State Health Reform: Expanding Coverage and Access

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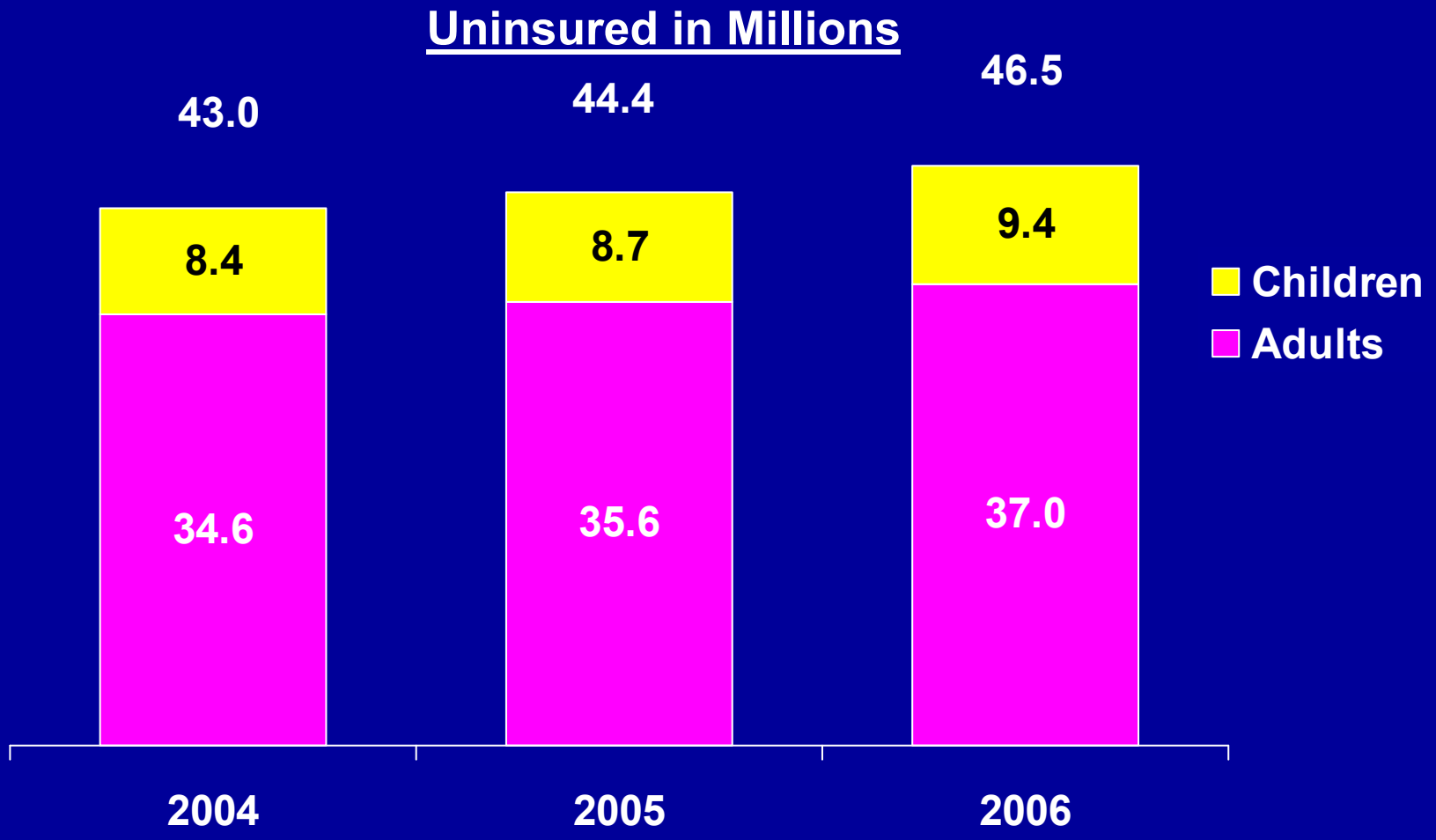
Figure 1

Number of Nonelderly Uninsured Americans, 2004 - 2006



SOURCE: KCMU/Urban Institute analysis of March CPS for each year.

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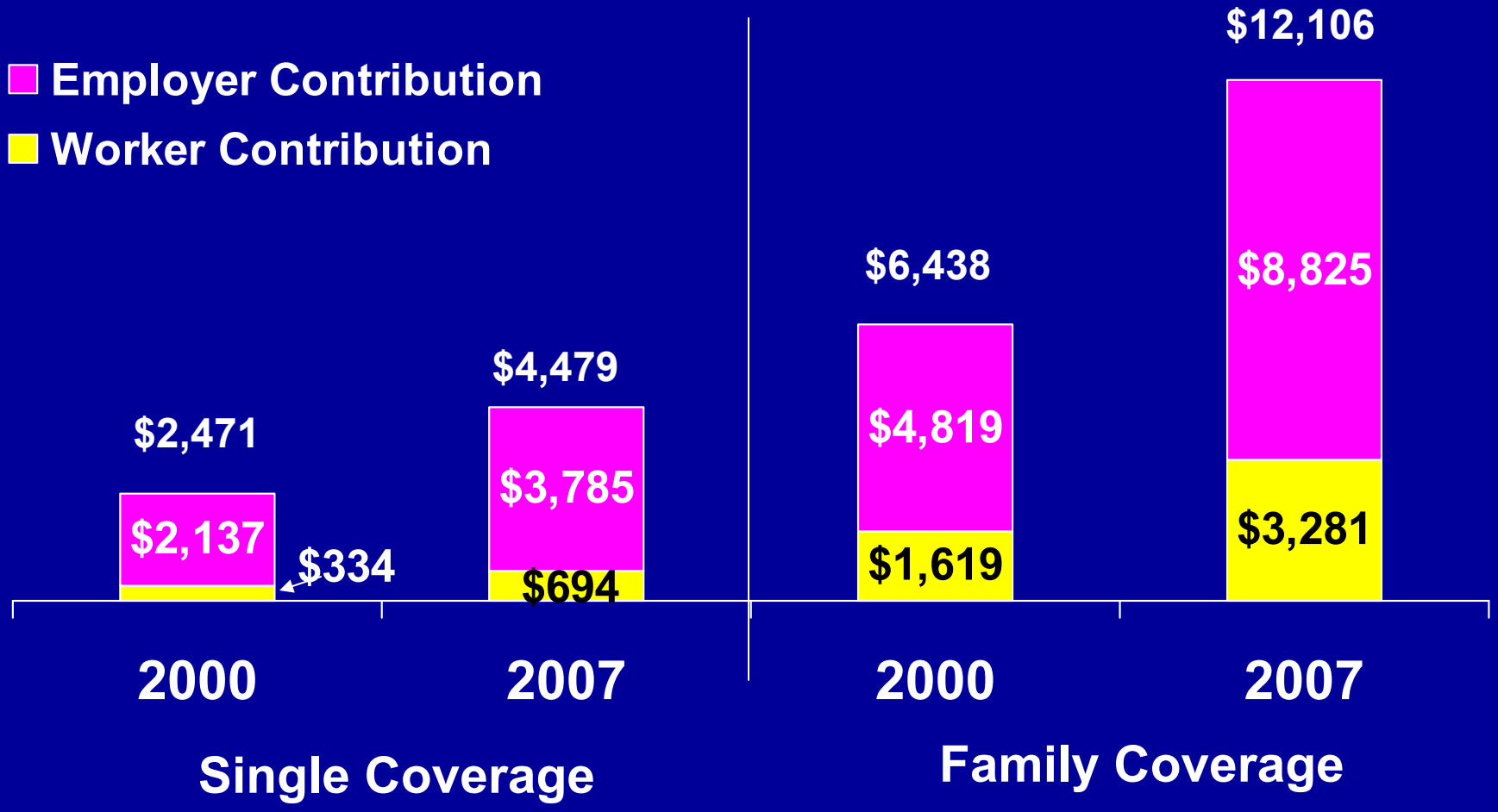
Figure 2

Average Annual Premium Costs for Covered Workers, 2000 and 2007



Note: Family coverage is defined as health coverage for a family of four. Data represents average for all types of plans.
SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2007.

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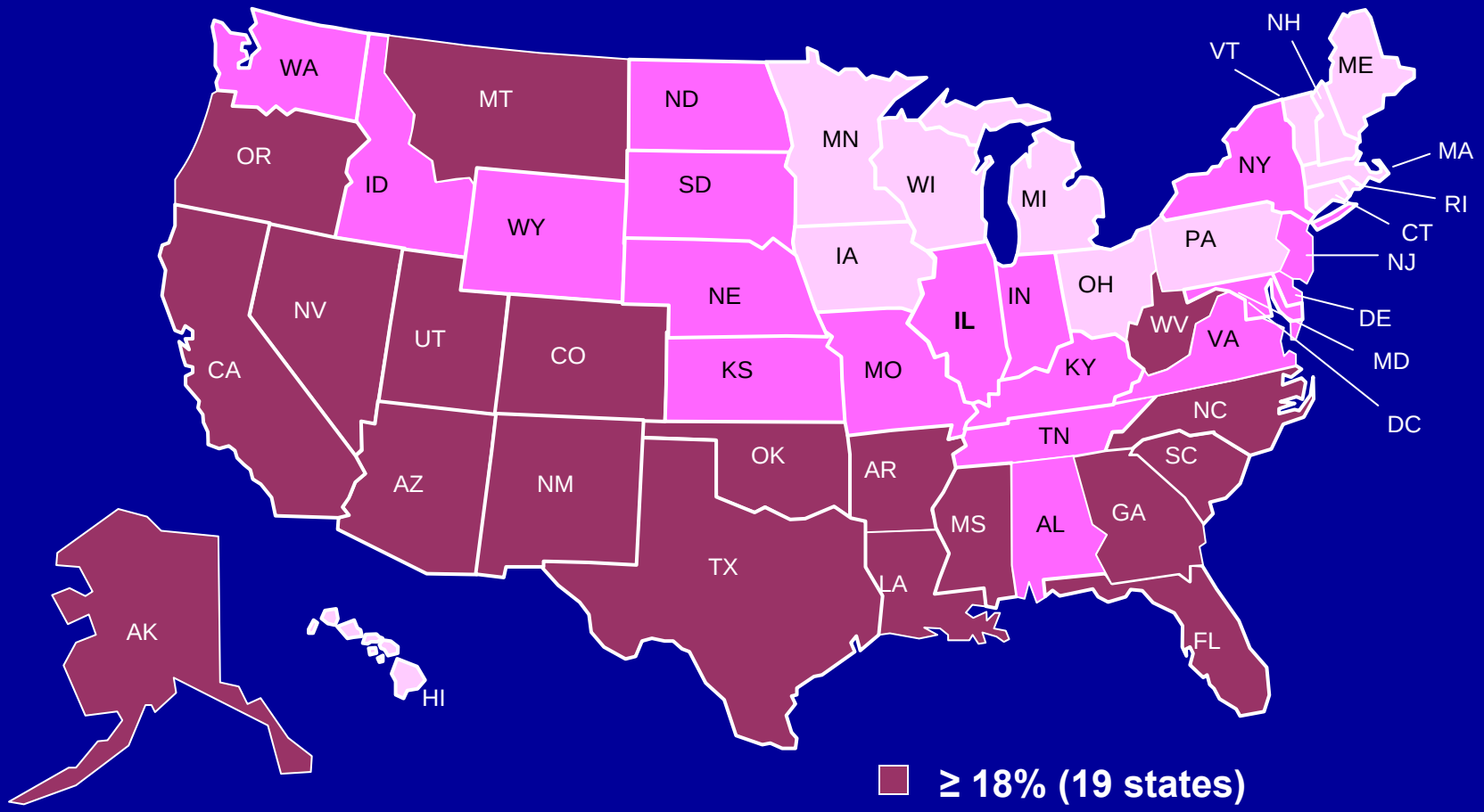
Figure 3

Uninsured Rates Among the Nonelderly, by State, 2005-2006



SOURCE: Urban Institute and KCMU analysis of the March 2006 and 2007 Current Population Survey. Two-year pooled estimates for states and the US (2005-2006).

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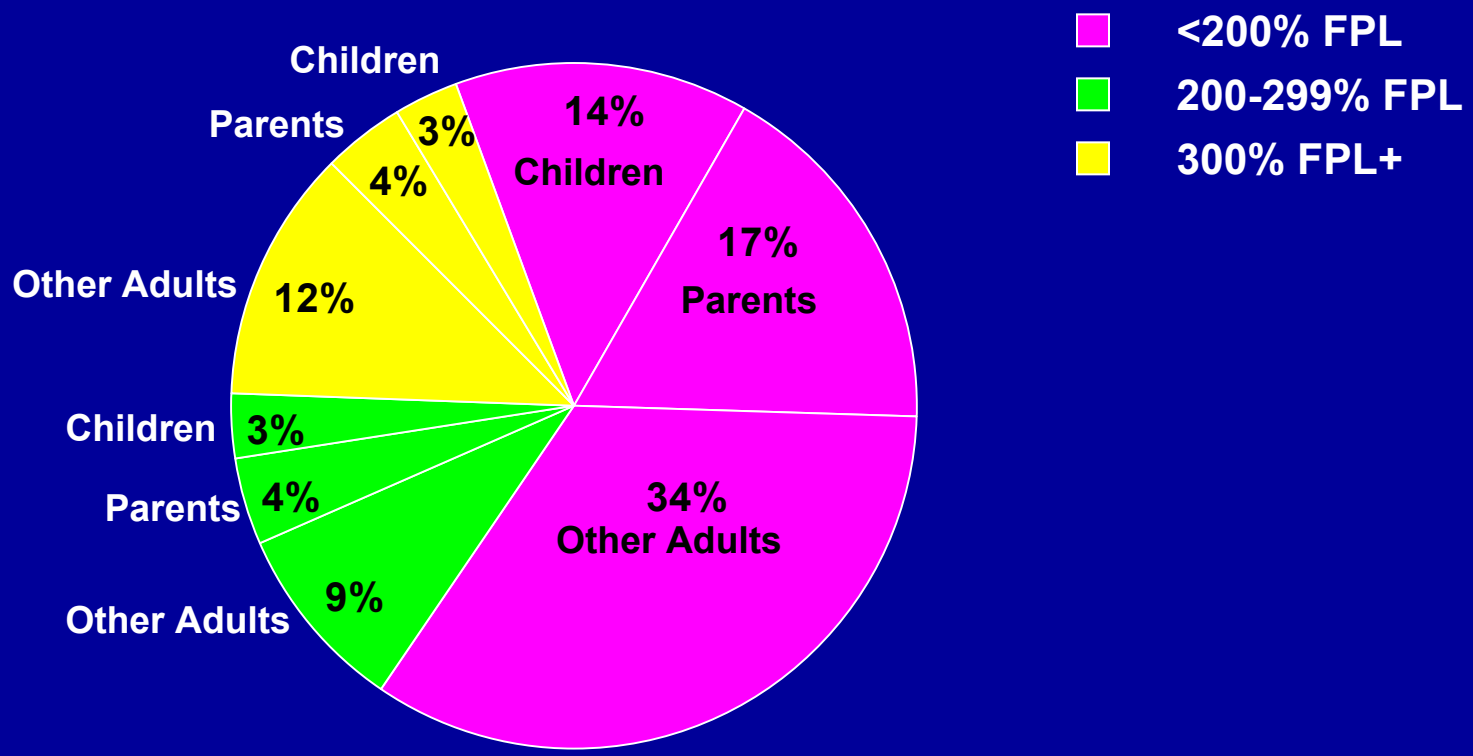
Figure 4

Renewed State Interest in Expanding Coverage

- Fiscal outlook has improved for states
  - Increased tax revenues
  - Growth in Medicaid spending leveling off
- 42 states have plans to expand health coverage
  - States using Medicaid to support financing and enrollment
  - Improving Medicaid and SCHIP coverage, particularly for children
  - Universal coverage plans passed in 3 states, proposed in 12 others
- Need to address growing uninsured population
  - Driven by declining rates of employer-sponsored insurance
  - Exacerbated by rising health care costs
- Desire to improve the quality and efficiency of current health care system

Figure 5

Who are the Uninsured?



Total = 46.5 million uninsured

SOURCE: KCMU/Urban Institute analysis of March 2007 CPS.

Figure 6

Current Strategies for Expanding Health Insurance Coverage

- Expanding public coverage
  - Expansions of Medicaid/SCHIP at the state level
  - Using Medicaid to support private coverage
- 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
- Improving access to and affordability of private health insurance
  - Purchasing pools (Connectors or state-administered plans)
  - Premium subsidies for low-income

Figure 7

Medicaid and SCHIP Expansions for Children

- 25 states plus DC have expanded eligibility for children
  - Six states expanded eligibility up to 300% FPL
  - Focus on outreach and simplifying enrollment processes
- Five states enacted universal coverage for children (HI, IL, PA, WA, WI)
  - Universal coverage builds on Medicaid/SCHIP coverage
  - Full buy-in for families with higher incomes
- Connecticut: automatic enrollment of all uninsured newborns
- SCHIP reauthorization debate may influence state efforts

Figure 8

Leveraging Medicaid Funds to Expand Private Coverage

- Kansas Premium Assistance
  - Expands Medicaid eligibility for parents up to 100% FPL
  - Covers premiums for state-approved private coverage or employee share of premiums for employer-sponsored coverage
- Insure Oklahoma (formerly O-EPIC)
  - Small employers must offer qualified plan and pay 25% of premiums
  - State pays 60% of premiums for employees with incomes <200% FPL; employees must contribute up to 15%
  - Individual Plan for qualified individuals without access to employer-based coverage

Figure 9

Public-Private Partnerships Targeting Individuals and Small Employers

- Insure Montana
  - Tax credits for small businesses that currently provide insurance to employees
  - Small businesses that haven't offered coverage for 24 months can access insurance through purchasing pool
    - Premium subsidies available for employers and employees
- Healthy NY
  - Reinsurance program for small businesses and individuals
    - Individuals: must have incomes <250% FPL
    - Small businesses: 30% of employees must make <$36,500
  - Plans offered by licensed HMOs; premiums vary
  - State pays 90% of claims between $5,000 and $75,000

Figure 10

Employer Requirements in State Reform Plans

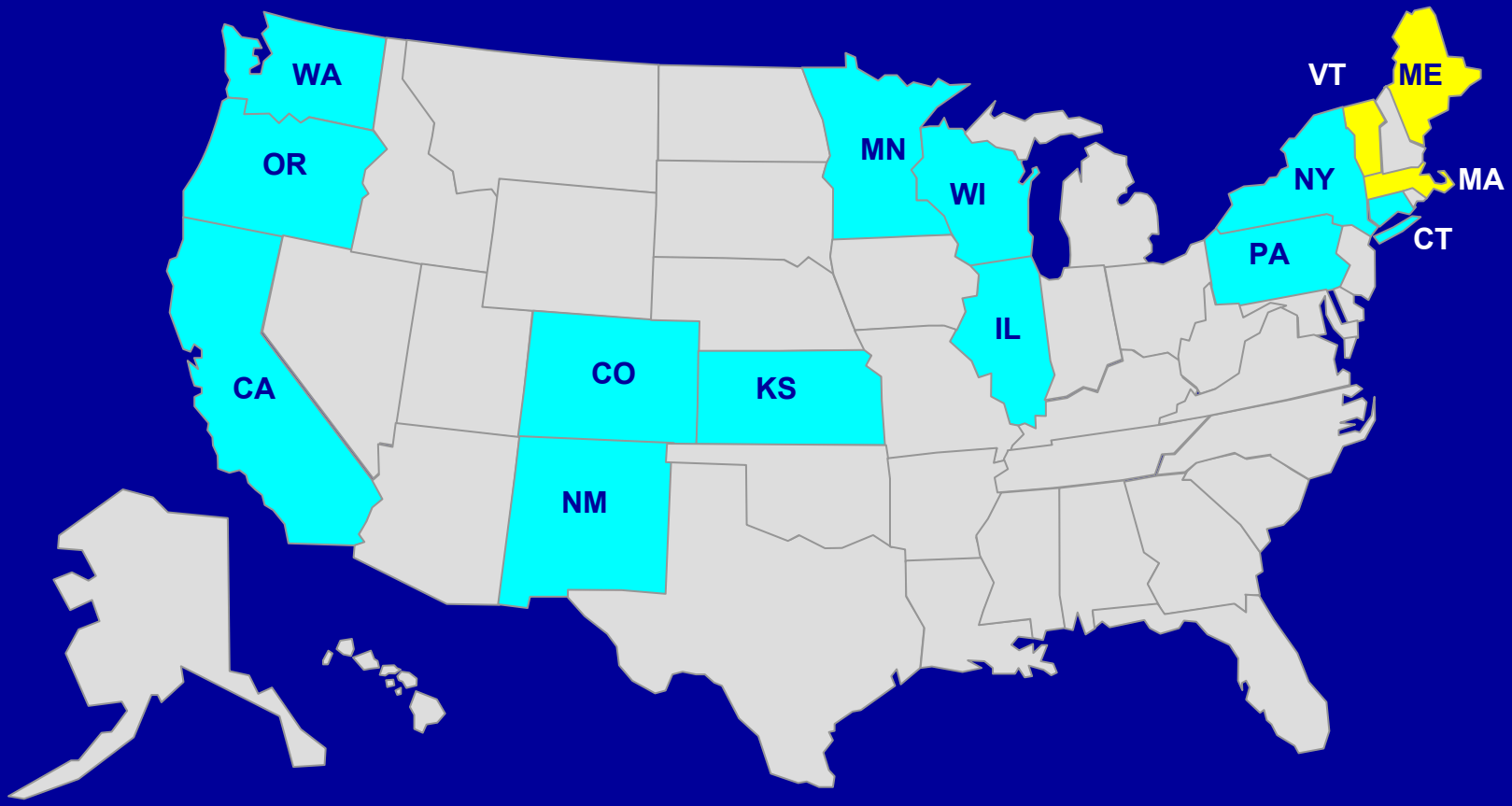
- Massachusetts
  - Employers with 10 or more employees that do not make a “fair and reasonable” contribution toward health coverage are assessed $295 per employee per year
- Vermont
  - Employers assessed $365 per FTE for employees who are not offered or do not take up health care coverage
- California
  - Employers must offer coverage or pay 2-6.5% of payroll based on payroll size
- Maine
  - Employer participation is voluntary; participating employers pay 60% of DirigoChoice premium

Health Insurance Exchanges

- Commonwealth Connector key component of Massachusetts reform plan
  - Provides individuals and small businesses with access to choice of health insurance plans
  - Plans must meet coverage standards
  - Coupled with insurance market reforms to ensure access
  - Increases price transparency and competition
  - When combined with Section 125 plans, employees can purchase coverage on pre-tax basis
- Several other states considering option (CA, CT, MN, WA)
- Premium subsides for those with low to moderate income
  - Income ranges from 250-400% FPL
  - Subsidies offered through Exchange or through separate program

Figure 12

States Moving Toward Universal Coverage



Enacted Universal Coverage (3 states)

Proposed Universal Coverage (12 states)

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Figure 13

Key Elements of the Massachusetts Health Care Reform Plan

- **Individual Mandate**
  - Mandate enforced through tax filings
- **Employer Assessment**
  - Employers with >10 employees that don't offer coverage must pay $295 per employee per year
- **Subsidized Coverage**
  - Sliding scale subsidies for individuals <300% FPL
  - Full subsidies for those <150% FPL
- **The Connector**
  - Links consumers & small employers to insurance
  - Establishes affordability standards and certifies insurance products
- **Medicaid Expansion to Children <300% FPL**

Figure 14

Massachusetts Reform Implementation Update

- **MassHealth** (*Public Program Expansion)*
  - From end of June 2006 to July 2007, MassHealth enrollment increased by nearly 56,000
- **Commonwealth Care** *(Subsidized Connector)*
  - Commonwealth Care plans (offered by Medicaid managed care plans) became available October 2006
  - As of October 2007, 127,000 have enrolled in Commonwealth Care (those with incomes below 100% FPL were automatically enrolled)
- **Commonwealth Choice** *(Unsubsidized Connector)*
  - Plans from seven carriers approved, available May 1, 2007
  - Plans became available to small businesses October 1, 2007
  - Enrollment to date just over 6,000

Figure 15

Implementation of Vermont Health Care Reform Plan

- Health care reform legislation signed on May 25, 2006
- Coverage component, Catamount Health, implemented on October 1, 2007
  - State-administered plan offered by two insurers
  - Subsidies provided to individuals with incomes below 300% FPL
  - Employer assessment of $365 per FTE without insurance
- Blueprint for Health
  - Statewide public-private initiative to improve system of care for individuals with chronic conditions
- Financed through funds from the “Global Commitment to Health” Medicaid waiver and tobacco tax increase

Figure 16

Health Reform in California

- November 8, 2007 compromise health reform legislation introduced during special legislative session (ABX1 1)
  - Individual mandate
    - affordability exceptions if cost of coverage exceeds 6.5% of income
  - Public program expansion
    - All children and legal parents to 300% FPL
    - Medically indigent single adults to 250% FPL eligibile for Medi-Cal
  - Purchasing pool (CalCHIPP)
  - Premium subsidies
    - no premiums <150%FPL;150-300% sliding scale premiums
    - 250-450% FPL eligible for tax subsidies
  - Employer mandate
    - must provide coverage or pay a fee of 2-6.5% of payroll
- Debate scheduled for December 5-6, 2007

Outlook for State Health Reform

- Enacting comprehensive reform plans has proven challenging
  - California and Pennsylvania only states currently debating reform plans
  - Most efforts stalled over financing, but achieving consensus on key elements also difficult
- Many states remain committed to coverage expansions and broader reforms, most rely on Medicaid to support these efforts. Progress depends on:
  - SCHIP Reauthorization
  - Outlook for state revenues in 2008 and beyond
- Outcome of 2008 national and state elections may influence state efforts