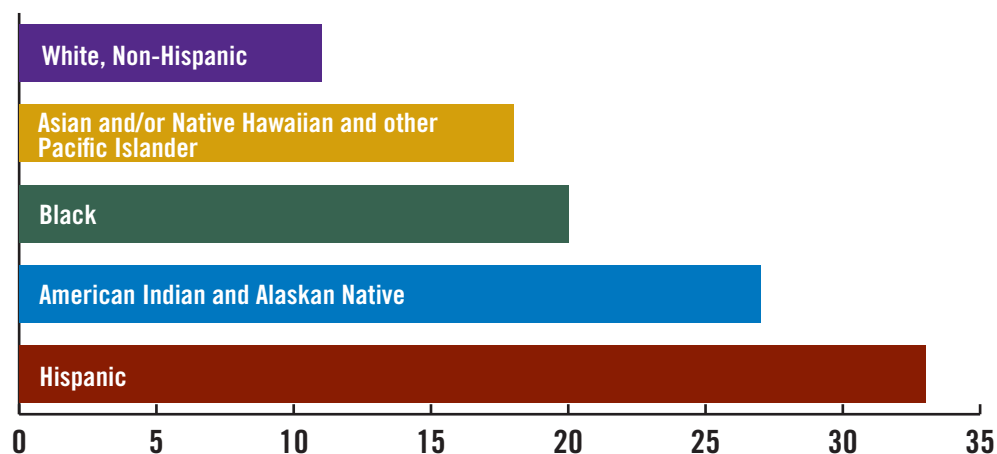


Health care coverage and access

Figure 6: Percentage of U.S. population (*under 65 years of age*) without health insurance, 2002-2003



Source: U.S. Census Bureau: "Income, Poverty, and Health Insurance Coverage in the United States: 2003"

The recent jump in the number of uninsured, the growing state fiscal crisis that may jeopardize Medicaid funding, and employer concerns about the rising cost of health care premiums will fuel new debates about the role of the government versus the private sector in offering health benefits. The pressure is mounting for a new approach to health coverage.

Trends: Coverage for health care costs

- In 2004, just over 84 percent of the population had health insurance coverage. While the absolute number of insureds increased by 2.0 million, there was no change in the percentage of the population insured. In 2004, 45.8 million people were without health insurance coverage, up from 45 million people in 2003.¹⁰³
- The percentage and number of individuals covered by government health insurance programs increased between 2003 and 2004, from 26.6 percent and 76.8 million to 27.2 percent and 79.1 million. The growth in number of people covered by Medicaid accounts for a substantial portion of the increase.¹⁰⁴

- The percentage of workers covered by health insurance offered through their employer fell from 63 percent of workers in 2000 to 60 percent of workers in 2005.
 - In 2005, 59 percent of all small firms (under 200 employees) offered health benefits compared to 98 percent of all large firms (over 200 employees).
 - In 2005, 81 percent of all small firms (under 200 workers) that provided coverage offered just one health plan compared to 17 percent of the largest businesses with 5,000 or more employees. Among small employers, size remains an indicator of likelihood to offer insurance. Ninety-three percent of firms with 50 to 199 employees compared to 47 percent of firms with 3 to 9 employees offered health benefits in 2005. One explanation is that small firms pay more for health benefits than large firms do.¹⁰⁵
 - In 2005, 20 percent of firms that offered health benefits offered a health plan with a high deductible, ie, a health plan with at least \$1000 for single coverage and \$2000 for family coverage. Among all firms offering health benefits, 4 percent offered a high deductible health plan with a health reimbursement arrangement.¹⁰⁶
- Between spring of 2004 and spring of 2005, the monthly premium for employer-sponsored health insurance rose 9.2 percent, which was lower than the 11.2 percent increase in 2004 and the 13.9 percent in 2003. While this was the first year of single digit increases after four consecutive years of double-digit premium increases, premiums continued to increase much faster than overall inflation (3.6 percent) and wage gains (2.7 percent).¹⁰⁷
- In 2005, on average, employees paid 16 percent of the premiums for single health care coverage and 26 percent for family coverage.¹⁰⁸

The cost of insurance is shifting from employer to employee, resulting in either shifts to the lowest cost (i.e., managed care) plans or decisions not to sign up for insurance because premiums are too expensive to manage.¹⁰⁹

 - According to a survey of U.S. employee benefit specialists sponsored by Deloitte Consulting LLP and the International Society of Certified Employee Benefit Specialists, the top concern of benefit specialists is controlling the spiraling costs of U.S. corporate health care benefits. Eighty-two percent of those polled said the primary reason they are trying to redesign some or all of their health care and employee welfare programs is to reduce cost. Twenty-eight percent, however, indicated that they were motivated to redesign their programs by the desire to improve employee recruitment, motivation, and retention. In addition, the survey found that 77 percent of benefit specialists expected to increase employees' share of the costs for health care plans.¹¹⁰
- The number of individuals covered by ERISA health plans continues to grow, reaching 47 percent of all full time employees who participated in employer sponsored plans in 2001.¹¹¹
- The U.S. Census Bureau reported that 9.3 percent of the people with health insurance in 2004 purchased it directly, up slightly from 9.2 percent in 2003.¹¹²
- In 2005, 61 percent of covered workers were enrolled in PPOs, up from 55 percent in 2004.
- Data from the Kaiser/HRET annual survey indicate that HMO enrollment dropped from 25 percent in 2004 to 21 percent in 2005. During the same period, PPO enrollment increased from 55 percent to 61 percent of total enrollment.¹¹³

- Despite lower enrollment, HMOs reported a \$7 billion profit for the first half of 2005, representing a \$1.2 billion, or 21.2 percent, increase over the \$5.76 billion earned during the first half of 2004.¹¹⁴
- The number of patients enrolled in traditional indemnity plans continues to fall, covering 3 percent of covered workers.¹¹⁵
- As of October 2005, 1 percent of the privately insured population ages 21-64 were enrolled in consumer-driven health plans, i.e., high deductible health plans combined with an HRA or an HSA, or a consumer-driven health plan. Another 9 percent were enrolled in high deductible health plans that are eligible for an HSA, but had not yet opted to open an account.¹¹⁶
- Employee use of Flexible Spending Accounts has been lower than anticipated, partially due to the administrative burden and employee inability to predict future health care costs. The latter is important because any unspent money in a Flexible Spending Account at the end of the year is forfeited.¹¹⁷

Trends: Characteristics of uninsured

- In 2004, 45.8 million people were without health insurance coverage, up from 45 million people in 2003. The percentage of people who are uninsured, however, remained unchanged from 2003 at 15.7 percent. All of the increase in uninsured was among adults. The proportion and number of uninsured children in 2004 remained the same as 2003 at 8.3 million or 11.2 percent.¹¹⁸
- Adults under age 65 are consistently more likely to be uninsured than children.
- The likelihood of being uninsured is highest for the unemployed (26 percent), followed by part-time workers (24 percent), and lowest for full-time workers (18 percent).
- Hispanics are the most likely to be uninsured (33 percent), followed by blacks (20 percent), and Asians (17 percent).¹¹⁹

Trends: Access to care

- In 2002-2003, 6 percent of children under 18 years of age had no usual source of health care, which was down from a high of 8 percent in 1993-1994. Hispanic children were more likely than other children to have no usual source of health care.¹²⁰
- In 2002-03, 12 percent of children under 18 years of age had no health care visits to a doctor's office or clinic within the last 12 months. Hispanic and non-Hispanic black children were more likely to be without a visit than non-Hispanic white children (19 percent and 11 percent compared to 10 percent).¹²¹
- In 2003, 27 percent of children under 6 years of age had an emergency department visit within the last 12 months. Children with Medicaid coverage were more likely than those with private insurance or the uninsured to have an emergency room visit.¹²²
- In 2001, the average waiting time by new patients for an appointment was 14.5 days.¹²³
- In 2001, the average minutes patients waited upon arriving for a scheduled appointment was 20.2 minutes.¹²⁴

Predicted impacts for patients

- Uninsured patients will likely experience more difficulty accessing care as the “safety net” continues to deteriorate.
- As health costs increase, some employers will cease providing health insurance benefits to employees and/or their families. The result will be an increase in the number of uninsured, a development that will add pressure for a national strategy to achieve universal coverage.
- If the economy continues to slow and health insurance premiums continue to rise, employees will likely be expected to share more of the cost of premiums and face higher deductibles and co-payments.
- Access to care will remain “tiered”—consumers with considerable discretionary income and insurance; consumers with some insurance, but little or no choice of coverage; and the uninsured.
- Companies that continue to offer insurance will be motivated to shift costs and responsibilities to employees. In exchange, employees will want more choice and control over health care, but not the administrative burden
- Insurance products with low premiums and high out-of-pocket costs may become more popular as the costs of health coverage plans are shifted to the individual and family.
- The public, policymakers, and providers will become increasingly frustrated with the lack of universal access and the effects that the uninsured have on the public’s health and will push for health system changes.
- The public will remain concerned about the cost of health care, but will be most concerned about being subjected to limited choice and higher levels of co-payments. Public dissatisfaction will set the political stage for the next attempt at health system reform.

Predicted impacts for physicians

- The rising number of uninsured will create increased pressure for health system reform.