

# Jumping to Conclusions: Will Expanding Health Care Insurance Improve the Health of the Uninsured?

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## THE PROBLEM

Hundreds of studies document that people without health insurance have worse outcomes than those with health insurance. Is this evidence enough to conclude that having health insurance would improve the health of the uninsured?

A review of the research, conducted for The Economic Research Initiative on the Uninsured (ERIU) at the University of Michigan by University of Chicago health economists Helen Levy, Ph.D., and David Meltzer, M.D., Ph.D., reveals that the vast majority of the studies examining the extent to which health insurance can improve health outcomes cannot determine a causal effect because they don't adequately control for other key factors, such as age or income, that may contribute to health status. Only a handful of studies have been designed to show such a causal relationship between health insurance and improved health, while most research merely suggests a correlation exists.

Although extending health insurance can help people access medical care, researchers need to delve deeper to better understand how having health insurance compares to other interventions that can affect health, such as wider access to public health clinics, immunizations, initiatives to curb obesity, and programs to reduce socioeconomic inequities. This will allow policymakers to consider the value of health insurance relative to other interventions that could improve health, and avoid unnecessarily costly and misguided policy interventions that do not best improve health.

## THE FACTS

- > **Access to medical care through insurance is one of many factors determining health status.** Other indicators include age, stress, income, education level, health behaviors, beliefs about Western medicine, and genetic predisposition to disease.
- > **Correlation does not mean causation.** Of nearly 1,000 studies showing that people without health insurance have worse health status than those with insurance, less than a dozen are designed in a way to determine if the relationship is causal.
- > **Insurance expansion benefits children, elderly.** The few studies designed to determine such a causal relationship show that health improvements have occurred for children and seniors under policies that have expanded Medicaid, children's health, and Medicare coverage. But evidence is lacking that health insurance improves the health of non-elderly adults.

## POLICY PERSPECTIVE

"Expanding health insurance is an important policy solution but it fails to get at the root causes of poor health status among some uninsured individuals. As a group, people without health insurance are less healthy than people with coverage, but poor health status is not always attributable to being uninsured. Consequently, interventions other than, or in addition to, insurance expansions may be the most efficient way to improve the health of uninsured individuals. For example, using public dollars to address America's obesity epidemic among school-aged children by subsidizing school lunches and offering more nutritious choices may be a more efficient way to improve the health of uninsured young people. Supporting educational, social, and therapy programs designed to temper rates of drinking, smoking and other high-risk behavior among teenagers may be more effective in improving their health status. Before debating how to make the best use of limited resources, policymakers need better research on the relative contribution of various determinants of health disparities."

– **Catherine McLaughlin, Ph.D.**  
Professor at the University  
of Michigan and Director of ERIU

## A Web of Factors Contributing to Health Status



## Q&A with David Meltzer, M.D., Ph.D.

*David Meltzer, M.D., Ph.D., Associate Professor in the Department of Medicine, Graduate School of Public Policy and Department of Economics at University of Chicago, studies health economics outcomes research. A member of the Institute of Medicine's Subcommittee on Health Outcomes for the Uninsured, Meltzer co-authored the paper "What Do We Really Know About Whether Health Insurance Affects Health?" for ERIU.*

**Q:** *It's widely perceived that health insurance coverage affects health status or health outcomes. However, your work indicates that this is not the whole story. Why?*

**A:** Our work doesn't argue that health insurance does not impact health, only that much of the evidence that claims to show that is less conclusive than one would like. The literature clearly shows that health insurance coverage is correlated with health status, so that people who are better insured tend to be in better health. The questions are: "What drives that correlation? And is there a causal relationship that people who have better insurance have better health because they have insurance?" That's a lot harder to know.

**Q:** *You cite a handful of studies that try to control for some of these variables under coverage expansions for children and the elderly. What do they show? And how might that help us understand what insurance does for non-elderly adults?*

**A:** The studies of policy changes or "natural experiments" that have been done have in general suggested there are health benefits to expansions of insurance. But the point is there is relatively few of them.

Nevertheless, what we've got does seem to suggest that health insurance makes a difference; that it does improve health. But that's not enough of an answer. We'd be shocked if you could spend a ton of money on health insurance and it didn't do something. The real question is: "What is it doing? And is it worthwhile compared to some of the alternatives?" If we had better studies, we could probably really make a big difference.

**Q:** *In its recent "Care Without Coverage" report, the Institute of Medicine (IOM) concluded that health coverage affects health status. Is the IOM finding largely based on observational studies?*

**A:** Yes. The IOM study concludes that the weight of the evidence based largely, but not exclusively, on observational studies suggest that there are substantial health effects of health insurance. I don't disagree with the spirit of the conclusion. The IOM committee was sufficiently convinced by the observational studies that they felt it was urgent to push ahead a policy agenda. I don't necessarily disagree with that, but I feel it's a little like the off-label use of a drug. We don't have randomized clinical trials to tell us that this is the right thing to do, but the evidence we have suggests the drug may work for patients with other conditions. It's all we've got, so we forge ahead. That's not unreasonable, but it is important to understand the strength of the evidence we have as we move ahead if we are to realize the best possible outcomes from our investments.

Do I really believe in the end that we'll discover that health insurance will improve health? I do believe that, but it's a belief. And I'm quite confident that beliefs won't be the way to identify the perfect health insurance policy. Certainly, it may get us to a better place than where we are, but ultimately the right answer is in systematic evaluation.

### UPCOMING

This Research Highlight is the second in a series of research-based policy documents that will address current questions and issues related to the health care coverage debate. The next Research Highlight will examine what leads some employers to offer and some workers to take employment-based health insurance. Research Highlights can be found on ERIU's website at [www.umich.edu/eriu](http://www.umich.edu/eriu).

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