

The economic costs of uninsured children

Written by Marian Wright Edelman
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In June, Rice University's James A. Baker III Institute for Public Policy released "The Economic Impact of Uninsured Children on America," (.pdf) a new report whose bottom line is that extending health insurance coverage to all children in the United States would be relatively inexpensive compared to the cost of letting children remain uninsured and would yield economic benefits that are greater than the costs.

The Baker Institute's findings reinforce what we have long known: An ounce of prevention is far more cost-effective than a pound of crisis care when children get sick or into trouble, drop out of school, or suffer family breakdown. The report illustrates the importance of guaranteeing affordable, comprehensive health coverage to every uninsured child in America this year. The report reviewed recent studies published in peer-reviewed journals to examine the evidence on the economic impact of failing to insure all children in the United States, looking at factors like the impact of health insurance on children's health, on outcomes in adult life, on how frequently and where children received health care, and lives lost for lack of health insurance. It also compared the United States to other countries.

As the report sums up, "We conclude that providing health insurance to all children in America will yield substantial economic benefits. Universal coverage for children will increase health care expenditures, but by a relatively small amount. Providing uninsured children with coverage will lead to higher quality health care for these children, which will significantly improve their productivity as adults. The cost of health insurance for children will be offset by the increased value of additional life years and improved health-related quality of life gained from improved health care."

The Baker Institute report has been embraced by the Texas business community, which increasingly recognizes the need to invest in children's health coverage to strengthen the economy. The Greater Houston Partnership, the largest business organization in the southwestern United States, lauded the report for emphasizing the importance of children's health coverage in developing a healthy, educated workforce and maintaining a strong business climate. "The health costs of the uninsured have become an economic burden of the business community through property taxes, higher health insurance premiums, and lost productivity of workers with sick family members," said Dan Wolterman, chair of the Greater Houston Partnership Healthcare Advisory Committee. "This report shows that children's health coverage is a wise investment for uninsured children and for business.... Providing children with health coverage maintains a healthy business climate for employers by providing cost-effective, preventive care for children."

Earlier this year, a proposal that would have allowed Texas families who were just over the state's Children's Health Insurance Program income-eligibility limit to "buy in" and purchase health coverage for their children, by paying sliding scale premiums that increased with their income, received strong support from powerful Texas Chamber of Commerce leaders. It was also supported by Texas legislators and voters. It passed both chambers of the Texas legislature with strong bipartisan margins. But lack of support from the Governor and a few key legislative leaders caused the bill to die without receiving a final vote.

The Texas business community and advocates also worked on legislation to ensure that Texas'

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poorest children had improved access to affordable children's health coverage. More than 500,000 children in Texas qualify for children's Medicaid but are unable to enroll due to red tape barriers designed to keep child enrollment low. Despite the business community's message that leaving these children uninsured is far more costly to Texas taxpayers, top leaders failed to provide the needed support to allow enrollment simplification measures, such as one-time a year application cycles, to receive a fair vote on the House floor.

When think tanks such as the Baker Institute and business groups agree that it's time to stand for health coverage for all children, it should make all Americans sit up and take notice. The Children's Defense Fund also believes that a focus on prevention in our health care system is crucial to containment of out of control health costs and that investing in healthy children must be a cornerstone of any national health reform plan. Although the Congressional Budget Office does not measure prevention, we share Frederick Douglass' belief that "it is easier to raise a healthy child than to repair a broken man."

In addition to it being the morally right thing to do, investing in children is also the economically smart thing to do as the Baker Institute has pointed out. It costs less to cover children than any other age group. Children constitute over half the Medicaid rolls but less than a quarter of its costs. Diagnosing and treating children's problems early saves lives and dollars. As we face an unprecedented opportunity and need for health reform legislation and change, it's now more important than ever that real child health reforms be enacted to stop Texas and many other states from continuing to deny coverage to millions of eligible children. Our country needs healthy and educated children for a future healthy workforce. There's no better investment than comprehensive, affordable health coverage for all children to improve their lives and the lives of all of us. I hope Congress will do the math and make sure all children get all medically necessary services now regardless of where they live.

Learn more about the top five things you can do to let your Members of Congress know that real child health reform is important to you.

Marian Wright Edelman, whose new book is *The Sea Is So Wide And My Boat Is So Small: Charting a Course for the Next Generation*, is president of the Children's Defense Fund. For more information about the Children's Defense Fund, go to <http://www.childrensdefense.org/>