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# Money



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## More high-income Americans go without health insurance

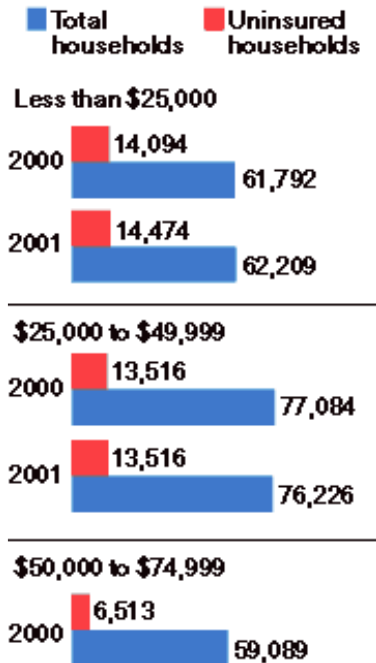
By Julie Appleby, USA TODAY

Leanne Ely is a radio talk-show host in Southern California. Jay Belle is four years into running his own business in Memphis. Jeanie Whiting is an author and farmer in Washington. All three have household incomes of more than \$75,000.

And none of the three has health insurance.

### More Americans without health insurance

The number of Americans without health insurance is rising again, hitting all income groups, as premiums for health insurance grow, the economy falters and states cut back eligibility for Medicaid programs.



"The cost is just prohibitive," says Belle, 39, who figures he'll take his chances on not getting sick.

As insurance premiums rise at their fastest clip in a decade, more Americans across all income levels are going without.

Upper-income households are not immune: Growth in the number of uninsured hit the wealthy and the poor about equally last year.

While the working poor make up the biggest chunk of the 41.2 million Americans who lack insurance, 811,000 people with household incomes above \$75,000 joined the ranks of the uninsured last year, bringing that group's total to 6.6 million, according to the Census Bureau.

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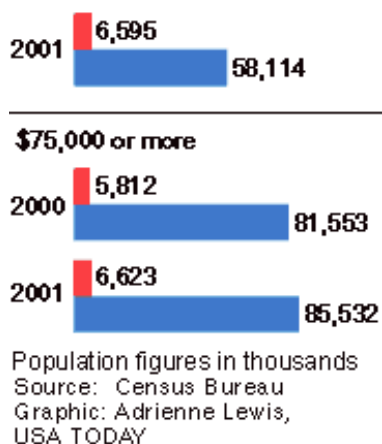
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Because higher income groups have more political power, their mounting numbers among the uninsured could renew stalled debate about what to do.

"To some extent, it is a very good thing that these middle- and upper-income folks are getting into this fix," says Princeton economist Uwe Reinhardt. "They used to think, 'This is just a lower-class problem,' one faced by their gardener or cab driver. Then it hits them."

Debate about whether to restructure the way health care is paid for faded after the Clinton administration's health reform proposal died in 1994. There was little pressure to do anything: Through most of the 1990s, the economy was strong, health insurance premiums remained relatively stable, and the number of employees offered insurance actually grew.

Now, the pressure is back as premiums rise, along with the number of uninsured. But finding solutions will be complicated by a faltering economy and a national budget that has gone from surplus to deficit.

Belle and Ely say they can't afford insurance, despite their household-income bracket.

"We're looking at (insurance) costs of over \$400 a month," says Ely, 44, without coverage since moving to California last April to accept a part-time job as host of a women's talk show. Her husband is a freelance photographer.

They and their two children are about to move into a plain-Jane three-bedroom, \$2,500-a-month rental house in Costa Mesa. "We don't have car payments or debt, but it's that monthly crunch," she says. "We're living paycheck to paycheck."

Reasons higher-income households don't have insurance vary: Some are starting businesses and can't afford extra expenses. Some are victims of the weak economy, laid off and uninsured. Some are healthy and willing to take a chance they'll stay that way.

Then there are those who got sick — even with mild conditions — and can't find an insurer willing to offer them a policy.

Hardest hit in higher income groups are those who run their own businesses, early retirees or consultants, who must buy coverage in the individual market, where policies are more expensive — and harder to get — than those offered to employer groups.

"If they're struggling, even on \$60,000 or \$75,000, to pay the mortgage and send kids to college and suddenly have to buy their own insurance, they

learn that it costs \$8,000 to buy a family policy. An older person might be looking at \$11,000 for premiums alone," says Diane Rowland of the Kaiser Family Foundation, a non-profit research group based in Palo Alto, Calif.

Catastrophic plans are less expensive, but they provide fewer benefits.

Belle gave up insurance when he left a corporate job to run his own business. "I do without and rely on fairly good health," says Belle, owner of The Blind Man, a window blinds business in Memphis. "I don't get up every day and wonder if I'm going to get hit by a bus."

If he needs medical care, he pays for it himself. Last year, he paid \$500 for seven stitches he received at an urgent care center. Hospitals, clinics and doctors generally charge the uninsured the highest rates because they have no middleman — an insurer — to negotiate lower charges.

### **The cost of going without**

While Belle and the others have not had problems getting or paying for medical care, health experts say there are both individual consequences to going without health insurance — failing to get timely medical care, possible bankruptcy — and societal ones.

Federal law requires hospitals to stabilize and treat anyone who comes into an emergency room — regardless of their ability to pay — but there is no similar mandate that individuals buy health insurance. Some say it's an idea that needs discussion.

Economists call those who could afford to buy insurance but choose not to "free riders," because they might turn to public hospitals or emergency rooms for care if they fall ill. They also reduce the number of healthy people in the overall insurance pool, which potentially raises rates for everyone.

"Society will, in a sense, tax other people to take care of them," says economist Paul Ginsburg at the Center for Studying Health System Change, a non-partisan research group in Washington. "But they're not doing anything wrong because we've never told them, 'You need to buy health insurance, otherwise you are free riding.' "

Political observers, patient advocates and health system experts say the sheer numbers of those going without insurance in the over-\$75,000 income category point to deeper problems.

"This is a reflection of how expensive health insurance is for all of us, but most of us can't see it because the costs are hidden from us," Ginsburg says.

That's because the majority of insured Americans get their coverage through an employer — and pay a percentage of the cost. More employers, however, are passing on larger shares of the cost to workers, causing some employees to drop coverage.

### **More are losing coverage**

If rates keep rising, more employers might decide to stop offering coverage. And, as the economy continues to sputter, laid-off Americans are joining the ranks of the uninsured.

Karla Bell-Elkins, 31, a physical therapist in Boston, was laid off recently. Her domestic partner works for the state, but she can't get coverage under her partner's plan because Massachusetts doesn't recognize same-sex unions. Bell-Elkins must decide whether to continue her former employer's coverage under a federal law known as COBRA — at a cost of \$380 a month — or go without.

She says she'll probably pay. "All it takes is the slightest injury, and the cost and the bills ... are outrageous," Bell-Elkins says. "I've seen folks paying off medical bills for 15 years after an injury because they didn't have insurance."

COBRA allows workers who leave their jobs to temporarily continue on their former employer's plan — as long as they pay the full tab for the insurance.

"Unless you have a guaranteed job for life, which very few of us have, the message is that everyone is at risk (of being without insurance)," says Steffie Woolhandler, an associate professor of medicine at Harvard and a longtime advocate of a national health system.

Economist Reinhardt says the growing number of high-income uninsured points to the need for a better safety net.

"It might make the political center think maybe there is something to the idea of social insurance," says Reinhardt, who was born in Germany, where a payroll tax-funded government health program covers citizens. "Some kind of social insurance that says you cannot freeload on society, but we won't let you sink either, we won't let you go bankrupt over health care."

While it's unlikely far-reaching reforms will be adopted anytime soon, there are a few proposals to help the uninsured. Democrats favor expanding some government health programs to cover more individuals, while Republicans, including the Bush administration, support offering tax credits to help the lower-income uninsured buy coverage. Neither plan would extend to the higher income brackets. Former vice president Al Gore last week said he is in favor of some type of single-payer health plan, in which the government guarantees access to health care, a concept he previously opposed.

Zolton Cohen says he thinks something — perhaps a tax — needs to be done.

Cohen and his wife, Mary, live in Kalamazoo, Mich., and pay \$520 a month for insurance. Those premiums, plus costs their policy does not cover, resulted in health care expenses of \$10,000 last year, he says.

The couple expect up to a 30% increase in their premium in March. Cohen,

51, is a freelance commercial photographer and columnist. His wife, 50, is a communications consultant. Last year, their combined income was \$113,000, he says.

"When people in our income bracket are finding it a pinch, there's a real problem," he says. "We pay taxes for fire protection, police protection and that sort of thing. Why don't we have the same thing in place for health care protection?"

Whiting, 35, who runs a farm in Tonasket, Wash., and writes books, says she would buy health insurance if it was mandatory — like car insurance — or if someone in her family was ill. But at the moment, she doesn't see it as a good value. She has been without coverage for about five years, since she left her non-farm job to stay home with her children, ages 5, 15 and 17. Between the farm, her books and her husband's job as a computer programmer, Whiting says, the family's annual income is \$100,000.

Last year, the family spent about \$300 for doctor visits, she says. That's far less than an insurance policy, which she says would run them about \$500 a month. For awhile, she put money into a savings account to be used for medical expenses. But the farm needed a new barn, and the money went there.

She doesn't lie awake at night thinking "what if."

"None of us wants to spend our whole life worrying about what might happen or what could happen," Whiting says. "If something comes along, we'll just deal with it in the best way we can."

Her financial assessment does not surprise some analysts.

"There is a category of people who are uninsured who can afford to buy the insurance, but they don't," says Tom Miller, director of health policy studies at the Cato Institute, a libertarian think tank in Washington. "As insurance gets more expensive, they don't see the return on that insurance, so they drop out."

Miller says one answer would be to loosen restrictions on the benefits that insurance policies must offer, so that lower-cost, less-comprehensive policies are available for catastrophic coverage.

Others say an answer might be to open group purchasing pools to individuals — or raise the income limit on programs aimed at helping the working poor buy insurance — so individuals in higher income brackets could join.

"Because it would be a group, they should be able to get lower premiums, just like employers that band together," says Artá Banks, 37, of Denver.

Her income tops \$75,000, she says, but she's paying \$700 a month to insure herself and her five children, four of whom are adopted.

A nurse, she works on a contract basis for a home health care agency, which offers her the flexible hours she needs to care for one of her children, who has HIV.

Banks moved to a smaller house so she could afford to take the flexible job — and has made other financial sacrifices. But she won't go without health insurance.

"As a nurse, I have seen families lose everything because they have no health insurance," Banks says. "Their kid gets hit by a car while riding a bike, and it wipes out everything they've got."



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