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The Problem of the Uninsured

by Isaac Ehrlich, Yong Yin
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Abstract:

The problem of the uninsured – those eschewing the purchase of health insurance policies – cannot be fully understood without considering informal alternatives to market insurance called "self-insurance" and "self-protection", including the publicly and charitably-financed safety-net health care system. This paper tackles the problem of the uninsured by formulating a "full-insurance" paradigm that includes all 4 measures of insurance as interacting components, and analyzing their interdependencies. We apply both a baseline and extended versions of the model through calibrated simulations to estimate the degree to which these non-market alternatives can account for the fraction of the non-elderly adults who are uninsured, and estimate their behavioral and policy ramifications. Our results indicate that policy analyses that do not consider the role of efforts to avoid health losses can grossly distort the success of the ACA mandate to insure the uninsured and to improve the health and welfare outcomes of the previously uninsured.

Text: See [Discussion Paper No. 6920](#)

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