

The Health Care and  
Social Costs of the  
Uninsured in  
New York State



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## The Health Care Costs of the Uninsured in New York State

### 1. Estimated total spending on health care for the uninsured in NYS in 2005, including uncompensated care

A detailed study prepared by researchers at the Urban Institute estimated that \$2.8 billion in *uncompensated care* was provided in 2005 in New York by hospitals, physicians, health centers, Veterans Administration facilities, and the Indian Health Service. This amount does not include some uncompensated care provided in hospitals (e.g., skilled nursing care) or free or discounted health care provided by pharmacists, drug manufacturers, or non-physician health professionals. The uninsured include those without health insurance for all or part of the year.

To estimate the *total spending on health care for the full and part-year uninsured* in New York, the Urban Institute study used data from the Medical Expenditure Panel Survey in conjunction with the Current Population Survey.<sup>1</sup> The total annual amount spent on health care for the uninsured is estimated at \$7.2 billion. This total comprises three components: \$2.2 billion in out of pocket expenditures, \$2.3 billion paid by insurance sources (mainly private insurance and Medicaid) for health care for those who had insurance for part of the year, and \$2.7 billion in uncompensated care. (This \$2.7 billion estimated for uncompensated care based on the MEPS survey of households is remarkably similar to the \$2.8 billion estimate of uncompensated care based on information from providers.)

The Urban Institute researchers estimate that 75 percent of uncompensated care costs were provided to the full-year uninsured, and 25 percent to the part-year uninsured.

### 2. Total medical expenditures if the uninsured were fully insured

The Urban Institute study estimated that, *if New York's uninsured were fully insured, the total annual medical expenditures for this population would be \$11.3 billion*. This estimate assumed that the new full-year coverage would have the same benefit structure, utilization management features, and provider payment levels, in the same proportions, as the private insurance and Medicaid plans that now cover low- and lower-middle-income populations. Thus, the cost of additional care that would be provided to the uninsured if they were insured for the full year would be \$4.1 billion more than the \$7.2 billion that is currently expended by or on behalf of the full- and part-year uninsured. This represents the

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<sup>1</sup> The Medical Expenditure Panel Survey (MEPS) is a national survey of individuals and households conducted by the U.S. Department of Health & Human Services' Agency for Healthcare Research and Quality. The Current Population Survey (CPS) is a monthly survey conducted by the Bureau of the Census and the Bureau of Labor Statistics to develop information on labor force and related economic characteristics. In March of each year a special supplement to the CPS – the Annual Social and Economic supplement -- is conducted to provide more in-depth information on income and health insurance coverage.

additional care that the uninsured would receive and higher provider payments associated with the insured.

*Source: Randall R. Bovbjerg, Stan Dorn, Jack Hadley, John Holahan, and Dawn Miller, Caring for the Uninsured in New York. What Does it Cost, Who Pays, and What Would Full Coverage Add to Health Care Spending? Urban Institute, October, 2006.  
<http://www.urban.org/publications/311372.html>*

### **3. Social costs of lack of health insurance**

In addition to the monetary costs estimated above in section 1 that are paid by or on behalf of the uninsured for health care, there are substantial costs to society that result when large numbers of people lack health insurance. The National Academy of Sciences appointed a Committee on the Consequences of Uninsurance under the auspices of the Institute of Medicine to assess these broader costs.

The Institute of Medicine released a study in 2003 that described the social costs of a lack of health insurance as follows:

- The uninsured lose their health and die prematurely. Uninsured children lose the opportunity for normal development and educational achievement when preventable health conditions go untreated.
- Families lose peace of mind because they live with the uncertainty and anxiety of the medical and financial consequences of a serious illness or injury.
- Communities are at risk of losing health care capacity because high rates of uninsurance result in hospitals reducing services, health providers moving out of the community, and cuts in public health programs like communicable disease surveillance. These consequences can affect every one, not just those who are uninsured.
- The economic vitality of the country is diminished by productivity lost as a result of the poorer health and premature death or disability of uninsured workers.
- Medicare, Social Security Disability, and the criminal justice system probably cost more than they would if everyone had health insurance up to age 65.

The Institute of Medicine study concluded that the costs to society of having a large uninsured population are much greater than the amounts currently expended for uncompensated care. The “hidden cost” stems largely from the poorer health of the uninsured because they frequently receive too little care, too late. For example, nationally, 8 million uninsured people with chronic illnesses receive fewer services and have increased morbidity and worse outcomes, and 18,000 people die prematurely each year.

The Institute attempted to quantify the potential value of better health outcomes that could be gained from continuous coverage for all Americans. Using 2001 as the base year for its calculations, the Institute pegged the operable range for the nation at between \$65 billion

and \$130 billion *each year*.<sup>2</sup> In 2001, New York State accounted for seven percent of the nation's uninsured. This would mean that New York's share of the social costs of uninsurance range from \$4.6 billion to \$9.2 billion annually. Again, this cost is entirely separate from the value of uncompensated health services provided annually to the uninsured, or the total health care spending currently on behalf of the uninsured.

*Source: Institute of Medicine, Committee on the Consequences of Uninsurance, Hidden Costs, Value Lost: Uninsurance in America. June 2003.*

<http://www.iom.edu/CMS/3809/4660/12313.aspx>

*Estimate of NYS share calculated by FPI.*

#### **4. Estimated County-level Distribution of the Uninsured in New York**

Using county-level estimates of the uninsured generated by the U.S. Census Bureau for the year 2000 and the 2006 Current Population Survey, the New York State Department of Health (NYS DoH) estimated the number of full-year nonelderly uninsured by county for 2006. These county estimates are shown in the first column of the attached table.

In addition to the 2.7 million full-year uninsured (2,646,747 nonelderly and 15,000 elderly) there are, according to the Urban Institute, another approximately 1.5 million persons in New York State who are without health insurance for part of the year. (For 2005, the Urban Institute reports that the part-year uninsured figure was 1,521,564.)

The attached table also provides county estimates of the annual cost of uncompensated care and the social costs of uninsurance. We use the Urban Institute estimate of \$2.7 billion in uncompensated care statewide, and the Institute of Medicine methodology for estimating the social costs of uninsurance. The allocation by county was done on the basis of each county's share of the full-year nonelderly uninsured.

Two caveats are important to keep in mind in using these estimates. First, both the uncompensated care estimates and the social cost estimates pertain to both full- and part-year uninsured. Second, the allocation of costs by county assumes that the distribution of the part-year uninsured matches the distribution of the full-year nonelderly uninsured as estimated by the NYS DoH, and it assumes the costs are evenly distributed per uninsured person. These are obviously critical assumptions and should caution the reader to treat these estimates as very rough approximations.

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<sup>2</sup> In 2001, there were 41.2 million people without health insurance for the entire year in the U.S. By 2006, this had risen by 14 percent to 47 million. In New York, the number of uninsured dropped from 2.9 million in 2001 to 2.7 million in 2006.

## Estimated distribution by county of full-year nonelderly uninsured, cost of uncompensated care, and social costs of uninsured, New York State, 2006

	Estimated full-year nonelderly uninsured *	Cost of uncompensated care provided to the uninsured ** (\$ millions)	Estimated range of social costs of uninsurance ***	
			lower bound (\$ millions)	upper bound (\$ millions)
<b>NEW YORK STATE</b>	<b>2,646,647</b>	<b>\$2,678</b>	<b>\$4,602</b>	<b>\$9,204</b>
<b>New York City</b>	<b>1,411,150</b>	<b>\$1,428</b>	<b>\$2,454</b>	<b>\$4,907</b>
Albany County	30,201	\$31	\$53	\$105
Allegany County	6,118	\$6	\$11	\$21
Bronx County	274,607	\$278	\$477	\$955
Broome County	22,671	\$23	\$39	\$79
Cattaraugus County	9,906	\$10	\$17	\$34
Cayuga County	9,567	\$10	\$17	\$33
Chautauqua County	19,045	\$19	\$33	\$66
Chemung County	10,446	\$11	\$18	\$36
Chenango County	6,882	\$7	\$12	\$24
Clinton County	8,603	\$9	\$15	\$30
Columbia County	6,995	\$7	\$12	\$24
Cortland County	5,406	\$5	\$9	\$19
Delaware County	7,064	\$7	\$12	\$25
Dutchess County	29,822	\$30	\$52	\$104
Erie County	96,268	\$97	\$167	\$335
Essex County	4,161	\$4	\$7	\$14
Franklin County	7,148	\$7	\$12	\$25
Fulton County	6,715	\$7	\$12	\$23
Genesee County	5,532	\$6	\$10	\$19
Greene County	6,069	\$6	\$11	\$21
Hamilton County	428	\$0	\$1	\$1
Herkimer County	7,081	\$7	\$12	\$25
Jefferson County	16,681	\$17	\$29	\$58
Kings County	478,783	\$484	\$833	\$1,665
Lewis County	3,414	\$3	\$6	\$12
Livingston County	6,106	\$6	\$11	\$21
Madison County	6,149	\$6	\$11	\$21
Monroe County	80,565	\$82	\$140	\$280
Montgomery County	6,783	\$7	\$12	\$24
Nassau County	147,241	\$149	\$256	\$512
New York County	206,601	\$209	\$359	\$718
Niagara County	22,379	\$23	\$39	\$78
Oneida County	25,211	\$26	\$44	\$88
Onondaga County	50,250	\$51	\$87	\$175
Ontario County	8,632	\$9	\$15	\$30
Orange County	46,525	\$47	\$81	\$162
Orleans County	5,249	\$5	\$9	\$18

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	Estimated full-year nonelderly uninsured *	Cost of uncompensated care provided to the uninsured ** (\$ millions)	Estimated range of social costs of uninsurance ***	
			lower bound (\$ millions)	upper bound (\$ millions)
Oswego County	14,652	\$15	\$25	\$51
Otsego County	7,500	\$8	\$13	\$26
Putnam County	9,919	\$10	\$17	\$34
Queens County	400,939	\$406	\$697	\$1,394
Rensselaer County	14,952	\$15	\$26	\$52
Richmond County	50,220	\$51	\$87	\$175
Rockland County	40,809	\$41	\$71	\$142
St. Lawrence County	14,507	\$15	\$25	\$50
Saratoga County	15,290	\$15	\$27	\$53
Schenectady County	13,635	\$14	\$24	\$47
Schoharie County	3,545	\$4	\$6	\$12
Schuyler County	2,492	\$3	\$4	\$9
Seneca County	4,156	\$4	\$7	\$14
Steuben County	11,566	\$12	\$20	\$40
Suffolk County	165,910	\$168	\$288	\$577
Sullivan County	11,552	\$12	\$20	\$40
Tioga County	5,277	\$5	\$9	\$18
Tompkins County	10,153	\$10	\$18	\$35
Ulster County	22,811	\$23	\$40	\$79
Warren County	6,168	\$6	\$11	\$21
Washington County	6,981	\$7	\$12	\$24
Wayne County	9,574	\$10	\$17	\$33
Westchester County	105,333	\$107	\$183	\$366
Wyoming County	4,148	\$4	\$7	\$14
Yates County	3,253	\$3	\$6	\$11

\* Estimates of county distribution of full-year nonelderly uninsured, James W. Welsh, Ph.D., NYS Department of Health. Note that this does not include a statewide total of 15,000 elderly uninsured.

\*\* New York State county estimates for annual cost of uncompensated care prepared by FPI based on state-wide total from Bovbjerg, Dorn, Hadley, Holahan, and Miller, Caring for the Uninsured in New York: What Does it Cost, Who Pays, and What Would Full Coverage Add to Health Care Spending?, Urban Institute, October 2006.

\*\*\* New York State estimates for the range of annual social costs related to uninsurance prepared by FPI based on Institute of Medicine, Committee on the Consequences of Uninsurance, Hidden Costs, Value Lost: Uninsurance in America, June 2003.

Source: Prepared by Fiscal Policy Institute, December 2007.