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California's 6.3 Million Uninsured Would Cost an Additional $7.4 Billion in Direct Expenditures If Fully Insured

LOS ANGELES – Providing health insurance to the estimated 6.3 million Californians who are currently uninsured would increase direct health care expenditures within the state by about $7.4 billion, or $1,180 per uninsured person, with significant savings likely through better health, preventive care and reduced spending by “safety net” providers, according to a new study from the UCLA Center for Health Policy Research.

“Shifting (existing) resources could enhance the ability of the state to insure the uninsured, improving access to care and the health of Californians,” said Gerald F. Kominski, Ph.D., co-author of the study, who noted that direct spending on health care by Californians below age 65 currently totals about $61.8 billion annually.

Adult Californians who will have insurance throughout 2004 will spend far more (an estimated $2,793, on average) on health care than those without insurance ($963 on average), the study found. Direct health care expenditures in 2004 for children with full-year insurance will be twice that of uninsured children (an estimated $1,428 versus $726 on average), the authors found. These disparities demonstrate that many Californians are unable to pay for their health care needs or those of their children, the authors pointed out.

“Covering the uninsured is a significant step in improving the health status and quality of life for all Californians by guaranteeing that no Californian will face access barriers as a result of losing their health insurance,” said Dylan H. Roby, M.Phil, the study’s other co-author.

Direct health care expenditures for uninsured adults and children in California already totals about $7.4 billion annually, the study found, with substantial additional spending occurring in various forms, including direct subsidies to health care facilities through Medicare and Medi-Cal, private subsidies and uncompensated care provided by hospitals, physicians, and other providers.

The study’s authors are conducting additional research to develop options on how all these direct and indirect sources of expenditures might be combined and/or redistributed to provide affordable insurance for California’s uninsured population. They noted that costs of complying with SB 2, the controversial law which requires many California companies to provide health insurance to their employees, may be more affordable if the state can find mechanisms for redirecting current sources of public and private expenditures on behalf of the uninsured.
The study, “Estimating the Cost of Caring for California’s Uninsured,” is based on findings from the 2001 California Health Interview Survey (CHIS 2001) and the 1998-2000 Medical Expenditure Panel Surveys (MEPS). Kominski is Associate Director of the UCLA Center for Health Policy Research and Associate Dean and Professor of the UCLA School of Public Health. Roby is a Senior Research Associate at the UCLA Center for Health Policy Research.

The UCLA Center for Health Policy Research was established in 1994 and is one of the nation’s leading health policy research centers. The premier source of key health-policy information for California, the Center is based in the UCLA School of Public Health and is also affiliated with the UCLA School of Public Policy and Social Research.

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