Using What Works: Medicare, Medicaid, and the State Children’s Health Insurance Program as a Base for Health Care Reform

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Subcommittee on Health
September 18, 2008
Health Insurance Coverage
45.7 Million Uninsured, 2007

Note: Census methodology changed with the 2000 ASEC, which collected data for 1999. Population controls and implementation of the verification question led to lower estimates of the uninsured.
Uninsured Rates, By State, Two-year Average, 2006–07

Uninsured by Household Income, 2007

Total Uninsured Population = 45.7 Million

Uninsured by Federal Poverty Level, 2007

Total Uninsured Population
(Persons in Poverty Universe) = 45.6 Million

Employer-Provided Health Insurance, by Income Quintile, 2000–2006

Percent of population under age 65 with health benefits from employer

Employer Coverage Continues to Be Major Source of Coverage for Employees of Larger Firms

Percent of firms offering health benefits

<table>
<thead>
<tr>
<th>Workers</th>
<th>2000</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>69</td>
<td>60</td>
</tr>
<tr>
<td>3–9 workers</td>
<td>57</td>
<td>45</td>
</tr>
<tr>
<td>10–24 workers</td>
<td>80</td>
<td>76</td>
</tr>
<tr>
<td>25–49 workers</td>
<td>91</td>
<td>83</td>
</tr>
<tr>
<td>50–199 workers</td>
<td>97</td>
<td>94</td>
</tr>
<tr>
<td>200+ workers</td>
<td>99</td>
<td>99</td>
</tr>
</tbody>
</table>

Percent of Children and Adults with Employer-Sponsored Coverage, by Poverty

<table>
<thead>
<tr>
<th>Poverty Level</th>
<th>Children</th>
<th>Adults*</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;100% FPL</td>
<td>19%</td>
<td>19%</td>
</tr>
<tr>
<td>100–199% FPL</td>
<td>41%</td>
<td>42%</td>
</tr>
<tr>
<td>200%+ FPL</td>
<td>76%</td>
<td>79%</td>
</tr>
</tbody>
</table>

FPL = federal poverty level.
*Adults age 19 and over; children are age 18 and under.
Adults Ages 19–64 Who Are Uninsured and Underinsured, By Poverty Status, 2007

- Insured all year, not underinsured
- Underinsured*
- Uninsured during year

**Total**
- 58%
  - Insured: 28
  - Underinsured: 14
  - Uninsured: 16

**Under 200% of poverty**
- 20%
  - Insured: 48
  - Underinsured: 24
  - Uninsured: 73

**200% of poverty or more**
- 0%
  - Insured: 28
  - Underinsured: 28
  - Uninsured: 73

*Underinsured defined as insured all year but experienced one of the following: medical expenses equaled 10% or more of income; medical expenses equaled 5% or more of incomes if low-income (<200% of poverty); or deductibles equaled 5% or more of income.

Data: 2007 Commonwealth Fund Biennial Health Insurance Survey
Problems with Medical Bills or Accrued Medical Debt Increased, 2005–2007

Percent of adults ages 19–64 with medical bill problems or accrued medical debt

Note: Income refers to annual income. In 2005 and 2007, low income is <$20,000, moderate income is $20,000–$39,999, middle income is $40,000–$59,999, and high income is $60,000 or more.
Uninsured Adults and Adults with Gaps in Coverage Have Lower Rates of Cancer Screening Tests, 2007

Percent of adults ages 19–64

- Received Pap test
  - Total: 78%
  - Insured all year: 84%
  - Insured now, time uninsured in past year: 77%
  - Uninsured now: 54%

- Received colon cancer screening
  - Total: 51%
  - Insured all year: 56%
  - Insured now, time uninsured in past year: 35%
  - Uninsured now: 22%

- Received mammogram
  - Total: 74%
  - Insured all year: 81%
  - Insured now, time uninsured in past year: 60%
  - Uninsured now: 36%

Note: Pap test in past year for females ages 19–29, past three years age 30+; colon cancer screening in past five years for adults ages 50–64; and mammogram in past two years for females ages 50–64.

Uninsured and Underinsured Adults with Chronic Conditions Are More Likely to Visit the ER for Their Conditions

Percent of adults ages 19–64 with at least one chronic condition*

- Skipped doses or did not fill prescription for chronic condition because of cost**
- Visited ER, hospital, or both for chronic condition

- Total
- Insured all year, not underinsured
- Insured all year, underinsured
- Insured now, time uninsured in past year
- Uninsured now

- Hypertension, high blood pressure; heart disease; diabetes; asthma, emphysema, or lung disease.
- Adults with at least one chronic condition who take prescription medications on a regular basis.

An Estimated 116 Million Adults Were Uninsured, Underinsured, Reported a Medical Bill Problem, and/or Did Not Access Needed Health Care Because of Cost, 2007

177 million adults, ages 19–64

Medicare: Working for Elderly and Disabled Americans
Only Two Percent of Premiums in Medicare and Medicaid Are Spent on Non-Medical Expenditures

Percent of premiums spent on non-medical expenditures

- **Non-group**: 25–40%
- **Small group**: 15–25%
- **Large group**: 5–15%
- **Medicaid**: 2%
- **Medicare**: 2%

Access to Physicians for Medicare Beneficiaries and Privately Insured People, 2005

Access Problems Because of Cost

Percent of adults who had any of four access problems in past year due to cost

Note: Adjusted percentages based on logistic regression models; age groups controlled for health status and income; insurance status controlled for health status, income, and prescription coverage.

1Did not fill a prescription; did not see a specialist when needed; skipped medical test, treatment, or follow-up; did not see doctor when sick.

* Significant difference at p≤.01 or better; referent categories are “ages 19–64” and “Medicare 65+”.

Previously Uninsured Medicare Beneficiaries with History of Cardiovascular Disease or Diabetes Have Much Higher Self-Reported Hospital Admissions After Entering Medicare Than Previously Insured

Number of hospital admissions per 2-year period

Rating of Current Insurance

Percent of adults who rated their current insurance as “excellent” or “very good”

<table>
<thead>
<tr>
<th>Category</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ages 19-64</td>
<td>47</td>
</tr>
<tr>
<td>Ages 65+</td>
<td>64*</td>
</tr>
<tr>
<td>Medicare, 65+</td>
<td>68</td>
</tr>
<tr>
<td>Employer, 19-64</td>
<td>44*</td>
</tr>
<tr>
<td>Individual, 19-64</td>
<td>41*</td>
</tr>
<tr>
<td>Medicaid, 19-64</td>
<td>54*</td>
</tr>
<tr>
<td>Medicare, 19-64</td>
<td>52*</td>
</tr>
</tbody>
</table>

Note: Adjusted percentages based on logistic regression models; age groups controlled for health status and income; insurance status controlled for health status, income, and prescription coverage.

* Significant difference at p<.01 or better; referent categories are “ages 19–64” and “Medicare 65+”.

Percent of Adults Ages 50–64 Who Are Very/Somewhat Interested in Receiving Medicare Before Age 65, by Insurance Status and Income

Percent of adults ages 50–64 and not on Medicare

Bending the Curve: Fifteen Options that Achieve Savings Cumulative 10-Year Savings

Producing and Using Better Information
• Promoting Health Information Technology -$88 billion
• Center for Medical Effectiveness and Health Care Decision-Making -$368 billion
• Patient Shared Decision-Making -$9 billion

Promoting Health and Disease Prevention
• Public Health: Reducing Tobacco Use -$191 billion
• Public Health: Reducing Obesity -$283 billion
• Positive Incentives for Health -$19 billion

Aligning Incentives with Quality and Efficiency
• Hospital Pay-for-Performance -$34 billion
• Episode-of-Care Payment -$229 billion
• Strengthening Primary Care and Care Coordination -$194 billion
• Limit Federal Tax Exemptions for Premium Contributions -$131 billion

Correcting Price Signals in the Health Care Market
• Reset Benchmark Rates for Medicare Advantage Plans -$50 billion
• Competitive Bidding -$104 billion
• Negotiated Prescription Drug Prices -$43 billion
• All-Payer Provider Payment Methods and Rates -$122 billion
• Limit Payment Updates in High-Cost Areas -$158 billion

Total National Health Expenditures, 2008–2017
Projected and Various Scenarios

$4.5
$4.0
$3.5
$3.0
$2.5
$2.0


$2.3 $2.4 $2.5 $2.6 $2.7 $2.8 $2.9 $3.0 $3.1 $3.2 $3.3

Dollars in trillions

- Projected under current system
- Building Blocks plus selected individual options*
- Spending at current proportion (16.2%) of GDP

* Selected individual options include improved information, payment reform, and public health.
Medicaid/SCHIP:
Working for Most at Risk Americans
Medicaid’s Role for Selected Populations

Percent with Medicaid Coverage:

- Poor: 40%
- Near Poor: 23%
- Families: 27%
- All Children: 51%
- Low-Income Children: 20%
- Low-Income Adults: 40%
- Births (Pregnant Women): 23%
- Aged & Disabled: 41%
- Medicare Beneficiaries: 20%
- People with Severe Disabilities: 20%
- People Living with HIV/AIDS: 44%
- Nursing Home Residents: 65%

Note: “Poor” is defined as living below the federal poverty level, which was $17,600 for a family of 3 in 2008. SOURCE: Kaiser Commission on Medicaid and the Uninsured, Kaiser Family Foundation, and Urban Institute estimates; Birth data: NGA, MCH Update.
Medicaid Enrollees and Expenditures by Enrollment Group, 2005

- Elderly: 10% (5 million enrollees, $20 billion)
- Disabled: 14% (7 million enrollees, $91 billion)
- Adults: 26% (29 million enrollees, $74 billion)
- Children: 50% (29 million enrollees, $140 billion)

Total enrollees = 59 million
Total expenditures = $275 billion

SOURCE: Kaiser Commission on Medicaid and the Uninsured and Urban Institute estimates based on 2005 MSIS data.
Thirty-five Percent of Medicaid Spending Goes to Long-Term Care

- Non-LTC Medicaid: 65.2%
- Nursing Home: 20.4%
- Community-based: 9.3%
- ICF/MR: 5.1%

Note: ICF/MR = intermediate care facilities for the mentally retarded
Source: MEDSTAT HCBS
Medicaid Financing of Safety-Net Providers

Public Hospital Net Revenues by Payer, 2004

- Medicare: 20%
- Commerical: 24%
- Medicaid: 35%
- State/Local Subsidies: 14%
- Self Pay/Other: 7%

Total = $29 billion

Health Center Revenues by Payer, 2006

- Medicaid: 37%
- Federal Grants: 22%
- Other: 9%
- Private: 7%
- State/Local: 13%
- Self Pay: 7%

Total = $8.1 billion

SOURCE: Kaiser Commission on Medicaid and the Uninsured, based on America’s Public Hospitals and Health Systems, 2004, National Association of Public Hospitals and Health Systems, October 2006. KCMU Analysis of 2006 UDS Data from HRSA.
Barriers to Health Care Among Nonelderly Adults, by Insurance Status, 2006

Percent of adults (age 19 – 64) reporting in past 12 months:

- No Regular Source of Care: 54%
  - Uninsured: 10%
- Postponed Seeking Care because of Cost: 26%
  - Uninsured: 11%
- Needed Care but Did Not Get It: 23%
  - Uninsured: 9%
- Could Not Afford Prescription Drug: 23%
  - Uninsured: 14%

NOTE: Respondents who said usual source of care was the emergency room were included among those not having a usual source of care.
SOURCE: Kaiser Commission on Medicaid and the Uninsured analysis of 2006 NHIS data.
Children’s Access to Care, by Health Insurance Status, 2006

- **No Usual Place of Care**: 30%
- **Postponed Seeking Care Due to Cost**: 17%
- **Needed Care but Did Not Get it Due to Cost**: 12%
- **Last MD Contact >2 Years Ago**: 12%
- **Unmet Dental Need**: 23%
- **Last Dental Visit >2 Years Ago**: 17%

**NOTE**: MD contact includes MD or any health care professional, including time spent in a hospital. Data is for all children under age 18, except for dental visit and unmet dental need, which are for children age 2-17. Respondents who said usual source of care was the emergency room were included among those not having a usual source of care. All estimates are age-adjusted.

Medicaid’s Spending on Health Services Is Lower Than That of Private Coverage

Expenditures ($): on health services for people without health limitations in private coverage and Medicaid

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Private</th>
<th>Medicaid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inpatient</td>
<td>809</td>
<td>735</td>
</tr>
<tr>
<td>Outpatient/ER Prescription</td>
<td>400</td>
<td>221</td>
</tr>
<tr>
<td>Office-based doctor</td>
<td>413</td>
<td>356</td>
</tr>
<tr>
<td>Prescription</td>
<td>279</td>
<td>198</td>
</tr>
<tr>
<td>Dental/other</td>
<td>352</td>
<td>215</td>
</tr>
</tbody>
</table>

Community Care of North Carolina: Medical Homes Can Save Health Care Costs

Asthma Initiative: Pediatric Asthma Hospitalization Rates
(April 2000–December 2002)

- 14 networks, > 3,200 MDs, >800,000 patients
- $3 PMPM to each network
- Hire case managers/medical management staff
- $2.50 PMPM to each PCP to serve as medical home and participate in disease management
- Care improvement: asthma, diabetes, screening/referral of young children for developmental problems, and more!
- Case management: identify and facilitate management of costly patients
- From July 1, 2003 through June 30, 2006, actuarial studies conducted by Mercer documented that CCNC saved the state over $473 million dollars [September 2007].

Private Insurance: Employer Coverage Works Better Than Individual Markets
Risk Pooling and Employer Premium Contributions Lower the Cost of Health Benefits for Adults with Employer Coverage Relative to Those with Individual Market Coverage

Percent of adults ages 19–64 insured all year with private insurance

- **Annual out-of-pocket premium $6,000 or more**
  - Total: 20
  - Employer: 7
  - Individual: 13

- **Annual out-of-pocket premium $3,000–$5,999**
  - Total: 18
  - Employer: 5
  - Individual: 13

- **Annual out-of-pocket premium $3,000–$5,999**
  - Total: 54
  - Employer: 32
  - Individual: 22

## Individual Market Is Not an Affordable Option for Many People

<table>
<thead>
<tr>
<th>Adults ages 19–64 with individual coverage or who thought about or tried to buy it in past 3 years who:</th>
<th>Total</th>
<th>Health Problem</th>
<th>No Health Problem</th>
<th>&lt;200% Poverty</th>
<th>200%+ Poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Found it very difficult or impossible to find coverage they needed</td>
<td>34%</td>
<td>48%</td>
<td>24%</td>
<td>43%</td>
<td>29%</td>
</tr>
<tr>
<td>Found it very difficult or impossible to find affordable coverage</td>
<td>58</td>
<td>71</td>
<td>48</td>
<td>72</td>
<td>50</td>
</tr>
<tr>
<td>Were turned down or charged a higher price because of a pre-existing condition</td>
<td>21</td>
<td>33</td>
<td>12</td>
<td>26</td>
<td>18</td>
</tr>
<tr>
<td>Never bought a plan</td>
<td>89</td>
<td>92</td>
<td>86</td>
<td>93</td>
<td>86</td>
</tr>
</tbody>
</table>

Health Care Costs Concentrated in Sick Few
Sickest 10% Account for 64% of Expenses

Distribution of health expenditures for the U.S. population,
by magnitude of expenditure, 2003