

# The Problem of the Uninsured in South Dakota

A Summary by The Zaniya Task Force

# The Zaniya Task Force

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## GOAL:

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

# The Uninsured in South Dakota

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

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

\* Data using 89.47% of the individual market and 86% of the group market based on covered lives

# FPL compared to Monthly Premium Costs

Gender	FPL	Monthly Income	Current Monthly Insurance Premium	% of Monthly Income
Single M 25 yrs old	200%	\$1,701	\$108	6.3%
Single M 25 yrs old	250%	\$2,127	\$108	5%
Single M 25 yrs old	300%	\$2,552	\$108	4.2%
Single F 25 yrs old	200%	\$1,701	\$269	15.8%
Single F 25 yrs old	250%	\$2,127	\$269	12.6%
Single F 25 yrs old	300%	\$2,552	\$269	10.5%

# FPL compared to Monthly Premium Costs

Gender	FPL	Monthly Income	Current Monthly Insurance Premium	% of Monthly Income
Single M 55 yrs old	200%	\$1,701	\$463	27.2%
Single M 55 yrs old	250%	\$2,127	\$463	21.7%
Single M 55 yrs old	300%	\$2,552	\$463	18.1%
Single F 55 yrs old	200%	\$1,701	\$395	23.2%
Single F 55 yrs old	250%	\$2,127	\$395	18.6%
Single F 55 yrs old	300%	\$2,552	\$395	15.5%

# 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 health care budget
  - Health care as an increasing percentage of state GDP

# Solution Work Groups - Insurance

## 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

# Government Programs Work Group

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**