Session 11

Public Policy Issues: The uninsured and more

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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

<table>
<thead>
<tr>
<th></th>
<th>Population</th>
<th>Payment</th>
</tr>
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<tbody>
<tr>
<td>Private Ins.</td>
<td>67%</td>
<td>44%</td>
</tr>
<tr>
<td>Medicare</td>
<td>10</td>
<td>16</td>
</tr>
<tr>
<td>Medicaid</td>
<td>9</td>
<td>14</td>
</tr>
<tr>
<td>Uninsured</td>
<td>14</td>
<td>-</td>
</tr>
<tr>
<td>Out-of-Pocket</td>
<td>-</td>
<td>16</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>10</td>
</tr>
</tbody>
</table>
Number of Uninsured Children and Adults, 2000 - 2004

Source: KFF 2006.
Barriers to Health Care by Insurance Status, 2003

Percent experiencing in past 12 months:

- Postponed seeking care because of cost: 47% (Uninsured) 15% (Insured)
- Needed care but did not get it: 35% (Uninsured) 9% (Insured)
- Did not fill a prescription because of cost: 37% (Uninsured) 13% (Insured)
- Had problems paying medical bills: 36% (Uninsured) 16% (Insured)
- Contacted by collection agency about medical bills: 23% (Uninsured) 8% (Insured)

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**
- Children Under 19: 20%
- Adults 19-34: 40%
- Adults 35-64: 40%

**Income**
- 200% FPL and Above: 36%
- 100-199% FPL: 28%
- <100% FPL: 37%

**Work Status**
- Full-Time Workers: 69%
- Part-Time Workers: 13%
- No Workers: 19%

Total = 45.5 million uninsured

The Nonelderly Uninsured by Race, 2004

Distribution by Race/Ethnicity

- **Asian**: 5%
- **American Indian**: 1%
- **Black**: 15%
- **Hispanic**: 30%
- **Two or More Races**: 1%
- **White**: 48%

Total = 45.5 Million

Risk of Being Uninsured

- **National Average**: 18%
- **White**: 13%
- **Black**: 21%
- **Hispanic**: 34%
- **Asian**: 18%
- **Am. Indian**: 29%
- **Two or More**: 16%

Health Insurance Coverage by Poverty Level, 2004

Health Insurance Offer Rates by Firm Characteristics, 2005

Percent of firms offering health benefits:

- **All Firms**: 60%
  - Large Firms (200+ Workers): 98%
  - Small Firms (3-199 Workers): 59%
  - Higher Wage Firms: 65%
  - Lower Wage Firms: 43%
  - Firms with Union Workers: 90%
  - Firms without Union Workers: 59%

Access to Employer-Based Coverage by Family Income, 2001

<table>
<thead>
<tr>
<th>Poor Workers (Family Income &lt;100% FPL)</th>
<th>Higher Income Workers (Family Income 400%+ FPL)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Covered by own or spouse's employer:</td>
<td>Covered by own or spouse's employer:</td>
</tr>
<tr>
<td>37%</td>
<td>93%</td>
</tr>
<tr>
<td>Declined offer from own or spouse's employer:</td>
<td>Declined offer from own or spouse's employer:</td>
</tr>
<tr>
<td>13%</td>
<td>3%</td>
</tr>
<tr>
<td>Not offered through own or spouse's employer:</td>
<td>Not offered through own or spouse's employer:</td>
</tr>
<tr>
<td>50%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Average Annual Premium Costs for Covered Workers, 2005

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Employer Contribution</th>
<th>Worker Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Coverage</td>
<td>$3,413</td>
<td>$610</td>
</tr>
<tr>
<td>Family Coverage</td>
<td>$4,024</td>
<td>$2,713</td>
</tr>
</tbody>
</table>

$10,880

$8,167

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:

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Use taxes to finance a single, national government health plan for all Americans</td>
<td>24%</td>
</tr>
<tr>
<td>Expand state programs for low-income people</td>
<td>22%</td>
</tr>
<tr>
<td>Offer tax credits or other assistance to help businesses provide coverage for employees</td>
<td>18%</td>
</tr>
<tr>
<td>Mandate businesses to offer coverage</td>
<td>13%</td>
</tr>
<tr>
<td>Offer tax credits or other assistance to help purchase private coverage</td>
<td>12%</td>
</tr>
<tr>
<td>Expand Medicare to uninsured under 65</td>
<td>8%</td>
</tr>
</tbody>
</table>

**SOURCE:** Kaiser Family Foundation Health Poll Report, January/February 2003.
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.
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.
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)
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

Source: MHHC, Federal CPS
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 **LESS THAN**
- $31,010 (single adult)
- $41,790 (couple)
- $52,570 (family)

Small Group Market

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.

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