In this discussion, we are going to consider why health insurance is valuable. You could consider:

• What experiences do people have with no health insurance?

• Why do we benefit more from insurance when a health problem is going to be expensive rather than cheap?

• Why do we benefit more from insurance when the probability of a health problem is rare rather than being common?

• Other than those in poor health, what types of people benefit the most from insurance?

Resources:  
<https://www.hioscar.com/blog/how-health-insurance-works-risk-sharing>  
<https://www.cooperators.ca/en/Resources/protect-what-matters/why-do-you-need-insurance.aspx>

In the novel “Fight Club” by Chuck Palahniuk (also in the movie), the lead character tells it’s alter ego, “On a long enough time line, the survival rate of everyone falls to zero”. But along the way, the probability of needing medical attention is greater than zero. Which implies that the cost is also going to be greater than zero, and for that, contributing to a public pool (or a private pool) of money by the name of insurance is a good idea.

People who do not have health insurance, could likely miss out on their annual checkups, or other preventative care that may help them lead healthy lives for a longer period. The insurance companies have an incentive to keep the insured healthy and so they are likely to spend a little on preventative healthcare costs to keep the emergency healthcare costs low for the insured population. Also, people without health insurance may likely ignore any potential warning symptoms and could under treat themselves, while the opposite may also be true for the insured.

Insurance is a hedge against uncertain times, and towards a healthy life. In theory, when the cost of healthcare is high, the payout from the insurance is also high. That is, insured gets more money from the insurance company than the money that insured paid for premium. For this reason, people benefit more when the costs are high.

When a health problem is rare, the pooled probability of someone getting a health issue is also rare which in turn makes the total costs of the healthcare low to be shared among the insured population. Or simply, the premium is lower. A similar trend can also be observed for age, just like any survival curve but such discrimination appears to be illegal in some states and is also a rule under ACA. This increases the cost for young people but lowers the costs for elderly(compared to what they will need to cover their healthcare costs). However, if the system can run indefinitely, the younger will contribute less than what they need eventually as they get older while the younger population at that time will start to contribute.