

# **Uninsured West Virginians: Closing the Gap**

Presented to the

**WEST VIRGINIA LEGISLATURE**

by

**Sally K. Richardson**

**WEST VIRGINIA CENTER FOR  
HEALTHCARE POLICY AND RESEARCH**

February 19, 2001

Charleston, West Virginia



# Who are the Uninsured?

- 42-44 million people in the U.S. are without health insurance on any given day
- Over 3 years, 30% of the population will be uninsured for at least one month
- 74% of the uninsured are employed full-time

Center for Healthcare Policy and Research

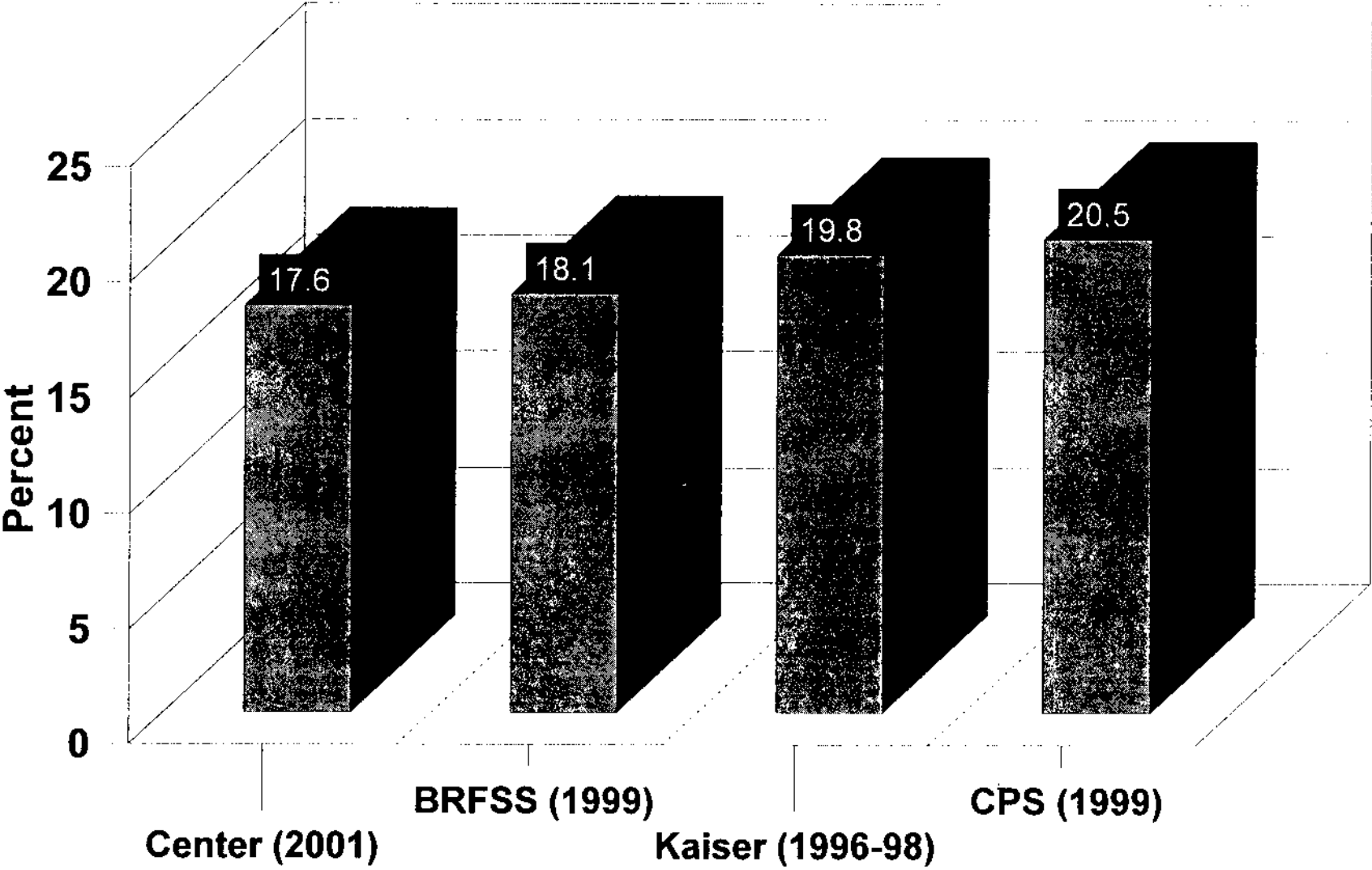


# Who are the Uninsured - West Virginia

- 324,000 to 354,000 people in West Virginia are without health insurance on any given day
- In 2000, 23.9% of our citizens were without health insurance for part of the year
- 76.2% of West Virginia's uninsured are employed full-time



# Uninsured West Virginians



Center for Healthcare Policy and Research



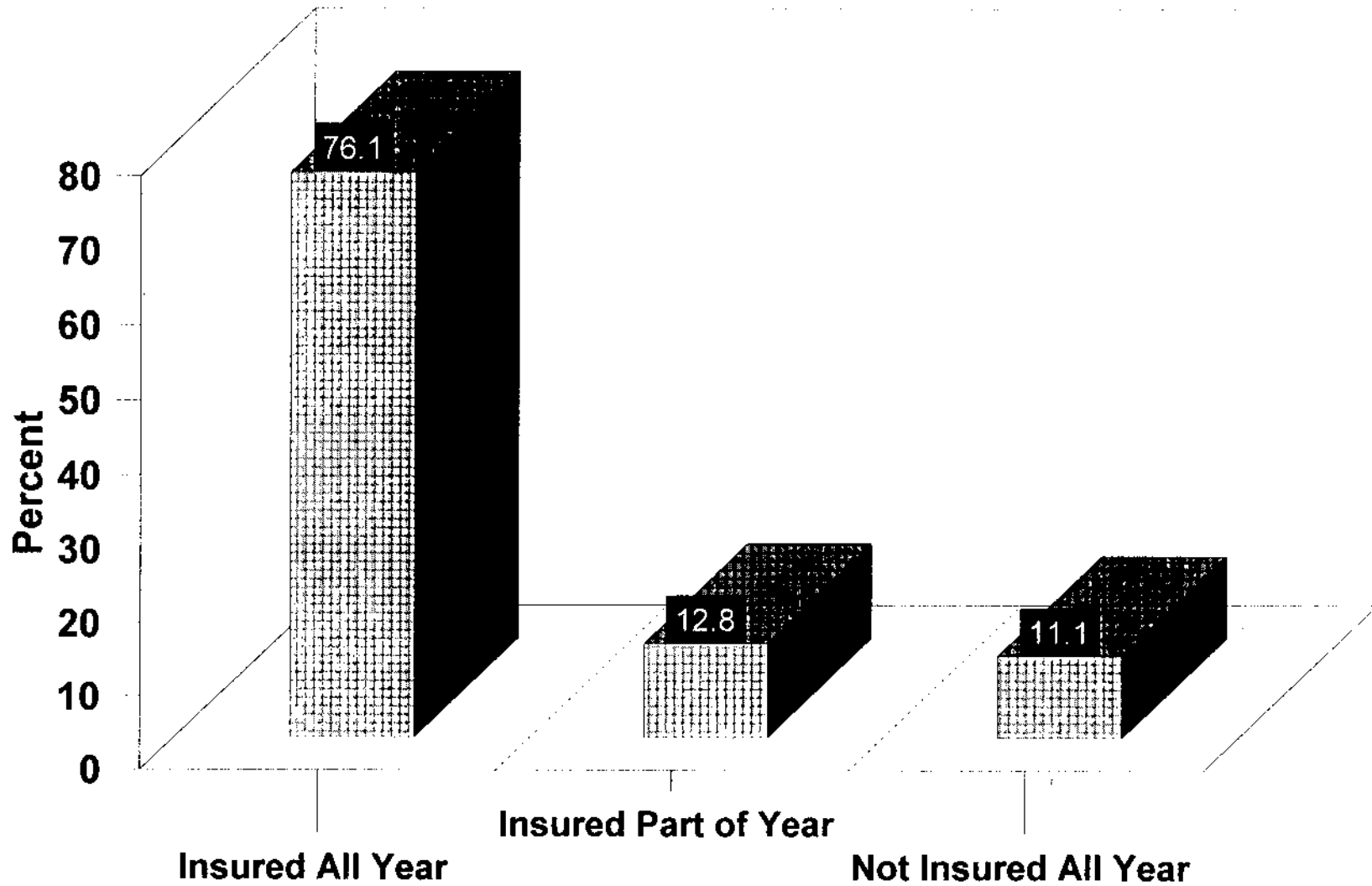
# Who are the Uninsured - West Virginia

- 11.7% of uninsured children are under 19
- 40.8% of uninsured are adults between 19 and 34 years of age
- 47.5% of uninsured are adults between 35 and 64 years of age



# Who are the Uninsured - West Virginia

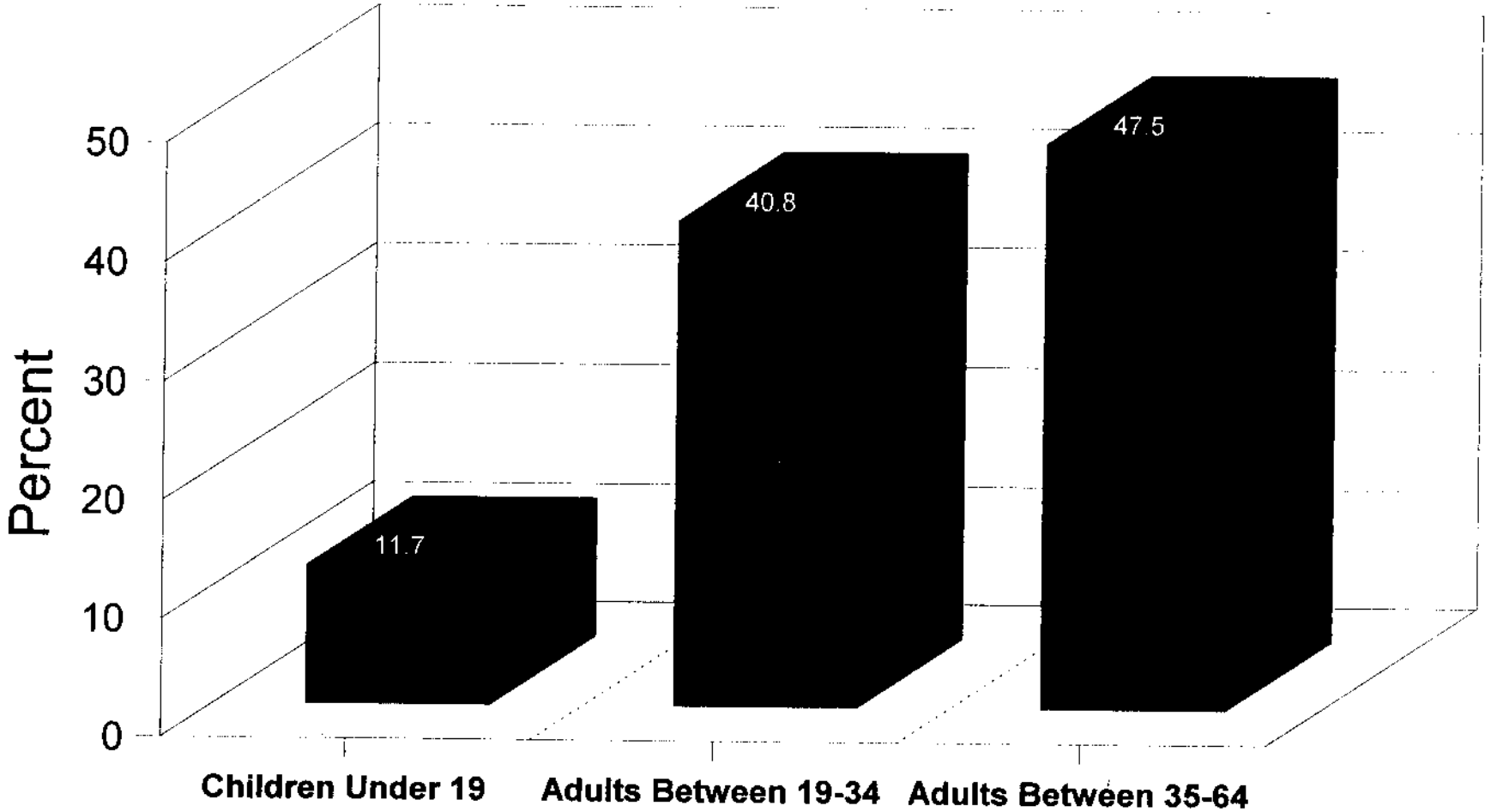
Health Insurance Coverage over Last Twelve Months



Center for Healthcare Policy and Research



# Who are the Uninsured - West Virginia



Center for Healthcare Policy and Research



# Who are the Uninsured - West Virginia

## Federal Poverty Level (FPL) Guidelines, 2000

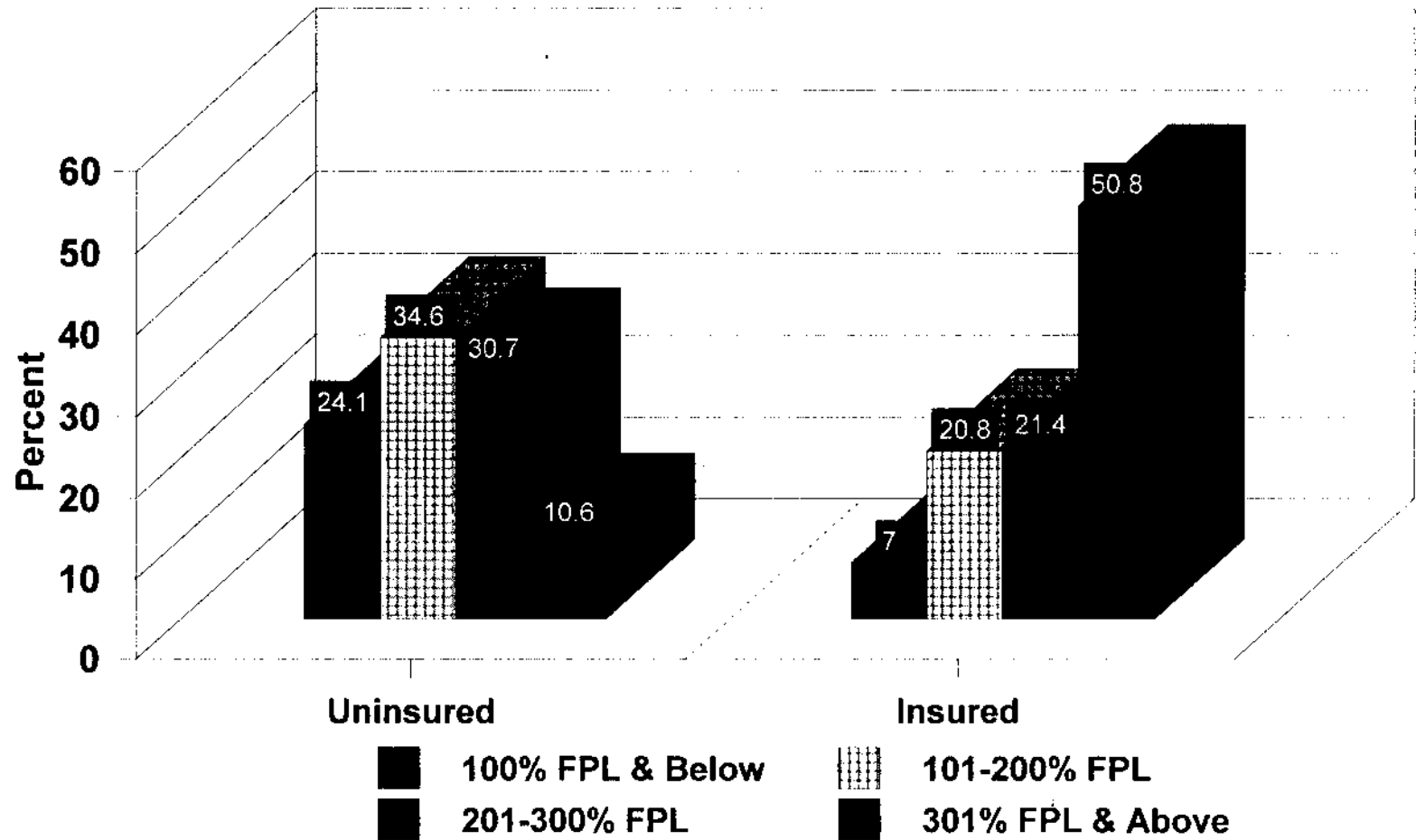
<u>Family Size</u>	<u>100% FPL</u>	<u>150% FPL</u>	<u>200% FPL</u>
1	\$ 8,350	\$12,525	\$16,700
2	\$11,250	\$16,875	\$22,500
3	\$14,150	\$21,225	\$28,300
4	\$17,150	\$25,575	\$34,100
5	\$19,950	\$29,925	\$39,900
6	\$22,850	\$34,275	\$45,700
7	\$25,750	\$38,625	\$51,500
8	\$28,650	\$42,975	\$57,300
Each Additional Person	\$ 2,900		

Center for Healthcare Policy and Research / Source: Federal Register, February 15, 2000



# Who are the Uninsured - West Virginia

## West Virginians Health Insurance Coverage by FPL

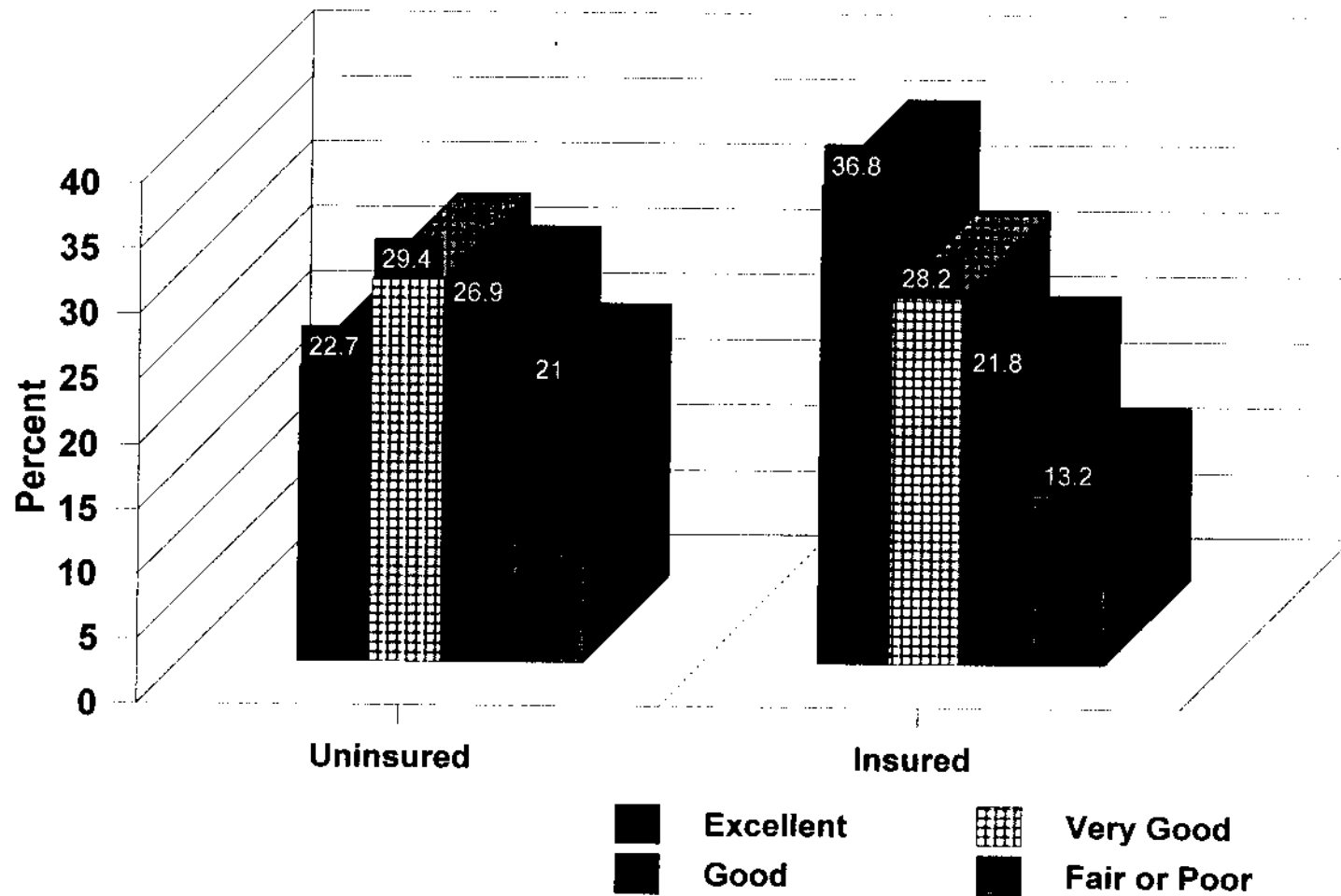


Center for Healthcare Policy and Research



# Who are the Uninsured - West Virginia

The Uninsured are More Likely to be in Poor Health

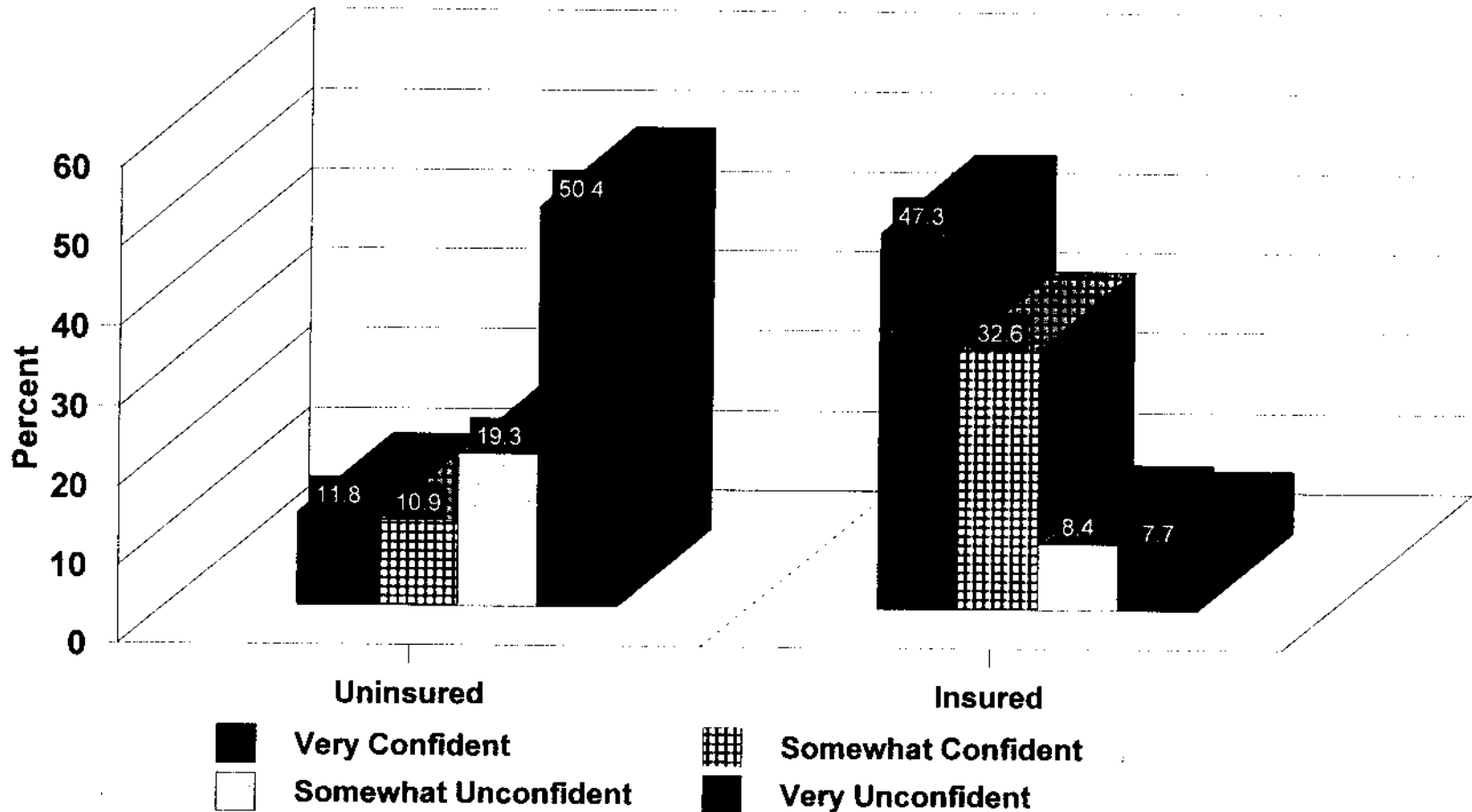


Center for Healthcare Policy and Research

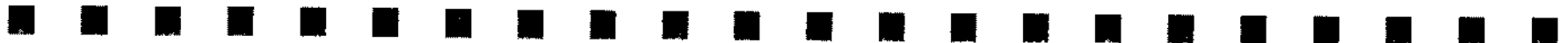


# Who are the Uninsured - West Virginia

If You Don't Have Health Insurance, You Worry About Medical Bills

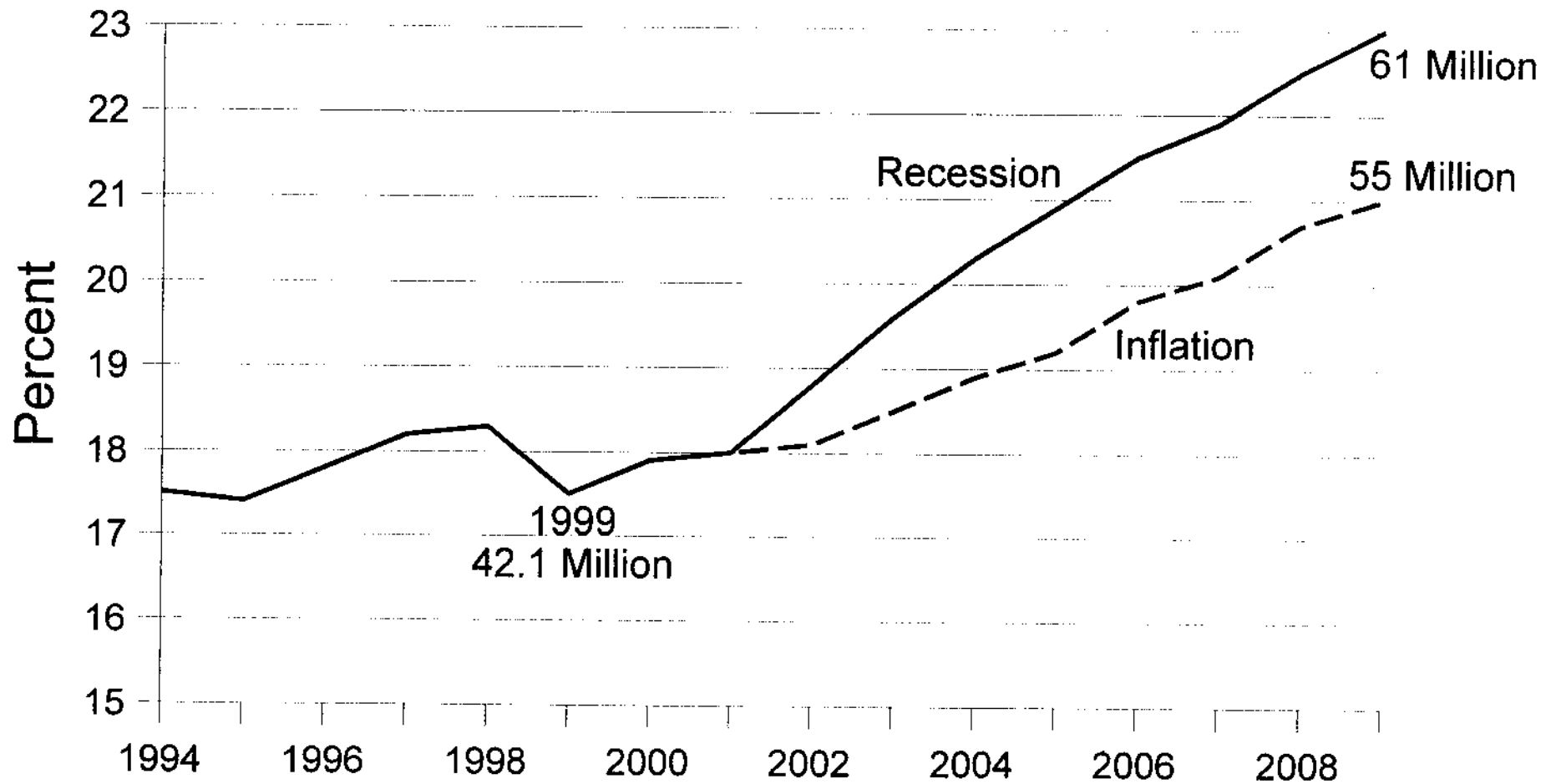


Center for Healthcare Policy and Research



# Who are the Uninsured?

The Problem is Not Going Away - The Uninsured Will Continue to Climb



Center for Healthcare Policy and Research / Source: The Changing Sources of Health Insurance, William S. Custer, Ph.D., Pat Ketsche, Ph.D., M.H.A.



# Who are the Uninsured?

## Why Deal with the Problem Now?

- Improve the health status of uninsured West Virginians
- Current West Virginia employment trends indicate that our problem may get worse
- Strengthen the stability of the State's health care system, especially in rural communities
- Improve the climate for economic development in the State.

Center for Healthcare Policy and Research



# Who are the Uninsured?

## Why Deal with the Problem Now?

*To improve the health status of uninsured  
West Virginians*

- Lack of health insurance is associated with reduced access to health care
- Uninsured are at greater risk for poor health outcomes
- Chronic illness or major injury most often mean financial disaster for the uninsured



# Who are the Uninsured?

## Why Deal with the Problem Now?

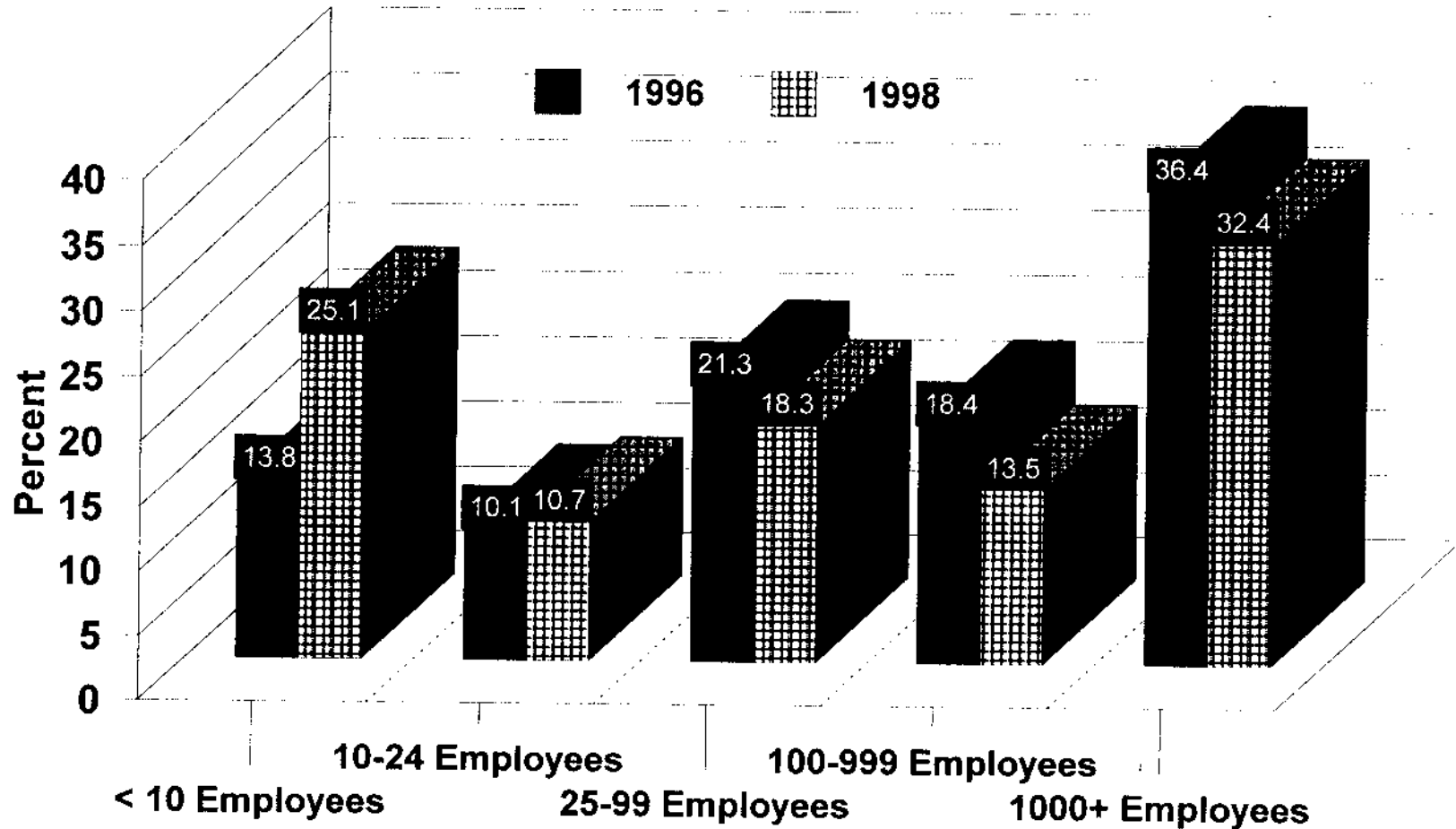
*Current West Virginia employment trends indicate that the problem may get worse*

- Employers pay more for health insurance in West Virginia than in many nearby states
- Small business and small business employment is increasing in West Virginia
- West Virginia's employers are increasingly hiring part-time workers
- Firms with low-wage workers are less likely to offer health insurance

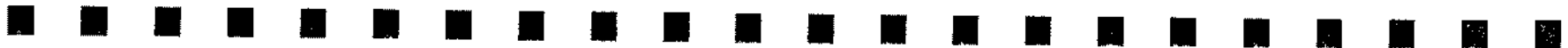


# Who are the Uninsured?

## Small Business Growth from 1996 to 1998

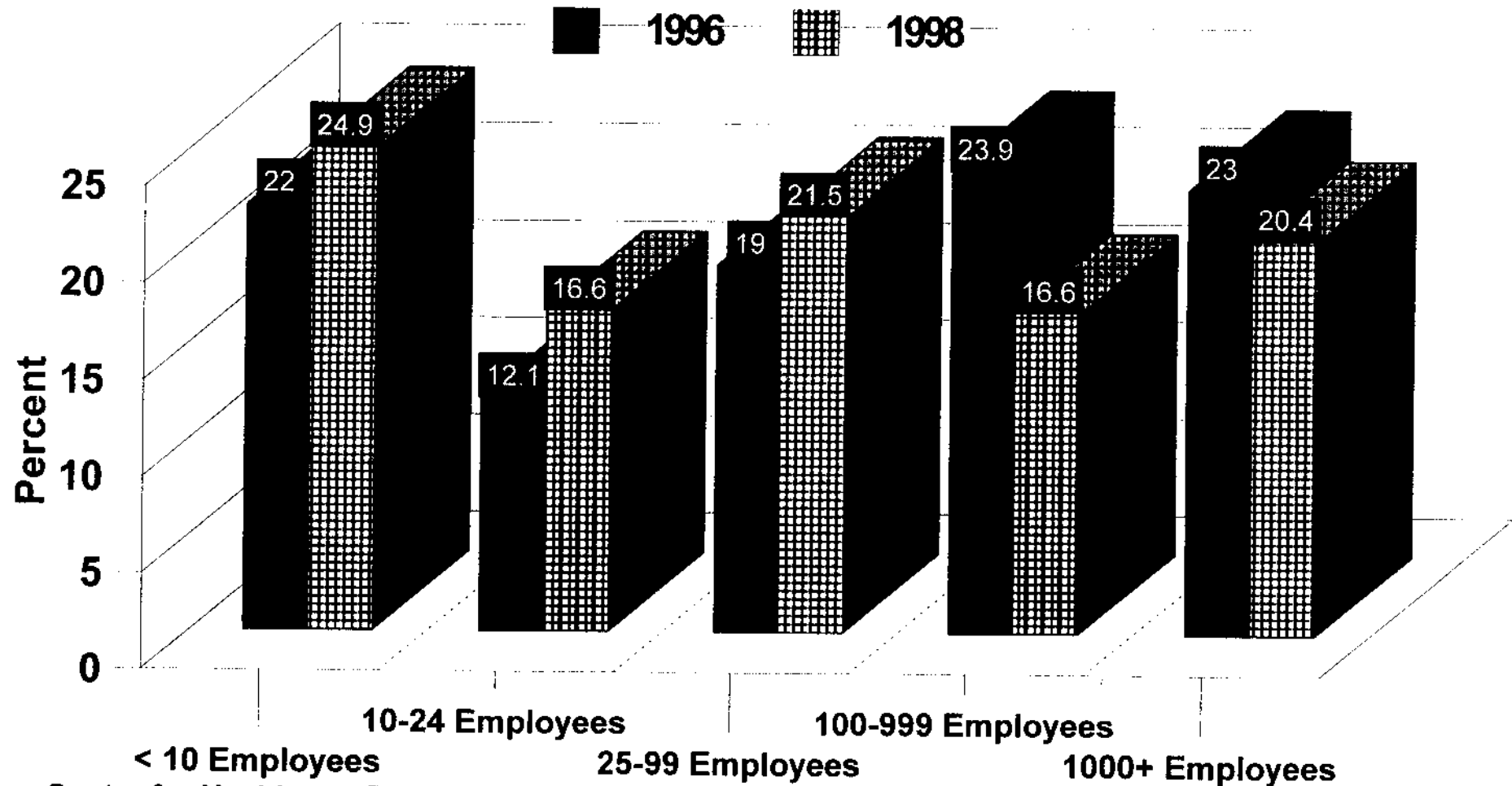


Center for Healthcare Policy and Research



# Who are the Uninsured?

West Virginia's Smaller Employers are Increasingly Hiring Part-Time Workers - Private Sector Firms, 1996 & 1998

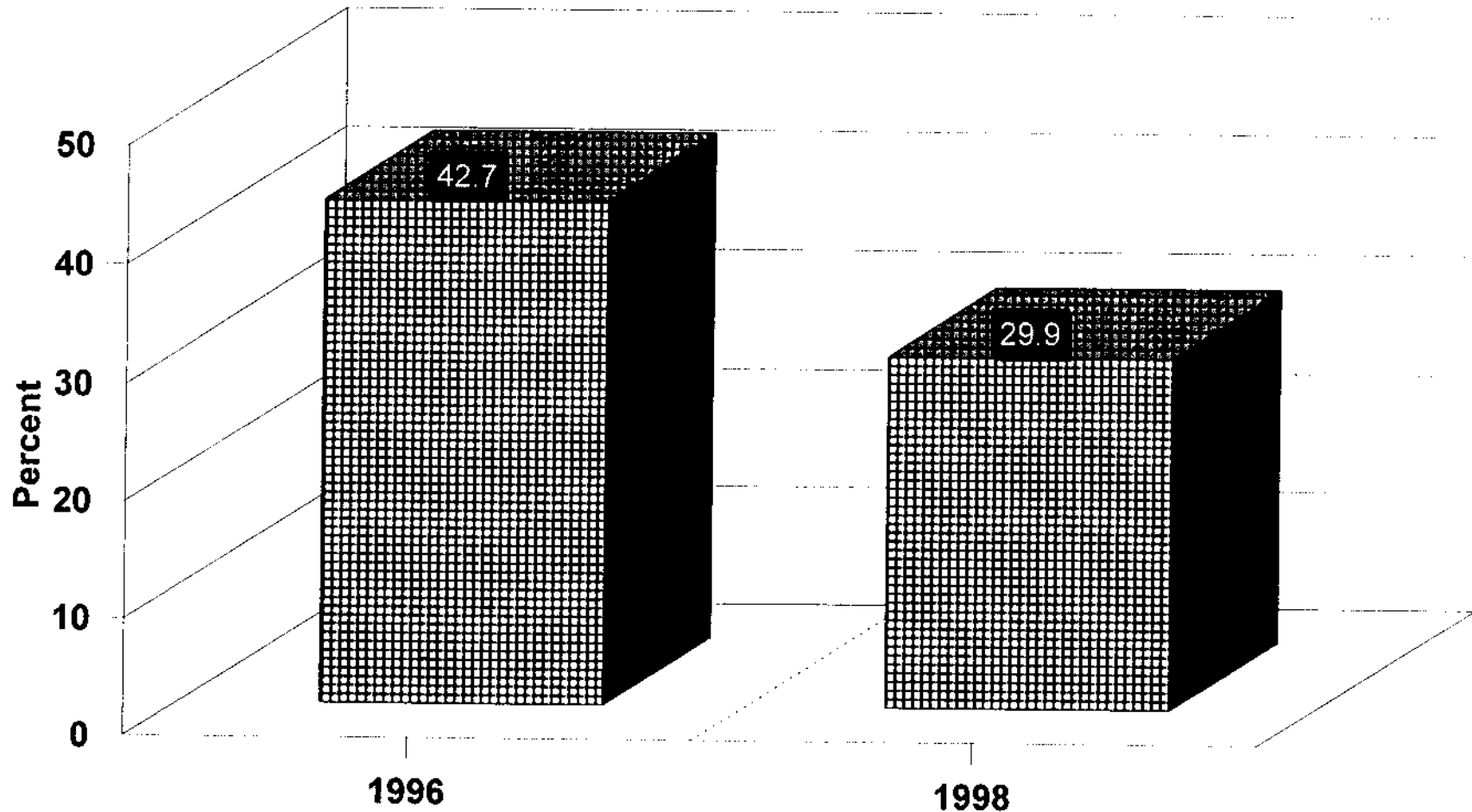


Center for Healthcare Policy and Research



# Who are the Uninsured?

**Fewer Firms With Low-Wage Workers Offer Health Insurance - WV Private Sector Firms with 50% or more Low-Wage Workers Are Offering Health Insurance - from 1996 to 1998**



Center for Healthcare Policy and Research



# Who are the Uninsured?

## Why Deal with the Problem Now?

*To strengthen the stability of the State's health care system, especially in rural communities*

- The cost of uncompensated care stresses the financial stability of health care providers
- Medicare payment reductions have made things worse
- Safety net providers are hardest hit



# Who are the Uninsured?

## Uncompensated Care is a Major Cost for West Virginia Hospitals

Fiscal Year	Bad Debts	Charity Care	Uncompensated Care
1995	\$119.1	\$91.1	\$210.2
1996	\$125.5	\$84.5	\$210.0
1997	\$131.2	\$99.9	\$231.1

Center for Healthcare Policy and Research



# Who are the Uninsured?

## Safety Net Providers are Hardest Hit

<u>Payment Source</u>	<u>Charges</u>	<u>Write-Offs for Contractuals and Sliding Fees</u>	<u>Write-Offs for Bad Debt</u>	<u>Total Write-Offs</u>	<u>Collections</u>
Medicaid	\$18,108,890	\$ 1,531,299	\$ 156,1509	\$ 1,687,449	\$ 16,421,441
Medicare	\$ 8,022,723	\$ 1,862,910	\$ 61,066	\$ 1,923,986	\$ 6,098,737
Insured	\$12,594,697	\$ 2,847,139	\$ 614,697	\$ 3,461,836	\$ 9,132,861
Uninsured	\$11,365,173	\$ 6,568,511	\$ 798,657	\$ 7,367,168	\$ 3,998,005
MCH	\$ 1,295,546	\$ 592,054	\$ 15,571	\$ 607,525	\$ 688,021
<b>TOTALS</b>	<b>\$51,387,029</b>	<b>\$13,391,822</b>	<b>\$ 1,646,140</b>	<b>\$15,047,964</b>	<b>\$ 36,339,065</b>

Center for Healthcare Policy and Research / Source: Office of Community and Rural Health, Bureau of Public Health, February 2001



# Who are the Uninsured?

## Why Deal with the Problem Now?

*To improve the climate for economic development*

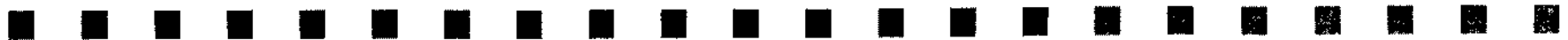
- Businesses looking for relocation or start-up options consider many criteria, including quality of life and access to quality services
- Access to quality health care is essential to both these criteria
- States and communities with a quality health care system, a low rate of uninsurance and a healthy workforce are better positioned to attract and retain new businesses



# Who are the Uninsured?

## What Options Do States Have?

- 85.1% of all West Virginians are insured
- 37% of these West Virginians receive their health insurance through public programs, not including PEIA
- 56.9% of working adults receive their health insurance through employers
- The key to decreasing the number of uninsured West Virginians probably means balancing the possibilities of both the public and private sectors



# Who are the Uninsured?

## What Options Do States Have?

- Can't solve it all at once
- Goals for chosen policies selected
- Participation is paramount
- Equity
- Maximum benefit to those most in need
- Issues such as timing, targeting, accountability are means to an end--not the end in themselves



# Who are the Uninsured?

## What Options Do States Have? - The Private Market

### *What are the mechanisms?*

- Individual and Small Group Insurance - Insurance Reform
- Tax Credits and Vouchers
- Purchasing Pools



# Who are the Uninsured?

What Options Do States Have? - The Private Market

## *Individual and Small Group Insurance - Insurance Reform*

### Challenges

- High Cost Policies
- Market Access (especially individual),  
limited to Low-Risk Persons
- Small Business Policy Churning
- Health Insurance Portability and  
Accountability Act (1996) “Fix”, really didn’t



# Who are the Uninsured?

## What Options Do States Have? - The Private Market

### *Individual and Small Group Insurance - Insurance Reform*

#### Opportunities

- Community rating requirements
- Limits on policy premium increases
- State pool to cover cost of reinsurance for high-risk individuals
- Guaranteed renewability with premium increase limits



# Who are the Uninsured?

## What Options Do States Have? - The Private Market

### *Tax Credits and Vouchers*

#### Challenges

- Administration and accountability
- Amounts of subsidy premium costs
- Relies on individual market purchasing
- Impact on current employer-based coverage



# Who are the Uninsured?

## What Options Do States Have? - The Private Market

### *Tax Credits and Vouchers*

#### Opportunities

- Administration similar to tax system
- View as one part of the solution, not the whole magilla
- Couple with individual market reforms
- Could become part of other solutions



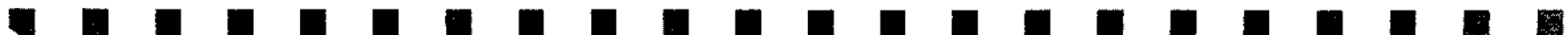
# Who are the Uninsured?

## What Options Do States Have? - The Private Market

### *Purchasing Pools*

#### Challenges

- Administrative issues, including marketing and regulation
- Cost versus benefit design
- Funding



# Who are the Uninsured?

## What Options Do States Have? - The Private Market

### *Purchasing Pools*

#### Opportunities

- 28 states have purchasing pools, mostly for high-risk individuals; there are plenty of models to investigate and adapt to West Virginia's needs
- Strike a balance between affordability and a product folks will buy
- Subsidies could be provided to participating employer, employees or both
- Another concept could be to buy into an existing insurance program to provide a broader, lower-risk pool



# Who are the Uninsured?

## What Options Do States Have? - Public Programs

### *What are the public programs available to West Virginia?*

- Medicaid
- Children's Health Insurance Program
- Public Employees Insurance Agency
- Free Clinics
- Safety Net Providers

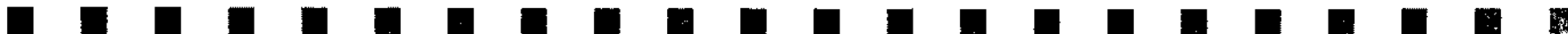


# Who are the Uninsured?

## What Options Do States Have? - Public Programs

### *Medicaid*

- Federal/State partnership that is considered an “entitlement,” e.g. if you meet the eligibility category criteria, you are entitled to the benefits available to your category
- Medicaid served 337,627 West Virginians out of 344,627 program enrollees in 2000, at an estimated service cost of \$3,887
- West Virginia has a very favorable match rate: 74.7% in 1997
- West Virginia’s Medicaid program is made up of required (mandatory) and optional eligibility categories and benefits



# Who are the Uninsured?

## What Options Do States Have? - Public Programs

### *Medicaid - Optional Eligibility Expansions*

- Coverage of families of eligible children
- Coverage of TANF recipients and their families
- Buy into employer-based health insurance for Medicaid-eligible families
- Waiver expansions to non-categorical adults
- Coverage for the working disabled



