



... insurance
... uninsurance
... underinsurance

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Outline of Presentation

- Definitions
- Measurement
- Kansas Data
- Policy Implications

Definitions Matter

- What is adequate coverage?
- What is inadequate coverage?

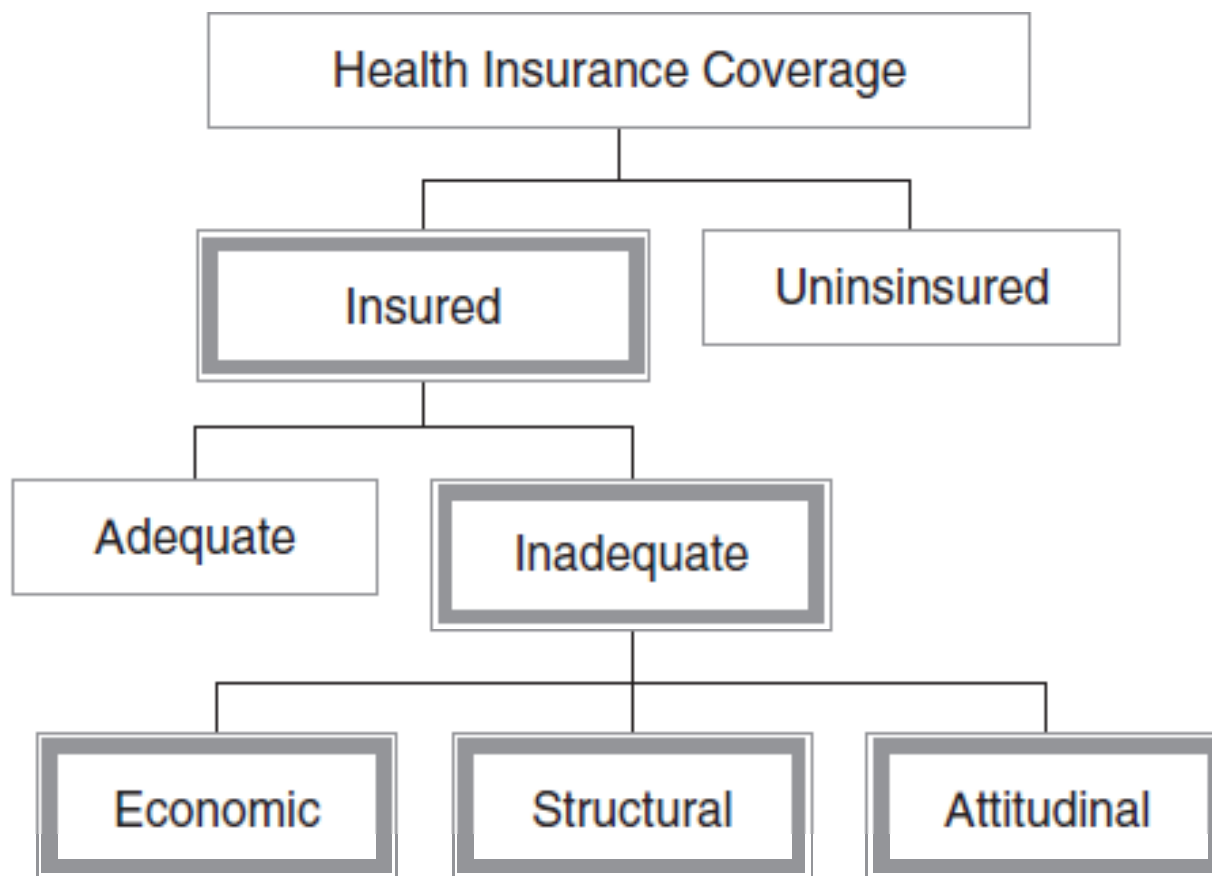


With no standard of an adequate health insurance plan, we have no real concept of what it means to be underinsured or have inadequate coverage.

Alternative Views of Health Insurance Coverage

- **Comprehensive coverage**, coverage of prevention and routine health care services
 - *Limited deductibles/copayments*
 - *Coverage of routine care*
- **Catastrophic coverage**, limited coverage to protect wealth/assets
 - *High deductibles*
 - *Limited or no coverage of routine care*

Assessing Adequacy of Health Insurance Coverage



Economic Dimension

- The financial impact of a catastrophic illness on family income
- High out-of-pocket expenditures, including coinsurance, copayments, and deductibles (*generally excludes premiums...*)



*Out of pocket costs are..
greater than 5 % of income;
greater than 10% of income*

Some Examples

- People at risk of OOP costs >10% of income should they experience a rare and costly medical event
- Plans with high co-payments that cause the beneficiary to delay or forgo care



*Out of pocket costs are..
greater than 5 % of income;
greater than 10% of income*

Household Income Matters

HH Income = \$14,000 *

Deductible of \$2,000 = 14%
of income

Deductible of \$5,000 = 36%
of income

5% of income = \$700

10% of income = \$1400

HH Income = \$140,000

Deductible of \$2,000 = 1.4%
of income

Deductible of \$5,000 = 4%
of income

5% of income = \$7,000

10% of income = \$14,000

Structural Dimension

- Health insurance **benefits** packages that do not sufficiently provide coverage to meet the health care needs of an insured person, relative to some benchmark
 - *What is the benchmark plan?*
 - *Federal Health Benefit Plan (FHBP)?*
 - *State Employee Benefit Plan?*
- Being uninsured for a **period of time**
 - *Part-year coverage, but for how long?*

Attitudinal Dimension

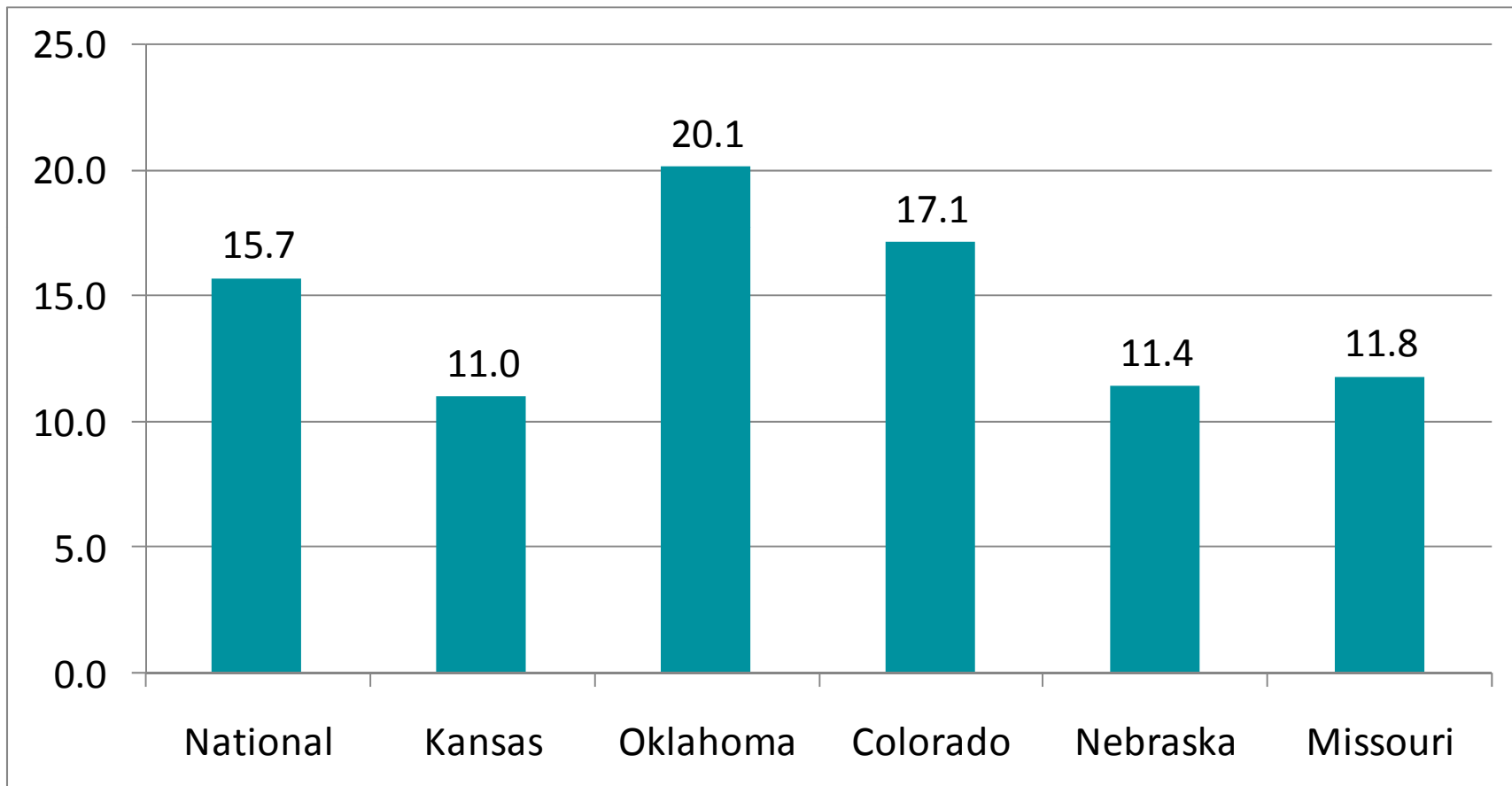
- Individual's *perception* of unmet health care needs
- Individual's *satisfaction* with the coverage provided by his or her health insurance



Focuses on attitudes and opinions of insured individuals – do they believe they have adequate health insurance coverage?

SOME ESTIMATES

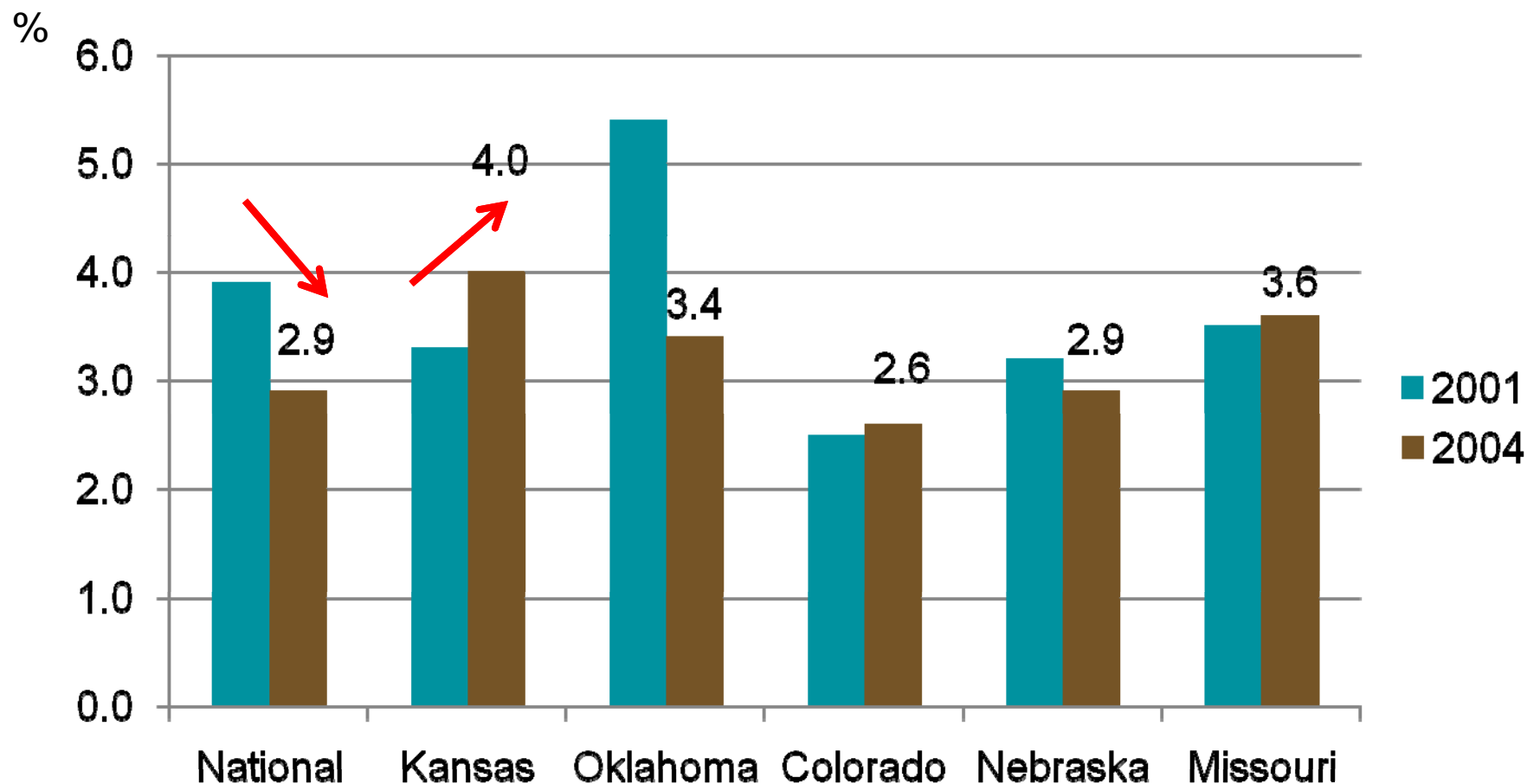
Percentage of People without Health Insurance Coverage: (2003/2004)



Underinsurance Estimates

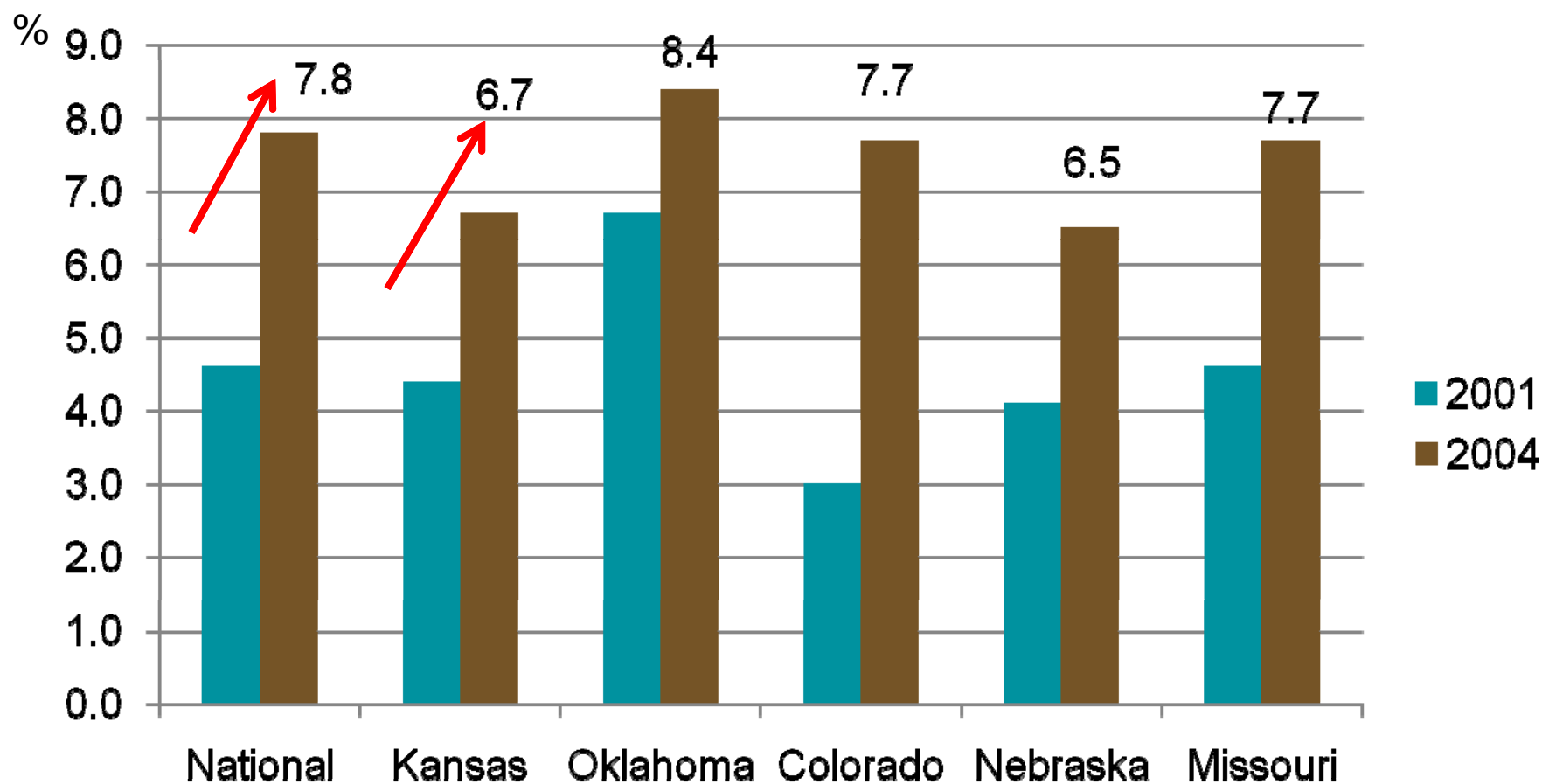
- In 2003, 48.8 million individuals under age 65 were spending >10% of household income on out-of-pocket health care expenses
- This represents an increase of 11.7 million individuals since 1996

Out-of-Pocket Spending >10% of Household Income for Privately-Insured Children (0-18)



Source: Blewett et al., MCRR in press, 2009

Out-of-Pocket Spending >10% of Household Income for Privately Insured Adults (19-64)



Source: Blewett et al., MCRR in press, 2009

Continued Increase in Out-of-Pocket Spending

- Employers are shifting cost increases to employees
 - *Higher copayments, deductibles, and premiums*
 - *Since 2000, employee contributions to health care premiums in the United States increased 107%, from \$1,619 to \$3,354*
 - *More than $\frac{3}{4}$ of employees are enrolled in health plans that use tiered cost sharing for prescription drugs*

Continued Increase in Out-of-Pocket Spending

- Decline in employer-sponsored coverage
 - *In 2000, 64.2% of employees had employer-sponsored coverage compared with 59.7% in 2006*
 - *More people looking for coverage in individual market*

Continued Increase in Out-of-Pocket Spending

- Increase in Health Savings Accounts and High Deductible Plans
 - *10% of employers offer high-deductible plans (3.8 million employees)*
 - *Some with employer contributions, many without...*
 - *Number of employees enrolled in health plans with a deductible of at least \$1,000 for single coverage increased from 10% to 18%*

Increase in Limited Benefit Plans

- *Private:* Reduced-benefit plans in the small group/individual market (*such as disease-specific plans, e.g., MN, FL, UT*)
- *Public:* Medicaid/SCHIP 1115 and HIFA Waivers give flexibility to states in benefit design (*e.g., UT, OR, MN*)
- *Local Access to Care Programs* (*programs offering reduced benefits or mostly basic primary care, e.g., San Francisco; Howard County, MD*)

Limited Benefits Debate

- Concern about the *adequacy* of these programs
 - Do they offer enough financial/health security?
- Debate as to whether the reduced costs associated with limited benefit options help expand access to health care among the uninsured
- Depends on...
 - Those likely to seek out limited benefit plans (the uninsured vs. already insured)
 - Affordability of limited benefits plans
 - Whether safety net providers are still compensating for unaddressed health care needs

Monitoring the Changing Nature of Health Insurance Coverage

- Monitor rates of uninsurance
- Monitor nature of private coverage
 - Benefits
 - Out-of-pocket spending
 - Perceptions of coverage
- Should be multi-dimensional and over time
- Tradeoffs of increasing access to health insurance coverage that may not be adequate to meet health care needs

Understanding Adequate Coverage

“Without careful examination and understanding of what constitutes adequate, policy makers and employees may simply substitute one problem for another by increasing access to affordable insurance even as they increase the number of people for whom health insurance fails to provide adequate benefits.”

Source: Blewett et al., MCRR 2006

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