

Hawaii Health Policy Forum

Health Care Coverage:
Why It Matters
Public, Private, and the Gap

Vickie S. Gates

Insurance: Important to Health

The Uninsured:

- Less likely to receive preventive and screening services than insured patients
- More likely to have a late vs. early stage diagnosis and higher cancer mortality rates
- Less likely to receive care needed to manage chronic disease and have consistently poor clinical outcomes
- If they were covered, expect a reduction in mortality of 5-15 percent

Health Coverage: Key for Economic Success

- Poor health reduces a worker's annual earnings by 15 to 30 percent
- The indirect cost of illness, including lost productivity, is at least three times direct medical costs
- Uninsured children are at greater risk of delays in development that may effect education and life prospects
- 46 percent of all personal bankruptcies filed in 2000 were due to health related expenses
- Uninsured are twice as likely to have had problems paying medical bills

Important to the Community

- Loss of life and productivity
 - Premature death, poorer health outcomes, increased morbidity, and lack of preventive and screening services costs between \$65 and \$130 Billion
- Uncompensated care costs borne by the community through tax dollars and by other purchasers of health care coverage and services
 - Nationally, uncompensated care estimated at \$35 Billion in 2001 with 75-80 percent from public resources
- Impact on health care providers and institutions

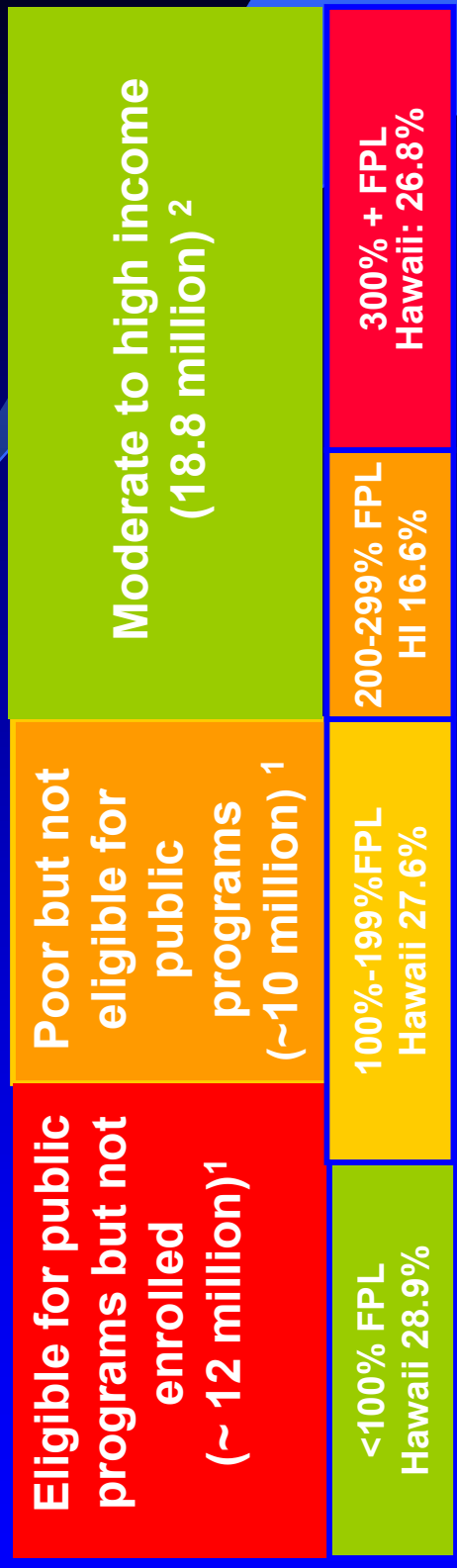
The Coverage Gap

- Unachieved: a seamless system where private and public options cover all
- Some Issues:
 - Differences in the uninsured population
 - Income, transitions, values, perceptions of affordability
 - Defining public, private roles and responsibilities
 - Affordability for individuals and business
 - Selection in a voluntary environment

Hawaii: What's Different

- PHCA unique and has meant that Hawaii ranks number one in the percent of private sector establishments that offer health insurance
Hawaii 81.8% vs. national rate of 58.3%
NH 69.4%
- Major difference in firms with fewer than 50 employees
Hawaii 75.6% vs. national rate of 46.0%, DC 63.6%, NH 59.8%
- Critical to lowering the uninsured numbers

The uninsured: Multiple solutions? Private and Public Roles?



Adapted from NIHCM, 2002 with data from HUP Uninsured Adults in Hawaii

Affordability for the Uninsured

- Possible Public Sector Roles
 - ❑ Subsidies, reinsurance to reduce costs
 - ❑ Creation of new or expansion of existing public pools and buy-in options (full cost or subsidized)
 - ❑ Education/consumer information on health insurance value and options (approximately 27% of adult Hawaii uninsured have incomes of 300% or more)
 - ❑ Regulatory Flexibility to allow new benefit options
 - ❑ Regulatory Requirements for employers and individuals

Lessons Learned From Private Sector Efforts

- Marketing: multifaceted approaches needed, strong broker commitment essential, have to have “good value” product, especially when safety net services offer low income alternative
- Affordability and rate stability important
- Benefits designed around reasonable price points, allowing choice and tradeoffs may make more attractive
- Broad provider networks, same as other products
- Simple enrollment processes