# Flood Insurance

## The insurance policy problem – Health Insurance

### What happens if you do not have health insurance?

#### If it is not an emergency, you pay out of pocket, often at higher prices or you do not get care

#### If it is an emergency, you can get care at an emergency room and necessary follow up care at the hospital

##### This is required by EMTALA – Emergency medical treatment and active labor act

##### They have to evaluate and treat you without regard to ability to pay

##### They can, and do, charge you for the care

##### In theory, the Charity System provided some free care, but not actually a lot. It was funded by money diverted from the Feds

### The cost of insurance in group plans

#### Health care is very expensive in the US

#### Basic coverage for a family of four is $12k

#### Individuals will be about 5K

### Who is the money spent on?

#### Most of the money goes to a small % of patients with chronic illness

#### Another chunk goes to single large event injuries

#### On average, you consume more care as you age because you develop chronic diseases

#### Pregnancy is an exception

### Who gets the money?

#### One of the key questions is how high health care spending affects the economy.

#### Breakdown of spending

##### About 1/3 on drugs and devices

##### About 1/3 on hospital care

##### About 1/3 on docs and other providers

#### Impact on the economy

##### Drug and device money is not very leveraged

##### Hospital and provider money creates a lot of jobs

###### Many are good middle class jobs with benefits.

###### There is also a lot of leverage in the community with goods and services sold to health care and stuff health care workers buy

##### Since we have to do something to provide jobs, health care is not bad

#### The real issues with health care spending

##### Is it paid for in ways that distort the economy?

##### How do we deal with inequality issues?

### How do we spread risk?

#### Group insurance

##### The total cost is divided over everyone in the group

##### The group must be large enough to avoid the problem of small numbers

##### The young subsidize the old

##### The healthy subsidize the sick

##### You are insuring against the time when you are old and/or sick

#### Individual policies – pre-ACA

##### Only year by year

##### If you make any claims or develop any problem, your premium skyrockets

##### High deductible option (catastrophic coverage)

###### You assume most of the cost of routine care

###### The policy only kicks in when you have a serious illness

##### Coverage limits are often too low in individual policies

### The fundamental mismatch

#### A large part of the population cannot afford the full cost of insurance because jobs pay too little

#### Employers traditionally take up the slack for some

#### Many are uninsured

### What about the uninsured young who can afford insurance?

#### Perception that the benefit is not worth the cost for younger people

##### Nothing will happen to me

##### Someone else will take care of me anyway

#### What are the risks?

##### Accidents

##### Cancer

##### HIV

#### Risk to the individual

##### Not as good care, especially around here

##### Delayed care

##### Saddled with bills that may be hard to discharge in bankruptcy

#### Risk to society

##### Huge cost shift problem

##### Free Riders

### The policy problem

#### How do we provide care for the uninsured?

##### Do we just ignore them, as the tea party would?

##### Then we have the free rider problem and we get indirect cost shifting

#### The Pre-ACA system

##### Medicare for the old and disabled

###### Mostly federal paid, but with some out of pocket costs

##### Medicaid for the poorest

###### Only required for people (mostly women) with dependent children.

###### Some states (not LA) expand coverage to working poor and include some without children.

##### Most working poor make too much for Medicaid and not enough to buy insurance.

##### Those without adequate care get delayed care and lower quality care.

##### The uninsured still cost about 70% of what the insured do, because when they get really sick or injured, they get care through EMTALA

## How is this like the flood insurance problem?

### Free riders?

### Cost benefit perception on purchase?

### Repetitive loss properties like chronic illnesses?

### Where does the money go?

## How is it different?

## Why are folks who oppose government supported health care for the poor pushing for government supported flood insurance?