

Number without health insurance continues to rise

■ Recent laws aim to increase coverage, but one-sixth of Americans are uninsured, and the cost and politics of a solution pose a big hurdle

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WASHINGTON — In 1994, when President Clinton's effort to reshape the U.S. health care system collapsed, a political consensus emerged from the rubble: In the future, any such changes should be made piecemeal.

Four years later, the limits of that incremental approach are becoming clear, in the view of many experts.

Most immediately, Congress is confronting demands to provide broad new consumer protections for patients fed up with the restrictions of managed care. Lawmakers also face a deeper problem.

Despite the passage of several laws intended to expand coverage, the number of Americans without insurance has risen steadily, by an average of 1 million a year.

The number of uninsured has increased each year since 1987 and now exceeds 41 million, about one-sixth of the population.

Moreover, this steady rise has occurred despite a remarkable economic boom. The nation has created more than 14 million jobs since 1993, but most of these are in small businesses, which are far less likely than large companies to provide health insurance.

In Congress, members of both parties keep returning to the problems of the uninsured, but the cost and complexity of the issue pose hurdles. Lawmakers say they are determined not to repeat the mistakes that killed Clinton's plan, but beyond that, there is little agreement.

Congress has enacted two significant health care laws since the collapse of the Clinton plan. It created a new program to finance health care for low-income children last year. And in 1996 it passed the Kassebaum-Kennedy law, to make insurance more readily available to millions of people who change their jobs or lose them.

These efforts, along with previous expansions of the Medicaid program, have made a difference; without them, experts say, the number of uninsured would be even higher.

But there have been problems:

■ Federal and state officials say that insurers have found ways to skirt the Kassebaum-Kennedy law by shunning people with medical problems or by charging them very high premiums. The law does not limit what insurers can charge.

■ Sweeping changes in federal welfare policy could inadvertently increase the number of uninsured children, offsetting some gains in coverage from the new Children's Health Insurance Program.

■ The government has struggled to carry out its duties under the new laws. Federal officials had assumed that states would quickly adopt the standards the Kassebaum-Kennedy law established, but that has not happened in California and four other states. In such states, the federal government is supposed to enforce the law directly, but the Clinton administration acknowledges it was unprepared for this immense new responsibility.

So, while officials grapple with these problems, the number of uninsured Americans keeps growing.

For example, even if parents have coverage through their employers, their children might be uninsured. Many companies have cut back benefits for dependents.

Conversely, many children covered by Medicaid, the federal-state

program for low-income people, have parents who are uninsured because Medicaid's eligibility rules are much more generous for children than they are for adults.

The Medicaid eligibility rules are devilishly complex. They differ from state to state, and family income limits vary with a child's age. So a healthy 4-year-old boy might be protected by Medicaid, but his 8-year-old sister, though severely ill, is ineligible for coverage because the income limit for her age group is lower.

The plight of the uninsured might seem distant to members of the middle class riding the current economic boom. People are less anxious about losing their jobs and their benefits than they were in the recession of the early 1990s. "Health security" was the buzzword then, just as "patients' rights" is now.

"The problems that the Clinton health plan was intended to address have not gone away and may worsen in the future," said William Custer, an economist at Georgia State University in Atlanta. "If the economy slows or if health costs rise much faster than prices in general, we'll probably see more rapid growth in the number of Americans without health insurance."

Today, as in the early 1990s, the cost of coverage is crucial. Paradoxically, the Public Health Service says, the number of workers offered health insurance by their employers has increased in the past decade, but the proportion of workers who accept such offers has declined, in part because of the cost.

Philip Cooper and Barbara Schone, economists at the federal Agency for Health Care Policy and Research, found large declines in the proportion of people accepting employer-sponsored insurance among two groups: workers with low wages (less than \$7 an hour) and workers younger than 25.

They estimate that 6 million workers are offered health insurance by their employers or their unions but do not take it.

Nationwide, about half of all uninsured workers are either self-employed or working in businesses that have fewer than 25 employees. When coverage is available in such companies, the employees often are required to pay a large share of the cost.

Small businesses give many reasons for not providing insurance to their employees. They say premiums are too high, their profits are too uncertain to make a commitment to insurance and health benefits aren't always a high priority for workers.