

PR_xSCRIPTION FOR CHANGE

A Profile of Kentucky's Uninsured

Louisville, Kentucky, November 15, 2005

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Health Insurance Trends

*The Forces Behind
Rising Uninsured Rates*



Systemic Change Underway

“The system has turned decisively toward increased cost sharing, but without any assurance that this strategy will abate growth (in spending) or merely relocate the burden.”

Anderson, Hussey, Frogner, and Waters, “Health Spending in the United States and the Rest of the Industrialized World, *Health Affairs* July/August 2005, p. 903.

National Trends

- US health spending levels “unsustainable”
- Health insurance premiums rose 12.2% a year on average between 2000-2004 while wages increased 2.9% annually
- Employers shifting higher costs and greater risk to employees and retirees or eliminating coverage
- Dramatic shift in employment by industry size affecting quality and quantity of coverage
 - Large, high-coverage industries declined by 2.1 million workers between 2000-2004
 - Small and mid-sized, low-coverage industries gained 3.5 million workers while their coverage rates fell 4.2 percentage points

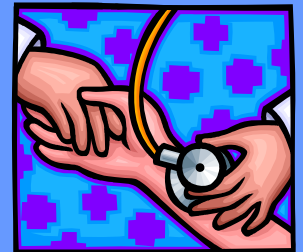


National Trends

- Half of sicker US adults report not getting needed care due to cost
 - Despite high rates of forgone care, a third of US patients spent more than \$1,000 out-of-pocket last year
- Rising bankruptcies linked to health care costs
 - 54.5% of 2001 bankruptcies traced to a medical cause
 - 75.7% of those who filed for bankruptcy had health insurance when the health event occurred
- Employment bias against people with health problems emerging

Uninsured Population Rising

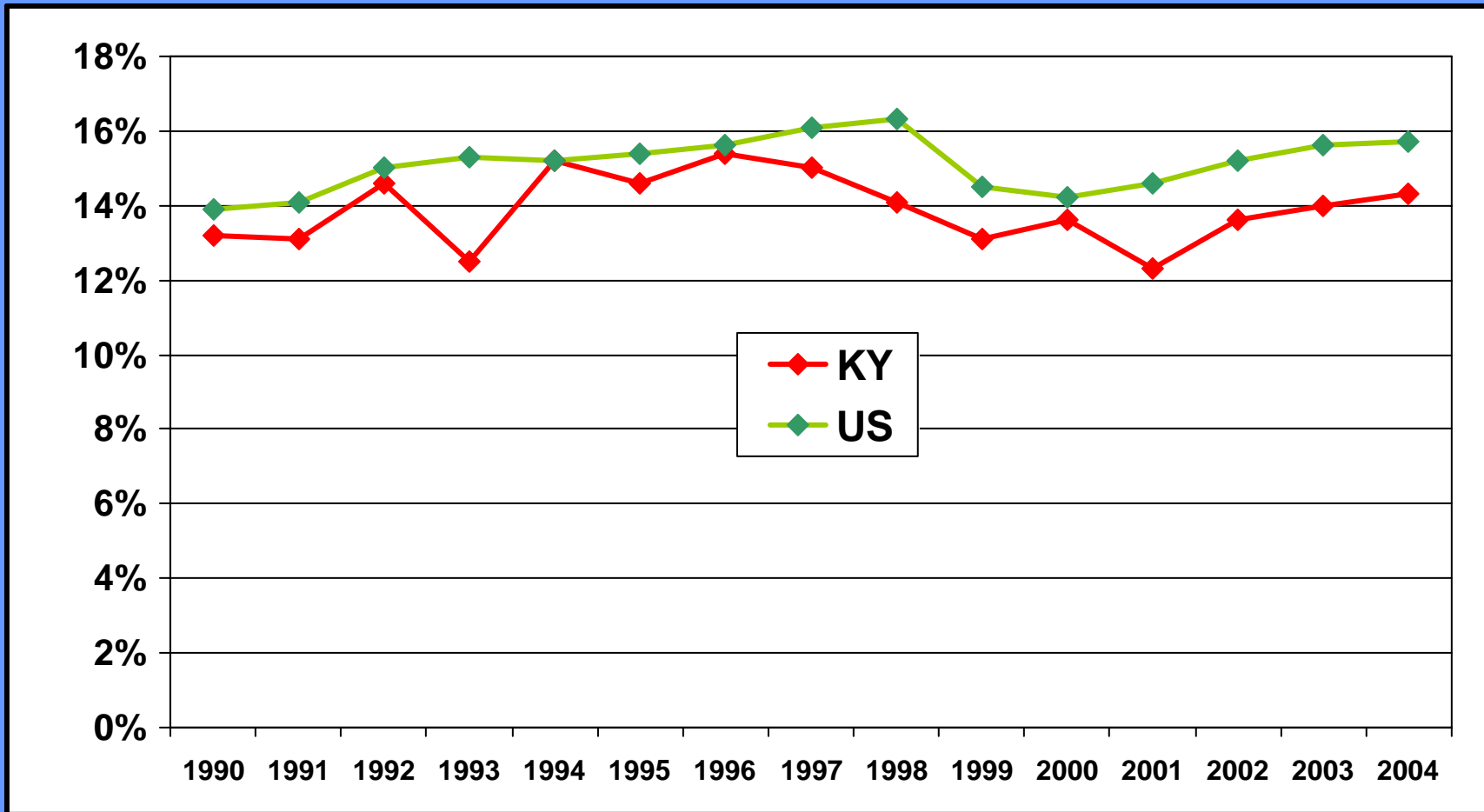
- **Employer-sponsored health insurance—the primary source of coverage for Americans too young to receive Medicare or not poor enough to receive Medicaid—declining**
 - Between 2000-2004 US population under age 65 rose by 10 million
 - Number of Americans aged 18-64 covered by employer-sponsored health insurance fell by 4.9 million
 - Ranks of the uninsured increased by 6 million people
 - 15.7% of US residents or 45.8 million people



Kentucky's Uninsured

- CPS estimated 14.3% of Kentuckians or 576,500 people uninsured in 2004
- Kentucky's lower uninsured rate due largely to a higher Medicaid population – 15% vs. 12.9% nationally (2004)
- Effects of anticipated changes in the Kentucky Medicaid Program are unknown; other state programs have reduced coverage and/or cut their rolls

Percent of People Without Health Insurance, Kentucky and US, 1990-2004



Obstacles to Progress



- Federal deficit continues to mount
- Kentucky emerging from economic downturn and successive budget shortfalls
- Partly state-financed Medicaid Program contending with rising costs and a budget shortfall
- State employee and teacher health care benefits consuming more of public pie
- Proposed federal Medicaid cuts could result in higher uninsured rates and broad economic losses
 - Kentucky's federal match (70%) one of nation's highest
 - 17 state-level economic impact studies link federal Medicaid matching dollars to jobs, business activity, and revenue

The Kentucky Health Insurance Research Project

*A State Planning Grant Sponsored by
the U.S. Health Resources and
Services Administration*



The Kentucky Health Insurance Research Project

- **Purpose:** Determine who Kentucky's uninsured are, how long they've been uninsured, why they're uninsured, and how best to address their needs
- **Plan:**
 - Form an advisory Steering Committee
 - Conduct public forums and small group meetings
 - Conduct a scientific statewide household survey and a survey of high-poverty counties
 - Survey Kentucky small businesses with 50 or fewer employees
 - Analyze public policy options in light of state-level models and experiences and Kentucky survey findings
- **Goal:** Recommend policies to increase the number of insured people in Kentucky

The Public Forums

Giving Kentucky's Uninsured a Voice

The Public Forums

- **Most believe nation's health care system is in crisis**
- **Cost cited as main obstacle to health insurance**
- **Most vulnerable to being uninsured:**
 - Low-wage earners
 - New labor market entrants
 - Employees of small firms, organizations
 - Older workers and early retirees
 - Disabled individuals
 - People in the underground (cash) economy
 - Undocumented migrant workers
- **Medical debt cited as main obstacle to qualification for loans to buy homes and start businesses**
- **The “precariously” insured and underinsured appear to be a potentially large population in Kentucky**



The Public Forums

- Hospital representatives report “cost shifting” to help meet charity costs remains commonplace
- Providers report ongoing problems with insurers
 - Private insurers
 - Routine delays in reimbursement
 - Some diagnostic tests routinely denied approval
 - Credentialing of physicians routinely takes 6 months
 - Medicaid
 - Reimbursement levels do not cover actual costs
 - Proof of eligibility requirements discouraging enrollment

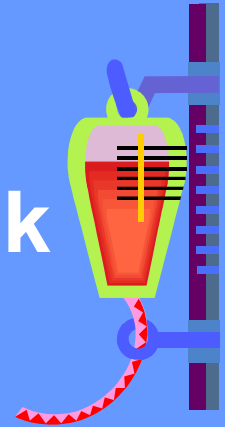
The Public Forums

- **Safety net riddled with holes**

- Too few community health centers and free clinics
 - Huge geographic gaps
 - Many free clinics lack the capacity to meet public demand
 - Free clinics plagued by inadequate operating funds
- Hospital ERs primary caregiver for many
- Uncompensated care costs fast becoming unsustainable for many hospitals
- COBRA too costly for many displaced workers
- Kentucky Access (high-risk pool) unaffordable to most
- Some hospitals offer sliding-scale fees based on income, but patients must ask for this assistance
- Nonprofit care providers report pharmaceutical company programs for low-income people change rules often and are difficult to negotiate



The Public Forums



- **Community institutions may be at risk**
 - Community hospitals face rising charity care costs combined with rising health insurance premiums for their own employees
 - Small cities report substantial increases in annual health insurance costs
 - Nonprofit organizations experiencing steadily increasing insurance rates and lower “take-up” rates
 - Health departments that have opted out of state health insurance pool report spiraling costs for health insurance
 - Employers report sharp increases in insurance costs, affecting recruitment, retention, and benefits

The Kentucky Household Survey

*Increasing Understanding
of the Uninsured in the
Commonwealth*

Insured Status Over Past Year

- Overall, 17.6% of adult Kentuckians reported being uninsured for part of the past year
- 13.6% of Kentuckians aged 18 to 65 report being uninsured now. Of those:
 - 76% report having been uninsured for all of the past year
 - 24% report having been uninsured part of the past year
- 86.4% Kentuckians aged 18 to 65 report being insured now. Of those:
 - 4.4% report having been uninsured part of the year



Duration of Uninsured Status of the Currently Uninsured

Length of Time	Percent of Those Uninsured <u>Now</u>
<1 month	1.4%
1 to 3 months	9.2%
4 to 6 months	6.7%
7 to 11 months	6.7%
1 to 2 years	13.4%
2 to 3 years	13.0%
>3 years	49.6%

Source: UK Center for Rural Health, Kentucky Long-Term Policy Research Center, and UK Survey Research Center

Uninsured by Age Group and Gender

- Among newer entrants to labor force, younger men far more likely to be uninsured than women
- Concentration in low-wage jobs likely reason for higher uninsured rates among women in middle-age group
- About one-fifth of pre-retirement-age men and women uninsured

Age Group	Male	Female
18-34	38.1%	24.1%
35-55	40.8%	56.1%
55-64	21.0%	19.2%

Source: UK Center for Rural Health, Kentucky Long-Term Policy Research Center, and UK Survey Research Center

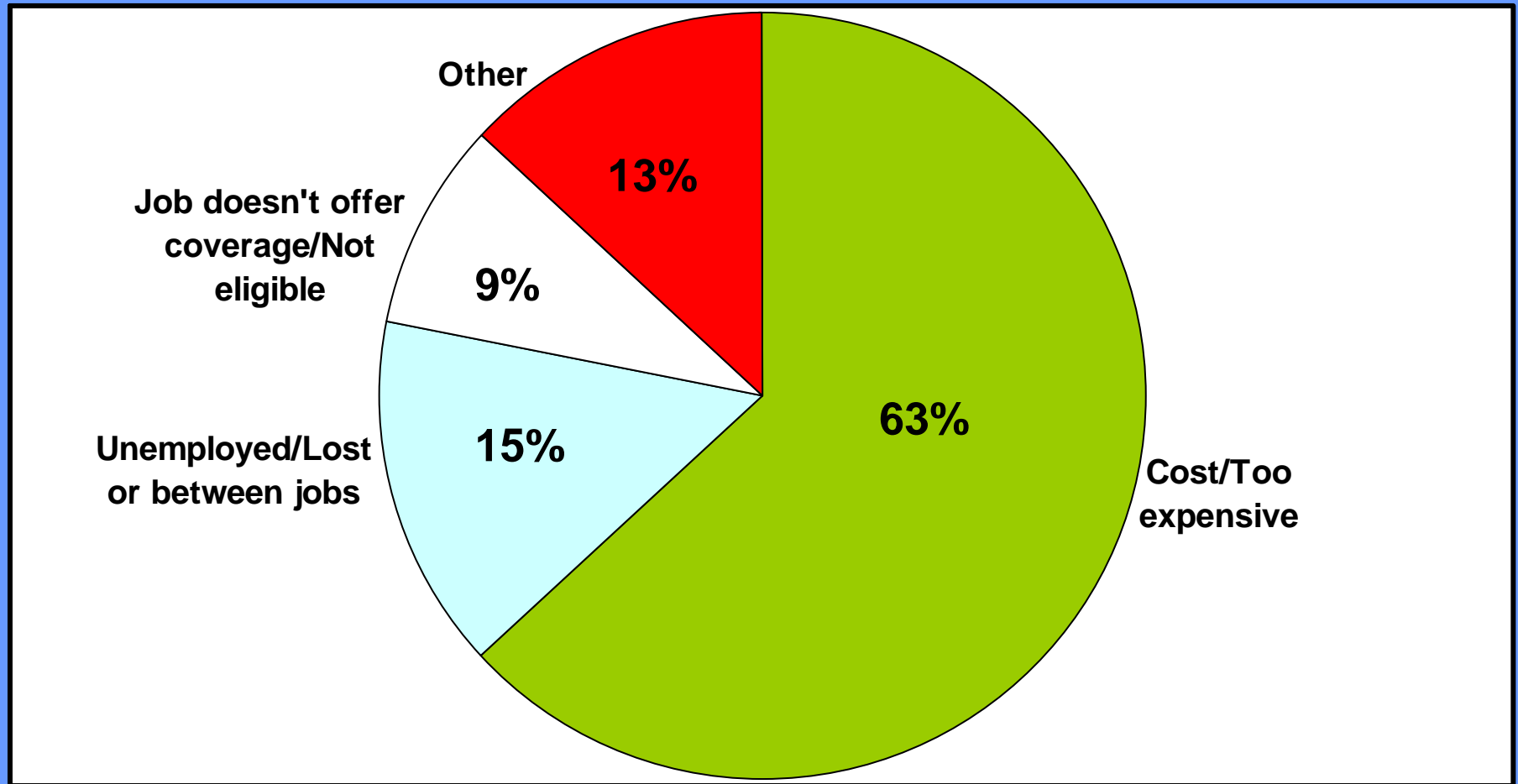
Employment Status of Uninsured

- Majority of uninsured now respondents and nearly half of their total household members employed
- Significantly higher employment rates found among those who are insured now
- Employment status clearly linked to uninsurance

	Respondents	Spouses	Household Members
<u>Uninsured Now</u>			
- Percent Employed	52%	38%	48%
<u>Insured Now</u>			
- Percent Employed	66%	70%	68%

Source: UK Center for Rural Health, Kentucky Long-Term Policy Research Center, and UK Survey Research Center

Main Reasons Cited for Not Having Health Insurance Now



Source: UK Center for Rural Health, Kentucky Long-Term Policy Research Center, and UK Survey Research Center

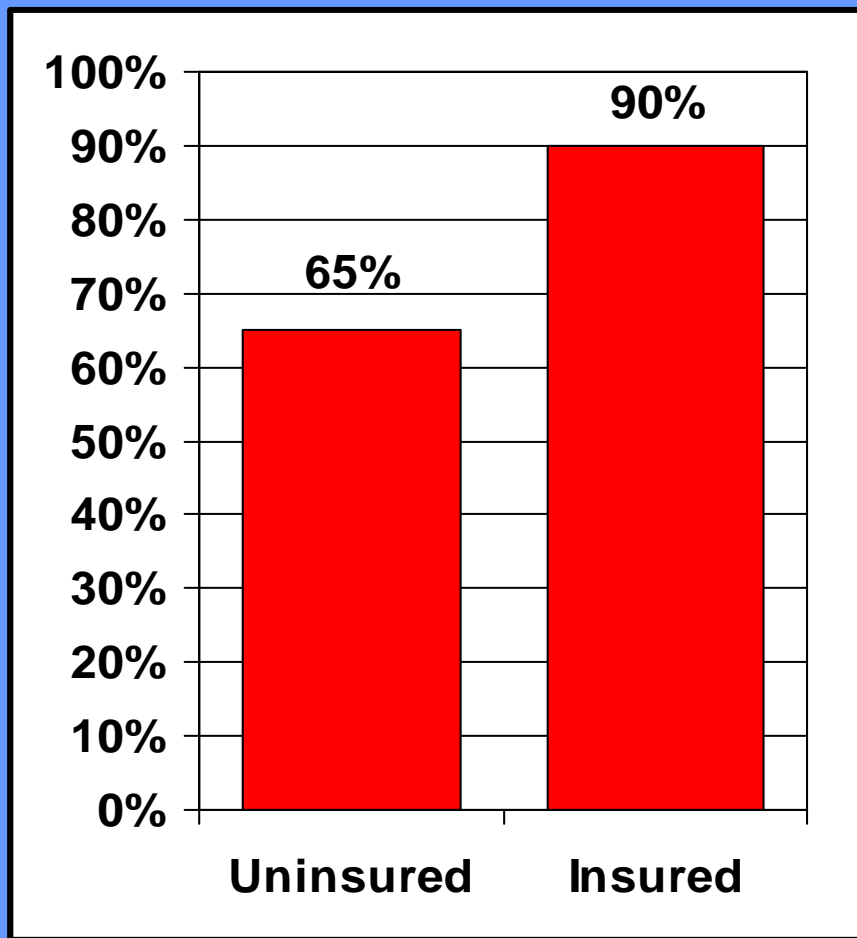
Annual Household Income

	Uninsured	Insured
Less than \$15,000	43%	14%
\$15,000 to \$30,000	32%	17%
\$30,000 to \$50,000	17%	21%
More than \$50,000	7%	48%

Source: UK Center for Rural Health, Kentucky Long-Term Policy Research Center, and UK Survey Research Center

The Impact of Being Uninsured on Quality of Care and Utilization

Kentuckians with a Medical Home



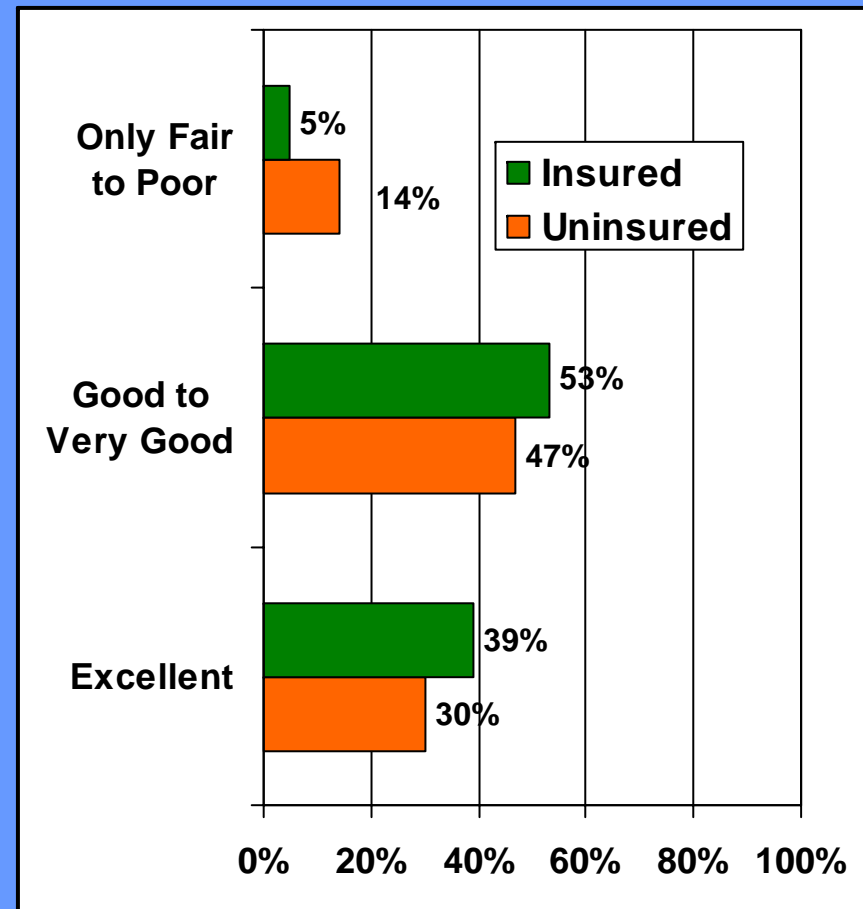
Source: UK Center for Rural Health, Kentucky Long-Term Policy Research Center, and UK Survey Research Center

- Kentucky's uninsured less likely to report having a personal family doctor or a nurse practitioner to rely on for medical care
- 35% of state's uninsured do not have a medical home, increasing the likelihood of poorer health outcomes



Quality of Care by Insured Status

- Majority of both insured and uninsured rate the provider they most often rely on highly
- Uninsured 3 times as likely to rate the care they receive as fair to poor



Source: UK Center for Rural Health, Kentucky Long-Term Policy Research Center, and UK Survey Research Center

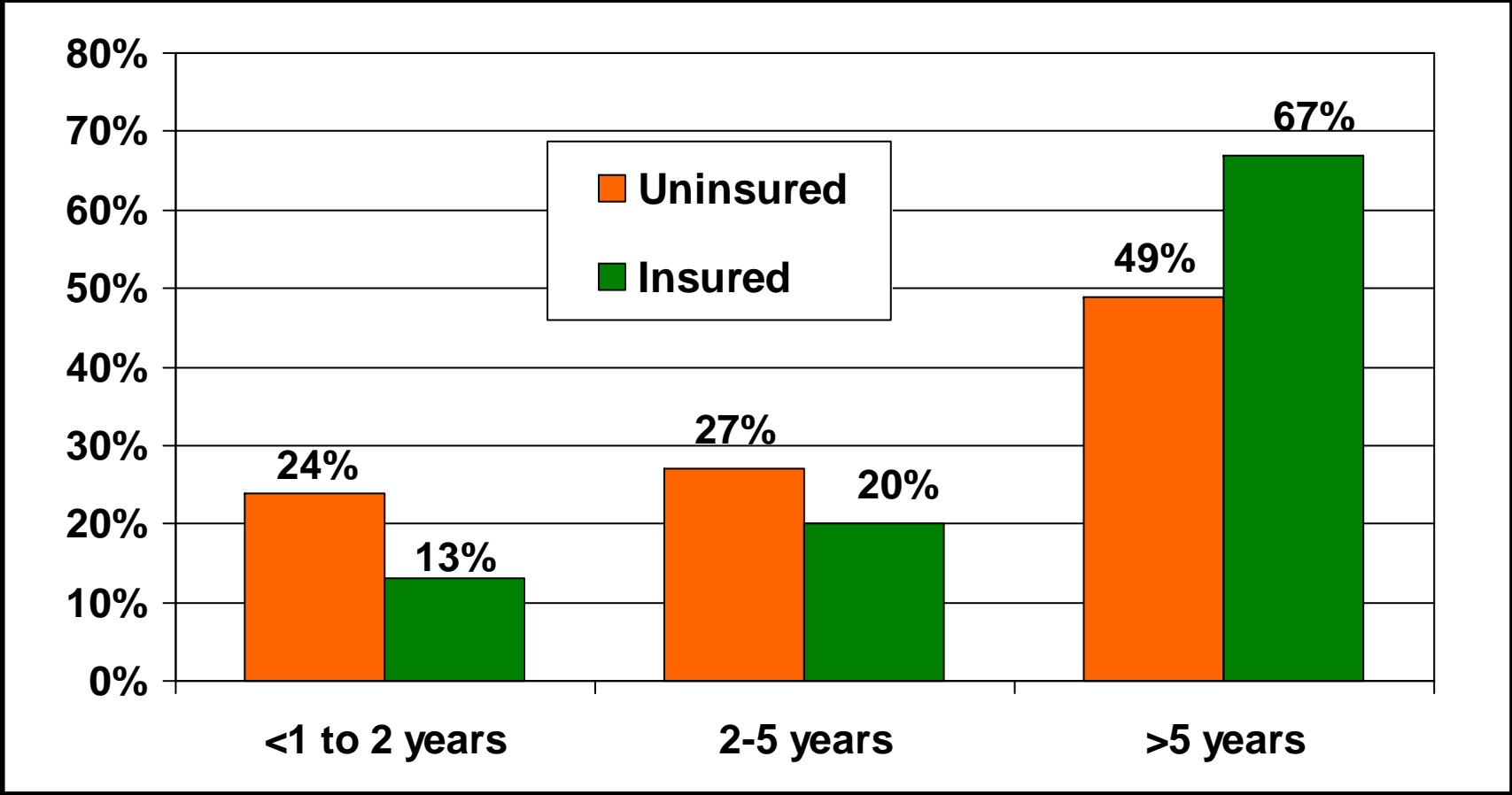


Where Kentuckians Usually Go for Health Care

Provider	Uninsured	Insured
Private Doctor's Office or Clinic	50%	81%
Public Clinic, Free Clinic, or Community Health Center	27%	8%
Hospital Clinic	8%	6%
Emergency Room/Department	13%	3%
No Regular Place for Care	2%	1%

Source: UK Center for Rural Health, Kentucky Long-Term Policy Research Center, and UK Survey Research Center

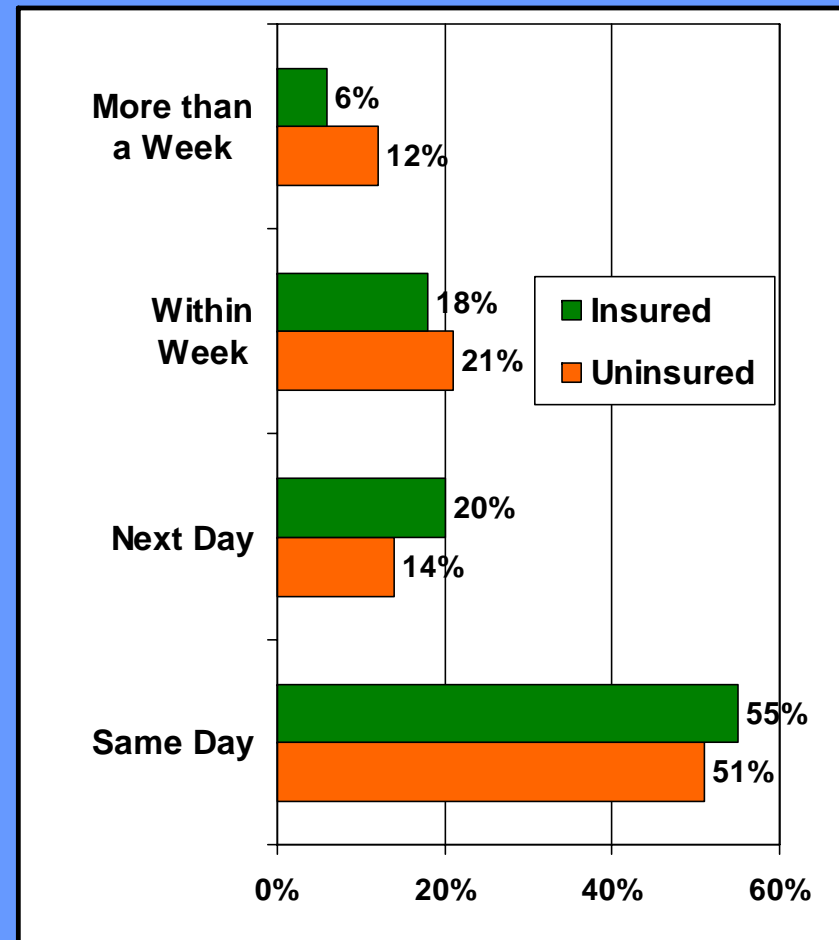
Length of Time with Usual Provider



Source: UK Center for Rural Health, Kentucky Long-Term Policy Research Center, and UK Survey Research Center

Delays in Getting Care

- Majorities of both uninsured and insured receive same- or next-day attention to medical needs
- Uninsured more likely to report delays in getting care
- Uninsured twice as likely to wait more than a week

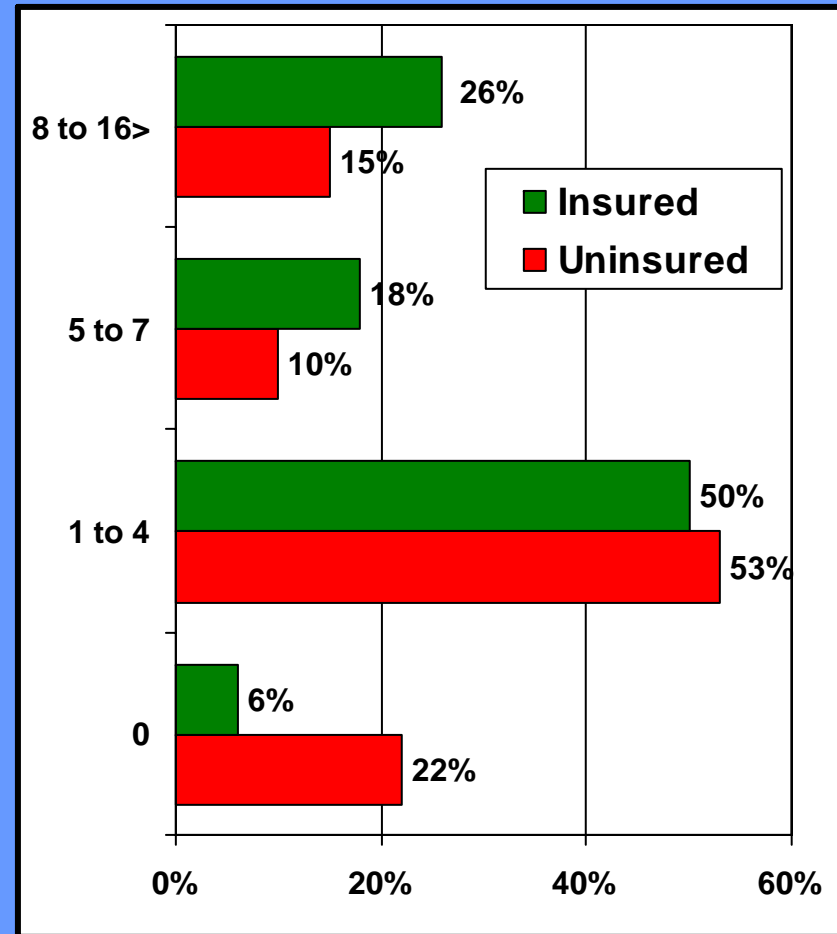


Source: UK Center for Rural Health, Kentucky Long-Term Policy Research Center, and UK Survey Research Center

Utilization of Health Care

Number of Medical Contacts in Past Year

- Uninsured nearly 4 times as likely to say “never” when asked how many medical contacts (doctor visits, tests, etc.) they made in past year
- Majority of insured & uninsured report 4 or fewer contacts
- Having insurance associated with increased number of contacts
 - Majority (53%) of uninsured report 2 or fewer visits
 - 44% of insured report 5 or more visits



Source: UK Center for Rural Health, Kentucky Long-Term Policy Research Center, and UK Survey Research Center



Cost an Obstacle to Treatment in Past Year

	Uninsured	Insured
<i>Sick but did not seek care</i>	70%	22%
<i>Skipped a test</i>	54%	21%
<i>Did not fill a prescription</i>	53%	26%
<i>Did not see a specialist</i>	42%	15%

Source: UK Center for Rural Health, Kentucky Long-Term Policy Research Center, and UK Survey Research Center



Problems with Health Care Costs in Past Year

	Uninsured	Insured
Problem paying a medical bill	65%	27%
Contacted by a collection agency	46%	23%
Changed way of life to pay medical bills	45%	19%
- Used up all or most of savings	33%	15%
- Borrowed money from family or friend	29%	10%
- Unable to pay for basic necessities	23%	8%
- Had to get loan or another mortgage	9%	6%
- Declared bankruptcy	9%	6%

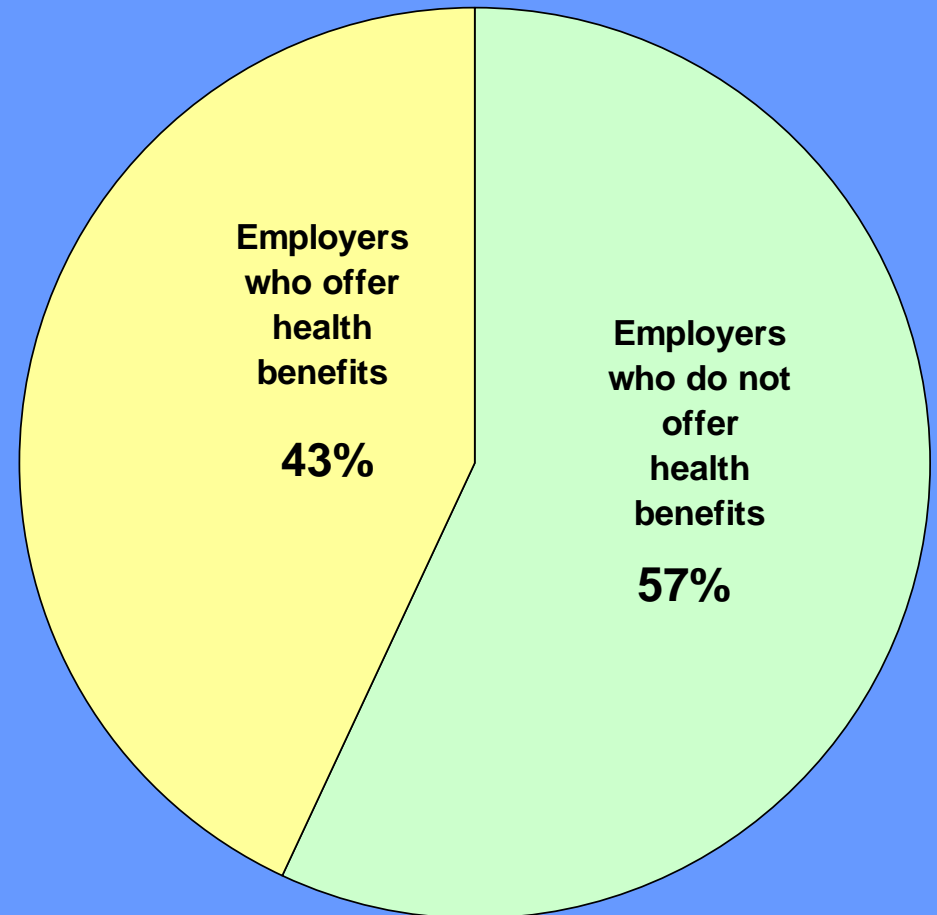
Source: UK Center for Rural Health, Kentucky Long-Term Policy Research Center, and UK Survey Research Center

Small Employers' Survey

*Findings from Kentucky
Employers of 50 or Fewer People*

Size of Small Kentucky Employers and Percent Offering Health Insurance

Size of Small Firms	
Number of Employees	Percent of Businesses
1 to 3	55%
4 to 7	21%
8 to 25	20%
26 to 50	4%



Source: UK Center for Rural Health, Kentucky Long-Term Policy Research Center, and UK Survey Research Center

Small Business Employees Offered Health Benefits



Type of Employees	Eligible	Covered
Full-Time	92%	80%
Part-Time	11%	8%
Seasonal/Temporary	8%	3%

Source: UK Center for Rural Health, Kentucky Long-Term Policy Research Center, and UK Survey Research Center

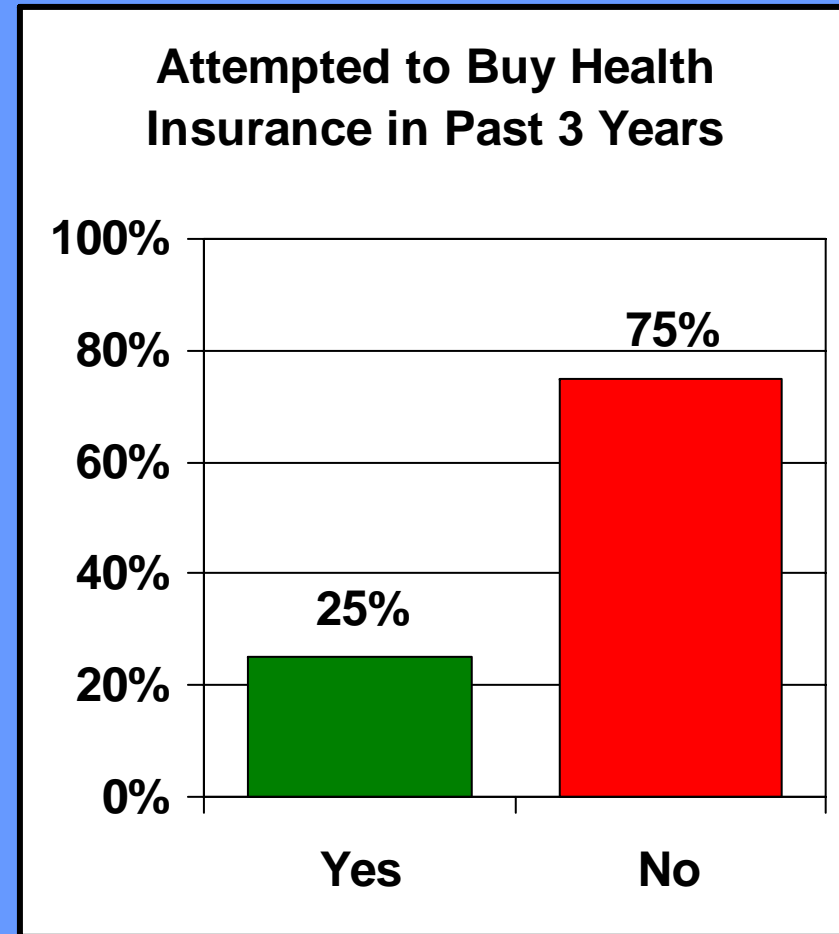
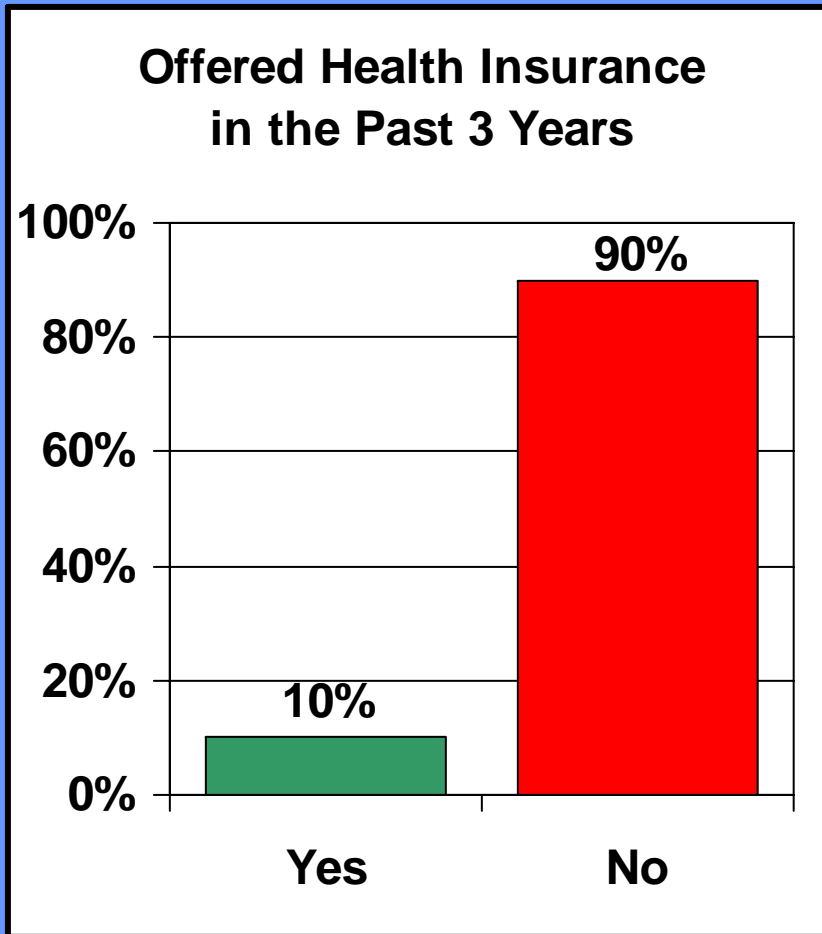
Likelihood Companies Offering Health Benefits Now Will Offer Them Next Year



Very likely	81%
Somewhat likely	16%
Somewhat unlikely	3%
Very unlikely	1%

Source: UK Center for Rural Health, Kentucky Long-Term Policy Research Center, and UK Survey Research Center

History and Efforts of Companies Not Offering Health Benefits



Source: UK Center for Rural Health, Kentucky Long-Term Policy Research Center, and UK Survey Research Center

Reasons Cited for Not Offering Health Insurance Benefits



Reasons	Percent
<i>Tried to buy, it was too expensive</i>	37%
<i>Most employees don't want/need it, have coverage through family member or public program</i>	34%
<i>Have not tried to buy, know it's too expensive</i>	32%
<i>Willing to offer coverage; most employees can't afford it</i>	17%
<i>Most employees prefer higher wages</i>	13%
<i>Other</i>	11%
<i>Too much of an administrative burden</i>	9%
<i>Most employees don't want it, think it's not necessary</i>	1%

Source: UK Center for Rural Health, Kentucky Long-Term Policy Research Center, and UK Survey Research Center

How Much Companies Not Now Offering Health Insurance Would Be Willing to Pay to Insure Employees



Maximum Monthly Amount

(excluding employee contribution)

Percent

<i>Not interested in buying health insurance at any cost</i>	20%
<i>Less than \$50 per employee</i>	28%
<i>\$50 to \$99 per employee</i>	25%
<i>\$100 to \$149 per employee</i>	14%
<i>\$150 to \$199 per employee</i>	6%
<i>\$200 to \$249 per employee</i>	2%
<i>\$250 to \$299 per employee</i>	4%
<i>\$300 or more per employee</i>	2%

Source: UK Center for Rural Health, Kentucky Long-Term Policy Research Center, and UK Survey Research Center



Prospects for Offering Health Insurance in the Next 12 Months

Businesses Not Now Offering

<i>Will definitely not offer</i>	49%
<i>Will probably not offer</i>	44%
<i>Will probably offer</i>	6%
<i>Will definitely offer</i>	1%

Source: UK Center for Rural Health, Kentucky Long-Term Policy Research Center, and UK Survey Research Center

Health Insurance Premium Increases and Changes in Coverage for Small Businesses Now Offering Health Insurance

	Since 2004	Since 2002
MEDIAN INCREASE	15%	30%
<i>Higher deductibles</i>	47%	61%
<i>Increased co-payments</i>	47%	60%
<i>Terms did not change</i>	37%	23%
<i>Fewer or modified benefits</i>	26%	39%
<i>Employee pays more of premium</i>	12%	15%
<i>Less choice in providers</i>	8%	14%
<i>Other</i>	8%	7%

Source: UK Center for Rural Health, Kentucky Long-Term Policy Research Center, and UK Survey Research Center

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www.kltprc.net

[www.mc.uky.edu/rural health](http://www.mc.uky.edu/rural%20health)

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