



Working Together for a Healthy Texas

Study of Uninsured Texans

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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**





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**





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**





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**





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**





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**





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%
2003	5,527,771	24.6%





Percentage Uninsured by Age

Texas Department of Insurance



Age	2000	2002	2003
0-6	10.4%	8.6%	8.2%
7-17	19.5%	15.7%	15.4%
18-24	16.5%	17.2%	16.3%
25-34	17.3%	22.0%	24.6%
35-44	16.7%	17.2%	16.6%
45-64	19.0%	18.6%	18.2%
65+	0.5%	0.7%	0.8%



Percentage Uninsured by Race/Ethnicity

Texas Department of Insurance

Race/Ethnicity	2000	2002	2003
Anglo/Other	31.6%	31.7%	29.7% (1,653,789)
African American	10.8%	11.3%	10.2% (548,236)
Hispanic	57.6%	57.0%	59.0% (3,171,660)





Percentage Uninsured by Poverty Level

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Poverty Level	2000	2002	2003
Under 50%	10.4%	10.9%	11.6%
51-99%	16.6%	15.0%	15.5%
100-149%	17.6%	18.9%	18.1%
150-199%	14.4%	17.5%	15.7%
200-249%	12.3%	10.7%	10.9%
250% or Higher	28.7%	26.9%	28.1%





Percentage Uninsured by Citizenship

Citizenship Status	2000	2002	2003
Native U.S. Citizen	71.4%	67.6%	68.1% (3,657,478)
Naturalized U.S. Citizen	4.9%	5.3%	4.5% (243,676)
Not a U.S. Citizen	23.7%	27.2%	27.4% (1,472,530)



Why Does Texas Have Such a High Rate?

Compared to states with low uninsured rates, Texas has:

- **Lower average wages**
- **A higher proportion of small businesses**
- **Lower participation in public programs**
- **Lower participation in employer-sponsored programs**
- **A higher proportion of non-legal citizens**
- **Low union participation**



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%




High Hispanic Population

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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%



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%





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%



Decreasing Rate of Employment-based Coverage

Year	People with Employment-based Insurance	Percent with Employment-based Insurance
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%
2003	11,454,000	52.4%



Private Insurance Costs

**Significant premium increases –
all groups combined:**

- **1997 – Average Single Premium: \$2,193**
- **2003 – Average Single Premium: \$3,754**
- **2004 – Average Single Premium: \$4,138**
- **1997 – Average Family Premium: \$5,693**
- **2003 – Average Family Premium: \$9,609**
- **2004 – Average Family Premium: \$11,196**





Small Employer Premiums

Premium increases for small employers are even higher:

- **1997 – Average Single Premium: \$2,172**
- **2003 – Average Single Premium: \$4,235**
- **2004 – Average Single Premium: \$4,533**
- **1997 – Average Family Premium: \$5,534**
- **2003 – Average Family Premium: \$10,236**
- **2004 – Average Family Premium: \$11,145**





**Rates Are Even Higher for
High-risk Small Employers**

**Maximum Rates Reported
by Carriers – 2002**

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





Small Employers With Insurance

- 1999: 96,710 (26.0 percent)
- 2000: 97,793 (25.6 percent)
- 2001: 84,240 (21.9 percent)
- 2002: 98,680 (25.9 percent)
- 2003: 103,800 (27.1 percent)

Source: Figure 48 Insurance Filings with TDI.





How Much Can Small Employers Afford?

Cost Per-Employee-Per-Month Employer Can Afford	2001	2004
Less than \$50	23.3%	17.2%
\$50	22.1%	16.7%
\$100	19.5%	20.3%
\$150	8.8%	7.8%
\$200	4.6%	6.1%
\$250	1.7%	2.2%
\$300 or More	1.7%	1.3%
Would Not Purchase at Any Cost	14.0%	14.4%



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.*





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.*





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**






Mandated Benefit Costs:

Texas Experience Based on Data Reported by Insurers and HMOs

Mandated Benefit Claims Costs as a Percentage of Total Claims

- **2001: 4.52%**
- **2002: 4.53%**
- **2003: 4.51%**





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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





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



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,”
Finkelstein, Fiebelkorn and Wang, January 2004*





A Few Sick People Account for Most Health Care Expenditures

- **5% of people = 50% of the costs**
- **10% of people = 80% of the costs**
- **15% of people = 90% of the costs**





Moving Forward – Building Momentum for Change

- **Private insurance is only part of the answer**
- **Data is only useful if it is used**
- **Organization and consensus-building is critical, but be realistic**

