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**Uninsured Texans:**  
**Who Are They, and**  
**What Are We Going**  
**To Do About It ?**

**May 11, 2004**

**Dianne Longley**

**Texas Department of Insurance**





# **HRSA State Planning** **Grant Program**

**Authorized by Congress to provide states with resources to:**

- **Collect data and conduct in-depth analysis of the uninsured population**
- **Evaluate options for expanding coverage**
- **Reach consensus on ideas to pursue**

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# Texas SPG Project

**Phase 1 – Initial grant of \$1.3 million awarded in 2001**

- **In-depth telephone survey of non-poor uninsured**
- **Survey of small employers**
- **Small employer health insurance fairs**
- **45 focus groups w/individuals, employers and employees in 15 Texas cities/towns**
- **Actuarial contract to develop data and analyze expansion options**
- **Statewide conference – February 2002**

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# **Phase 1 – Outcomes and Accomplishments**

- **Multiple reports/studies – volumes of data**
- **Small employer rate guide**
- **Extensive information on small employer market**
- **New Options, including Consumer Choice Plans, Purchasing Cooperatives**

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# Other Options Considered

- **CHIP Buy-In for Parents/Children**
- **Medicaid Expansion to include lowest income parents**
- **Creation of statewide purchasing alliance**
- **Low-wage worker insurance subsidies, 1/3 plans**
- **Expansion of state employees' plan to allow small employers to buy-in**
- **“Bare Bones” plans**

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# Lessons Learned

- **Texas is unique**
- **Information and data is critical and should guide the process**
- **Accept that reform will be incremental**
- **Must be open to compromise**
- **Must involve the general public in any efforts to significantly expand coverage**

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**Phase 2 – Supplemental**  
**Grant Award of \$175,000**  
**in October 2003**

- **Follow-up survey of small employers**
- **Analysis of the effectiveness of consumer choice plans**
- **Study of Health Insurance Risk Pool**
- **Evaluate options for college students and young adults**

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# Who Are The Uninsured?

- **They are of all ages**
- **They are from all income groups**
- **They live all over Texas**
- **Most of them work**
- **Most of them are legal, US citizens**
- **Their population is growing**

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# History of Uninsured Rates

Year	# of Uninsured	% Uninsured
1991	3,755,000	22.1%
1995	4,615,000	24.5%
1997	4,836,000	24.5%
1999	4,664,000	23.3%
2000	4,500,000	21.4%
2001	4,960,000	23.5%
2002	5,555,598	25.8%

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# Percentage Uninsured by Age

Age	2000	2002
0-6	10.4%	8.6%
7-17	19.5%	15.7%
18-24	16.5%	17.2%
25-34	17.3%	22.0%
35-44	16.7%	17.2%
45-64	19.0%	18.6%
65+	0.5%	0.7%

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# Percentage Uninsured by Race/Ethnicity

<b>Race/Ethnicity</b>	<b>2000</b>	<b>2002</b>
<b>Anglo/Other</b>	<b>31.6%</b>	<b>31.7%</b>
<b>African American</b>	<b>10.8%</b>	<b>11.3%</b>
<b>Hispanic</b>	<b>57.6%</b>	<b>57.0%</b>

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# Percentage Uninsured by Poverty Level

Poverty Level	2000	2002
Under 50%	10.4%	10.9%
51-99%	16.6%	15.0%
100-149%	17.6%	18.9%
150-199%	14.4%	17.5%
200-249%	12.3%	10.7%
250% or Higher	28.7%	26.9%

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# Percentage Uninsured by Citizenship

<b>Citizenship Status</b>	<b>2000</b>	<b>2002</b>
<b>Native U.S. Citizen</b>	<b>71.4%</b>	<b>67.6%</b>
<b>Naturalized U.S. Citizen</b>	<b>4.9%</b>	<b>5.3%</b>
<b>Not a U.S. Citizen</b>	<b>23.7%</b>	<b>27.2%</b>

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# Why Does Texas Have Such a High Rate?

**Compared to States with low Uninsured Rates:**

- **Lower average wages**
- **Higher proportion of small businesses**
- **Lower participation in public programs**
- **Higher proportion of non-legal citizens**
- **Low union participation**

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# Lower Income

State	2002 Uninsured Rate	Avg. Med. Household Income	Low-Income Population
U.S.	15.2%	\$43,052	35%
Texas	25.8%	\$40,659	42%
Arkansas	16.3%	\$32,423	45%
California	18.2%	\$48,113	39%
Minnesota	7.9%	\$54,931	22%
New Mex.	21.1%	\$35,251	46%
New York	15.8%	\$42,432	37%
Wisconsin	9.8%	\$46,351	27%

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# High Hispanic Population

State	2002 Uninsured Rate	White	Hispanic
U.S.	15.2%	69%	13%
Texas	25.8%	50%	36%
Arkansas	16.3%	77%	3%
California	18.2%	46%	34%
Minnesota	7.9%	90%	3%
New Mex.	21.1%	44%	42%
New York	15.8%	64%	14%
Wisconsin	9.8%	88%	4%

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# Lower Rate of Government- Based Insurance

State	2002 Uninsured Rate	Percent with Government Insurance
U.S.	15.2%	25.7%
Texas	25.8%	23.0%
Arkansas	16.3%	35.7%
California	18.2%	24.8%
Minnesota	7.9%	21.8%
New Mex.	21.1%	33.2%
New York	15.8%	27.5%
Wisconsin	9.8%	23.2%

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# Lower Rate of Employment-Based Insurance

State	2002 Uninsured Rate	Percent with Employment-based Insurance
U.S.	15.2%	61.3%
Texas	25.8%	52.6%
Arkansas	16.3%	49.6%
California	18.2%	56.9%
Minnesota	7.9%	71.3%
New Mex.	21.1%	51.2%
New York	15.8%	59.5%
Wisconsin	9.8%	67.6%

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# Decreasing Rate of Employment-Based Coverage

Year	People with Employment-based Insurance	Percent with Employment-based Insurance
1997	10,988,000	55.6%
1998	11,261,000	56.5%
1999	11,550,000	57.1%
2000	11,797,000	56.9%
2001	11,770,000	55.9%
2002	11,325,000	52.6%

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# Private Insurance Costs

**S** Significant premium increases - all groups combined

- **1997 – Average Single Premium: \$2,193**
- **2003 – Average Single Premium: \$3,754**
- **1997 – Average Family Premium: \$5,693**
- **2003 – Average Family Premium: \$9,609**

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# Small Employer Premiums

**Even premium increases for small employers are higher**

**1997 – Average Single Premium: \$2,172**

**2003 – Average Single Premium: \$4,235**

**1997 – Average Family Premium: \$5,534**

**2003 – Average Family Premium: \$10,236**

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# Rates Are Even Higher for Some Small Employers

## Maximum Rates Reported by Carriers – 2002

- \$18,317
- \$19,701
- \$20,496
- \$15,093
- \$13,767

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# How Much Can Small Employers Afford?

- 23.3% - less than \$50 per employee per month
  - 22.1% - \$50 per employee per month
  - 19.5% - \$100 per employee per month
  - 8.8% - \$150 per employee per month
  - 4.6% - \$200 per employee per month
  - 3.4% - \$250 or more per employee
  - 13.7% - Would not purchase coverage at any cost
- 
- 2003 Cost: \$461 for single coverage, \$853 for family coverage

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## Small Employers With Insurance

- 1999 – 26 percent
- 2000 – 25.6 percent
- 2001 - 21.9 percent
- 2002 - 20.68 percent







# Health Care Cost Increases

- **Growth in US health spending rose from 8.5 percent in 2001 to 9.3 percent in 2002 - more than twice the rate of growth of GDP**
- **2002 – U.S. health spending per person: \$5,440**
- **1993 - U.S. health spending per person: \$3,381**
- **2002 - Aggregate US health spending: \$1.6 trillion**
- **Private health insurance alone contributed the largest share of the 2002 increase: 41 percent**

*Source: "Health Spending Rebound Continues in 2002",  
Health Affairs, January/February 2004.*

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## Growth by Type of Spending - 2002

- **Hospital services (31% of spending)  
rose 9.5%**
- **Physician services (22% of spending)  
rose 7.7%**
- **Prescription drugs (11% of spending)  
rose 15.3%**

*Source: "Health Spending Rebound Continues in 2002",  
Health Affairs, January/February 2004.*

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# Factors Contributing to Increased Costs

- **Prescription Drugs – increased utilization and costs**
- **Increase in hospital costs – utilization rates and charges**
- **New technology**
- **Aging population**
- **Sicker population**

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# **Increased Per-Capita Medical Spending Attributed to OBESITY– 1996 to 1998**

- **Private insurance – 37.7%**
- **Medicaid – 39.1%**
- **Medicare – 36.8%**

*Source: Health Affairs: National Medical Spending  
Attributable to Overweight and Obesity: How Much  
and Who's Paying? Finkelstein, Fiebelkorn and Wang*

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# Increased Per-Capita Medical Spending Attributed to OVERWEIGHT – 1996 to 1998

- **Private Insurance – 13.8%**
- **Medicaid – 15.1%**
- **Medicare – 15.0%**

*Source: Health Affairs: National Medical Spending Attributable to Overweight and Obesity: How Much and Who's Paying? Finkelstein, Fiebelkorn and Wang*

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# **Annual Obesity-Attributable Medical Costs: 2003 Estimates**

- **Total Texas Population – \$5.34 billion**
- **Medicaid Population - \$1.17 billion**
- **Medicare Population – \$1.21 billion**

*Source: Obesity Research, “State-Level Estimates of Annual Medical Expenditures Attributable to Obesity,” Findelstein, Fiebelkorn and Wang, January 2004*





# **What Does This Have to Do With Expanding Health Insurance?**

- **A Few Sick People Account for Most Health Care Expenditures**
- **5% of people = 50% of the costs**

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# What Do We Do? Reality Check

- **Money**
- **Magnitude of Problem**
- **Lack of Interest Among Those w/Insurance**
- **Lack of Organization Among the Uninsured**
- **Lack of Consensus About What to Do**





# Analyzing the Options

- **How will we fund it?**
- **Who will benefit?**
- **Who will oppose and support?**
- **Is it sustainable?**
- **Is it realistic?**

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**NEXT STEP...**

**Working Together  
for a Healthy Texas**

**WHY ARE WE HERE?**





# Useful Websites

- **Cover the Uninsured Week:**  
<http://covertheuninsuredweek.org>
- **Center for Studying Health Policy Change:**  
<http://hschange.com>
- **State Coverage Initiatives:**  
[www.statecoverage.net](http://www.statecoverage.net)
- **Kaiser Family Foundation:** [www.kff.org](http://www.kff.org)
- **Institute of Medicine - Insuring America's Health -** [www.iom.edu](http://www.iom.edu)
- **LBJ School of Public Affairs - Expanding Health Care Coverage for the Uninsured in Texas -** <http://www.insuretexans.org>

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