The Problem of the Uninsured in South Dakota

A Summary by The Zaniya Task Force
The Zaniya Task Force

GOAL:

Create access to affordable, comprehensive insurance for all South Dakota citizens
The Uninsured in South Dakota

- Total South Dakota Adult Population: 593,226
- Currently insured Adults (91%): 539,836
  - Employer, individual, Medicare, Medicaid, or VA
- Currently Uninsured Adults (8%): 44,848
- Indian Health Services (1%): 8,542
- Total of Uninsured Adults (9%): 53,390

FPL Breakdown of Uninsured:
- <200% FPL: 32,034
- ~200-300% FPL: 11,212
- >300 FPL: 8,542
Profile of the Currently Uninsured

• Not Working: 16,284 (30.5% of Uninsured)
  - Not employed: 13,401 individuals
  - Retired: 2,883 individuals

- Overall Demographics
  ‣ Gender – 44% male; 56% female
  ‣ Marital Status – 33% married; 67% not married
  ‣ Age – 18-29 = 25%
    30-39 = 16%
    40-49 = 22%
    50-59 = 24%
    60+ = 13%
Profile of the Currently Uninsured

• Employed: 37,106 (69.5% of Uninsured)
  - Working 30 or more hours – 31,095 individuals
  - Less than 30 hours – 5,751 individuals
  - Total of Uninsured reporting as Self-employed – 10,538 individuals

• Demographics
  ‣ Gender – 56% male; 44% female
  ‣ Marital Status – 31% married; 69% not married
  ‣ Age – 18-29 = 22%
    30-39 = 20%
    40-49 = 22%
    50-59 = 27%
    60 + = 9%
The Major Reasons for Uninsurance*

- Insurance is too expensive – 64%
- Employer doesn’t offer – 20%
- Unemployed – 12%
- Pre-existing medical condition – 9%
- Government programs eliminated or cut back – 8%
- New job/waiting for coverage to start – 7%
- Choose not to have it – 5%
- Get care through IHS – 5%
- Have access to other health programs – 4%
- Eligible but unenrolled in government programs – 4%
- Lack of information to make a decision – 4%

* Respondents were allowed to choose more than 1 response
Reasons for Uninsurance: Affordability

• Employed: 37,106 individuals
  - Thirty or more hours – 31,095 individuals
    ‣ 47% are under 200% FPL
    ‣ 28% are between 200% - 300% FPL
    ‣ 21% are over 300% FPL
  Of these:
    ‣ 69% give “too expensive” as a reason
    ‣ 63% say insurance is “way beyond” budget

  - Less than thirty hours – 5,751 individuals
    ‣ 80% are under 200% FPL
    ‣ 11% are between 200% - 300% FPL
    ‣ 9% are over 300% FPL
  Of these:
    ‣ 57% give “too expensive” as a reason
    ‣ 29% say insurance is “way beyond” budget
Reasons for Uninsurance: Affordability

- For either, those Self-employed - 10,583 individuals
  - 43% are under 200% FPL
  - 20% are between 200% - 300% FPL
  - 34% are over 300% FPL

Of these:
- 88% say insurance is “way beyond” budget
- 79% give “too expensive” as a reason
Reasons for Uninsurance: Affordability

- Not Working: 16,284 individuals
  - Not employed – 13,401 individuals
    - 75% are under 200% FPL
    - 9% are between 200% - 300% FPL
    - 10% are over 300% FPL
  
  Of these:
  - 74% say insurance is “way beyond” budget
  - 53% give “too expensive” as a reason

- Retired – 2,883 individuals
  - 75% are under 200% FPL
  - 14% are between 200% - 300% FPL
  - 6% are over 300% FPL

  Of these:
  - 63% give “too expensive” as a reason
  - 59% say insurance is “way beyond” budget
Reasons for Uninsurance - Affordability

• Median survey results for what an individual is willing to pay for themselves:

- Under 200% FPL = $50
- 200%-300% FPL = $82.50
- Over 300% FPL = $100

- Overall median = $70
# Reasons for Uninsurance - Affordability

Comparison of Average Rates in Group v. Individual Health Markets using Top Carriers*

<table>
<thead>
<tr>
<th>Ages</th>
<th>Group Male</th>
<th>Individual Male</th>
<th>Group Female</th>
<th>Individual Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;20</td>
<td>$151.95</td>
<td>$84.66</td>
<td>$224.02</td>
<td>$126.33</td>
</tr>
<tr>
<td>20-24</td>
<td>$151.95</td>
<td>$100.66</td>
<td>$224.02</td>
<td>$150.2</td>
</tr>
<tr>
<td>25-29</td>
<td>$152.76</td>
<td>$108.73</td>
<td>$253.06</td>
<td>$269.2</td>
</tr>
<tr>
<td>30-34</td>
<td>$169.83</td>
<td>$135.27</td>
<td>$273.74</td>
<td>$270.53</td>
</tr>
<tr>
<td>35-39</td>
<td>$182.66</td>
<td>$150.07</td>
<td>$285.68</td>
<td>$250.33</td>
</tr>
<tr>
<td>40-44</td>
<td>$219.91</td>
<td>$200.07</td>
<td>$306.08</td>
<td>$257.4</td>
</tr>
<tr>
<td>45-49</td>
<td>$266.84</td>
<td>$240.73</td>
<td>$340.74</td>
<td>$286.27</td>
</tr>
<tr>
<td>50-54</td>
<td>$349.10</td>
<td>$334.8</td>
<td>$398.71</td>
<td>$324.6</td>
</tr>
<tr>
<td>55-59</td>
<td>$459.88</td>
<td>$463.2</td>
<td>$474.89</td>
<td>$395.6</td>
</tr>
<tr>
<td>60-64</td>
<td>$552.86</td>
<td>$608</td>
<td>$601.70</td>
<td>$456.27</td>
</tr>
<tr>
<td>65+</td>
<td>$597.74</td>
<td>$608</td>
<td>$653.10</td>
<td>$547.33</td>
</tr>
</tbody>
</table>

* Data using 89.47% of the individual market and 86% of the group market based on covered lives
## FPL compared to Monthly Premium Costs

<table>
<thead>
<tr>
<th>Gender</th>
<th>FPL</th>
<th>Monthly Income</th>
<th>Current Monthly Insurance Premium</th>
<th>% of Monthly Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single M 25 yrs old</td>
<td>200%</td>
<td>$1,701</td>
<td>$108</td>
<td>6.3%</td>
</tr>
<tr>
<td>Single M 25 yrs old</td>
<td>250%</td>
<td>$2,127</td>
<td>$108</td>
<td>5%</td>
</tr>
<tr>
<td>Single M 25 yrs old</td>
<td>300%</td>
<td>$2,552</td>
<td>$108</td>
<td>4.2%</td>
</tr>
<tr>
<td>Single F 25 yrs old</td>
<td>200%</td>
<td>$1,701</td>
<td>$269</td>
<td>15.8%</td>
</tr>
<tr>
<td>Single F 25 yrs old</td>
<td>250%</td>
<td>$2,127</td>
<td>$269</td>
<td>12.6%</td>
</tr>
<tr>
<td>Single F 25 yrs old</td>
<td>300%</td>
<td>$2,552</td>
<td>$269</td>
<td>10.5%</td>
</tr>
</tbody>
</table>
## FPL compared to Monthly Premium Costs

<table>
<thead>
<tr>
<th>Gender</th>
<th>FPL</th>
<th>Monthly Income</th>
<th>Current Monthly Insurance Premium</th>
<th>% of Monthly Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single M 55 yrs old</td>
<td>200%</td>
<td>$1,701</td>
<td>$463</td>
<td>27.2%</td>
</tr>
<tr>
<td>Single M 55 yrs old</td>
<td>250%</td>
<td>$2,127</td>
<td>$463</td>
<td>21.7%</td>
</tr>
<tr>
<td>Single M 55 yrs old</td>
<td>300%</td>
<td>$2,552</td>
<td>$463</td>
<td>18.1%</td>
</tr>
<tr>
<td>Single F 55 yrs old</td>
<td>200%</td>
<td>$1,701</td>
<td>$395</td>
<td>23.2%</td>
</tr>
<tr>
<td>Single F 55 yrs old</td>
<td>250%</td>
<td>$2,127</td>
<td>$395</td>
<td>18.6%</td>
</tr>
<tr>
<td>Single F 55 yrs old</td>
<td>300%</td>
<td>$2,552</td>
<td>$395</td>
<td>15.5%</td>
</tr>
</tbody>
</table>
Reasons for Uninsurance: Access

• Employed: 37,106
  - Thirty or more hours – 31,095 individuals
    ‣ Business you work for doesn’t offer – 25%
    ‣ Starting new job/waiting period – 9%
    ‣ Denied/pre-existing condition – 6%
    ‣ Need more information – 5%
  - Less than thirty hours – 5,751 individuals
    ‣ Business you work for doesn’t offer – 26%
    ‣ Denied/pre-existing condition – 20%
    ‣ Starting new job/waiting period – 6%
    ‣ Need more information – 0%
  - For either, those Self-employed - 10,583 individuals
    ‣ Denied/pre-existing condition – 8%
    ‣ Need more information – 5%
Reasons for Uninsurance: Access

• Unemployed &/or lower income who are potentially Government eligible and under 200% of federal poverty level

  - Unemployed
    ‣ Government cut-back or eliminated programs 13%
    ‣ Use IHS 9%
    ‣ Eligible but unenrolled 6%
    ‣ Don’t have information 3%
    ‣ Access to other health programs 2%

  - Lower income
    ‣ Government cut-back or eliminated programs 8%
    ‣ Use IHS 8%
    ‣ Eligible but unenrolled 5%
    ‣ Don’t have information 5%
    ‣ Access to other health programs 4%
Reasons for Uninsurance: Care through IHS

• Summary of IHS data:
  - Waiting time to see a provider is too long – 52%
  - Quality of medical care is not very good – 38%
    ‣ Note: 39% report quality as “not very good” or “poor”
  - Difficulty securing transportation to get to care – 36%
  - Services are located too far away – 33%
  - Services are not always available when you need them – 33%
  - Services are not offered – 21%
Problem: Increasing Health Care Costs

- 11% increase in premiums in 2006 individual market

- Portion of state budget dedicated to health care went from 29% in FY04 to 33.4% in FY08

- South Dakotans’ health expenditures as a % of GDP rose from 8.5% in 1980 to 14.4% in 2004
Solution Work Groups

• Insurance Work Group
  - Affordability
  - Access issues:
    ‣ Business doesn’t offer
    ‣ Unemployed
    ‣ Pre-existing medical condition
    ‣ New job/waiting for coverage to start
    ‣ Lack of information

• Government Programs Work Group
  - Affordability
  - Access issues:
    ‣ Unemployed
    ‣ Government cut-back or elimination of programs
    ‣ Eligible but unenrolled
    ‣ Lack of information
Solution Work Groups

• Indian Health Services Work Group
  - Long waiting times
  - Quality of care
  - Transportation difficulties
  - Services either not available or located too far away

• Long-term Cost Containment Work Group
  - Rising premiums
  - Rising state healthcare budget
  - Health care as an increasing percentage of state GDP
Contributing factors to review:
- Cost--pre-tax/post-tax
- Individual underwriting
- Complexity of purchasing for a small business/sole proprietor/individual
- True variety in insurance plans
- Workers not given access through employer
- 50% minimum contribution & 75% participation requirement
- Administrative costs for small business
- Lack of portability
Solution Work Groups – Government Programs

Contributing factors to review:
- Choose not to enroll
- Complexity/lack of knowledge of government programs
- Expectation that government/charity care will take care of you
- New DRA citizenship document requirements
- Income and other changes that constantly alter an individual’s eligibility (cliffing off and on the rolls)
- Fear of liens/impact on credit from seeking county care
- Stigma of being on a government safety-net program
Solution Work Groups: Indian Health Services

Contributing factors to review:

- Separation between Indian Health Service and Tribal System vs. the Rest of South Dakota
- Federal funding shortfall
- Lack of on-site personnel leading to contracted care
- Medicaid eligibility & funding issues
- Uninsurable (pre-existing condition, other factors)
- Geographic – distance from providers
Solution Work Group: Long-term Cost Containment

Contributing factors to review:
- Cost-shifting
- Increasing costs: medical, hospital, and drugs
- Utilization
- Increasing burden of chronic disease
- Health Behaviors/Lifestyles (smoking, obesity)
- Technology
- Growing elderly population
- Lack of competition, transparency (including cost and quality), and consumer-driven decisions
- Administrative/regulatory costs
- Lack of quality/outcome measures
Insurance Work Group

Task: Create prioritized list of possible insurance-based solutions to reduce the number of uninsured through improving access & affordability

- Possible Access solutions
  - Expand access to state health plan
  - An “Exchange” or “Connector”
  - Risk-pool modifications
  - Increase portability
  - Expand use of Section 125
  - Financial Responsibility

- Possible Affordability solutions
  - Risk pool modifications
  - Reinsurance
  - Insurance reforms
  - Subsidization
Task: Develop prioritized list of possible solutions to improve access & affordability for citizens potentially eligible but unenrolled

- Possible Access solutions
  - Outreach to targeted populations
  - Mandatory enrollment upon presenting

- Possible Affordability solutions
  - SCHIP expansion
  - 1115 Waiver to allow Medicaid funds to be used to subsidize private insurance
Indian Health Services Work Group

Task: Develop prioritized list of possible solutions to improve access to health care for residents eligible for IHS services

- Possible access solutions
  ‣ Dedicated transportation
  ‣ Agreements between IHS/Tribal Health programs and SD medical providers
Long-Term Cost Containment

Task: Develop a prioritized list of possible long-term solutions to reduce the rate of growth in health care costs in South Dakota

- Possible solutions
  ‣ Health IT
  ‣ Consumer-driven solutions
  ‣ Prevention/Wellness programs
  ‣ Quality
  ‣ Value-based purchasing
Appendix I: Solutions Template

• Target Problem
• Brief description of solution
• Specific impact on problem (i.e. # of individuals given access to insurance, elimination of problem causing uninsurance, elimination or impact on corollary health insurance problem)
• Fiscal impact or cost of solution:
  - Impact on state budget:
  - Impact on other public budgets:
  - Other fiscal impacts (be specific):
• Time needed for implementation of solution
Appendix I: Solutions Template (con’t)

• Positive aspects of Solution - Pros:
• Negative aspects of Solution - Cons:
• Process and timeline for implementation (i.e. legislation required, elements to requiring further study, federal approvals, etc.)
• Impact, if any, on the currently insured
• Consensus work group recommendation