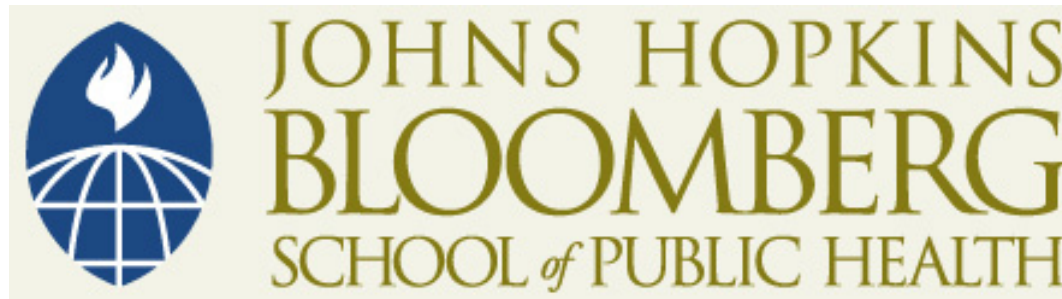


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## Session 11

# *Public Policy Issues: The uninsured and more*

**Jonathan P. Weiner, Dr. P.H.**

**Professor of Health Policy & Management**



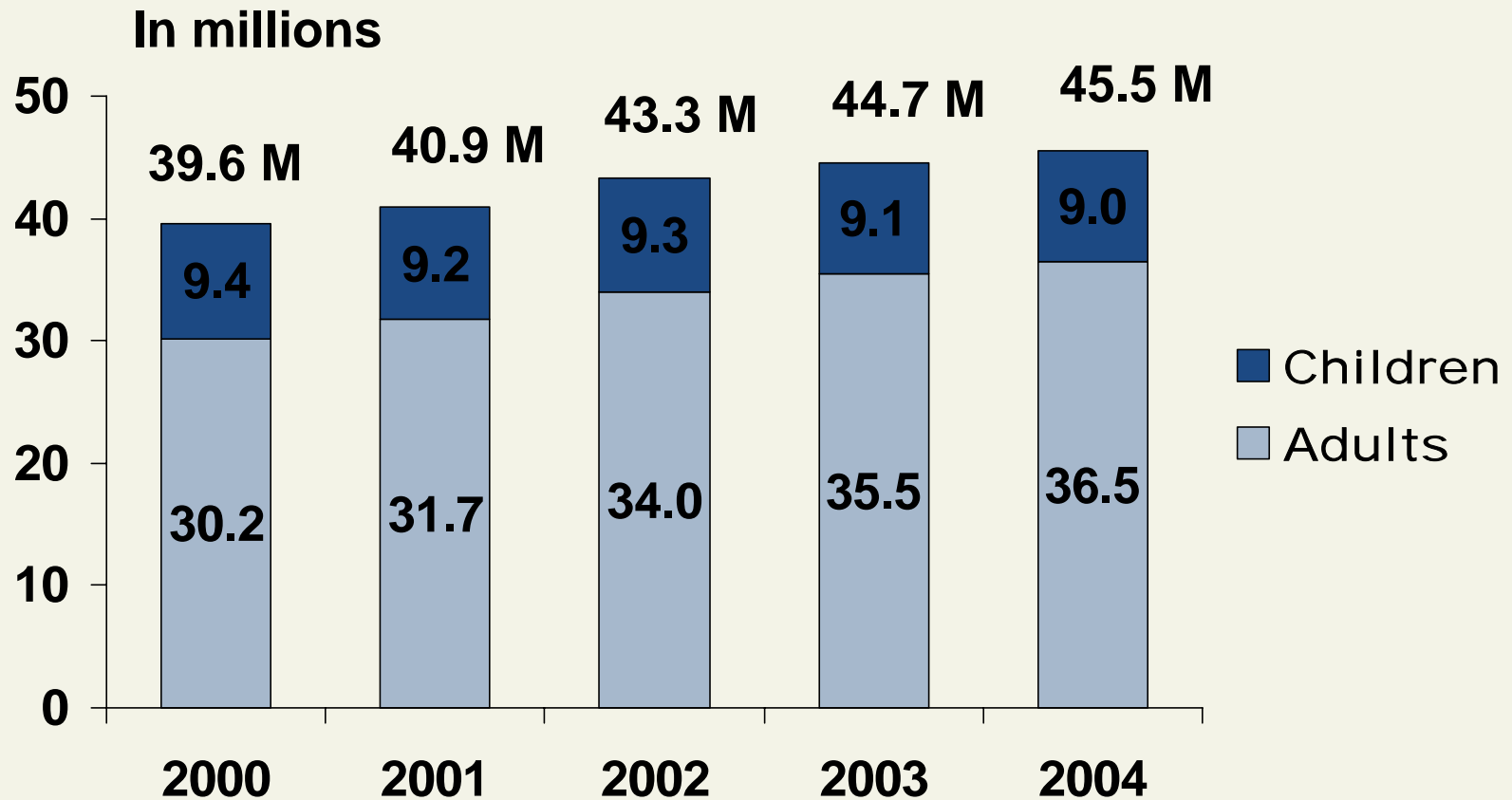
## This session will explore

- “Health care reform” issues of relevance to the uninsured, with an emphasis on state oriented approaches and issues of related to managed care and health insurance
- The “Massachusetts” model
- As time will allow
  - Health care reform in Maryland and
  - Potential federal health care reform

# The Uninsured: A Review

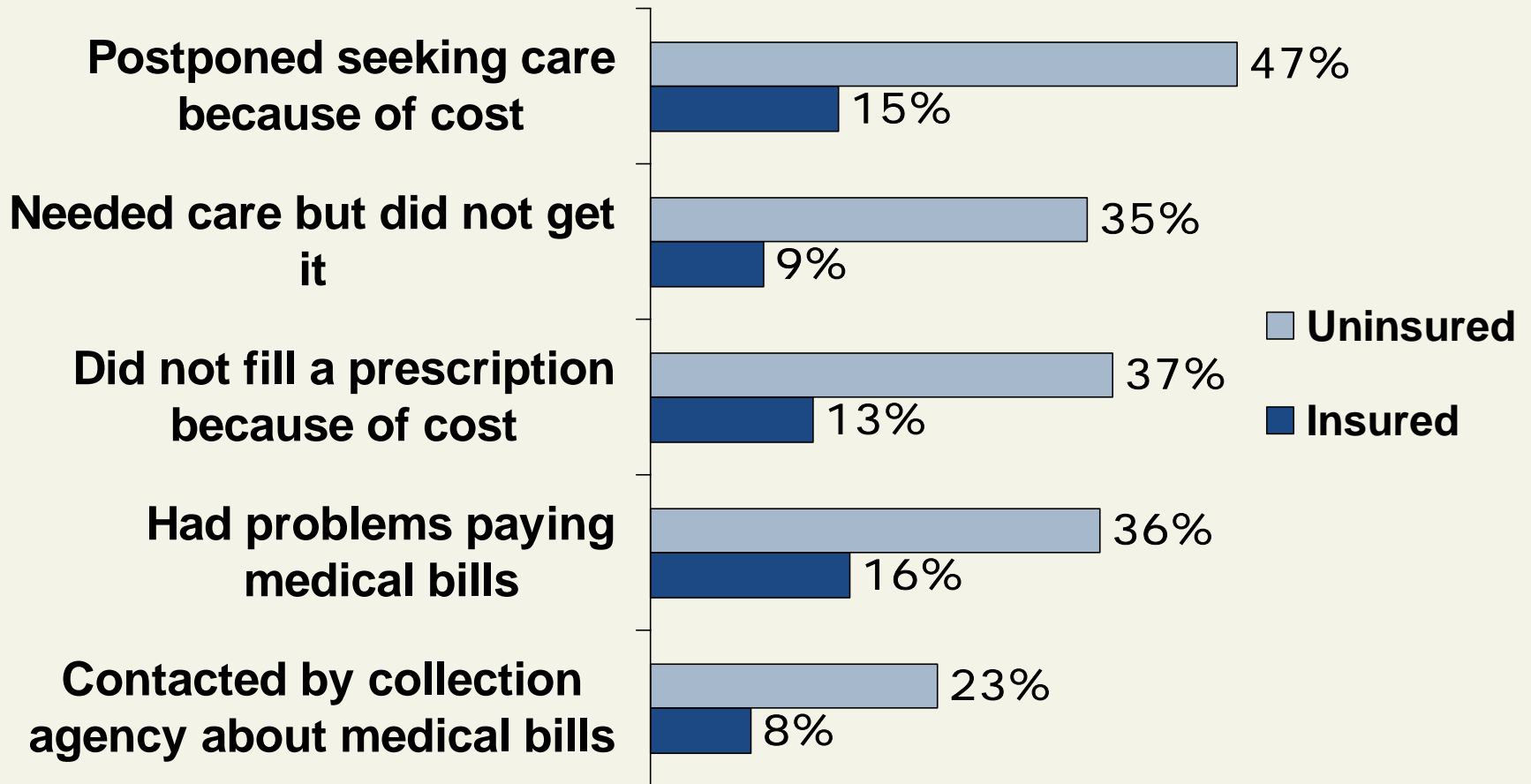
	<u>Population</u>	<u>Payment</u>
Private Ins.	67%	44%
Medicare	10	16
Medicaid	9	14
Uninsured	14	-
Out-of -Pocket	-	16
Other	-	10

# Number of Uninsured Children and Adults, 2000 - 2004



# Barriers to Health Care by Insurance Status, 2003

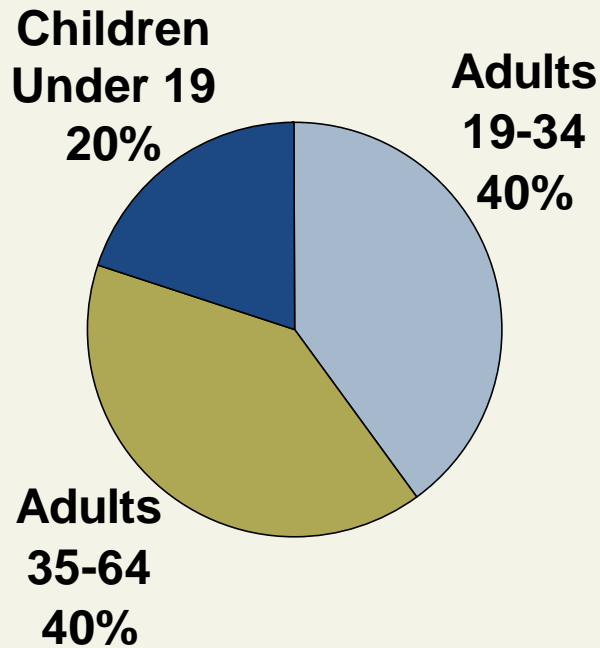
Percent experiencing in past 12 months:\*



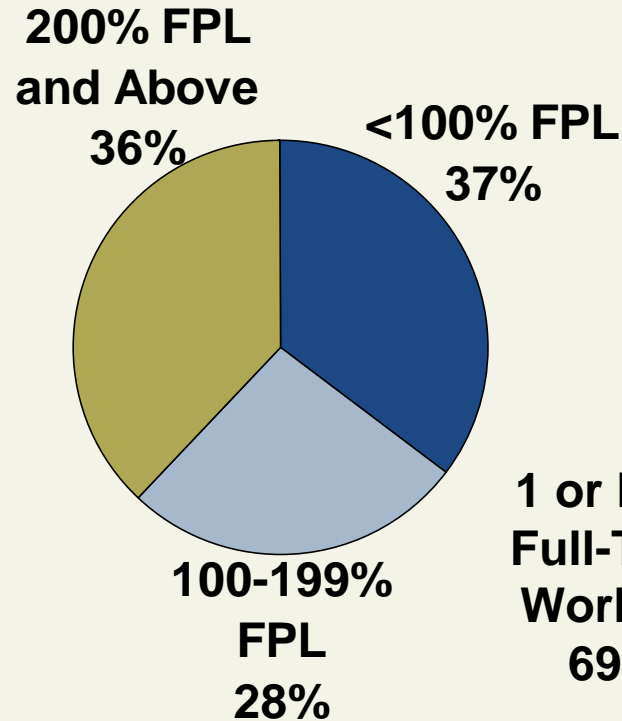
Notes: \*Experienced by the respondent or a member of their family. Insured includes those covered by public or private health insurance. SOURCE: Kaiser 2003 Health Insurance Survey.

# Characteristics of the Uninsured, 2004

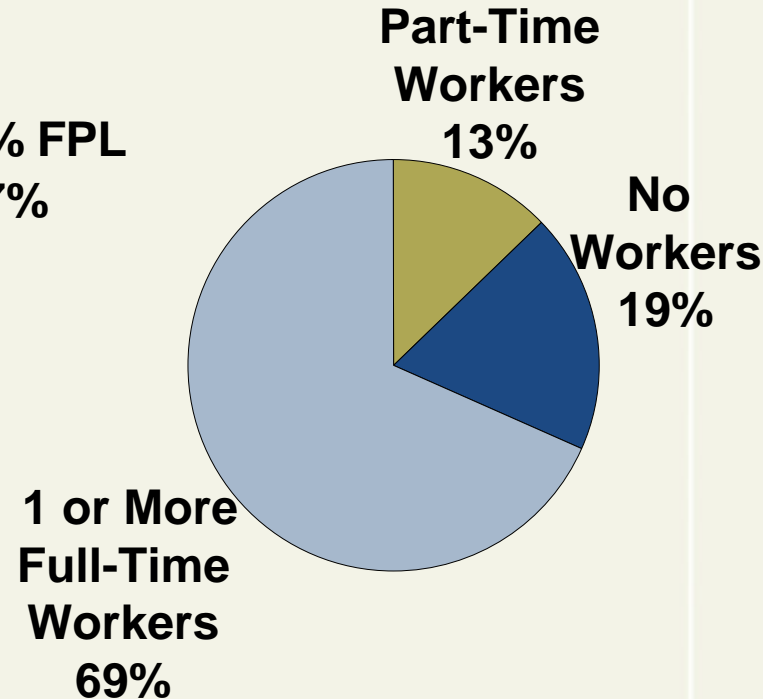
## Age



## Income



## Work Status

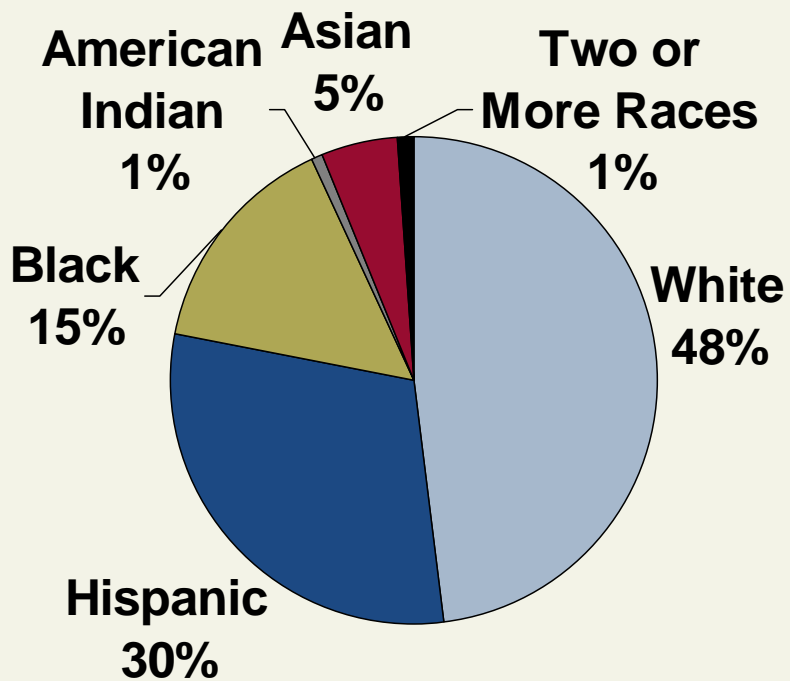


**Total = 45.5 million uninsured**

Note: The federal poverty level was \$19,307 for a family of four in 2004. SOURCE: KCMU and Urban Institute analysis of the March 2005 Current Population Survey.

# The Nonelderly Uninsured by Race, 2004

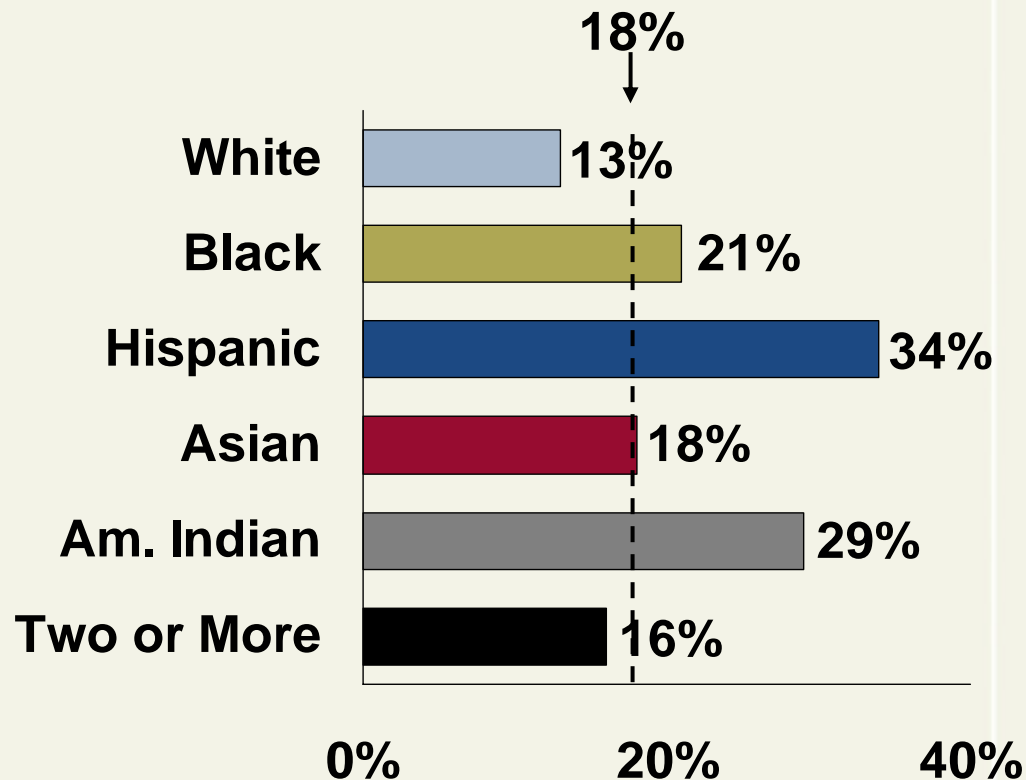
**Distribution by Race/Ethnicity**



**Total = 45.5 Million**

**Risk of Being Uninsured**

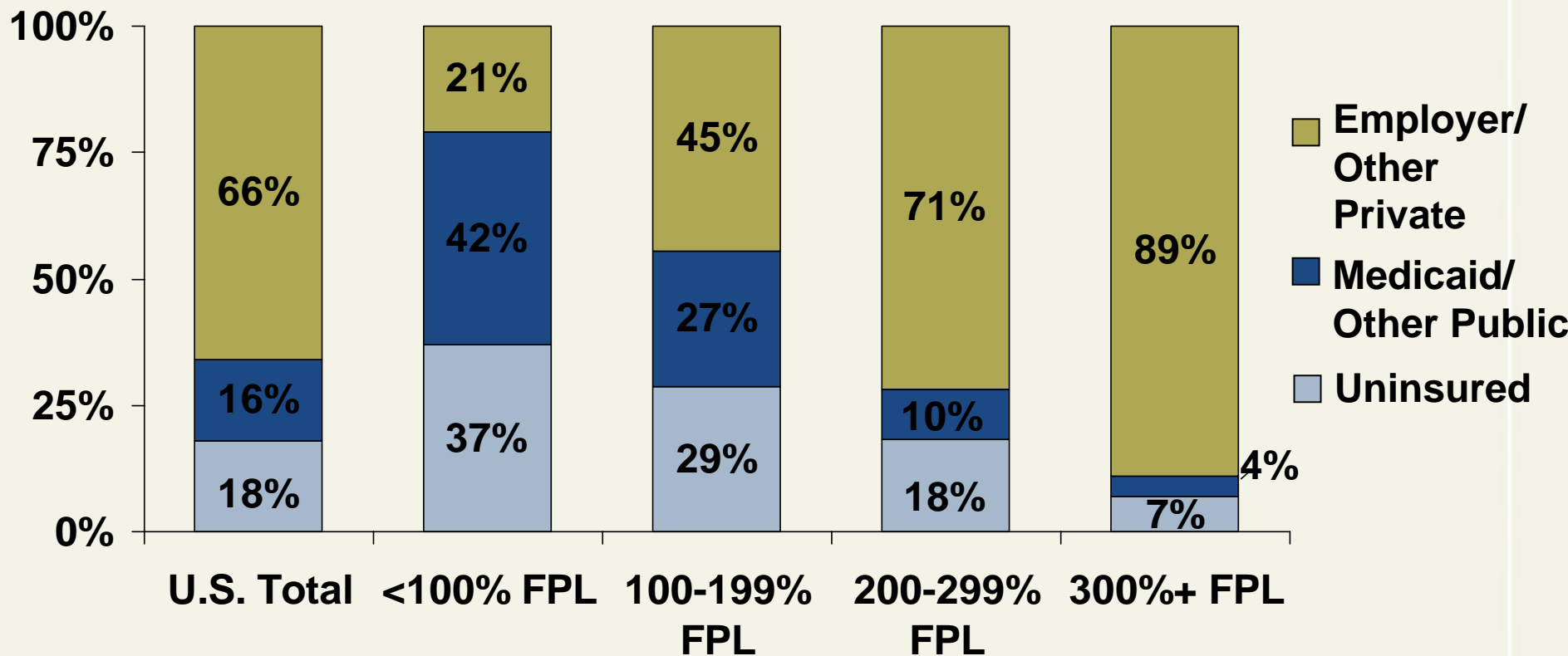
**National Average**



Asian group includes Pacific Islanders; American Indian group includes Aleutian Eskimos. SOURCE: KCMU and Urban Institute analysis of the March 2005 Current Population Survey.



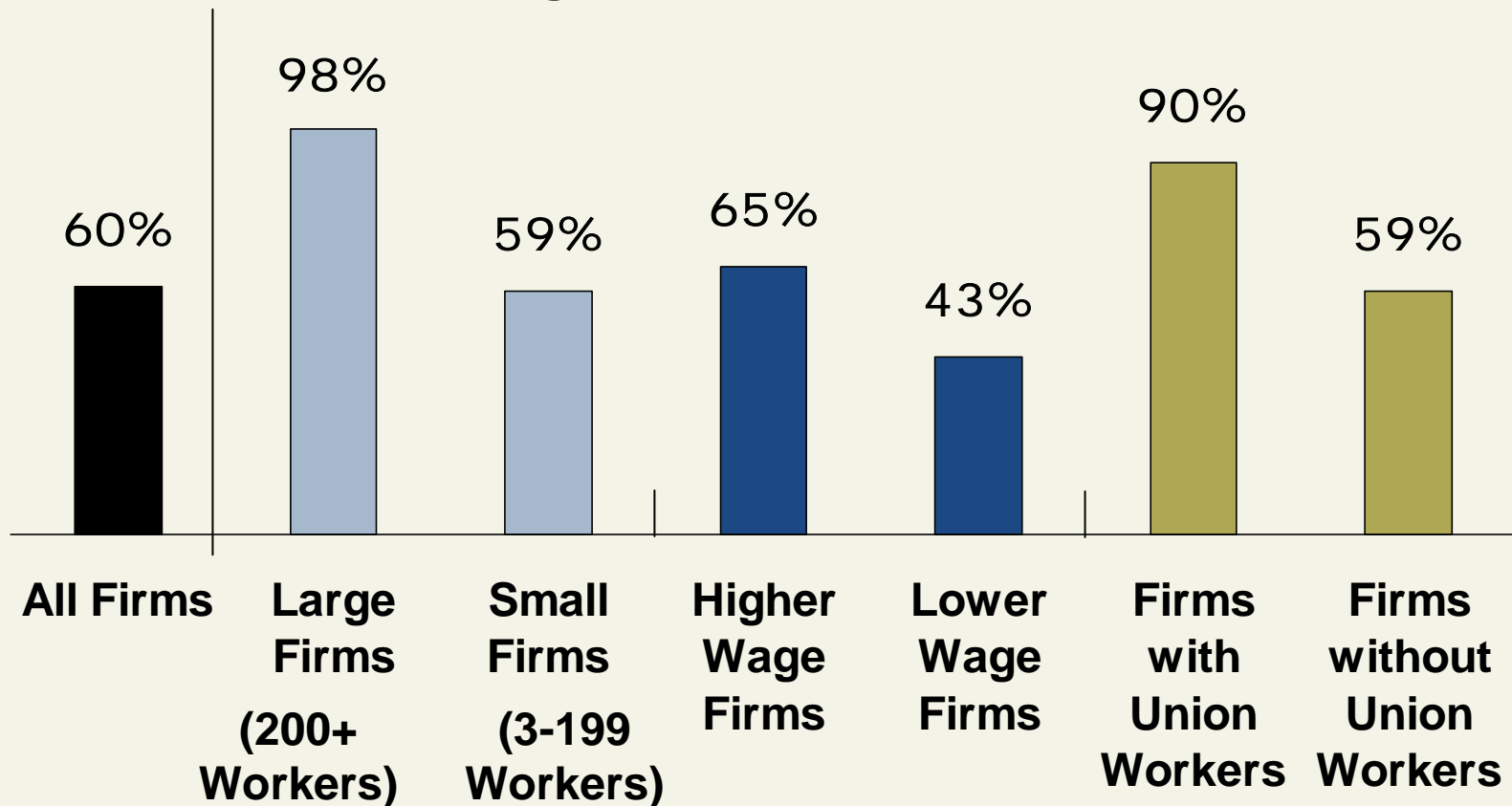
# Health Insurance Coverage by Poverty Level, 2004



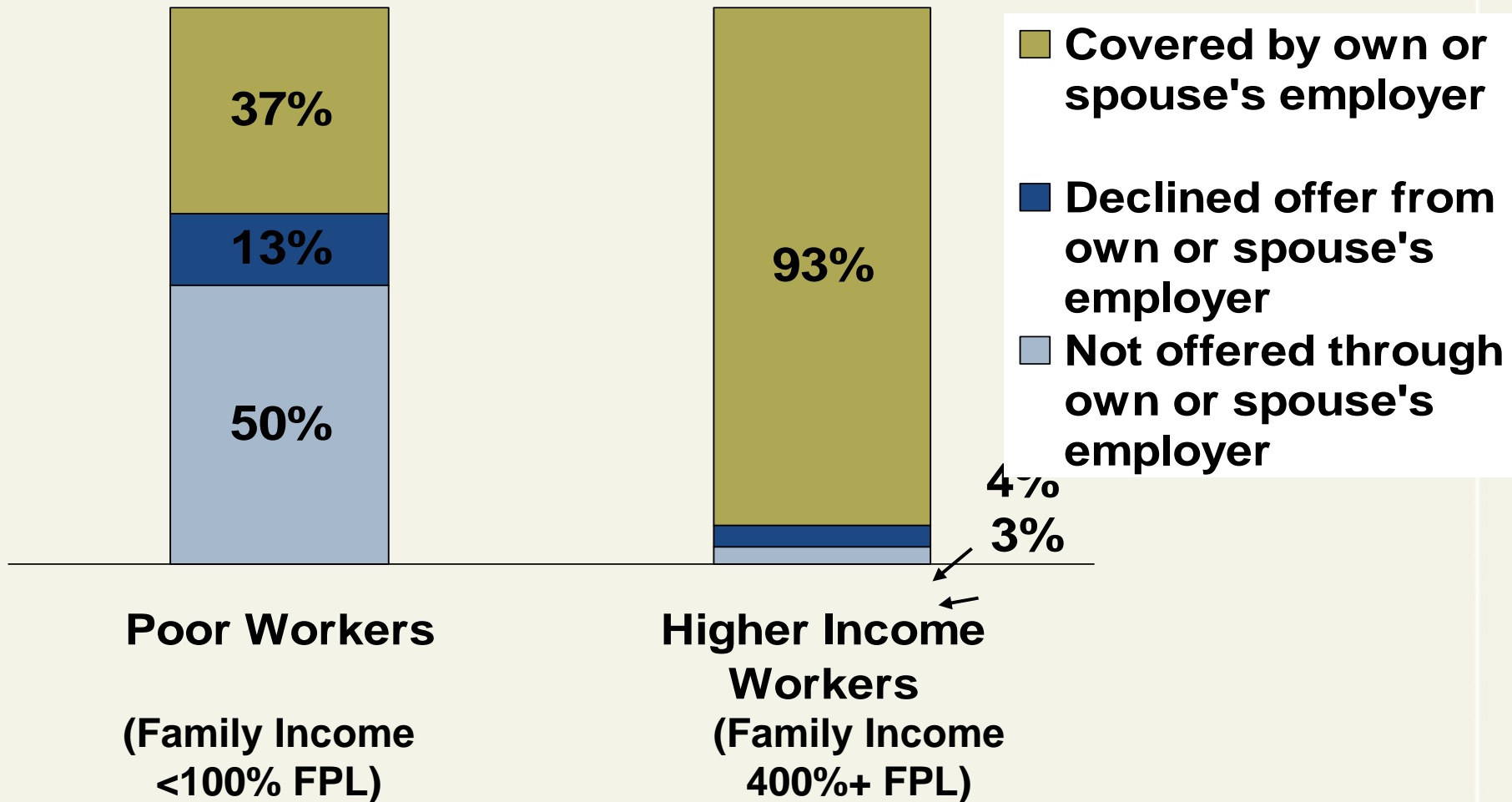
Notes: The federal poverty level was \$19,307 for a family of four in 2004. SOURCE: KCMU and Urban Institute analysis of the March 2005 Current Population Survey.

# Health Insurance Offer Rates by Firm Characteristics, 2005

**Percent of firms offering health benefits:**

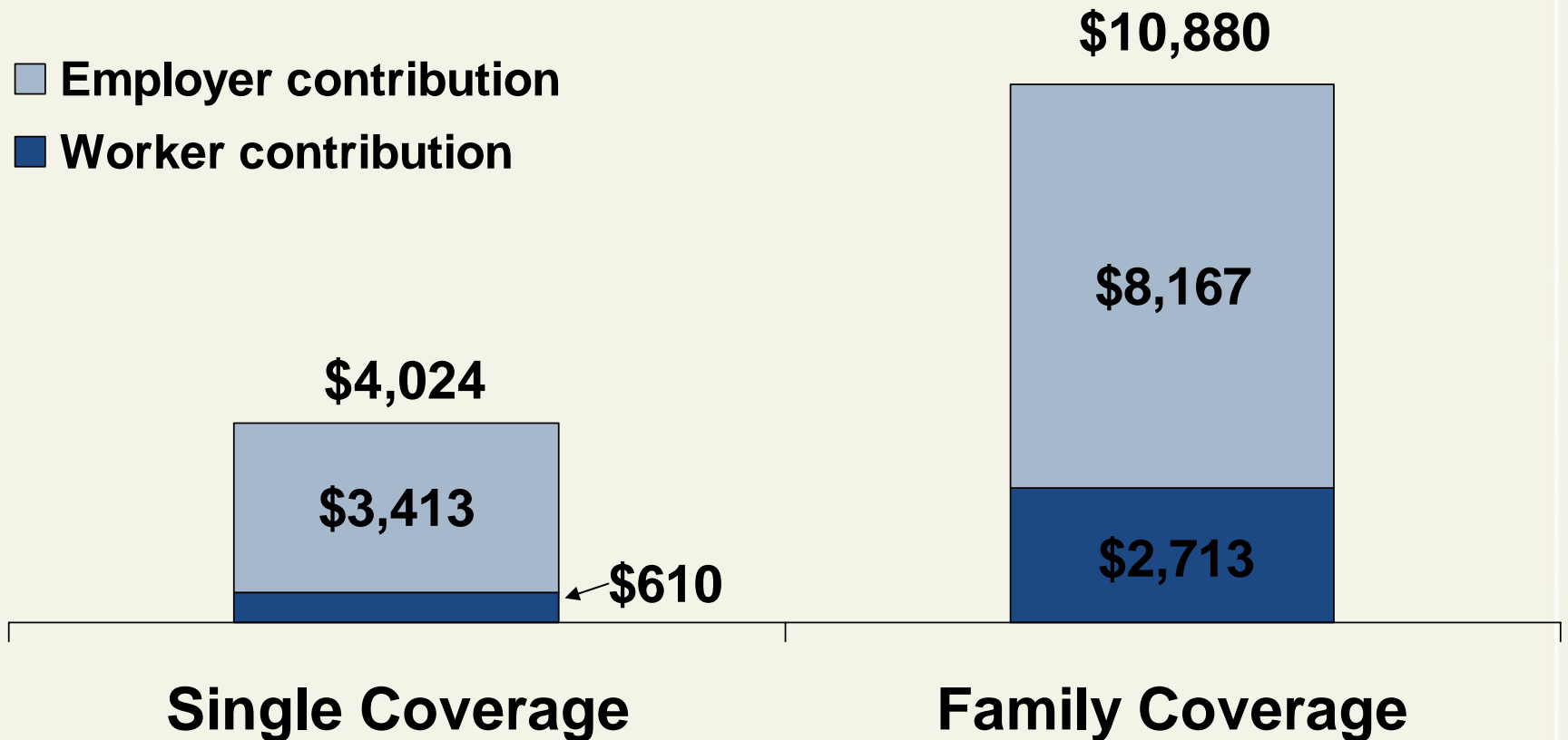


# Access to Employer-Based Coverage by Family Income, 2001



SOURCE: Garrett B. *Employer-Sponsored Health Insurance Coverage: Sponsorship, Eligibility, and Participation Patterns in 2001*. KCMU report. July 2004.

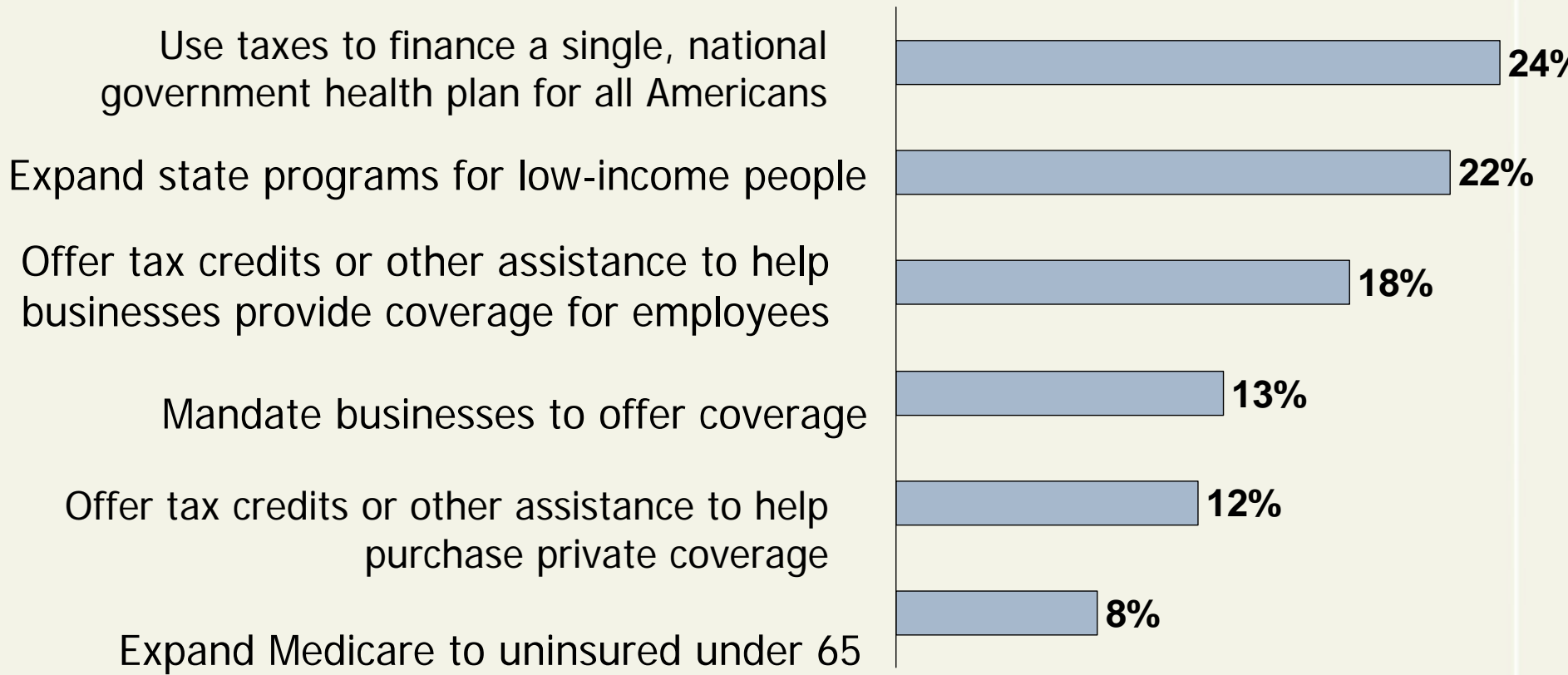
# Average Annual Premium Costs for Covered Workers, 2005



Note: Family coverage is defined as health coverage for a family of four. SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2005.

# Public Support for Strategies to Expand Health Insurance Coverage

**Percent choosing as single best option for guaranteeing health insurance for more Americans:**



# Current Strategies Proposed to Expand Health Insurance Coverage

- **Expanding public coverage**
  - **Expansions of Medicaid/S-CHIP at the state level**
  - **National health insurance program - “Medicare for All”**
- **Expanding private group coverage through current employer-sponsored system**
  - **Financial incentives for employers to provide coverage**
  - **Employer mandates**
  - **New group insurance options, especially for small employers**
- **Subsidizing purchase of private health insurance through tax credits and deductions**
  - **Individual tax credits/deductions to subsidize insurance premiums**
  - **Increased utilization of Health Savings Accounts (HSAs) for certain types of health insurance**



# States Are Again the Locus of Reform

- **Major federal expansions of insurance coverage is not forthcoming are not likely with GOP control, federal budget deficits, focus on national security, and political priority of prescription drug benefits for Medicare**
- **Continuing devolution of responsibility for social welfare programs to the states**
- **Many states are attempting to take action and a few have succeeded.**

# The Massachusetts Reform Model

- Passed in April 12 ,2006 will be enacted in July 2007 (though not fully funded).
  - Near universal.
  - Republican governor (Romney)
  - Liberal legislature
- Key Ingredients:
  - 1) MassHealth / Medicaid – Expansion to cover children up to 300% of poverty, some adults.



## Mass. Continued

- 2) Individual mandate (aged 18+) (via State tax code)
- 3) Employer required to set up “pre-tax” dollar “section 125 plans” though not required to provide health insurance.
- 4) Employers with 10+ employees not providing “fair and reasonable” contribution towards insurance must pay \$295 per employee to special fund. (Also “free rider surcharge” if uninsured worker has costs over \$50K)
- 5) “Commonwealth Health Insurance Connector” (a purchasing cooperative) for individuals and small employers (<50) to facilitate efficiencies of scale.

## Mass. Continued

- 6) Connector will operate “ Commonwealth Care Health Insurance Plan” (CCHIP) subsidized plan for those below 300% FPL (by Medicaid MCOs)
- 7) Connector to offer unsubsidized plan for those over 300%FPL
- 8) Subsidies to safety net providers during transition
- 9) Funding from fees above, federal Medicaid share, maintaining current uninsured assessments on currently insured and \$125M in new revenues



# Universal Health Care: the Maryland Model

Summary of the “Maryland Citizens’  
Health Initiative” (MCHI) Plan

(See [www.healthcareforall.com](http://www.healthcareforall.com))

## A Snapshot of The Uninsured in Maryland: 2000

### **646,000 Persons, 12.2% of Population**

- **21% - 18 or younger**
- **25% - 18-24**
- **52% - Male**
- **51% - Minority**
- **47% - Household Income <\$25,000**
- **22% - Below Poverty Level**
- **83% - Employed**
  - **51% - Employer w/ <10 Employees or Self Employed**

## MCHI History...

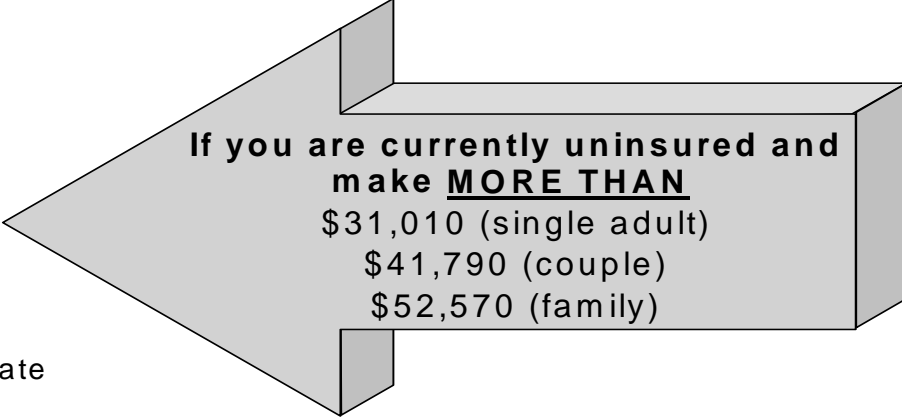
- **Peter Beilenson founded MCHI four years ago to address health care needs of Marylanders**
- **Recruited over 2,000 diverse groups to participate in process**
- **Held 24 town meetings and numerous stakeholder meetings**
- **Organized technical advisory committee (based at JHU BSPH) to help identify options and formulate plan**

# Where Will the Uninsured Get Coverage?

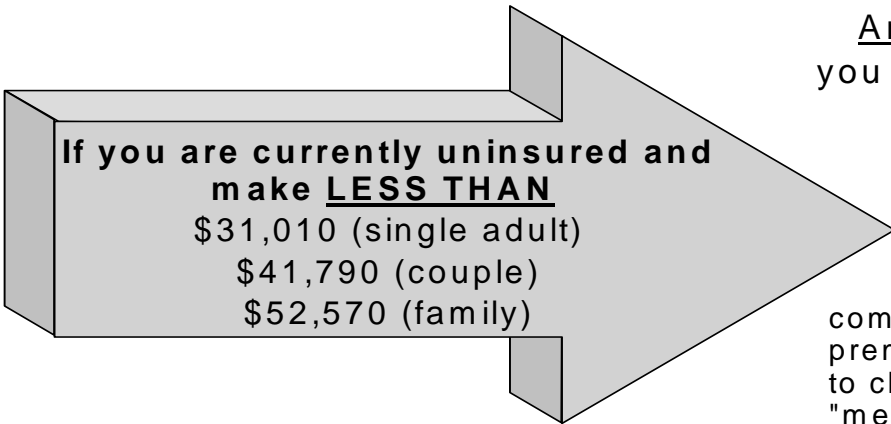
You are eligible for the:

## ***Small Group Market***

comprehensive benefits, more affordable than individual market, cannot be refused coverage if too sick, cannot be cancelled if too sick, costs for enrollees and businesses are regulated, program already serves over 450,000 people, private sector coverage



If you are currently uninsured and make **MORE THAN**  
\$31,010 (single adult)  
\$41,790 (couple)  
\$52,570 (family)



If you are currently uninsured and make **LESS THAN**  
\$31,010 (single adult)  
\$41,790 (couple)  
\$52,570 (family)

And your employer does not offer you an affordable and comprehensive health care plan...

***MdCare*** (*adults*)

***MCHP*** (*existing kids program*)

comprehensive benefits, affordable premiums, MdCare enrollees have freedom to choose both primary care provider (e.g., "medical home") and any specialists that are needed



# Details of How Coverage Will be Expanded

- Encourage private sector coverage
- Expand existing public programs
- Develop a new independent quasi-public health plan



# Incentives to Expand Coverage

- Pay or Play – Employer Health Contribution to increase offer rates
  - **8% of payroll for largest firms (10,000+ employees)**
  - **4.5% of payroll for other firms (<10,000 employees)**





## Incentives to Expand Coverage

- **Individual accountability to increase take-up rates**
  - **Accept affordable offers (3%/\$450 for single coverage and 6% for family coverage)**
  - **Penalty for persons over 350% FPL who remain uninsured to cover uncompensated hospital care (\$600/individual, \$2600/family)**
- **Expansion of the small group market**

# New Revenue Sources

- **Premiums from MdCare and MCHP**    **\$63 M beneficiaries**
- **Employer Health Care Contribution**    **\$290M**
- **36 cents tobacco tax**    **\$85M**
- **HMO premium tax**    **\$40M**