



The Hilltop Institute

analysis to advance the health of vulnerable populations

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

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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 enrollee limit
- Contracts with 3 managed care organizations
- Insurance brokers market SCI to employers and individuals



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-2-

Eligibility for SCI

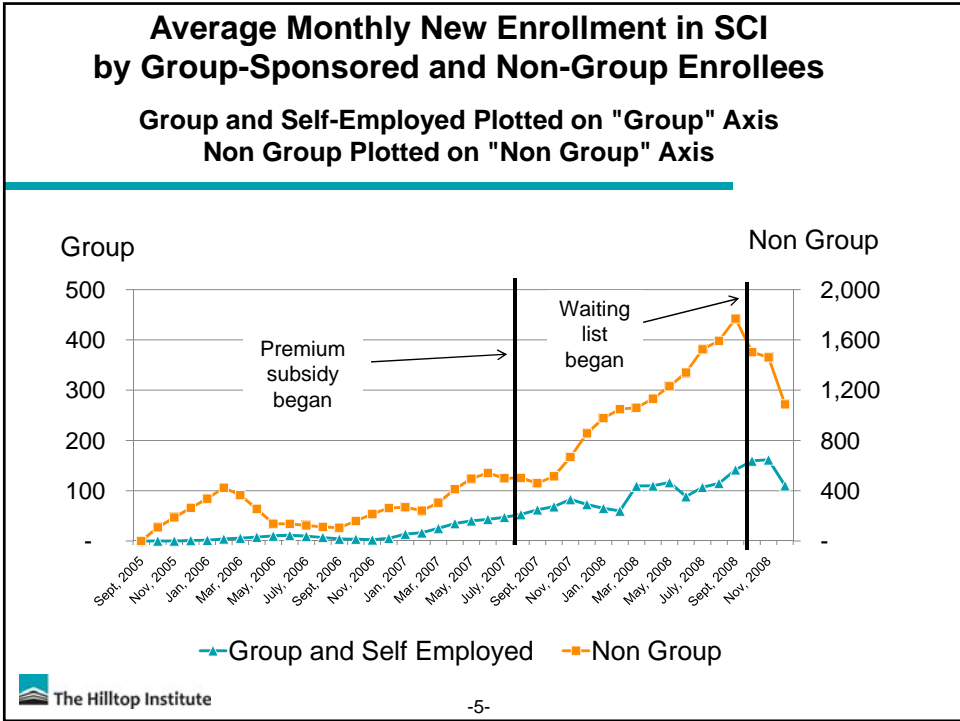
- Employers
 - Fewer than 50 employees
 - May not have voluntarily dropped commercial HI in past 12 months
 - May offer commercial HI alongside SCI plan

- Individuals
 - 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

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.

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-6-

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 9/07-4/08
 - 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

Comparison of Unadjusted Means, Participating and Inquiring Employers

	Participating Employers	Inquiring Employers	HPC Employer Survey 2005
Total FT & PT 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 *** $p < .01$

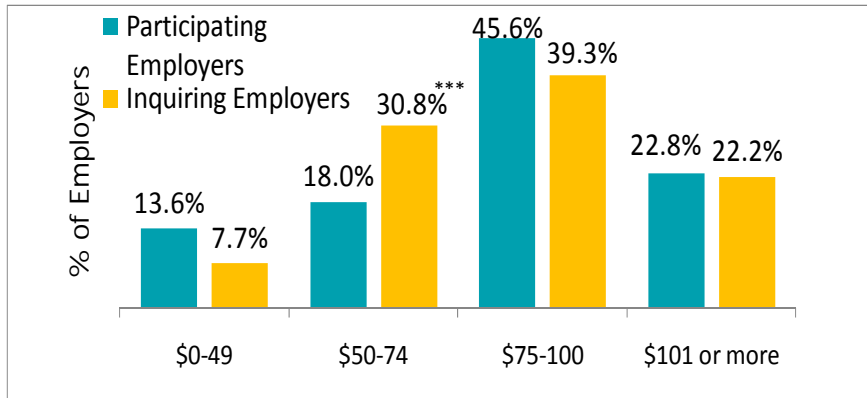


Concerns that Applied to Business when Deciding to Participate in SCI

- About two-thirds of each sample reported at least 1 of 5 administrative issues applied to their business.
 - Most issues arise because SCI must adhere to federal guidelines to access CHIP funds
- Inquiring employers were more likely to report concerns about the costs of SCI to the business



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



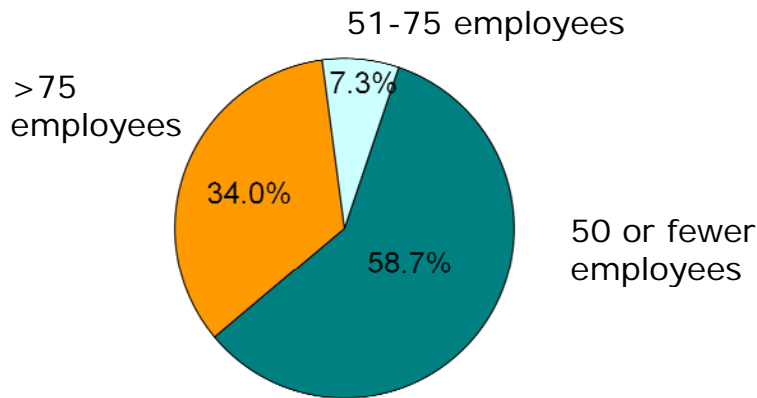
*** Test of difference significant at $p < .01$

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)
- Weighted to account for non-response bias
- Subsample of employed enrollees (n=541)
 - “employed by someone else” or “student with a paying job”
 - Excludes enrollees reporting they are “self-employed”

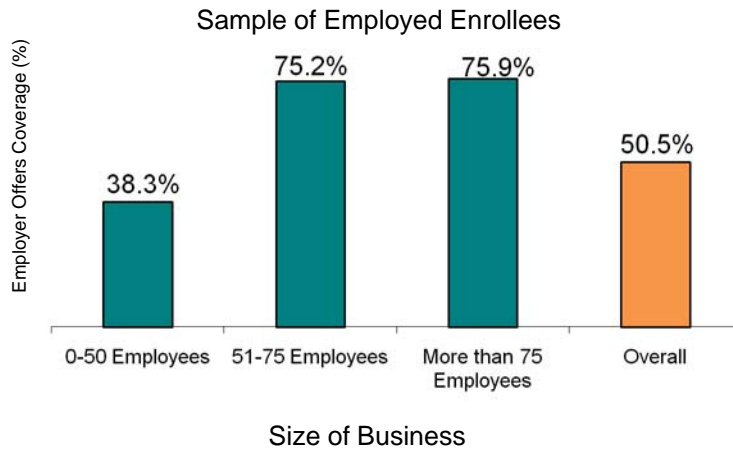
60% of All Workers with no Group Sponsor Work at a Firm of 50 or Fewer Employees



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



Other Relevant Findings from the Survey of Employed SCI Enrollees

Insurance Coverage of Employed Enrollees Prior to SCI

- 68% of employed enrollees had no health insurance in 12 months prior to enrolling
- 66% of these uninsured had been without coverage for 3 or more years

Spending on Enrollee's Medical Care in Six Months Prior to Enrolling in SCI

- 46% reported spending “a lot more” in a typical month prior to enrolling in SCI, compared with what they spent in the month prior to the interview
 - 23% reported that the most they spent in a single month prior to enrolling in SCI was \$300 or more
- 70% of enrollees reported spending <\$25 “last month”
 - About half of enrollees reported that the maximum amount they could afford to spend each month is \$0-24.

Family Income as Reported by the Enrollee (After Taxes)

As a percent of Federal Poverty Level (FPL)	Percent (%) of Enrollees
Less than 50% FPL	11.3
50-99% FPL	41.8
100-149% FPL	27.8
150-199% FPL	11.6
200% FPL or higher	7.5

Affordability of Coverage Depends on a Family's Ability to Make Other Ends Meet



Which Describes Your Ability to Get Along on Your Household's Income Over the Past Six Months?

Response	Percent (%) of Enrollees
You can't make ends meet	23
You have just enough, no more	53
You have enough, with a little extra sometimes	23
You always have money left over	2

In addition, 38% were not able to pay their rent, mortgage, or utility bills during this period.

SCI Appears to be Providing a Significant Benefit to Employed Enrollees

- Most had no coverage prior to SCI and a significant minority were uninsured for 3 or more years
- Out-of-pocket spending while on SCI is low compared to prior spending
- Ability to pay for medical care is very low
- Enrollees and their families face financial constraints that limit ability to pay for medical care

Implications for Other States

- Significant tradeoff between accessing federal \$ and employer recruitment
 - Requires adherence to burdensome application process
 - Eligibility of workers (and cost to business) not transparent
- Some states use standards more transparent to employers
 - Requires reliance on state funds
- Reaching smallest firms may require different strategies

Implications for Federal Reform

- De-linking federal \$ from Medicaid/CHIP could allow use of more transparent/simplified eligibility standards
- Pay or play federal mandate could assist states in engaging larger employers who
 - Demonstrate ability to pay based on private insurance offers
 - Get a “free-ride” through SCI for low-wage workers who can’t afford private insurance offer

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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-25-

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-26-