
2003 Alabama Health Care Insurance and Access Survey: Select Results

Funded by the 2002 HRSA State Planning Grant

Report to:



**Alabama Department of
Public Health**

Alabama Department of Public Health
201 Monroe Street Suite 250
Montgomery, AL 36104
Phone 334-206-5568
Fax 334-206-6433

Prepared by:

**State Health Access Data
Assistance Center**

State Health Access Data Assistance Center (SHADAC)
Division of Health Services Research & Policy
School of Public Health
University of Minnesota
2221 University Avenue SE Suite 345
Minneapolis, Minnesota
Phone 612-624 4802
Fax 612-624 1493

July 2003

Table of Contents

Acknowledgements	iii
Executive Summary	iv
Introduction	1
Why Conduct a Survey of Health Insurance Coverage in Alabama?	1
Why Is Health Insurance Important?	1
Who Conducted the 2003 Alabama Health Care Insurance and Access Survey?	2
Who is Uninsured in Alabama?	3
What is the Overall Level of Uninsurance in Alabama?	3
What Are the Characteristics of the Uninsured in Alabama?	4
What are the Uninsurance Rates for the 19-34 Year Olds in Alabama?	6
What are the Federal Poverty Levels in Alabama?	9
Where Do the Uninsured in Alabama Live?	10
What are Some Potential Sources of Care for the Uninsured in Alabama?	13
What are Some Potential Sources of Coverage for the Uninsured?	13
Why Don't Uninsured Individuals Participate in Employer-Sponsored Coverage?	13
Why Don't Uninsured Individuals Participate in Employer-Sponsored Coverage?	14
Why Don't Uninsured Individuals Participate in Public Programs?	14
How Are the Uninsured Getting Their Medical Needs Met?	16
Do the Uninsured Have a Regular Source of Care?	16
Where Do the Uninsured Go for Health Care?	16
How Do the Uninsured Access Dental Care?	17
How Do the Uninsured Access Mental Health Care?	19
How Do the Insured Assess the Stability and Adequacy of Their Coverage? .	21

How Worried Are Alabamians About Health Care?.....	21
Is There Evidence of “Underinsurance” in Alabama?.....	21
What is the Employer Coverage Situation in Alabama?.....	23
How Do Firms Offering Coverage Compare to Firms Not Offering Coverage?.....	23
Summary and Conclusions	27

Acknowledgements

This report was written by Dr. Timothy Beebe, Judith McElhinney and Kelli Johnson of the State Health Access Data Assistance Center (SHADAC) at the University of Minnesota. The authors would like to acknowledge the contributions of several people at SHADAC; namely, Pat Bland and Holly Rodin for their tremendous commitment to the data analysis and Dr. Michael Davern for developing the sampling and weighting methodologies for this study.

The authors would also like to acknowledge Dr. Kathleen Call for developing and advising on the survey instrument and Dr. Lynn Blewett for her guidance and assistance throughout this project. Drs. Blewett and Call of the University of Minnesota's Division of Health Services Research and Policy are SHADAC's Principal Investigator and Co-Principal Investigator.

The 2003 Alabama Health Care Insurance and Access Survey was fielded by the Cities Institute for Public Health Research (CIPHR) at the University of Minnesota. The authors would like to acknowledge the work of the Institute, particularly Dr. Todd Rockwood and Keith Onken.

This project was funded by the Alabama Department of Public Health under the State Planning Grant from the Health Resources and Services Administration, U.S. Department of Health and Human Services. The authors would like to acknowledge the ongoing work of the staff at the Alabama Department of Public Health, especially Fern Shinbaum and Ashley Alvord.

Executive Summary

Alabama's rate of uninsurance has historically been relatively low, with current estimates ranging from 11.2% to 13.2% depending on the source of the data. This report presents findings from the 2003 Alabama Health Care Insurance and Access Survey, conducted between October 2002 and February 2003. For Alabamians of all ages, this survey estimates that 11.2% are uninsured (approximately 500,000 Alabamians). For children ages 0-18, the uninsurance rate is 6.6%; and for adults ages 19-64, the rate is 15.4%.

More than 41 million Americans are uninsured and these numbers are increasing with the continuing economic downturn. The problem of the uninsured is one of America's biggest health challenges. Relative to their insured counterparts, the uninsured are more likely to miss recommended health screenings, have poor health outcomes, and lack access to important prescription medications. Counting the uninsured is a necessary first step in crafting options to extend health insurance coverage to those who do not have it.

Conducted by the Alabama Department of Public Health with a grant from the U.S. Health Resources and Services Administration State Planning Grant (SPG) Program, the 2003 Alabama Health Care Insurance and Access Survey is the largest and most comprehensive survey on health insurance ever fielded in Alabama. With these survey data, Alabama will better understand the characteristics of the uninsured; improve the focus of programs, policies, and outreach activities; and identify those who may be eligible for private or public health insurance coverage but are not enrolled. The information from the survey can also be used as a baseline for monitoring changes over time.

While there are several national sources of data on the uninsured, states conduct their own surveys because the sample size for a given state is typically larger in a state survey than in a national one; and, larger sample sizes provide better estimates of uninsurance and better information about the health insurance status of subpopulations. In addition, by allowing state analysts to do "hands-on" data work, such surveys foster state-specific policy development, including simulation of health insurance coverage policy options, marketing and outreach of public programs.

Because of the way the survey was designed, Alabama is able to make detailed estimates of uninsurance for specific population groups within the state. In addition, the survey collected data about dental health coverage and the availability of mental health coverage in the state.

The survey identified the following groupings, or sub-populations, that will be important in the development of coverage expansion options because of their disproportionately high rates of uninsurance. Important sub-populations include:

- 25-34 year olds;
- Individuals below 200% of the Federal Poverty Level (FPL); especially those with annual incomes below 100% FPL (\$18,100 for a family of four);
- Unemployed or unpaid individuals and temporary or seasonal workers; and
- Employees of firms with 10 or fewer employees.

The survey produced two very important observations that will be critical in developing policies related to health insurance coverage:

- Over a third (36.9%) of the uninsured have potential access to health care coverage through an employer or a public program. This finding suggests that strategies to improve take-up of already available health insurance should be part of any coverage expansion policy.
- Many uninsured residents of Alabama do not have a regular source of care. For the uninsured that do, the emergency room is identified as that regular source of care at a disproportionate level compared to their insured counterparts. This finding suggests that strategies to identify regular source of care for the uninsured – other than an expensive emergency room – may be a future issue that will need to be addressed.
- The uninsured have the greatest difficulty obtaining preventive dental care or mental health care when compared to their publicly and privately insured counterparts. The expense associated with these services seems to be the principal driver of these problems, regardless of insurance type. A significant portion of both the insured and uninsured populations worry about health care costs and access. Again, the cost of health care and health insurance premiums remains an important contributor to these worries. In fact, over half of the uninsured have had to forego needed health care due to its cost.

Finally, a number of themes emerged around the issue of employer-based insurance coverage. Comparing firms offering coverage to those that do not, the survey showed that:

- Larger firms are more likely than smaller firms to offer coverage.
- Higher wage firms are more likely than lower wage firms to offer coverage.
- Firms in the business and personal service industry sectors are the least likely to offer health insurance coverage.
- Firms that offer coverage tend to employ fewer temporary workers than those that do not offer coverage.

The combination of falling state revenues, growing health care expenditures, and increased unemployment means that efforts to increase health insurance coverage in Alabama will be difficult and that minor incremental strategies may have to be pursued, at least in the short term. Perhaps, as the economic situation improves, the task will become more manageable. In the meantime, because of the administration of the 2003 Alabama Health Care Insurance and Access Survey, Alabama can now monitor coverage over time, as well as measure the effects of any expansion strategies that might be undertaken.

Chapter 1

Introduction

Why Conduct a Survey of Health Insurance Coverage in Alabama?

In 2000, the Health Resources and Services Administration (HRSA) in the U.S. Department of Health and Human Services issued State Planning Grants (SPG) to eleven states to assist them in determining the status of health insurance at the state level. In 2001, a further nine states were funded. In 2002, eleven more states and one U.S. territory were awarded HRSA SPG grants; Alabama was one of those states. The aim of the Alabama SPG was to measure and describe the uninsured in Alabama and to develop and evaluate a wide range of policy options using both quantitative and qualitative data.

The in-depth data collection and analysis conducted under the 2003 Alabama Health Care Insurance and Access Survey will equip Alabama to develop strategies to assure access to health insurance for all citizens of the state.

Why Is Health Insurance Important?

There are a host of reasons for concern about access to health insurance and the many problems associated with being uninsured. Understanding the characteristics of both the uninsured and the insured allows policy makers and health care providers to make informed decisions and to better serve the public and anticipate the needs of communities.

Gaining a better understanding of the characteristics of the uninsured is critical to improving access to health care. Uninsured adults and children are less likely to have a regular physician or source of medical care, and they are less likely to receive preventive health care services.¹ In addition, the uninsured often seek medical services much later than the ideal. As a result, many serious medical conditions are identified late and are, therefore, more costly to treat. In addition, uninsured persons have higher rates of avoidable hospitalization and higher rates of emergency room use – a high-cost method of receiving care.² Recent research suggests that providing health coverage to the uninsured may result in cost savings by decreasing hospital expenditures on uncompensated care.³

Studying health insurance coverage allows analysts to identify trends, e.g., health care cost increases, changes in the market, and reductions in employer-sponsored health insurance. A recent trend is the deterioration of employer-sponsored coverage. According to a survey by the Employee Benefit

¹ Brown, et. al. Monitoring the Consequences of Uninsurance: A Review of Methodologies. *Medical Care Research and Review*. 1998; 55:177-210.

² Ahern M, McCoy HV. Emergency Room Admissions: Changes During the Financial Tightening of the 1980s. *Inquiry*. 1992; 26:67-79.

³ Blewett L, et al. Hospital Provision of Uncompensated Care and Public Program Enrollment. *Medical Care Research and Review*. Forthcoming Fall 2003.

Research Institute, between 2001 and 2002, 19% of small employers offering health benefits made changes to their health plans – 65% increased deductibles and co-pays, 30% increased the employee share of premiums, and 29% reduced benefits.⁴ Erosion in employer-sponsored coverage directly affects individual employees, but it also affects the overall health and productivity of the business/employer.

Finally, inadequate health insurance coverage can negatively affect other areas of a person's life beyond physical health. For example, recent research shows that the uninsured are three times as likely as the insured to have difficulty paying for basic living costs such as food, rent, heating or electric bills.⁵ Not having insurance strains resources that are needed for other areas in one's life.

Who Conducted the 2003 Alabama Health Care Insurance and Access Survey?

The Cities Institute for Public Health Research (CIPHR) at the University of Minnesota conducted the field survey for this study. The State Health Access Data Assistance Center (SHADAC) completed the data analysis and worked with the Alabama Department of Public Health on interpreting the results of the data collection. The household survey instrument used for the data collection – the Coordinated State Coverage Survey (CSCS) – was developed by SHADAC and tailored to the special needs of Alabama.

The 2003 Alabama Health Care Insurance and Access Survey was a random digit dial (RDD) telephone survey. CIPHR completed interviews with over 7,200 people from the state, of which 650 were Hispanic (9.0% of the survey respondents.) The survey specifically over sampled children, in order to better gauge the work that has already been done by the state to reduce uninsurance rates in children, and Hispanics, another population of primary concern in the state. (A detailed description of the sampling and weighting methodologies employed is provided in the Technical Appendix Section A.)

The survey was conducted in both English and Spanish; 332 completed interviews were conducted in Spanish. One person was randomly selected in each household to complete the telephone survey. If the selected person was a child, an adult was asked to respond on behalf of the child.

⁴Employee Benefit Research Institute. *Small Employers and Health Benefits: Findings from the 2002 Small Employer Health Benefits Survey*. *EBRI Issue Brief*. January 2003. Accessed at www.ebri.org/findings/health_findings.htm March 20, 2003.

⁵Lambrew, Jeanne. *How the Slowing U.S. Economy Threatens EmployerBased Health Insurance*. New York: The Commonwealth Fund. November 2001. Accessed at www.cmf.org March 30, 2003.

Chapter 2

Who is Uninsured in Alabama?

This chapter examines the overall level of uninsurance and presents detailed information regarding the characteristics of the uninsured in Alabama based on the household data. Additional technical information and data analysis is available in a separate Technical Appendix document.

Several characteristics of Alabama's population were analyzed in addition to the basic health insurance coverage information. Analysis was performed to determine uninsurance rates according to characteristics such as age, race/ethnicity, employment status, family income, education, and marital status. Likewise, analysis was done to assess whether some groups are disproportionately uninsured compared to their representation in the population as a whole. This analysis also includes an assessment of the statistical significance of any observed differences, and is available in tabular form in the Technical Appendix Section D.

What is the Overall Level of Uninsurance in Alabama?

Overall, 11.2% of people in Alabama are uninsured according to the 2003 Alabama Health Care Insurance and Access Survey. The rates associated with the various sources of coverage are displayed in Figure 2-1. Over half (53.7%) of the people in Alabama are covered by health insurance through an employer. An additional 3.7% purchased private individual insurance. Alabama's public programs cover 31.4% of the population.

Figure 2-1. Sources of Health Insurance in Alabama, 2003

Due to different measurement techniques, there is a variance in reported uninsurance rates. For example, the U.S. Census Bureau's Current Population Survey (CPS) 2001 estimate of uninsurance for Alabama is 13.1%.

Estimated rates of uninsurance vary with the definitions of "uninsured" which, in turn, depend on the timeframe of the measurement. Four general timeframes or referents are commonly used in measuring coverage – the respondent is asked about his/her insurance status: (1) over an entire year, (2) for a

portion of the year, (3) at any single point during the year, or (4) at the time of the survey or point-in-time.

Table 2-1 displays the range of commonly used time referents and the corresponding rates of coverage for Alabama, according to the survey. The point-in-time measurement is the most common across the survey sources, asking the respondent about his or her current coverage at the time of the interview. This approach reduces the concern about requiring a respondent to think back in time. The number of people who are uninsured at “any single point during the year” is going to be the largest, as it combines the full- and part-year uninsured, along with anyone who was uninsured for *any* length of time during the period covered by the survey. ***Throughout this report, unless otherwise indicated, the analyses refer to the “point-in-time” uninsured.***

Table 2-1. Alternative Definitions of Insurance Rates in Alabama, 2003

Definition	Alabama Uninsurance Rate
Point-in-Time	11.2%
Uninsured All Year	8.8%
Uninsured Part Year	5.8%
Uninsured at Some Point During Year	14.6%

What Are the Characteristics of the Uninsured in Alabama?

Table 2-2 displays Alabama’s uninsurance rates among select population groupings. Adults ages 25-34 have the highest rate of uninsurance, at 23.1%, compared to the overall state uninsurance rate of 11.2%. A separate analysis (Technical Appendix Section D) shows that the uninsured are statistically much more likely to be between the ages of 19-34 years old, and less likely to be uninsured if they under 19 or over 64 years of age. This latter finding is most likely attributable to enrollment in Medicaid/SCHIP or Medicare programs.

People of Hispanic ethnicity have the highest rate of uninsurance (22.0%) among all racial and ethnic groups. And, Alabamians who are separated or unmarried/living with a partner have higher rates of uninsurance than people who are married or widowed.

Income is also related to health insurance status. Alabamians whose family income is less than 134% FPL have higher rates of uninsurance. A striking 3 in 10 people below 15% FPL are uninsured, while 3 in 100 people above 300% FPL are without health insurance.

In addition to income, educational status is related to rates of insurance coverage. In fact, the level of uninsurance declines as the level of educational attainment increases. People in Alabama who did not graduate from high school are uninsured at a rate nearly twice that of high school graduates. Finally, uninsurance rates are highest among Alabamians reporting fair or poor health.

Table 2-2. Alabama's Uninsurance Rates by Selected Population Groups

	Uninsurance Rate
Total Population	11.2%
Age	
0 - 5 years	4.3%
6 - 18 years	7.6%
19 -24 years	20.5%
25 -34 years	23.1%
35-54 years	13.0%
55-64 years	11.6%
65 years and over	1.1%
Race/Ethnicity	
African American/Black	13.2%
American Indian	10.9%
Asian	5.5%
Hispanic*	22.0%
White	10.2%
Other	0.1%
Marital Status	
Widowed	6.3%
Married	8.9%
Divorced	15.1%
Separated	20.0%
Living with Partner	34.8%
Single	16.5%
Family Income (% of FPL)	
<15%	29.8%
15-100%	26.7%
101-133%	20.3%
134-150%	16.3%
151-200%	15.5%
201-250	8.7%
251-300%	7.5%
>300%	2.8%
Level of Education	
Less than High School	21.3%
High School Graduate	13.3%
Some College	10.2%
College Graduate	3.8%
Postgraduate	3.4%
Health Status	
Excellent	6.5%
Very Good	10.0%
Good	12.0%
Fair	19.3%
Poor	21.7%

*For those reporting Hispanic ethnicity and some other race, Hispanic was selected as racial classification

As shown in Table 2-3, the survey also established the employment status of the uninsured. Unemployed Alabamians and those who report being unpaid workers are uninsured at a rate three times higher than those who are employed by someone else. People working more than one job, working less than 40 hours a week (part-time workers) – particularly those working 21-30 hours a week – and the temporarily or seasonally employed are most likely to be uninsured. The rates of uninsurance among people who work in firms with 10 or fewer employees are also higher than among those who work in larger firms with 50 or more employees.

Table 2-3. Uninsurance Rates by Employment Status

	Uninsurance Rate
Total Population	11.2%
Employment Status	
Self-Employed	17.3%
Employed by Someone Else	8.4%
Not Employed/Unemployed Worker	25.7%
Retired	2.2%
Student	14.3%
For Those Who are Employed	
Number of Jobs	
One Job	9.1%
More than one job	11.3%
Hours Worked per Week	
0-10	5.9%
11-20	19.7%
21-30	23.2%
31-39	11.8%
40 hours or more	7.9%
Type of Job	
Permanent	8.4%
Temporary	28.4%
Seasonal	27.8%
Full-time	7.9%
Part-time	15.7%
Size of Employer	
<11 employees	23.3%
11-50 employees	10.3%
>50 employees	4.9%

What are the Uninsurance Rates for the 19-34 Year Olds in Alabama?

Due to the high rate of uninsurance among those aged 19-34, additional analyses were performed. Table 2-4 displays the rates of uninsurance for Alabama residents between the ages of 19 and 34. Alabama's uninsurance rates for the 19-34 year old age group is almost double (22.1%) the overall uninsurance rate for Alabama (11.2%); and the uninsurance rate for young, Hispanics adults is 41%, compared with an uninsurance rate of 22.0% for all Hispanics under 65.

For the population as a whole and for people between the ages of 19 and 34, marital status, income level, educational attainment, and type of employment are associated with insurance coverage status. Specifically, 19-34 year olds who are unmarried or living with a partner have an uninsurance rate of 44.7%.

Nearly half (47.5%) of adults 19-34 who did not graduate from high school have no health insurance coverage; and over half (50.8%) of young adults with family incomes at 134-150% FPL are uninsured. Of the 19-34 age group who report being in excellent health, 12% are uninsured, in contrast to this only 6% of all ages who report being in excellent health are uninsured. The rate of uninsurance for adults aged 19-34 who report being in fair or poor health (44% and 52% respectively), was almost double the uninsurance rate for all ages that reported to be in a fair or poor health state (19% and 22% respectively).

For all age groups, the uninsurance rate of those who are employed by someone else is 8.4% (see Table 2 -3). However, for people ages 19-34 who are employed by someone else, the rate of uninsurance nearly doubles to 16.2%.

Table 2-4. Uninsurance Rates Among Alabamians 19-34

	Uninsurance Rate
Total Population (19-34 year olds)	22.1%
Race/Ethnicity	
African American/Black	26.1%
American Indian	**
Asian	**
Hispanic*	40.9%
White	19.8%
Other	**
Marital Status	
Widowed	**
Married	18.1%
Divorced	23.9%
Separated	**
Living with Partner	44.7%
Single	21.8%
Family Income (% of FPL)	
<15%	50.5%
15-100%	47.8%
101-133%	39.5%
134-150%	50.8%
151-200%	19.4%
201-250%	13.9%
251-300%	15.0%
>300%	6.5%
Level of Education	
Less than High School	47.5%
High School Graduate	23.7%
Some College	19.7%
College Graduate	8.6%
Postgraduate	4.1%
Health Status	
Excellent	12.5%
Very Good	19.0%
Good	25.6%
Fair	44.2%
Poor	52.1%
Employment Status	
Self-Employed	13.6%
Employed by Someone Else	16.2%
Unemployed/Unpaid Worker	38.9%
Student	23.5%

*For those reporting Hispanic ethnicity and some other race, Hispanic was selected as racial classification

** Too few observations, reporting these would lead to over inflation of results

What are the Federal Poverty Levels in Alabama?

Almost two-thirds of the people who are uninsured are below 134% FPL according to the survey, and high rates of uninsurance are found among people at or below the 200% FPL, specifically in the 19-34 year old age range. To set the financial context for these income levels, Table 2-5 translates the FPL percentages into their dollar equivalents for families of various sizes.

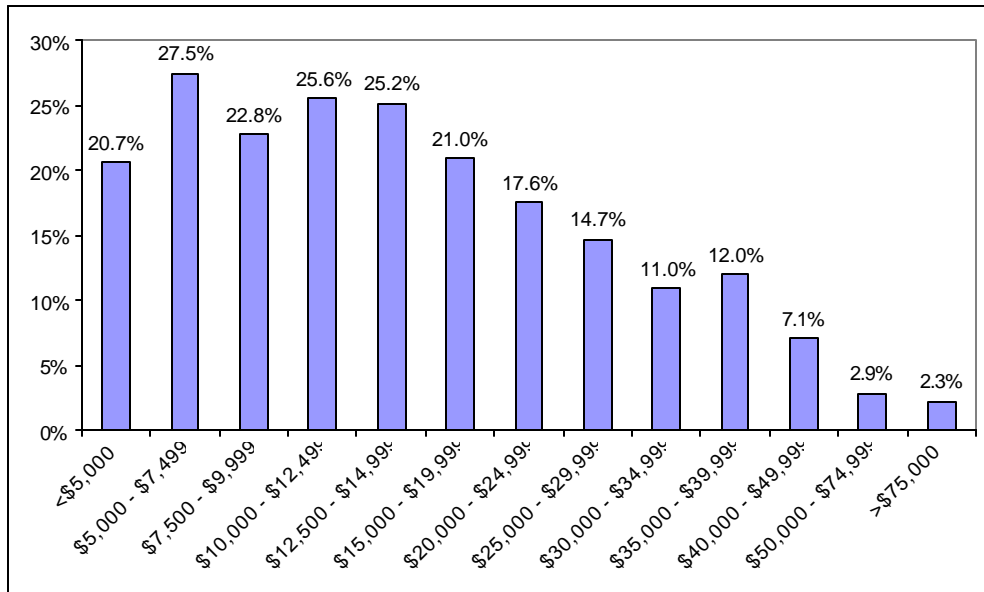
Table 2-5. Federal Poverty Levels in Alabama, 2002

	Dollar Value
100% FPL	
1 person	\$8,860
2 people	\$11,940
3 people	\$15,020
4 people	\$18,100
200% FPL	
1 person	\$17,720
2 people	\$23,880
3 people	\$30,040
4 people	\$36,200
300% FPL	
1 person	\$26,580
2 people	\$35,820
3 people	\$45,060
4 people	\$54,300

Source: U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation. Accessible at <http://aspe.hhs.gov/poverty/02poverty.htm>.

Figure 2-2 depicts uninsurance rates by annual family income. Generally, rates of uninsurance are higher among individuals with lower family incomes. For example, 27.5% of individuals with family incomes between \$5,000 and \$7,500 have no health insurance coverage; whereas, less than 3% of people with family incomes over \$50,000 are uninsured.

Figure 2-2. Percent of Alabama Families who are Uninsured by Annual Family Income



Where Do the Uninsured in Alabama Live?

There are twelve regions of geographic interest in Alabama, comprised of 67 counties (see Figure 2-3). The Metropolitan Statistical Areas (MSAs), which are geographic entities designated by the federal Office of Management and Budget for use by federal statistical agencies, are also of interest. An MSA consists of one or more counties. In Alabama, nine of the twelve geographic regions of interest are MSAs.

Examining the differences between rural and urban areas of Alabama also provides interesting information, which may be useful in the analysis of issues related to insurance coverage in the state. Further information on the differences by geographic region is included in the Technical Appendix Section D.

Figure 2-3. Alabama's Geographic Regions of Interest

Table 2-6 displays Alabama's uninsurance rates by region. People living in rural areas have slightly higher uninsurance rates than those who live in urban areas. Using point-in-time estimates, the areas with the highest levels of uninsurance are the Northern Rural (15.6%) and the Southern Rural (14.9%) regions. By contrast, Birmingham (7.7%) and Florence (8.4%) have the lowest rates of uninsurance among the geographic regions examined in this analysis.

Table 2-6. Alabama's Uninsurance Rates by Region, 2003

Region	Uninsurance Rate	Number of Uninsured people in each Region
Urban	9.7%	239,170
Rural	12.4%	245,697
Anniston	13.0%	21,611
Auburn	10.7%	22,936
Birmingham	7.7%	71,464
Black Belt Counties	10.0%	13,822
Dothan	13.6%	19,384
Florence	8.4%	41,603
Huntsville	13.3%	72,561
Mobile	9.1%	30,422
Montgomery	10.9%	17,992
Northern Rural	15.6%	100,973
Southern Rural	14.9%	27,387
Tuscaloosa	11.8%	59,429
All Regions	11.2%	500,008

Chapter 3

What are Some Potential Sources of Care for the Uninsured in Alabama?

This section of the report discusses the potential sources of care for the uninsured in Alabama. It also describes the public's familiarity with public programs currently available to the population, as well as their willingness to enroll in these programs, if eligible.

What are Some Potential Sources of Coverage for the Uninsured?

The survey found that about 60% of people in Alabama have potential access to either private or public health insurance coverage. As illustrated in Figure 3-1, an estimated 2 in 10 uninsured Alabamians (20.8%) are potentially eligible for employer-sponsored insurance because their employer, or their spouse's employer, offers coverage. An additional 16.1% are potentially eligible for coverage by a public program. However, 67.6% of people are not deemed eligible for either program. An uninsured person was deemed potentially eligible for a public program if household income was 15% FPL or under; or, for children, if household income was 200% FPL or less. These income levels correspond to the Medicaid for Low Income Families program requirements and upper limits for state sponsored Children's Health Insurance Programs respectively. A person, currently without insurance, was regarded as ineligible if he or she did not meet either requirement for public or employer-sponsored coverage.⁶

Figure 3-1. Percentage of Uninsured People in Alabama with Potential Access to Coverage

⁶ Plan First is a state program which covers adults, 19-44, who have not been sterilized, whose income is at or below 133% FPL. Plan First does not offer comprehensive insurance.

Why Don't Uninsured Individuals Participate in Employer-Sponsored Coverage?

The uninsured respondents were asked why they do not participate in employer-sponsored coverage for which they appear to be eligible. As shown in Figure 3-2, the most common reason is that it is too expensive (61%). The overall number of responses to this question was low, so the reasons given are grouped under broad categories described below.

Figure 3-2. Uninsured and Eligible: Reasons for Not Enrolling in Employer-Sponsored Coverage

Categories:

- Desire/adequacy (didn't need or want insurance, rarely sick, too much hassle/paperwork, own plan is cheaper, benefits don't meet needs, child is covered under school plan),
- Covered soon (expect to be covered soon, after waiting period will be covered),
- Don't qualify (don't work enough hours, not worked long enough, parent not eligible), and
- Other (e.g., afraid of doctors, no particular reason, goes to naturalist, uses walk-in clinics, etc.)

Why Don't Uninsured Individuals Participate in Public Programs?

The survey asked respondents whether they had ever asked for or been given information about one of Alabama's public health care programs, such as Medicaid. Almost three-fifths of the survey population reports not having requested or received such information from any of the public health insurance programs (Figure 3-3).

Figure 3-3. Percentage of Individuals Who Requested or Received Information About One of Alabama's Public Health Care Programs

Figure 3-4 shows that over three-quarters of uninsured people surveyed are willing to enroll in a public program if they learned they were eligible. When asked if they would enroll if the programs were free, this figure increases to 86%. These results indicate that the "eligible but not enrolled" group would enroll if they were learned more about public health care programs.

Figure 3-4. Percentage of Uninsured Willing to Enroll in a Public Program If Eligible

Chapter 4

How Are the Uninsured Getting Their Medical Needs Met?

The Alabama Department of Public Health (ADPH) is interested in determining how uninsured people in Alabama are getting their medical needs met. One method for gathering information on this question is to establish whether the uninsured have a regular place to go when in need of medical care.

Do the Uninsured Have a Regular Source of Care?

Having a regular source of care is associated with fewer delays in receiving care, better preventive care, and better treatment. Figure 4-1 shows that the percentage of the uninsured with a regular source of care is far lower than the percentage of people with health insurance from either public or private sources.

Figure 4-1. Alabamians with a Regular Source of Care by Type of Coverage

Where Do the Uninsured Go for Health Care?

Respondents, who indicated a regular source of care, were asked where they receive their care. Of this subset of respondents, a doctor's office is where most people seek medical care, particularly those with private health insurance. Public program enrollees, as well as the uninsured, are more likely to use a public health or community clinic. A higher proportion of the uninsured are more likely to use an emergency room as their regular source of care, than people with either private or public coverage.

Table 4-1. Distribution of Health Care Sources for Those with a Regular Source of Care

Source	Type of Insurance		
	Uninsured	Public	Private
Emergency Room	13.5%	2.3%	2.1%
Doctor's Office	58.5%	72.9%	85.7%
Clinic	25.9%	21.2%	10.9%
Other	<u>2.1%</u>	<u>3.6%</u>	<u>1.3%</u>
	100.0%	100.0%	100.0%

Alabama residents use different type of clinics as their regular source of care. Uninsured people are more likely to use a free clinic, as are public program enrollees. Not surprisingly, people with private health insurance coverage are more likely to use private clinics.

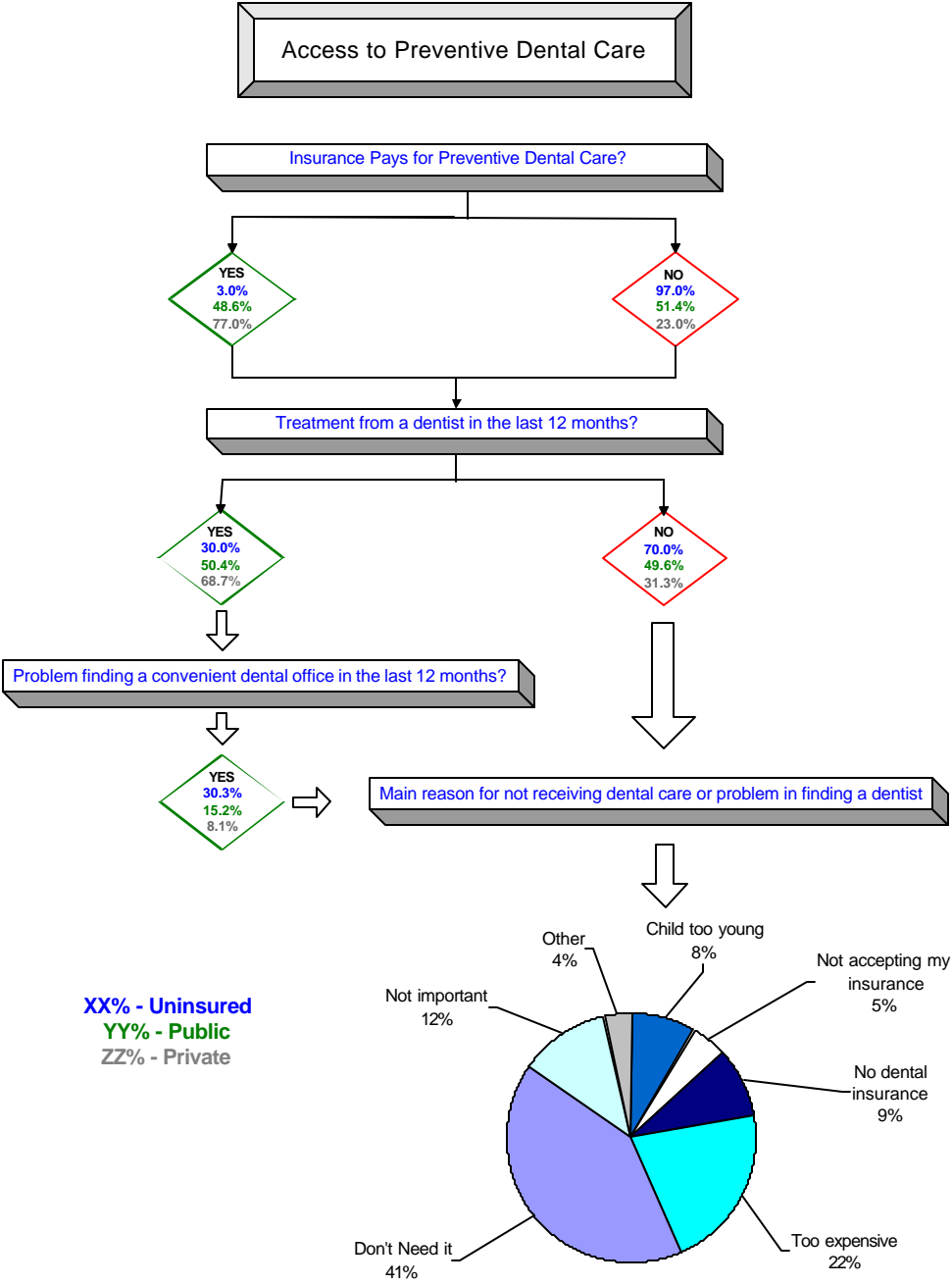
Table 4-2. Distribution of Clinic types for Those with a Regular Source of Care

Source	Type of Insurance		
	Uninsured	Public	Private
Free Clinic	71.0%	44.9%	26.7%
Hospital Clinic	16.3%	24.5%	24.1%
Private Clinic	9.1%	23.7%	45.8%
Other	<u>3.7%</u>	<u>6.9%</u>	<u>3.5%</u>
	100.0%	100.0%	100.0%

How Do the Uninsured Access Dental Care?

Figure 4-2 depicts the state of dental health care access for uninsured, publicly insured, and privately insured Alabamians. According to the diagram, dental coverage is held by 3%, 49%, and 77% of uninsured, publicly insured, and privately insured Alabamians respectively. Following this pattern, the uninsured are the least likely (30%), followed next by the publicly insured (50.4%), and finally by the privately insured (68.7%) to have received dental treatment in the past 12 months. Of those that sought dental care in the past 12 months, the uninsured are twice as likely as the publicly insured and three times as likely as the private ly insured to experience problems finding a convenient dental office in the past year. The main reasons given for not obtaining dental care or having problems finding a dentist, regardless of insurance source, are “do not need it” (40%) or “too expensive” (22%).

Figure 4-2. Aspects of Obtaining Preventive Dental Care in Alabama



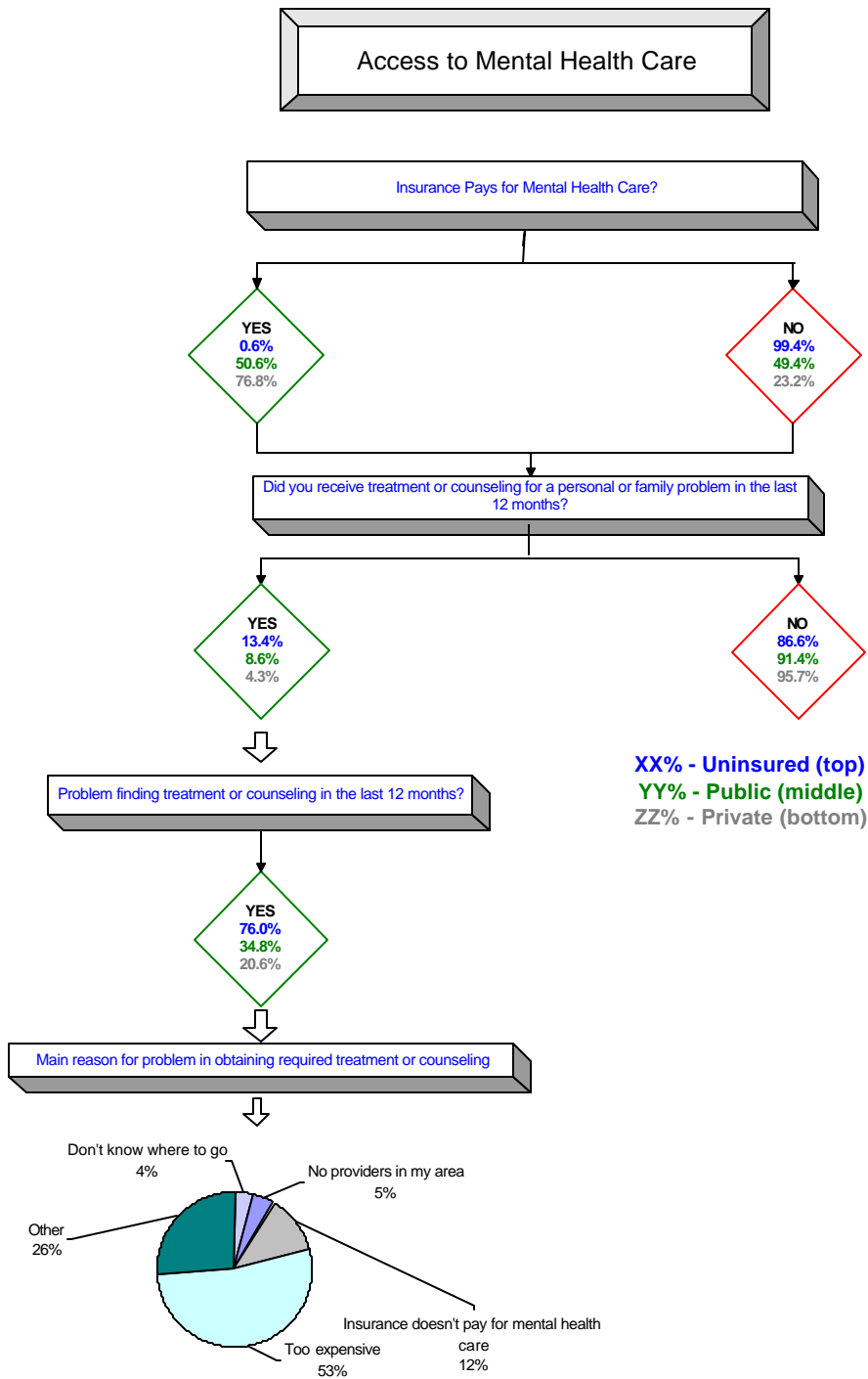
How Do the Uninsured Access Mental Health Care?

Not surprisingly, virtually none of the uninsured have insurance that pays for mental health care, while over half (57%) of publicly insured and over three-quarters (77%) of privately insured individuals do have mental health care coverage. It is surprising that few Alabamians seek mental health care and that the uninsured are more likely than publicly or privately insured individuals to have received treatment or counseling for a personal or family problem in the last 12 months.

Subsequently, the uninsured are also more likely to have a problem finding mental health care in the past year relative to their insured counterparts. Regardless of coverage source, the main reason given for the reported problems obtaining treatment or counseling is cost.

Figure 4-3 depicts Alabamians access to mental health care. According to the diagram, mental health care coverage is held by 1%, 51%, and 77% of uninsured, publicly insured, and privately insured Alabamians respectively. The people who are privately insured are the least likely (4%), followed next by the publicly insured (8%), and finally by the uninsured (13%) to have received mental health care treatment in the past 12 months. Of those that sought mental health care in the past 12 months, the uninsured are almost twice as likely as the publicly insured and almost four times as likely as the privately insured to experience problems finding a convenient dental office in the past year. The main reason for not obtaining mental health care, regardless of insurance source, are that people feel it is too expensive (53%) or say their insurance won't cover it (12%). The sizeable "other" category is comprised of a mix of reasons including difficulty setting an appointment, transportation issues, and language barriers.

Figure 4-3. Aspects of Obtaining Mental Health Care in Alabama



Chapter 5

How Do the Insured Assess the Stability and Adequacy of Their Coverage?

How Worried Are Alabamians About Health Care?

The current period of high health care costs and economic recession has led to concern about health care coverage among the *currently insured*. As can be seen in Figure 5-1, both insured and uninsured Alabamians worry about health care costs and access, albeit at different rates. While the uninsured are the most likely to be very or somewhat worried that they won't be able to afford prescription drugs or health care services and that health insurance will become too expensive, sizeable proportions of the privately and publicly insured also share these concerns. Moreover, among the insured, the publicly insured are slightly more worried that their benefits will be cut back substantially and/or they will lose health insurance benefits altogether. With regard to the latter, many consider premium cost increases (22%) and job loss (32%) to be the greatest threats to their health insurance benefits (see Figure 5-2).

Figure 5-1. Percentage of Alabamians somewhat or very worried that . . . over the next year by insurance status.

Figure 5-2. Reasons Given for Worries About Loss of Current Benefits Among Alabama's Insured (private and public) Population

Is There Evidence of “Underinsurance” in Alabama?

Many employers and insurers, rather than bearing the brunt of escalating health care premiums, are attempting to ameliorate the problem through higher cost-sharing with employees and reduced benefits. In the public health insurance sector, under the crush of budget shortfalls, states are increasingly seeking demonstration waivers to ramp up enrollee cost-sharing and benefit reductions. As such, it is important to examine the nature and scope of the effects of these changes in health care coverage; otherwise, employers and states may simply substitute one problem for another. Specifically, insurers may succeed in lowering costs and/or providing access to affordable health insurance coverage to all their citizens, but at the cost of creating an even larger population of people for whom health insurance fails to provide necessary medical benefits.

One way in which to assess insurance inadequacy (“underinsurance”) is to assess the perceptions of the person covered by asking, “Was there any time during the past 12 months when you needed to see a doctor but could not because of cost?” Not surprisingly, the uninsured are much more likely to report such foregone health care than the insured, although the amount (55%) was unexpectedly high (see Figure 5-3). It seems that being insured effectively removes this barrier with only 12 percent of the publicly insured and 7 percent of the privately insured reporting foregone health care.

Figure 5-3. Alabamians Who Needed to See A Doctor But Could Not Afford to Do So

Chapter 6

What is the Employer Coverage Situation in Alabama?

How Do Firms Offering Coverage Compare to Firms Not Offering Coverage?

Table 6-1 provides information on the health insurance offer rates by employer characteristics. 73% of respondents report working for firms that offer coverage, and the proportion of employed survey respondents is 64%.

The likelihood that an employer will offer coverage is related to firm size. Only 39% of surveyed employees working for firms with fewer than ten employees are offered health care coverage. In larger companies (50+ employees) 84 % of employees are offered coverage. It is clear from this analysis that there are sizeable differences between the people who are offered health insurance coverage by their employers and those who are not.

Employee income is related to the offer of employer-sponsored health insurance. Just over a third of working people earning below the poverty level are offered health insurance coverage. People earning more than 300% of the federal poverty level are about three times more likely to be working for firms that offer health insurance.

People in arts and entertainment, recreation, accommodation and food service industries are the least likely to be offered health insurance by their employers. These individuals are likely to be either self-employed or to work for small employers, so the coverage findings are consistent with the earlier results. Part-time and temporary employees are less likely to be offered coverage than their full-time or permanent counterparts.

Table 6-2 provides information on the health insurance offer rates by employer characteristics for 19-34 year olds in Alabama. Of this respondent group, 74% report working for firms that offer coverage. Almost half of employees working for firms with fewer than ten employees are offered health care coverage. In larger companies (50+ employees) 85% of employees are offered coverage. The findings for this age group are consistent with other age groups.

Just over half of working people ages 19-34 earning below 100% of FPL are offered health insurance coverage. Alabamians 19-34 years, earning more than 300% of FPL are about three times more likely to be working for firms that offer health insurance, which is in accordance with the finding for all working Alabamians.

People in arts and entertainment, recreation, accommodation and food service industries are the least likely to be offered health insurance by their employers. These individuals are likely to be either self-employed or to work for small employers, so the coverage findings are consistent with the earlier results. Alabamians aged 19-34, who work in the construction industry are less likely to be offered health insurance than older Alabamians who work in this industry. In contrast to this, Alabamians, 19-34 years old, are more likely to be offered health insurance in agricultural and professional industries than their older counterparts.

Table 6-1. Health Insurance Offer Rates by Selected Employer Characteristics, 2003

	Offer Rate
Overall Rate of Employers Offering Insurance Coverage	72.6%
Employer Size	
<11 employees	39.0%
11-50 employees	69.8%
>50 employees	84.1%
Employee Income (as % of FPL)	
<15%	49.1%
15-100%	35.7%
101-133%	53.7%
134-150%	51.7%
151-200%	70.9%
201-250%	72.2%
251-300%	72.3%
>300%	84.0%
Industry Sector	
Arts & Entertainment, Recreation, Accommodation & Food Service	57.3%
Educational, Health Care & Social Services	81.5%
Agricultural	58.9%
Construction	64.1%
Manufacturing	82.6%
Transportation, Warehousing	81.3%
Retail	65.1%
Finance	81.7%
Public Administration	74.4%
Business and Personal	52.1%
Professional	77.6%
Other	64.7%
Geographic Location	
Urban	74.3%
Rural	71.3%
Type of Employment	
Permanent	74.7%
Temporary	34.7%
Seasonal	42.3%
Full-Time	77.2%
Part -Time	55.4%

Table 6-2. Health Insurance Offer Rates by Selected Employer Characteristics for the 19-34 year olds, 2003

19-34 year old characteristics	Offer Rate
Overall Rate of Employers Offering Insurance Coverage	74.0%
Employer Size	
<11 employees	47.0%
11-50 employees	70.4%
>50 employees	85.4%
Employee Income (as % of FPL)	
<15%	57.0%
15-100%	52.3%
101-133%	69.8%
134-150%	71.5%
151-200%	66.0%
201-250%	67.5%
251-300%	78.4%
>300%	82.7%
Industry Sector	
Arts & Entertainment, Recreation, Accommodation & Food Service	52.1%
Educational, Health Care & Social Services	84.9%
Agricultural	74.5%
Construction	55.2%
Manufacturing	87.6%
Transportation, Warehousing	90.2%
Retail	64.3%
Finance	82.1%
Public Administration	73.5%
Business and Personal	59.4%
Professional	90.3%
Other	74.3%
Geographic Location	
Urban	72.0%
Rural	76.5%
Type of Employment	
Permanent	78.9%
Temporary	35.6%
Seasonal	19.5%
Full-Time	80.6%
Part-Time	74.5%

Employees of firms offering health insurance coverage were also asked about the level of contribution they must pay, their deductible levels, and benefits packages. This information is included in Table 6-3.

Table 6-3. Benefits of Employer-sponsored Coverage

Benefit options	Insurance Type		
	Employer sponsored	Individual	Public
Deductible to pay	78.7%	71.9%	88.4%
Dental Coverage	79.8%	40.4%	48.6%
Prescription drug coverage	88.9%	62.9%	75.4%

People with individual coverage are less likely to have deductibles, compared to those with employer-sponsored coverage or public coverage⁷. In general, people with employer-sponsored coverage have lower deductibles than public program enrollees.

People covered by employer-sponsored insurance or public programs are more likely to have dental coverage than those with individual plans or those on public programs. Dental coverage is offered less frequently than prescription drug coverage, except for those with employer-sponsored coverage. Dental coverage is purchased by 3.0% of the uninsured (See Figure 4-2).

⁷ People who are insured by public programs are unlikely to pay deductibles; it is possible that some respondents may have confused premiums and co payments with deductibles.

Chapter 7

Summary and Conclusions

As shown in the preceding chapters, the point-in-time uninsurance rate of 11.2% obtained by the 2003 Alabama Health Care Insurance and Access Survey household survey is lower than the U.S. average, 14.1%, from the Census Bureau's Current Population Survey (CPS). State-generated estimates often differ from the annual estimates of uninsurance rates based on national surveys, such as the CPS. For example, the CPS 2001 estimate of uninsurance for Alabama is 13.1%. Some reasons for the variation between estimates include differences in sample selection and size, survey administration, definitions insured vs. uninsured, and survey question design.

There is ample reason to believe that the findings from the 2003 Alabama Health Care Insurance and Access Survey are likely a better estimation of the actual rate of uninsurance in Alabama, largely because this survey focused solely on health insurance. Even when variations in the actual uninsurance estimates are observed, the personal characteristics of the uninsured and the factors associated with being uninsured are consistent across surveys.

The results of the 2003 Alabama Health Care Insurance and Access Survey show that there are population groups within Alabama that experience significantly higher rates of uninsurance than the average for the state. Some potentially important groupings when targeting coverage expansion options and/or crafting outreach strategies include adults (25-34 year olds in particular), people with lower incomes, unemployed or unpaid workers, temporary or seasonal workers, and employees of very small firms (fewer than 10 employees). It is likely that no single strategy will be effective in expanding coverage for all groups that experience higher rates of uninsurance. Consequently, policy options to extend coverage will need to be tailored to particular groups of people.

A finding of particular interest is that over a third (36.9%) of the uninsured potentially have access to health care coverage through an employer or an existing public program. This finding, coupled with the new information indicating that a majority of the uninsured have not obtained information regarding public health care programs and that most would enroll in such a program, especially if it were free, strongly suggests that targeted outreach strategies might prove fruitful in reducing the numbers of uninsured in Alabama. Strategies to improve take-up of already available coverage should be part of any coverage expansion option.

The need for reducing uninsurance in Alabama is highlighted by the relative lack of a regular source of care among the uninsured when compared to their publicly and privately insured counterparts. As stated earlier, having a regular source of care is associated with fewer delays in getting care, better preventive care, and better treatment. Providing insurance coverage will not guarantee a regular source of care (research has shown that many people do not see the need for a regular source of care because they seldom or never get sick⁸). However, providing coverage will foster the attainment of a regular source of care and the concomitant benefits of having one. The finding that many of the uninsured who report having a regular source of care also report seeking care in an emergency room only adds to the concern about the uninsured in Alabama.

⁸ RWJF Synthesis Project, September 2001 http://www.rwjf.org/publications/synthesis/reports_and_briefs/issue1.html

States are facing constraints that may lead to benefits cuts, particularly in the areas of dental and mental health care. The results of the survey strongly indicate that having insurance that covers dental and mental health care increases access to those services or reduces the problems finding such care. However, even among the insured, the cost of dental and mental health services is frequently a barrier to receiving care. If dental and mental health care benefits are cut or if cost sharing increases, one might expect the patterns of utilization and barriers to care among the insured to resemble those of the uninsured.

Many Alabamians are worried about health care cost and access. Worry about affording prescription drugs and health care services is greatest among the uninsured. However, many of the privately and publicly insured respondents also voice concerns in these areas. Moreover, the insured, irrespective of insurance source, voice concern that their benefits will be cut back substantially or that they will lose health insurance benefits altogether. These findings comport with national rates provided by the Kaiser Foundation.⁹ Based on their National Survey on Health Care, the Kaiser Family Foundation found that nearly half of Americans are very or somewhat worried about being able to afford health care services (46%) and prescription drugs (41%), and over half of those with insurance coverage are worried about not being able to afford insurance (51%) or having their benefits cut back (50%) in the coming year. In fact, Kaiser found that the number of people who worry about health care cost and access in the future is even greater than the number currently experiencing problems.

Attention has recently turned to the population who may be “underinsured.” The underinsured, “. . . have health insurance but face significant cost sharing or limits on benefits that may affect its usefulness in accessing or paying for needed health services.”¹⁰ In light of the aforementioned paring back of health care benefits in both the private and public sectors, the problem of underinsurance may be on the rise. According to the 2003 Alabama Health Insurance and Access Survey, approximately 7 percent of the publicly insured and 11 percent of the privately insured have forgone care due to cost in the past year, a commonly used measure of underinsurance. This rate is substantially lower than the national rates for the insured obtained by the National Survey on Health Care conducted in 2002 (18% had postponed care they thought they needed). For context, over half of the uninsured report foregoing needed care in the past year.

Finally, the state of employer coverage in Alabama is not altogether different from that in the rest of the U.S. Health insurance offer rates among firms vary according to the type of business: larger firms are more likely than smaller firms to offer coverage, higher wage firms are more likely than lower wage firms to offer coverage, business and personal service industry sector firms are less likely than firms in other sectors to offer coverage, and temporary employees are less likely to be offered coverage by their employer.

In an attempt to increase employer offer rates, especially among small employers, some states are considering a host of direct and indirect subsidies to employers. Examples of direct subsidies include direct payments and tax incentives while indirect subsidies include options such as increased use of reinsurance. States are also considering purchasing pools for small employers and buy-in demonstrations whereby small employers insure their workers through Medicaid or the Federal Employees Health Benefits Program.

⁹ NPR/Kaiser/Kennedy School. National Survey on Health Care. Accessed at http://www.kff.org/content/2002/3239/Health_Care_Summary_Final2.pdf April 15, 2003.

¹⁰ Kaiser Commission on Medicaid and the Uninsured. *Underinsured in America: Is Health Coverage Adequate?* The Henry J. Kaiser Family Foundation, July, 2002.

The challenge of covering the uninsured has recently been exacerbated by the combination of falling revenues and expenditure growth in health care at the state and local levels. As a result, many states are focusing on minor incremental strategies in increase coverage, at least in the short term. Moreover, the current economic recession and rising unemployment will negatively impact employers' willingness to offer coverage over time. Further research and monitoring will be needed in Alabama to determine the impacts of these social forces as well as the possible effects of any coverage expansion policies.