

Improving Health Insurance Coverage and Access to Care

Despite a prolonged period of economic growth over the past decade, strains on existing public and private health insurance programs have intensified. The United States health care system — with its wealth of hospitals, clinics, laboratories, and professionals — continues to lead the industrialized world in health care spending per person and capacity to provide cutting edge health care services, yet a high proportion of the population lacks basic access to those resources. The nation starts the 21st century with 43 million uninsured — nearly one in five people under age 65.

The future security of Americans who have health insurance is itself in question. Employer-based coverage, the primary source of insurance for more than 150 million workers and their dependents — or two out of three individuals under age 65 — is most at risk. Although a strong economy has stemmed the erosion of employer-based coverage that characterized the early 1990s, new economic pressures could easily undermine the foundation of voluntary participation on which the system depends, particularly for lower wage employees and their families.

Meanwhile, the Medicare program, which provides near-universal coverage for basic benefits to 39 million men and women age 65 and older and disabled individuals under age 65, faces the daunting challenge of meeting the needs of an aging population within the confines of benefits and financing structures designed to fit an earlier era. The Medicaid program — the source of insurance for 41 million low income adults and children — faces an even more uncertain future, in part as a result of recent changes to federal welfare laws. Indeed, despite the 1997 Child Health Insurance Program (CHIP) initiative, which was designed to allow states to provide coverage for uninsured children of working families, rates of uninsured children remain stubbornly high, and uninsured rates among low wage adults continue to rise.

Health insurance coverage and access to needed health care are important for all Americans. When patients encounter barriers to receiving care, whether those barriers are financial or nonfinancial, the effectiveness of health care services can be undermined. Efforts to understand and minimize those barriers are therefore central to the Fund's mission of helping people live healthy and productive lives.

Three national programs concentrate primarily on improving health insurance and access to health care:

- *Task Force on the Future of Health Insurance*, which is dedicated to improving health insurance coverage for the under-65 population
- *Program on Medicare's Future*, which seeks to increase understanding of the experiences of Medicare beneficiaries and effective approaches to ensuring access to care for the elderly and disabled, particularly those vulnerable by virtue of low income or health problems
- *Health Care in New York City Program*, which supports solutions to reduce New York's high rate of uninsured residents and barriers to care for vulnerable groups, especially those arising from the evolution of New York's Medicaid program

Task Force on the Future of Health Insurance

The Commonwealth Fund Task Force on the Future of Health Insurance, established in 1999, pursues a core mission of helping to build a health insurance system that meets the needs of the 21st century workforce. Drawing its members from among business, labor, and state-level program and policy leaders and national experts in health care, taxation, and related issues, the task force provides an independent, non-partisan forum for debate and exploration, focusing on possible strategies to expand and improve health insurance coverage for American workers and their families, especially through employer-sponsored insurance. Key goals of the task force are to help increase the stability, quality, and affordability of health insurance and to keep the debate on coverage for the nation's uninsured and underinsured high on the national agenda. The task force is directed by Cathy Schoen, vice president of The Commonwealth Fund, and chaired by James J. Mongan, M.D., president of Massachusetts General Hospital.

Highlights of the year's work included the release of several reports featuring the different "faces" of uninsured Americans and a series of commissioned papers looking at policy options to reduce the numbers of uninsured workers and families. Together, these reports explain why some Americans are at high risk of being uninsured and suggest approaches that could open new opportunities for insurance or strengthen existing ones. Particular groups featured

in the reports included working-age adults, midlife workers, Hispanics, and younger adults.

Listening to Workers: Challenges for Employer-sponsored Coverage in the 21st Century outlined findings from the Fund's 1999 National Survey of Workers' Health Insurance, which confirmed that working-age adults believe that employers should continue to serve as a main source of health coverage. Half of all adults, and a majority of adults enrolled in job-based health insurance plans, prefer employer-sponsored plans to coverage purchased individually or through public programs. Moreover, most workers with job-based insurance think employers do a good job of selecting high-quality plans. Even so, a large share of low wage workers — 36 percent — are not eligible for employer-based plans, or have not been offered coverage, even though they work full time. A second report, *Risks for Midlife Americans: Getting Sick, Becoming Disabled, or Losing a Job and Health Coverage*, drew on data from the Fund survey and national statistics to highlight the importance of health insurance for adults between the ages of 45 and 64.

Recognizing the growing contribution of Hispanics to the nation's workforce, the task force has put a high priority on addressing the plight of uninsured Hispanic workers. Largely because of their limited access to job-based coverage, nearly two in five U.S. Hispanics are uninsured — a rate almost three times

that of the white population. A third report, *Working Without Benefits: The Health Insurance Crisis Confronting Hispanic Americans*, synthesized national statistics and the Fund's survey data to illustrate pervasive disparities in insurance coverage between nonelderly Hispanics and comparable white and black populations. Claudia Schur, of Project Hope/The People-to-People Health Foundation, Inc., is conducting additional analytic research and focus groups with Hispanic workers to develop a more complete picture of health insurance barriers faced by Hispanics.

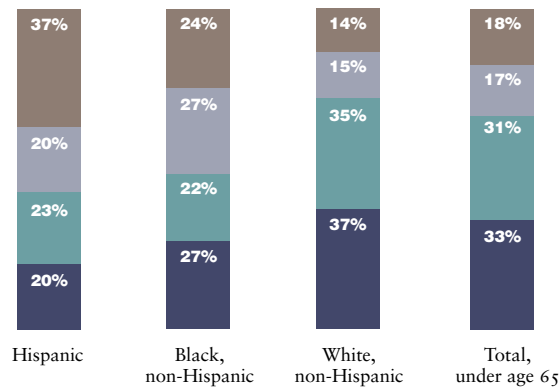
A fourth report, *On Their Own: Young Adults Living Without Health Insurance*, identified adults ages 19–29 as the age group with the highest uninsured rate, at 30 percent. Many young adults, often in low wage, entry-level jobs, cannot gain access to affordable employer-sponsored health insurance unless they are enrolled in college full time and covered under their parents' plans. The task force has commissioned follow-up work to identify ways to provide coverage for young adults and other groups of workers without easy access to employer-based coverage, including part-time, temporary, and contract workers, self-employed workers, and employees of small businesses.

Responding to growing concerns about the lack of affordable insurance for older adults who are not yet eligible for Medicare and do not have employer-based coverage, the task force commissioned a survey focused on this vulnerable age group. Released during a Congressional and media briefing

Lack of health insurance is a serious problem for racial and ethnic minorities. Compared with whites or African Americans, Hispanics are much more likely to be uninsured and much less likely to get health insurance through their employers.

- Uninsured
- Other*
- Employer-dependent
- Employer

Insurance sources for population under age 65



* Medicaid, individual purchase, and other.

Source: The Commonwealth Fund Task Force on the Future of Health Insurance, from March 1999 *Current Population Survey*.

in July 2000, *Counting on Medicare: Perspectives and Concerns of Americans Ages 50 to 70* reported that adults ages 50–64 are at notably high risk for not filling a prescription because of its cost and that many struggle to pay high monthly medication costs. Across income and employment groups, these mid-life adults look forward to Medicare coverage, expressed high levels of trust in Medicare as a potential source of coverage, and have a strong interest in entering the program early. Two in three adults ages 50–64 said they would personally be interested in early coverage. For people in this age group, purchasing individual insurance tends to be prohibitively expensive, if it is available at all.

A commitment by the task force to identify “workable solutions,” or possible next steps for expanding insurance incrementally, resulted in a series of commissioned papers, coordinated by Sherry Glied of Columbia University and written by leading experts. Released in December with follow-up papers planned, the reports are intended to provide a new President and Congress, as well as state policymakers, with practical options for expanding coverage incrementally using three general approaches: expansion of public programs to low wage workers and those working for small employers or self-employed; use of tax credits or



Prescription medications are a major expense for many older Americans, particularly those with chronic conditions or who lack adequate health insurance coverage. Analysis by Jan Blustein, M.D. (right), of New York University, reveals that Medicare beneficiaries without supplemental coverage

for prescription drugs are especially likely to be burdened with high medication costs — and even to fail to fill prescriptions because they cannot afford to do so. Many elderly people find that health insurance covering prescription drugs is unaffordable or unavailable.



direct subsidies to help families and individuals gain access to employer-based and other coverage; and options targeted to special population groups, such as older workers, young adults, or the unemployed.

Throughout the year, the task force also sponsored several national, regional, and state forums to stimulate discussion of future options. A series of regional forums, jointly sponsored with the American College of Physicians and the National Hispanic Medical Association, highlighted the risk to personal and community health of the high rates of Hispanic adults and children who lack health insurance. Representatives of ten states with unusually high rates of uninsured residents came together in Albuquerque, New Mexico, for a special National Summit on the Uninsured to discuss the growing stress on their statewide health systems, risks to the health of the working population, and the need for further federal action.

Through its past work on health care coverage and access, the Fund has built a national reputation as a source of new information and fresh insights regarding insurance trends and the consequences of inadequate coverage. The task force continues to build on that base with new analyses of current health insurance initiatives. Jack Meyer of the Economic and Social Research Institute is profiling promising state and local initiatives to expand coverage to workers and analyzing the potential for large employers or purchasing groups to serve as a base

for further improvement to employer-based coverage. Deborah Chollet of Mathematica Policy Research, Inc., is assessing the role of high-risk pools and other regulatory mechanisms in supporting the individual health insurance market and reducing uninsured rates. Other future work will examine trends in the “under-insured” and implications for employer coverage of rising health insurance premium rates.

Program on Medicare’s Future

Since 1995, the Program on Medicare’s Future has been committed to helping preserve the role of Medicare in guaranteeing access to health services for the nation’s elderly and disabled and to protecting the most vulnerable among them from financial hardship. Much of the program’s early analysis was timed to coincide with debate on Medicare’s solvency and proved useful in informing important policy choices. More recently, the program has turned its attention to low participation rates in Medicaid and other state-based supplemental programs for low income Medicare beneficiaries, racial and ethnic disparities in access, and evidence of nonfinancial barriers to care.

Over the past year, the program has sought to analyze policy proposals to reshape the structure and benefits of the Medicare program, including the addition of prescription drug coverage, and

forecast the potential impact of those policies on beneficiaries. Of particular concern are changes that would affect beneficiaries who are vulnerable by virtue of low income or high health care needs. Medicare's Future has also given increasing attention to monitoring major trends in Medicare managed care and supplemental private insurance benefits and to enhancing the understanding of consumers and their families regarding the options available to them as Medicare beneficiaries.

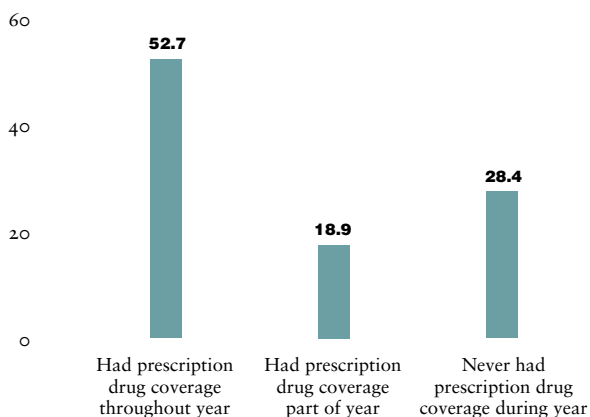
Picking up on recent debate about extending prescription drug coverage through Medicare, the Fund supported work this year to analyze Medicare

beneficiaries' access to prescription drugs and the implications of proposed expansions. *Prescription Drug Costs for Medicare Beneficiaries: Coverage and Health Status Matter*, an issue brief by Bruce Stuart and colleagues at the University of Maryland, documented the significance of drug coverage for beneficiaries' use of prescription medicine, especially for treatment of chronic disease. A study by Jan Blustein, M.D., of New York University, found that elderly beneficiaries with high blood pressure who lack supplementary prescription drug coverage are less likely to purchase and use hypertensive medication than are elderly beneficiaries who hold supplementary coverage. Blustein's report, "Drug Coverage and Drug Purchases by Medicare Beneficiaries with Hypertension," was published in the journal *Health Affairs*.

Medicare's Future has also focused on the various public programs and private market strategies beneficiaries use to fill gaps in their Medicare coverage. For example, "Socioeconomic Differences in Medicare Supplemental Coverage," written by Tom Rice and colleagues at University of California, Los Angeles, and recently published in *Health Affairs*, describes the population of beneficiaries who purchase supplemental coverage in the private market. Policymakers have expressed keen interest in Medicare+Choice plans as alternatives to supplemental coverage. Fund-sponsored analysis on

In 1996, only about half of Medicare beneficiaries had prescription drug coverage consistently throughout the year, while nearly one in five had no coverage at all. At any single point in time, approximately 40 percent of beneficiaries were without coverage. Chronically ill elderly people are more likely to receive medications that help them manage their conditions if they hold supplementary policies for prescription medicine.

Percent of Medicare beneficiaries



Source: Bruce Stuart, Dennis Shea, and Becky Briesacher, *Prescription Drug Costs for Medicare Beneficiaries: Coverage and Health Status Matter*, The Commonwealth Fund, January 2000; calculated from the 1996 Medicare Current Beneficiary Survey.



A recent Fund-supported study of emergency room records shows that roughly three-quarters of visits to New York City emergency rooms were either non-emergencies or could have been treated in a primary care setting—evidence that the city’s primary care system is inadequate. Raising the level of discussion about such issues is

the goal of the Wagner/ Commonwealth Dialogue Series, cosponsored by the Fund and New York University’s Robert F. Wagner Graduate School of Public Service. Jo Ivey Boufford, M.D. (left), dean of the Wagner School, helps the Fund keep pace with the changing health policy environment through service on the program monitoring committee.



this issue by Marsha Gold and others at Mathematica Policy Research has attracted significant attention from policy-makers. Their report, *Medicare+Choice in 2000: Will Enrollees Spend More and Receive Less?*, paints a picture of trends toward less comprehensive Medicare managed care benefits and increased premiums that affect elderly enrollees.

The Fund encourages wide-ranging policy discussion and analysis of the future of the Medicare program and current proposals to revamp it. A recent report by program director Marilyn Moon, *An Assessment of the President's Proposal to Modernize and Strengthen Medicare*, discusses elements of the President's proposal in detail. This year, the Fund collaborated with New York University in hosting a panel discussion involving Stuart H. Altman, Karen Davis, Charles N. Kahn III, Jan Blustein, M.D., and Jo Ivey Boufford, M.D., and summarized by Katherine E. Garrett, regarding the prospects for the Medicare program and possible reform opportunities following the November 2000 elections. Their exchange was published by the Fund in a report entitled *After the Bipartisan Commission: What Next for Medicare?* The Fund also sponsors or cosponsors several regular forums for exchange about Medicare and health care policy for Washington-based researchers and officials.

Health Care in New York City Program

The Health Care in New York City Program was established in April 1998 to reduce the number of uninsured city residents and improve access to care. By generating independent information and supporting demonstrations of new ideas, the program helps leaders in the public and private sectors understand changes that are shaping the future of the city's health care system and develop solutions to pressing problems. The program is intended to have a positive impact on the Fund's home city while also serving as a laboratory for approaches that could be replicated nationally.

In the past year, the program's work contributed to passage of New York State's Health Care Reform Act of 2000 (HCRA), which created three programs with the potential to cover as many as a million uninsured New Yorkers. Among these initiatives is Family Health Plus, a new program that will provide comprehensive coverage to low income adults. This landmark insurance expansion relies in part on Fund-supported analysis by the Center on Budget and Policy Priorities, which demonstrated that a little-known provision in federal welfare reform legislation could be used to cover hundreds of thousands of low income parents using federal Medicaid matching funds.

Converting HCRA's considerable potential into reality will require careful work. Rima Cohen of the Greater New York Hospital Foundation is collecting lessons from other states about their

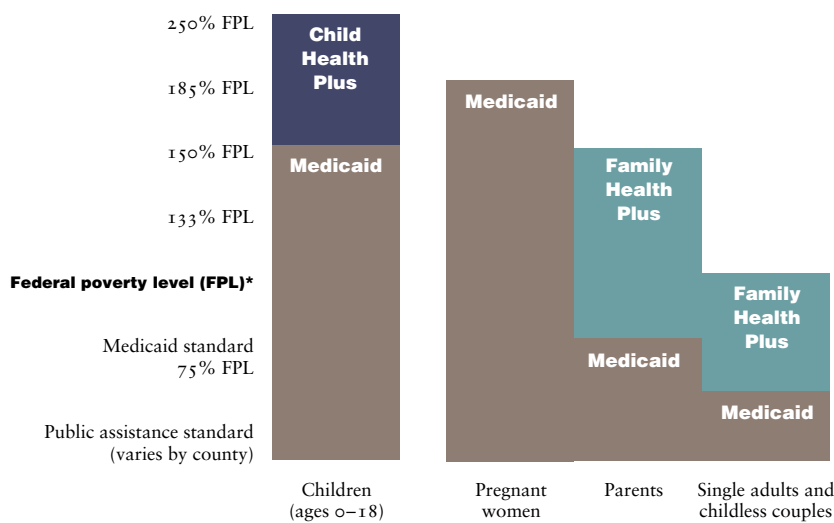
experiences with implementing similar initiatives. The Children’s Defense Fund–New York is tackling the difficult challenge of integrating Medicaid and Child Health Plus (CHP) to create a seamless system of coverage for children.

Effective outreach and enrollment activities will be crucial if these programs are to succeed in reducing the number of uninsured New Yorkers. Approximately three-quarters of uninsured children in New York City are eligible for either Medicaid or Child Health Plus but do not participate. To overcome enrollment barriers, the Medical and Health Research Association of New York developed and tested strategies for assisting low income

families in Brooklyn with filling out forms, gathering documents, and filing their applications. A total of 734 individuals were newly enrolled over a seven-month period. Evaluation results showed that awareness of CHP rose from 46 percent to 65 percent among WIC parents at the intervention sites, compared with an 8-point increase at comparison sites in Queens, and that Medicaid enrollment increased even as it declined elsewhere in the city and state. The approach now serves as a model for more than 30 enrollment projects statewide, toward which the state has committed \$10 million. To bring a higher level of coordination to those efforts, Statewide

Some states are taking advantage of federal incentives to extend public health insurance to children and adults not covered under Medicaid. In New York, Child Health Plus provides coverage to children in families with incomes up to 250 percent of poverty, while the new Family Health Plus program is designed to cover some low income parents and other adults.

Public health insurance eligibility in New York



*Estimated 2000 federal poverty levels are \$8,400 for a single adult and \$17,077 for a four-person family.

Note: Income levels are gross income for Child Health Plus and Family Health Plus and net income for Medicaid.

Source: Greater New York Hospital Association, 2000.

Youth Advocacy, Inc., is creating a communications and best practices network.

Connecting uninsured New Yorkers with available sources of coverage is also the goal of the Artist's Health Insurance Resource Center, an internet-based information clearinghouse developed by the Actors Fund of America. Its website, www.actorsfund.org/ahirc, has been visited more than 30,000 times in the past year. The site guides uninsured workers in all industries to unions, guilds, and associations that provide low cost group coverage, as well as to publicly subsidized sources of coverage for medical care and prescription drugs.

Shoring up employer-sponsored coverage and making it affordable for small businesses is another important strategy for reversing the growth in the number of uninsured. Healthy New York, part of the HCRA package, encourages firms with 50 workers or fewer to purchase health coverage through a new, streamlined benefits package subsidized by the state. Katherine Swartz of the Harvard School of Public Health is developing options for designing, operating, and marketing the program.

Work by John Billings at New York University bolsters arguments for expanding coverage and access to care for low income New Yorkers by documenting their substantial use of emergency rooms for treatment that could be provided in other settings. Analysis of some five million emergency department

records showed that almost three-quarters of ER visits were for nonemergency visits or for emergency care that could have been provided in a primary care setting. Only 25 percent of visits required services available only in an ER, and nearly 30 percent of those visits could have been prevented through good primary care. In a second phase, the project will monitor trends to determine if access to primary care is deteriorating, examine strategies for steering nonemergency patients to primary care, target areas of the city for primary care development, and identify patient education methods.

Ongoing work by the United Hospital Fund is chronicling the conversion of the city's Medicaid program into what will ultimately be the nation's largest mandatory managed care system. Assessing the impact of this policy shift will allow judgments to be drawn regarding the program's record for improving the quality of care, enhancing access to care, and realizing cost savings. To complement that work, New York Lawyers for the Public Interest, Inc., is training staff members of community-based organizations about facilities, programs, and services that enable uninsured and underinsured residents to get access to care.

The program's work is extended through the assets of the former Health Services Improvement Fund. In addition to supporting projects related to coverage and access, these funds support doctoral dissertation research by students on health care issues that concern New Yorkers.



Although many Americans think of health care quality in terms of access to high-tech services, quality is also an issue in the day-to-day practice of primary care. Several Fund-supported projects are encouraging managed care plans and other providers to enhance the quality of their services through careful adherence

to preventive protocols, such as conducting routine eye and foot exams for patients with diabetes. Senior vice president Stephen C. Schoenbaum, M.D. (right), is spearheading a range of new work that will fulfill the Fund's intensified commitment to health care quality.

