



Evaluating Small Group Employer Participation in New Mexico's State Coverage Insurance Program

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Association of Public Policy Analysis and Management
November 7, 2009



Funded by the State Health Access Reform Evaluation,
a national program of the Robert Wood Johnson Foundation

The Hilltop Institute was formerly the Center for Health Program Development and Management.

Overview of the NM SCI Program

Funding a "three-share" public/private partnership

- SCHIP funds (71%), state funds (18%), employer and individual premiums (11%)

Other Features

- Comprehensive benefit with \$100K annual benefit limit
- Contracts with 3 managed care organizations
- Insurance brokers market SCI to employers and individuals



Eligibility for SCI

- Individuals (can enroll in SCI)
 - Adults aged 19-64 and household income <200% FPL
 - May not have dropped commercial HI in past 6 months
 - May enroll directly or through employers

- Employers (can choose to sponsor SCI)
 - Fewer than 50 employees
 - May not have voluntarily dropped commercial HI in past 12 months
 - May offer commercial HI plan for upper management

Premium Obligations in SCI by Enrollee's Income Bracket as of August 2007

Income Level	Individual	Employer
0-100% FPL *	\$0	\$0
101-150% FPL	\$20	\$75
151-200% FPL	\$35	\$75

*The state has provided assistance with premiums for this income bracket since August 2007.

Study Objective

Identify factors that influence small employers' decisions to participate in SCI.

Expanding Employer Participation: Two Target Populations

1. Employers who inquire about SCI, but choose not to participate as a group
2. Non-participating employers with workers who are enrolled in SCI (directly)

Option 1. Target Inquiring Employers

■ Data Sources

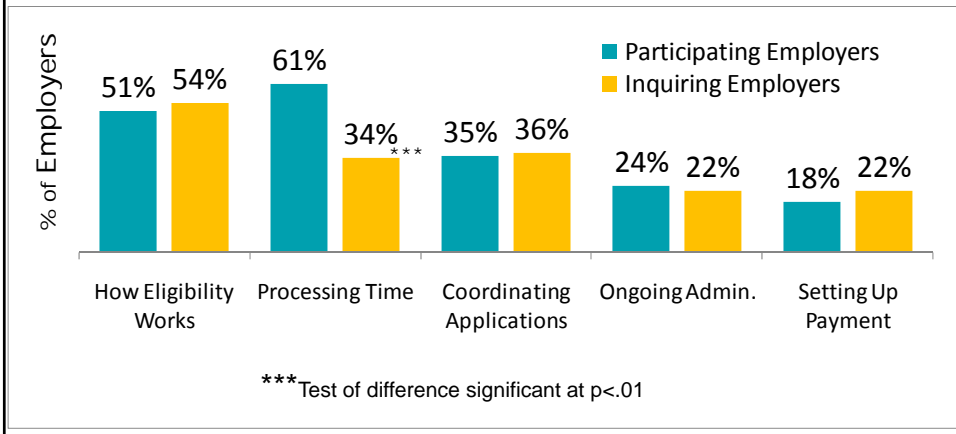
- Inquiring Employers (N=148)
 - Called for information between 9/07-5/08
 - Had not enrolled by 8/08
 - 75% response rate
- Newly Participating Employers (N=269)
 - Enrolled between 6/07-8/08
 - 88% response rate
- Samples are unweighted
- Descriptive and multivariate analysis using Stata 10.0

Comparison of Unadjusted Means, Participating and Inquiring Businesses

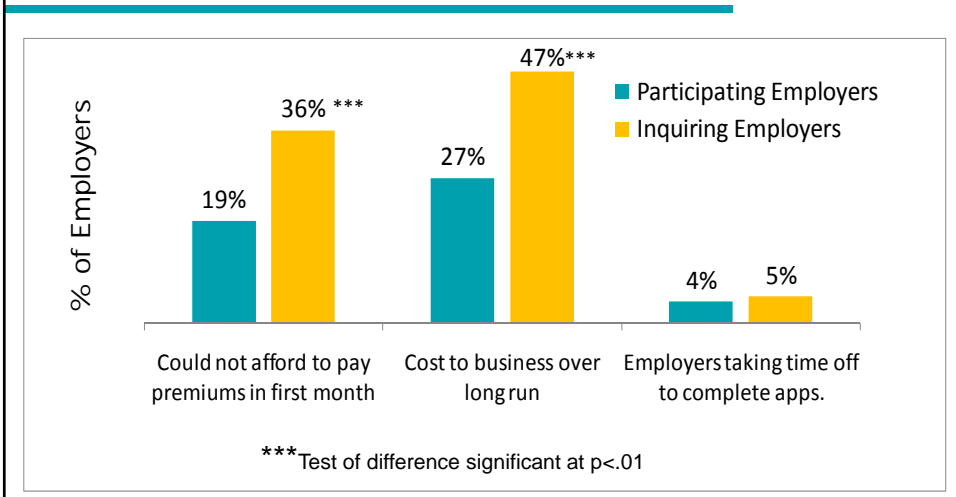
	Participating Employers	Inquiring Employers	HPC Employer Survey 2005
Total Full and Part-time Employees	%	%	%
0-5 employees	41.8	54.8**	52.4
6-20 employees	28.4	34.3	34.2
21-50 employees	22.4	5.5***	8.8
51 or more employees	7.4	5.5	4.6
Region of State			
Frontier	18.1	7.6***	8.2
Rural	38.0	40.0	33.2
Urban	44.0	55.9**	58.6
More than half of employees earn <\$10/hr	36.3	24.5**	N/A

Significant at * $p < .10$, ** $p < .05$, and *** $p < .01$

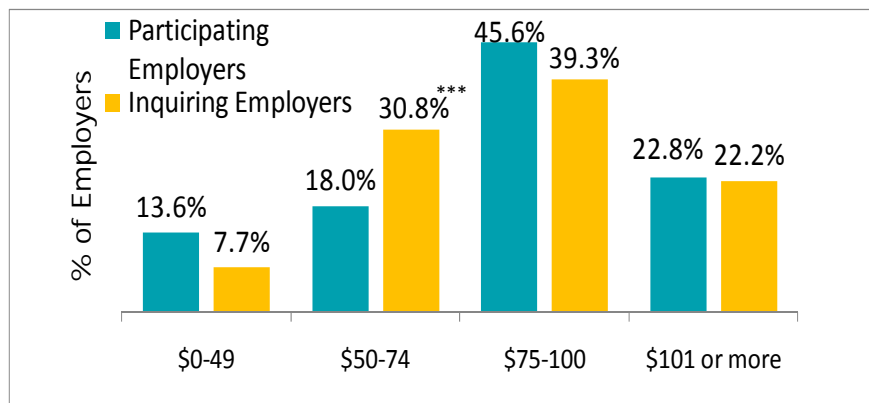
Concerns that Applied to Business when Deciding to Participate in SCI: Administrative Issues



Concerns that Applied to Business when Deciding to Participate in SCI: Cost Issues



Maximum Amount a "Business Like Yours Should Be Asked to Spend on Health Care Coverage?"



*** Test of difference significant at $p < .01$

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Option 2. Target Non-Participating Employers with Workers Enrolled in SCI

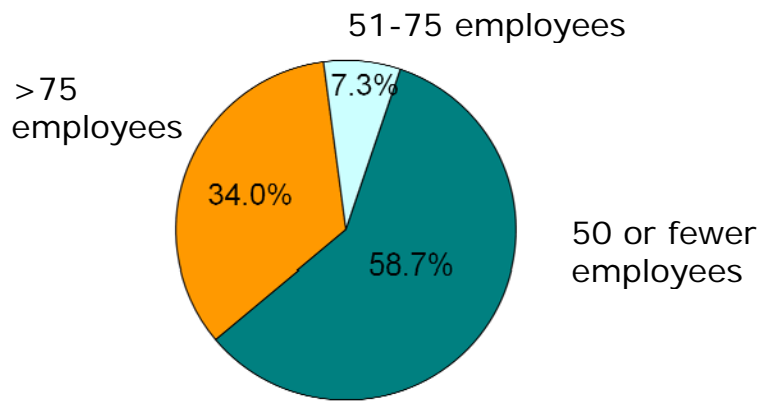
■ Data Sources

- Random sample of SCI enrollees with no group sponsor (n = 1,160)
 - 36% of sample list had bad contact information
 - 64% consent rate among remaining sample
- Weighted to account for non-response bias
 - (gender, age, premium bracket)
- Subsample of employed enrollees (n = 541)
- Descriptive analysis in Stata 10.0 using svy estimates

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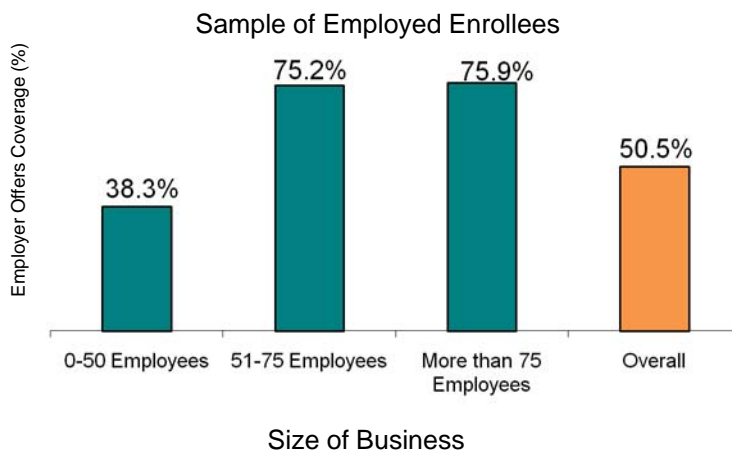
60% of All Workers with no Group Sponsor Work at a Firm of 50 or Fewer Employees



Almost All Workers Had Strong Ties to Their Employer

- 98% reported at least one characteristic:
 - Permanent year-round employee
 - Typically work 20 or more hours a week
 - Worked at job 6 months or more
- 55% reported at least one above AND works for small firm
 - Represents 26% of all non-group enrollment

Half of Employed Enrollees Work for a Business with No Offer of Coverage



Implications for Other States:

- Significant tradeoff between accessing federal \$ and employer recruitment
 - Eligibility of workers (and cost to business) not transparent
 - Requires adherence to burdensome application process
- Engaging the smallest businesses may require different strategies
- Targeting mid-size and large businesses may bring in more premium revenue.

Implications for Federal Reform:

- “Free rider penalty” provision could change incentives that small employers face in insurance market
 - Large penalty against employers may make SCI more attractive
 - The smallest employers are exempt from this penalty

- Federal subsidy to individuals could provide states with greater flexibility

About The Hilltop Institute

The Hilltop Institute at the University of Maryland, Baltimore County (UMBC) is a nationally recognized research center dedicated to improving the health and social outcomes of vulnerable populations. Hilltop conducts research, analysis, and evaluation on behalf of government agencies, foundations, and other non-profit organizations at the national, state, and local levels.

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IRB Study Protocol # Y08AS36185 Expires 06/02/10