up to the patient to accept it and change their lifestyles or face the ultimate consequences of their diagnosis. Either way, something has to be done to provide affordable, quality healthcare coverage to all Americans to work towards building a healthier nation.

Current Situations/Proposed Solution

In reference to quality healthcare coverage, health insurance premiums act as the gateway to affordable healthcare coverage. Premiums are the amounts the insurer determines is required to provide coverage to the applicant. However, since 2003, the cost of health insurance premiums has skyrocketed up 63 percent for people who have insurance through their job, and 50 percent for everyone else. (Quinton, Health Premiums Up 50 Percent From 2003 to 2010). Even though cost of premiums continue to rise, one can be assured that the expense of not having insurance will be so much more. The average family health insurance plan was \$13,871 per year and is expected to rise to \$24,000 by the year 2020. It has also been observed that health care services have not been utilized as much as they were in the past, most likely due to the fact that it has become increasingly unaffordable. (Quinton, Health Insurance Profits Rise Despite Health Care Reform). In Scotland, an individual was diagnosed with cancer and had to have two surgeries that were very extensive and stayed in hospital for 5-6 weeks. During this time in intensive care he had one on one care around the clock had his own room with a nurse ratio of 1:2 patients. The care was outstanding and saved his life. Now he has a nurse come to his house every day to change the material on the wound. For all of this he has not had to pay 1 cent. It is all included in the taxes they pay. If the same type of care were provided to an American citizen without health insurance,

those costs could well exceed \$250,000. Maybe the United States needs to analyze government systems such as this to provide insurance such as the one in Scotland. No one should have to second guess quality healthcare just because they cannot afford it. Something must be done and done quickly.

Currently, ObamaCare is under analysis as far as its effectiveness to providing universal health insurance and quality healthcare to the United States. A summary of the ObamaCare plan states:

“The ObamaCare health care plan reforms the way we buy health insurance requiring that all Americans, purchase a private health care plan or pay a 1% - 2.5% tax (it is a tax, not a mandate). Americans who cannot afford health insurance will either qualify for Medicare / Medicaid or get assistance in the form of tax credits, tax breaks or assistance with up-front costs on the Health Insurance Exchanges (HIX).” (Facts)

ObamaCare also promises to expand Medicare and Medicaid to insure over 30 million Americans who do not have it now. For the low income population, a negotiated value for the amount to be paid for the universal health insurance is established. More preventative care and healthcare services for women will take effect as well. It also ensures that insurers will be prohibited from dropping their clients if they get sick or abandoning individuals who have pre-existing conditions. Lifetime limits will be illegal, meaning insured individuals no longer have to worry about their coverage running out if they have some sort of lifetime illness. ObamaCare will offer free annual checkup visits, putting a large emphasis on preventative care.

The United States should notice a significant decrease over the next few years with fewer cases of chronic disease in the United States, thus significantly lowering health costs and expenses. The mandatory coverage minimum for each insured person will be \$2 million. It is expected that ObamaCare will cost the nation \$1.1 trillion over the next ten years, funded through budget cuts, government funding, and taxes. However, it is important to note how much more money will be put back into the healthcare system now that a universal plan will be put in place. Not only will it benefit our economy, provide more jobs, and keep small businesses running. Even though it may cost a little more initially to help the economy catch up with the overwhelming amount of debt it faces, it will tremendously benefit the health of our nation in the long run if executed effectively. If there is an adequate amount of support for this reformation there is no doubt ObamaCare could be the answer for national healthcare in the United States. But the problem comes in once you factor in who actually believes it is something worth investing the time, money, and patience in to. Often times the focus is only on immediate results instead of roughing through a few trenches to achieve ultimate success. It is time to increase the focus to bring the US to a more stable position, financially.

An Inside Look: Interview

An interview was conducted by a fellow ER nurse (who chose not to be identified) about ObamaCare and its impact on the health of the nation (Unidentified).

Me: “You have been involved in the healthcare profession for quite a while now. I am sure you are consistently exposed to a roller coaster of situations when it comes to quality health care and health insurance. What is your take on that?”

Interviewee: “Absolutely. I began working in doctors offices and as a traveling nurse for about 10 years. But in my opinion, the real glimpse of healthcare came into effect when I started working in the ER about a year ago. It is always unpredictable, you know. One night we may have a child come in that choked on a penny, then another night its gunshot wounds and bath salt poisonings. You always have to be on guard when you come in this place.”

Me: “I can imagine so! In particular to the quality of the healthcare received towards each patient, how would you rank the system in its entirety?”

Interviewee: “Well, it all depends on the doctor working that night and how busy the ER is. If we are slammed (which is most nights in this area) the doctor may only spend about 10 minutes actually assessing and ‘treating’ the patient so we can see as many people as possible. As a nurse, I feel the quality of the healthcare is directly affected because everyone is in such a rush. So the diagnosis is given along with a prescription and they are out the door with possibly a \$1000 bill attached to them now if no insurance exists for them. There is no time for tertiary care, just diagnosis, a pill, and a bill.”

Me: “You mentioned how packed the ER is when you are working. What do you contribute to this? What is your opinion on the situation?”

Interviewee: “You bring up a good question. Senator Mitt Romney commented on the healthcare situation here in the US, saying that no one is ever turned down for care if they do not have insurance. But in my opinion, this mentality continues to sink our economy down in the dumps. How many more patients will we continue to care for that cannot foot the bill? There will be a point where healthcare reaches rock bottom if we do not install a safety net for cases such as this. I still cannot fathom why one of the richest, developed countries in the world has such an issue with providing a universal form of health insurance. It truly upsets me and I am sure anyone else that suffers directly from its impact.”

Me: “I completely agree with you. Thank you for your time.”

Interviewee: “Not a problem! Thank you.”

Conclusion

In retrospect, the adverse effect of healthcare in the United States has led to a nation of ill health and a suffering economy. 48 million Americans face the dilemma of not having quality healthcare simply because they cannot afford the insurance. It is not fair for hard working Americans to have to question if their aches and pains are worth the bills that follow if they do not have sufficient coverage. Positive efforts have been made since the presidency of Roosevelt and the establishment of Social Security, and it seems that the United States is on the brink of a breakthrough with the installment ObamaCare. The leaders of our nation should really take a step back and put themselves in the shoes of a middle-class American. Personal effects should be taken into account when it comes to providing quality healthcare to our country. If it affects you personally, there is a higher chance that you are willing to do something about it. Let us not put the issue of healthcare on the backburner like it has been since the early 1900s. It is time for unity and change.

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