



Sherry Glied Addresses Universal Healthcare Coverage in the *New England Journal of Medicine*

In a *New England Journal of Medicine* perspective, Sherry Glied, PhD, professor and chair of the Department of Health Policy and Management, discusses the controversial issue of individual mandates for health insurance, an element of the Clinton and Obama health plans and of the recent health insurance reform in Massachusetts. The editorial, “Universal Coverage One Head at a Time — The Risks and Benefits of Individual Health Insurance Mandates,” is published in the April 10, 2008 issue of the Journal.

Dr. Glied observes that universal coverage that relies on private health plans is already in place in several countries, and that some of these incorporate health insurance mandates. One reason for such mandates is a concern about the potential for “free-riders” in a voluntary system—people who realize that inexpensive care would be available in the case of an emergency and therefore elect to forego coverage. Yet, according to Dr. Glied, while the free-rider problem remains an issue, research suggests that its magnitude is quite small, and eliminating the free-rider problem would not make the system less costly.

“Achieving universal coverage is more important as a means of improving the functioning of the insurance market,” says Dr. Glied. “Because prospective purchasers take their own health into consideration when making decisions about their coverage, insurers often respond to this behavior by aggressively seeking out healthier purchasers and discouraging the enrollment of those who seem likely to require costly medical care. This inevitable response drives up the costs of coverage.”

Dr. Glied also suggests that compelling everyone—whether healthy or sick—to participate in the insurance market may diminish the use of wasteful insurer tactics, making it easier for insurance regulators to limit the extent to which sicker people pay higher premiums by reducing the risk that healthy people will be driven out of the market.

“The individual mandate for universal health coverage offers new options, but it also introduces risks,” observes Dr. Glied. “The mandate is in many respects analogous to a tax and requires people to make payments for something whether they want it or not.”

One important concern is that the government will provide insufficient funds for the subsidies and therefore could penalize uninsured people who genuinely cannot afford to buy coverage. The

tax analogy could also become a means through which special interests use government to force transfers of funds from consumers to the healthcare sector. A final concern about mandates relates to their administration. Dr. Glied notes that a mandate requires enforcement if it is to be effective, and compliance is never perfect.

The risks associated with individual mandates suggest that they are no panacea. “Perhaps the most important benefit of mandates is symbolic,” says Dr. Glied. By mandating the purchase of health insurance, governments signal to their citizens and communities that coverage is critical. For many uninsured, this public commitment to coverage may lead to a reassessment of priorities. “Although making mandates functional will be demanding, just passing a mandate may serve an important purpose by moving health insurance higher on the agendas of all these constituencies.”

For a copy of Dr. Glied’s NEJM Perspective:
<http://content.nejm.org/cgi/content/full/358/15/1540>