

Community Service Society

Cornerstone for Coverage: Towards a Universal Health Plan for New York

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Cornerstone for Coverage: Building on New York's Strengths

- Governor Spitzer has asked for building blocks towards universal health care
- CSS proposes a cornerstone that meets the needs of New York's working families
 - Available to everyone
 - High-quality, comprehensive care
 - Affordable, sliding-scale premiums
 - Available to individuals, families, employers & unions alike
 - Builds on NY's popular Child Health Plus program

New York's Record of Leadership on Healthcare

- New York's achievements have been a foundation for national health policy
 - CHPlus led the way for national SCHIP program
 - Family Health Plus
 - EPIC (pharmacy program for seniors)
 - ADAP (pharmacy and care program for AIDS patients)
 - Community rating, guaranteed issue
 - Consumer protections
 - Immigrant access to healthcare
 - Hospital charity care
- These achievements serve as a strong foundation for a universal coverage proposal for New York

Outline of Presentation

- Introduction
 - New York's uninsured
 - CSS methodology
 - Findings and voices on healthcare affordability
- CSS Proposal
 - Program features
 - Program costs and enrollment estimates
 - Relation to other proposals
- Acknowledgements

Introduction:

New York's Uninsured

- 2.5 million (13%) New Yorkers are uninsured, even though NY spends more per capita on health than any other state in the nation
- Uninsured more likely to be:
 - Adults, 2.1 million (18% of all NY adults)
 - Low-income, (49% of uninsured are below 200% FPL)
 - Immigrants, (30% of uninsured)
- 54% of uninsured live in NYC; 46% live in rest of state

CSS's Methodologic Approach to Affordability

- *Quantitative Analysis—Polling*
 - *Targeted Health Poll (November '07)*
 - *Unheard Third (NYC annual poll, July-August '07)*
- *Qualitative Analysis through Convenience Samples*
 - *Summer-Fall '07 (NYC, LI, Binghamton, Kingston, Rochester, Buffalo, Albany, Poughkeepsie)*
- *MEPS Analysis*
 - *National data base on health expenditures*
 - *Analysis by Manatt Health Solutions*

CSS's Research Findings: Affordable Insurance Is Important

Initial Lake Research/CSS polling data in NYC show:

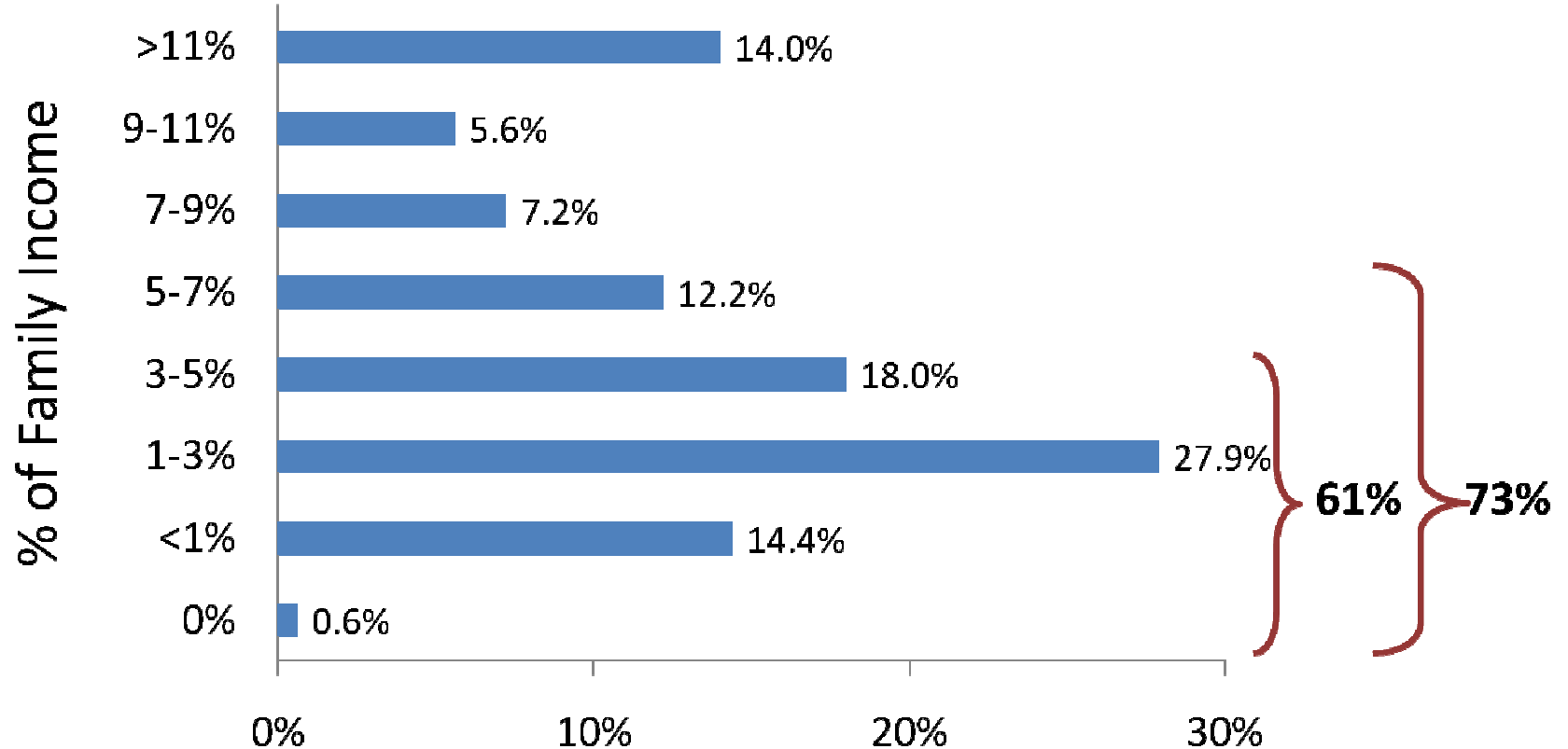
- ❑ Affordable Health Coverage is an Urgent Need
 - Health care and drug costs are biggest personal worries
 - Many delay or postpone getting care
 - Many adults and children experience periods without insurance in a year
- ❑ Employer-Sponsored Insurance (ESI) is declining
 - Nearly 22% of working low-income respondents who were offered ESI, wanted it, but couldn't afford it
- ❑ Coverage is a Policy Priority
 - More than 9 out of 10 believe affordable insurance should be a priority for the federal government
 - Respondents favor expanding public insurance, even if it means increasing taxes
 - Employer mandates resonate, but individual mandates do not poll strongly

Source: CSS "Unheard Third" 2007

MEPS Analysis:

Three-quarters of the NE regional population pays less than 7% on health care costs

Family Medical Expenses as Percent of Family Income (premiums & other).



Source: Medical Expenditure Panel Survey (MEPS).

Kate, an uninsured self-employed 34 year-old from Binghamton, NY.

“I don’t usually go to the doctor because I can’t afford to pay for the appointment or the tests I need to have done. It is very discouraging”

Sandra, a newly-uninsured 50 year-old woman from the Bronx, NY.

“I was an administrative assistant earning \$45,000 a year [before being laid-off]. I could not afford to buy COBRA...I had to stop purchasing my medicine for glaucoma and going to the doctor.”

Anonymous, an uninsured 26 year-old immigrant kitchen worker residing in Queens, NY, currently supporting a wife and child in Mexico.

“When I need to [pay for health care] I go and sell my shoes and my clothes and pay about \$300.”

Rodney, a 45 year-old screenwriter from Brooklyn, NY.

“The deductibles are so high that I can’t afford to use my insurance. Every year we have a \$2,000 deductible. On paper, we have insurance. But in reality, I don’t have access to it.”

Melissa, a 38 year-old State worker from Albany, NY.

"I have worked at a job where I made \$7.14 an hour and my family plan cost me nearly \$200 every two weeks. I now work for the State earning much more and only pay \$90 every two weeks. It makes no sense and families should not have to go into debt to stay healthy."

Cornerstone for Coverage Program Design: Building on NY's Strengths

- Incremental approach with a goal of universal *access to* health coverage
- Affordable coverage for all (children and adults)
 - No income “cliffs”
 - Sliding scale premiums (0%-7% of family income) up to \$61,400/single & \$103,000/family of three;
 - Full premium buy-in thereafter
 - Covers immigrants, like CHPlus
 - Choice of insurance plans
 - Comprehensive benefits
 - Buy-in for employers, unions
 - No individual mandate
- Build on the success of CHPlus
 - Maximum purchasing power, minimum bureaucracy

Comprehensive Benefits

- ❑ Inpatient hospital care
- ❑ Outpatient primary and preventive care
- ❑ Prescription drugs
- ❑ Dental & vision
- ❑ Laboratory & diagnostic tests
- ❑ Emergency services
- ❑ Behavioral health and substance abuse treatment (with limits)
- ❑ Hospice care
- ❑ Durable medical equipment
- ❑ Reproductive health services

Premium Determination by Milliman Consultants & Actuaries

- Per member per month full premium rates estimate for 2008
 - Single adult: \$253
 - Couple: \$507
 - Adult w/child or children: \$464
 - Family: \$802
- Adjustments from 2006 CHPlus & FHPlus costs for:
 - Higher income levels, age and gender, morbidity levels, administrative costs
 - Maternity benefit

Co-Premiums for Individuals

| Yearly Income Range | Monthly Premium (% of Lowest Gross Income) |
|---------------------|--|
| < \$16,336 | Free (0%) |
| \$16,336 – \$22,767 | \$18 (1.4%) |
| \$22,768 - \$25,626 | \$30 (1.6%) |
| \$25,627 - \$30,731 | \$50 (2.4%) |
| \$30,732 - \$35,836 | \$70 (2.8%) |
| \$35,837 - \$40,941 | \$100 (3.5%) |
| \$40,942 - \$51,151 | \$140 (4.3%) |
| \$51,152 - \$61,361 | \$200 (4.7%) |
| > \$61,361 | \$253 (\leq 4.9%) |

Co-Premiums for Families

| Yearly Income Range for Household of Three | Monthly Premium (% of Lowest Gross Income) | | Yearly Income Range for Household of Four | Monthly Premium (% of Lowest Gross Income) |
|--|--|--------------------------|---|--|
| | Two Adults + One Child | One Adult + Two Children | | Two Adults + Two Children |
| < \$27,472 | Free (0%) | Free (0%) | < \$33,040 | Free (0%) |
| \$27,471 – \$38,388 | \$45 (2.0%) | \$36 (1.6%) | \$33,040 – \$46,048 | \$45 (1.6%) |
| \$38,289 - \$43,095 | \$75 (2.4%) | \$60 (1.9%) | \$46,049 - \$51,831 | \$75 (2.0%) |
| \$43,096 - \$51,680 | \$125 (3.6%) | \$100 (2.8%) | \$51,832 - \$62,156 | \$125 (2.9%) |
| \$51,681 - \$60,266 | \$175 (4.2%) | \$140 (3.3%) | \$62,157 - \$72,481 | \$175 (3.4%) |
| \$60,267 - \$68,851 | \$250 (5.1%) | \$200 (4.0%) | \$72,482 - \$82,806 | \$250 (4.1%) |
| \$68,852 - \$86,021 | \$350 (6.3%) | \$280 (4.9%) | \$82,807 - \$103,456 | \$350 (5.1%) |
| \$86,022 - \$103,191 | \$500 (7.0%) | \$400 (5.6%) | \$103,457 - \$124,106 | \$500 (5.8%) |
| > \$103,191 | \$632 ($\leq 7.3\%$) | \$503 ($\leq 5.8\%$) | > \$124,106 | \$632 ($\leq 6.1\%$) |

Cost-sharing

- Inpatient hospital: \$25
- Physician & dental visits: \$5
- Clinic visits: \$5
- Prescription drugs: \$6 (\$3 generics)
- No co-pays for:
 - Children
 - Emergency services
 - Prenatal, maternity & family planning services, and hospitals stays for reproductive health
 - MR/DD clinics

Program Design: Crowd-Out

- ❑ Crowd-out = number of new enrollees that drop their private insurance coverage for the new plan
- ❑ Crowd-out limiting features
 - Six-month waiting period (with current exceptions, and possibly extending affordability exception to adults, like Illinois)
 - Cost sharing:
 - ❑ Progressive, based on family income
 - ❑ Approaches average ESI cost-sharing at 300% of FPL

Program Design: Crowd-Out

- No research or experience with crowd-out for people at moderate & higher incomes
 - As income levels increase, so do rates of private coverage; increasing the pool of people who may drop private coverage (+)
 - However, progressive cost-sharing that meets or exceeds average contributions for private coverage are likely to deter crowd-out (-)
 - Waiting periods further decrease crowd-out (-)

Program Design: Crowd-Out

- Current crowd-out estimates for new enrollees*
 - 30% of crowd-out up to 200% of FPL
 - 50% crowd-out between 200-300% of FPL
 - 70% crowd-out between 300-400% of FPL
 - 50% crowd-out between 400-600% of FPL

* Based on existing academic research, citations available upon request.

Program Design: Enrollment Assumptions

- Phased-in enrollment projection
 - 20% of projected enrollees enroll per annum over 5 yrs
 - 5% premium increase per annum
- Take up assumptions among uninsured
 - Adults (60%); children (85%)
 - Cost sharing decreases take up
 - Waiting periods decrease take up

Employer Buy-In Features

- Builds off 2007 FHP “Buy-In” Law
 - Employees pay no more than Cornerstone for Coverage sliding-scale
 - Employers pay remainder after employee cost-sharing up to 70% of premium
 - Employers have option of paying more of employees’ share
 - State picks up remainder, if any
 - Cost-neutral if employers take up
- Assumes 5% of projected new enrollment
 - Moderate incentive for employers to offer
 - Individuals can access program directly

Total Projected Enrollment

| Total Projected New Enrollment Including Crowd-Out | | | |
|--|--|------------------------|-------------------------------|
| Income Range (Family of Three) | Enrollment of Newly Eligible Uninsured | Crowd-Out Enrollees | Total Projected Enrollment |
| < \$34,340 | 289,000 | 112,000 | 401,000 |
| \$34,340 - \$51,681 | 223,000 | 230,000 | 459,000 |
| \$51,682 - \$68,850 | 153,000 | 357,000 | 509,000 |
| \$68,851 - \$86,021 | 108,000 | 108,000 | 216,000 |
| \$86,022 - \$103,191 | <i>108,000</i> | <i>108,000</i> | <i>216,000</i> |
| | | | |
| Total | 888,000 | 914,000 | 1,802,000 |

Numbers may not sum due to rounding

Numbers in italics reflect estimation based on 400-500% FPL group

Source: MHS Enrollment and Cost Analysis

Cost Sharing Contributions: Family, Employers and Government

| Total Government Costs, Family and Employer Cost Sharing (dollars in millions) | | | | | |
|---|---------------|---------------------|---------------------|-----------------------|------------------------|
| | New Enrollees | Total Program Costs | Family Cost Sharing | Employer Cost Sharing | Total Government Costs |
| Year 1 | 360,400 | \$1,225.7 | \$292.0 | \$40.5 | \$893.1 |
| Year 2 | 720,800 | \$2,451.4 | \$584.0 | \$81.1 | \$1,786.3 |
| Year 3 | 1,081,199 | \$3,677.1 | \$876.1 | \$121.6 | \$2,679.4 |
| Year 4 | 1,441,599 | \$4,902.8 | \$1,168.1 | \$162.2 | \$3,572.6 |
| Year 5 | 1,801,999 | \$6,128.5 | \$1,460.1 | \$202.7 | \$4,465.7 |

Numbers may not sum due to rounding

Source: MHS Enrollment and Cost Analysis

Universal Health Access Program – Employer Buy-In Cost Sharing Structure

| Proposed Employer Buy-In Cost Sharing -- Single Adult | | | | | |
|---|--|------------------------------------|-------------------------------------|-----------------------------------|----------------------------------|
| Maximum Monthly Individual Income | Maximum Monthly Income for a Family of Three | Average Total Monthly Premium Cost | Maximum Monthly Enrollee Co-Premium | Minimum Employer Share of Premium | Estimated State Share of Premium |
| \$1,361 | \$2,289 | \$253 | No Co-Premium | 70% | 30% |
| \$1,897 | \$3,191 | \$253 | \$18 (7%) | 70% | 23% |
| \$2,136 | \$3,591 | \$253 | \$30 (12%) | 70% | 18% |
| \$2,561 | \$4,307 | \$253 | \$50 (20%) | 70% | 10% |
| \$2,986 | \$5,022 | \$253 | \$70 (28%) | 70% | 2% |
| \$3,412 | \$5,738 | \$253 | \$100 (40%) | 60% | 0% |
| \$4,263 | \$7,168 | \$253 | \$140 (55%) | 45% | 0% |
| \$5,114 | \$8,599 | \$253 | \$200 (79%) | 21% | 0% |
| > \$5,114 | > \$8,599 | \$253 | Full premium | 0% | 0% |

Universal Health Access Program – Employer Buy-In Cost Sharing Structure

| Employer Buy-In Costs and Enrollment at Full Implementation (dollars in millions) | | | | | |
|---|---|---|-------------------------------------|-------------------------------------|---|
| Maximum Monthly Employee Family Income (Family of Three) | Total Adult Enrollees Under Employer Buy-In | Total Premium Costs for Employer Buy-In Enrollees | Total Maximum Employee Cost Sharing | Total Minimum Employer Cost Sharing | Total State Cost (assumes no federal funding) |
| \$2,289 | 8,754 | \$32.4 | \$0.0 | \$22.6 | \$9.8 |
| \$3,191 | 15,489 | \$57.3 | \$3.3 | \$40.1 | \$13.9 |
| \$3,591 | 8,445 | \$31.2 | \$3.0 | \$21.9 | \$6.3 |
| \$4,307 | 8,881 | \$32.8 | \$5.3 | \$23.0 | \$4.5 |
| \$5,022 | 12,474 | \$46.1 | \$10.5 | \$32.3 | \$3.3 |
| \$5,738 | 12,989 | \$48.0 | \$15.6 | \$32.4 | \$0 |
| \$7,168 | 9,189 | \$34.0 | \$15.4 | \$18.5 | \$0 |
| \$8,599 | <i>9,189</i> | <i>\$34.0</i> | <i>\$22.1</i> | <i>\$11.9</i> | <i>\$0</i> |
| Total | 91,536 | \$315.7 | \$75.3 | \$202.7 | \$37.7 |

Numbers may not sum due to rounding

Numbers in italics reflect estimation based on 400-500% FPL group

Source: MHS Enrollment and Cost Analysis

Program Design: Baseline Assumptions

- Cost and enrollment of the eligible uninsured are not included in the Cornerstone for Coverage estimates
 - Assumes CHPlus expansion to 400% of FPL has occurred
 - Public insurance simplification & streamlining issues are already addressed
- Assumes no federal match for many immigrants

Total State and Federal Costs of the Universal Health Access Program

| | Total New Enrollees - Previously Uninsured | Total New Enrollees | Total Government Cost (millions) | Average Monthly Government Cost per New Enrollee |
|------------------|--|---------------------|----------------------------------|--|
| Adults | 855,330 | 1,736,824 | \$4,428.5 | \$212.48 |
| Children* | 32,588 | 65,175 | \$37.2 | \$47.59 |
| TOTAL | 887,918 | 1,801,999 | \$4,465.7 | \$206.52 |

| | Total Government Cost (millions) | Government Costs Assuming <i>Maximum</i> Federal Share | | Government Costs Assuming <i>Minimum</i> Federal Share | |
|------------------|----------------------------------|--|-----------|--|----------|
| | | NY Cost | Fed Cost | NY Cost | Fed Cost |
| Adults | \$4,428.5 | \$2,618.2 | \$1,810.4 | \$4,428.5 | \$0 |
| Children* | \$37.2 | \$13.0 | \$24.2 | \$37.2 | \$0 |
| TOTAL | \$4,465.7 | \$2,631.2 | \$1,834.6 | \$4,465.7 | \$0 |

*Proposal assumes children currently covered < 400% FPL. Enrollees represents children 400-500% FPL.

Source: MHS Enrollment and Cost Analysis

Options for Making the Cornerstone Plan Truly Universal

- ❑ Eliminate waiting periods
- ❑ Facilitate, reduce or eliminate co-premiums
- ❑ Automatic enrollment for all people who are uninsured
 - Individual Mandate?
 - Employer Mandate?
- ❑ Other issues
- ❑ Resolving financing implications of the above

Cornerstone for Coverage Proposal in Relation to Other Proposals

- Assemblymember Gottfried
- Massachusetts
- HealthyNY
- New York Insurance Industry Proposals

Cornerstone Proposal in Relation to Assemblymember Gottfried

- ❑ Assemblymember Gottfried's proposal is more ambitious
- ❑ Cornerstone is a logical building block to Assemblymember Gottfried's proposal
- ❑ There are important distinctions, such as:
 - True universal coverage v. universal access
 - Fee-for-service option v. managed care only
 - No direct cost-sharing v. sliding scale premium
 - Parallel ESI v. partners with ESI/Buy-in
 - Financing: tax based v. premium based

The Massachusetts Model

- ❑ Cornerstone complements Mass. in some ways
 - CSS builds out the public component beyond 300% of FPL and employers
- ❑ Cornerstone is more affordable
 - MA model 5%-10% of gross-income
 - Studies and experience shows unaffordable; populations had to be exempted
- ❑ Massachusetts is problematic for NYS because built on strong ESI base (MA is #8; NY is #30+)
 - NY has larger base of low-wage workers
 - More diverse & poorer: 1.8 million v. 514,000
 - Among full-time low-wage workers 37% (NY) are uninsured v. 27% (MA)
 - Less bargaining power
- ❑ Mandates are problematic (equity, enforcement issues)

HealthyNY

- Cornerstone proposal can co-exist with current HealthyNY program
- But important distinctions
 - Cornerstone provides affordable coverage for working families
 - Reasonable co-premiums
 - No high deductibles or expensive co-payments
 - Cornerstone provides comprehensive coverage
 - Cornerstone provides more value for the money

Cornerstone Plan Provides More Value Than HealthyNY

Cornerstone

- Cost shared by member and State
- Total costs: \$253 pm/pm (2008 projection)

□ Healthy NY

- Costs the State \$67.60 pm/pm for reinsurance corridor (2008 trended projection)
 - Costs individuals \$229.64 pm/pm (average statewide individual premium, 2008 trended projection)
 - Total cost: \$297.24 pm/pm (2008 projection)
- Cornerstone costs \$44 pm/pm less than HealthyNY (15% less)

Insurance Industry Proposals

- Cornerstone fills gap for working family left by insurance industry proposals
 - Proposal to merge direct pay and small group markets estimated to lower direct pay premiums by 29%, and increase small group premiums by 9%
 - But even at 29% discount the individual direct pay premiums are so high that they remain unaffordable for individuals and families below 400% of FPL
 - HSAs/high-deductible plans do not provide comprehensive coverage

Next Steps

- Analyze State-wide polling data
- Disseminate and discuss analysis to key stakeholders
- Design a quality/cost companion initiative?
 - Primary care
 - Health disparities
 - Electronic medical record
 - Patient navigation and rights

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- ❑ Manatt Health Solutions
- ❑ Milliman
- ❑ Lake Research Associates
- ❑ Public Policy & Education Fund of NY
- ❑ The New Yorkers we interviewed

The Community Service Society

- For 160 years, CSS has been the leading voice on behalf of low- and moderate-income New Yorkers
 - CSS's mission is to bring the voices of low- and moderate-income New Yorkers to the policy conversation
 - To learn more about our Universal Health Coverage Campaign, please go to our website: www.cssny.org or call Elisabeth Benjamin at: (212) 614-5461 or Arianne Garza at (212) 614-5541.