



Health Insurance Status of Arkansans – Effects on Arkansas Healthcare Providers

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Health Policy Issues Facing Arkansans

- **Access to health care providers**
- **Quality of health care delivery**
- **Cost of health insurance increasing**
 - Increased utilization of services
 - Cost-shifting from uncompensated care
- **High rates of illnesses related to**
 - Tobacco use
 - Obesity and Physical Inactivity
 - Non-use of seat belts / helmets

Arkansas Health Policy Roundtable

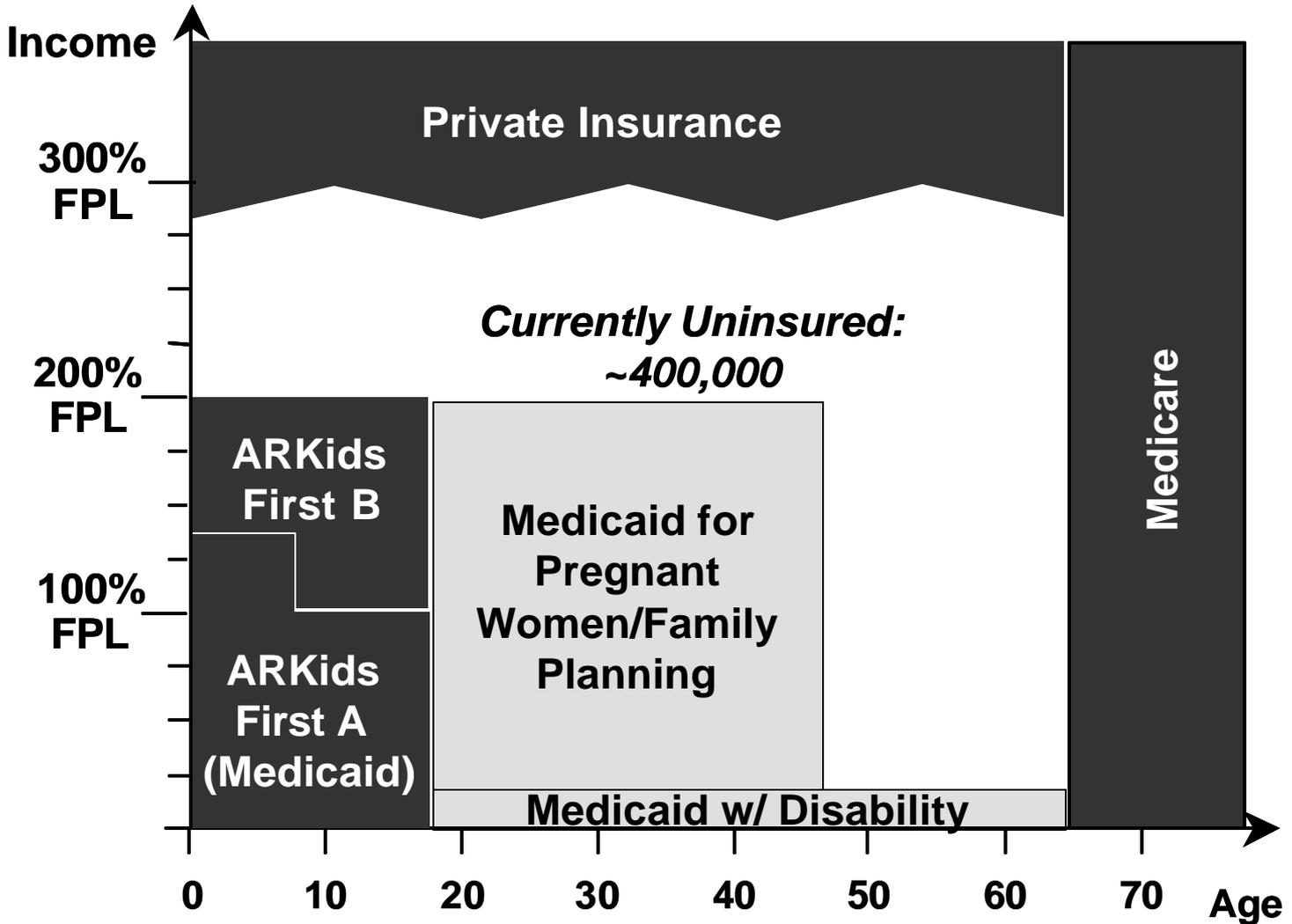
- **21 private-citizen members**
 - 7 Consumer representatives
 - 7 Employer representatives
 - 7 Insurance / provider representatives
- **Goals**
 - Assess health insurance challenges facing Arkansans
 - Develop a 5-10 year strategic plan
 - Increase the number of Arkansans covered by health insurance AND promote marketplace stability

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Stakeholders and strategic partners

- Arkansas Advocates for Children and Families
- Arkansas Hospital Association
- Arkansas Medical Society
- Arkansas Chamber of Commerce
- Community Health Centers
- Department of Human Services
- Department of Health
- Service Employees International Union
- Arkansas Farm Bureau
- Department of Insurance
- Academia
- Healthcare providers / health insurance carriers

Current patchwork quilt of Arkansas health insurance coverage



Insured Arkansans

- **74% of Arkansans receive their health insurance through their place of employment**
- **Among all states, Arkansas has the 2nd lowest number of employers offering employer sponsored health insurance (45%)**
- **Dramatic difference by employer size:**
 - **>95% of large employers;**
 - **<30% of small businesses offer health insurance**
 - **Seasonal, contract, and part-time workers not covered**

Uninsured Arkansans

- **400,000 uninsured Arkansans (all ages)**
 - 16% total population
 - 20% adults between 19-64 years of age
 - 25% adults between 19-44 years of age
- **Most uninsured live in smaller communities throughout the state**
- **Majority of uninsured are working in full time jobs (> 35 hours per week)**

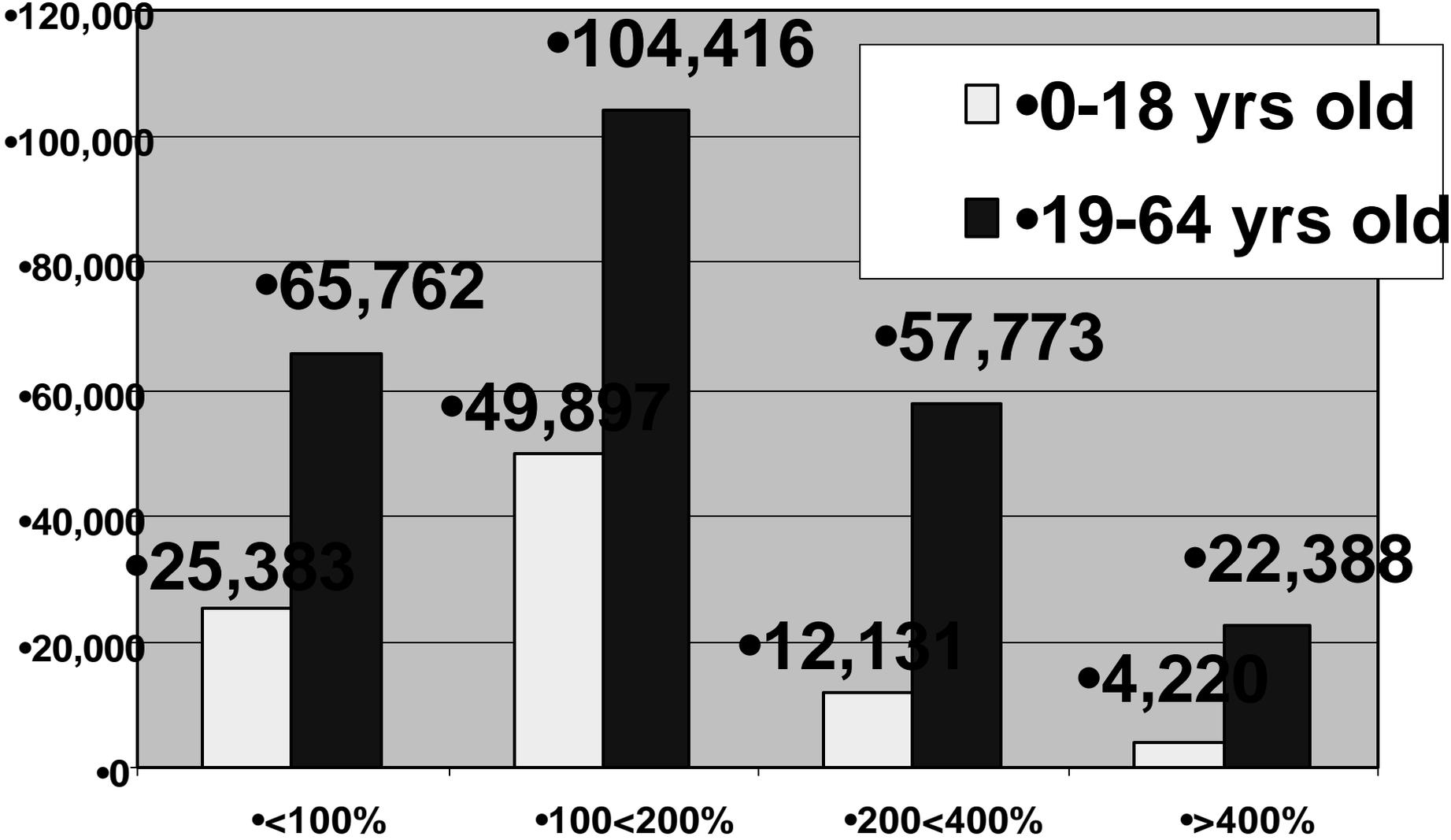
Challenges faced by Arkansas Employers

- Large employers predominantly self-insured; small businesses with few options**
- 20-35% annual premium increases experienced by small businesses (some increases reported much higher)**
- Insurance companies require that for employers to participate, they must guarantee that 70-80% of their employees purchase coverage**
- Participation threatened by increasing cost-sharing required by employees/families**

Challenges faced by Arkansas families

- **Poor health driving costly care**
- **Increasing prescription drug utilization and new drug marketing increasing costs**
- **Cost-shifting of uncompensated care from the uninsured into costs of insured care (20% adults uninsured)**
- **Households want health insurance, but many have more pressing financial concerns (rent, food, etc).**
- **Debt related to provision of medical care.**

Uninsured Adults and Children



Uninsured Impact on Arkansas Hospitals

Year	<u>1999</u>	<u>2000</u>	<u>2001</u>
# Patients Admitted w/o Insurance	17,815	20,545	26,843
% of All Admissions	4.9%	5.5%	6.8%
Uncovered Hospital Charges	\$151 million	\$168 million	\$248 million

Source: ADH Arkansas Hospital Discharge Database 1999, 2000, and 2001

Lack of health insurance directly contributes to:

- **Poorer health for Arkansans**
 - **Delay by the uninsured in obtaining appropriate care results in treatment that is MORE expensive yet LESS effective.**
- **Increased cost of health care in Arkansas**
 - **Steadily increasing health insurance premiums.**
 - **Decreased access to provider services.**
- **Increased cost of doing business in Arkansas**
 - **Increased employee absenteeism / turnover.**
 - **Increased rates of personal bankruptcies.**

**Arkansas Health Policy Roundtable
Strategic Plan Recommendations
for
Immediate State Action**

I. Expand Safety-Net Medicaid Program through Tobacco Settlement Funds to:

A. Low income adults 19-64 years old

- **Establish safety-net benefits package (6 Clinic visits, 7 Inpatient days, 2 Outpatient Surgery per year, and 2 Prescriptions / month)**
- **Proposal into federal government to extend coverage to approximately 30,000 low-income individuals**

B. Low income pregnant women

- **Extension of pregnancy coverage for women through Medicaid (133% to 200% of FPL) increasing coverage for approximately 3,000 women per year**
- **Reduction in complicated pregnancies and costly premature infants**

II. Establish Arkansas Safety Net Benefits Program

- **Request federal approval for employers to “buy into” Medicaid for low-wage workers**
- **Extend “safety-net” benefits to low-wage workers and their families**
- **Employer determines group participation**
- **Premium contributions are matched ~ 3:1 with federal funds for low-wage workers / families**
- **Maintains private sector control with state support and federal subsidy**

III. Establish Community-Based Purchasing Pools / Cooperatives

- **Operationalize Act 925 of 2001**

IV. Include Scientifically Supported Preventive Services

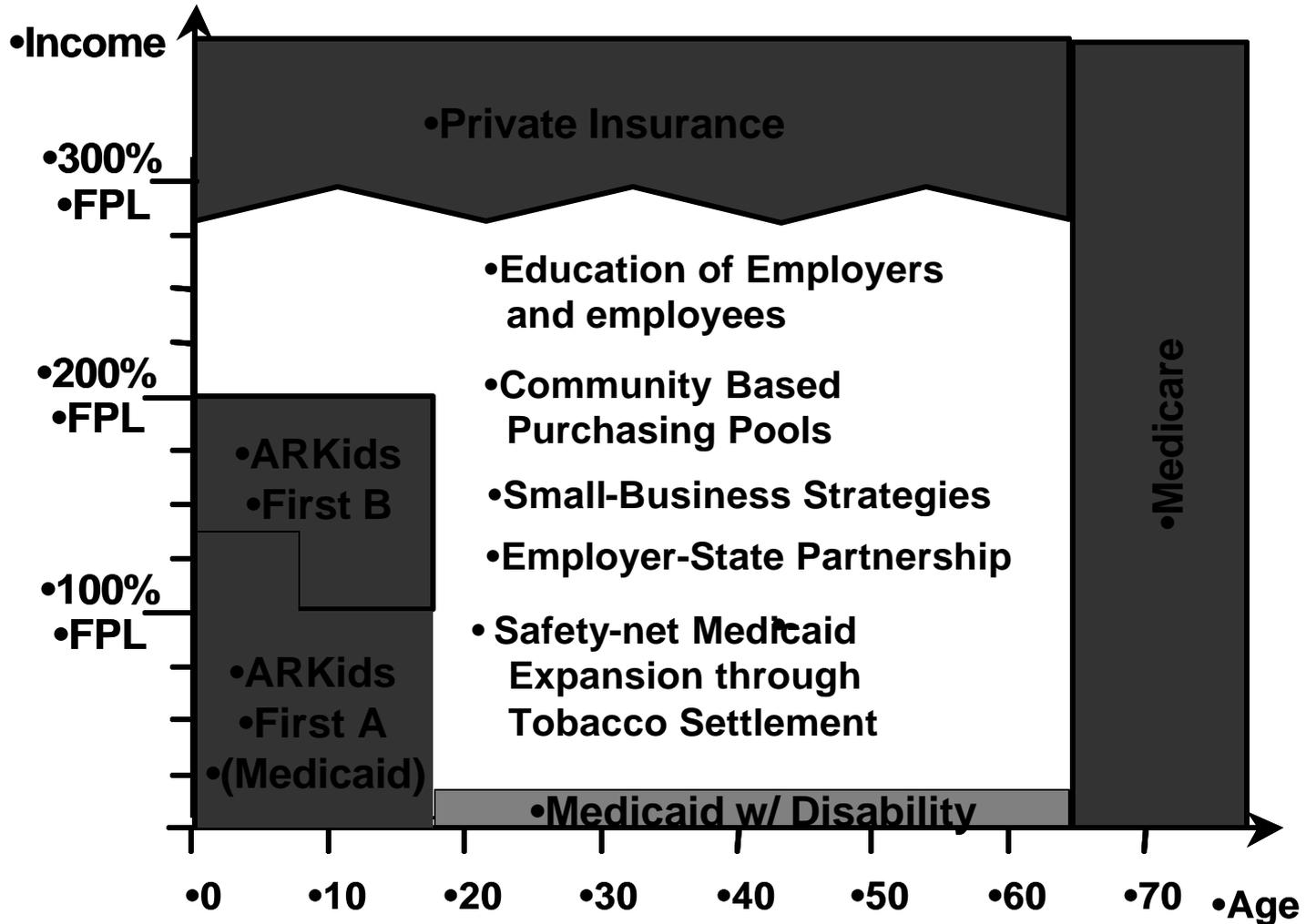
- **Mammography (>40 y/o); Cholesterol screening (q 5 years); Immunizations; Blood pressure & obesity screening; et al**

V. Promote employer / employee education regarding health benefits and health plans

**Additional Components
of the
Arkansas Health Policy Roundtable
Strategic Plan**

- I. Achieve Income Tax Neutrality for Health Insurance / Health Care Expenditures (Federal)**
- II. Modify Medicare to include Prescription Drugs and Expanded Disabled Eligibility (Federal)**
- III. Tie Medical Savings Accounts to Group Catastrophic Policies (Federal)**
- IV. Increase ARKids enrollment (State)**
- V. Promote enhanced stability of the small group marketplace (State)**

Proposed Insurance Coverage



Current Activities

- Medicaid waiver application
- Act 1044 – Safety Net Benefits Program
- Act 1035 – Health Data Initiative
- HB 2240 – Joint Interim Committee on Health Insurance / Prescription Drugs
- Development / implementation of Arkansas Safety Net Benefits Program
- Planning / coordination of outreach efforts

Thank you

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A copy of the Arkansas Health Policy
Roundtable Report on Health
Insurance Status of Arkansans can
be downloaded at

<http://www.achi.net/>