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Measuring Underinsurance: Challenges and Implications Under the ACA

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Outline

- Research Goals
- Defining the Underinsured
- Surveys and Methodology
- Modeling the Underinsured
- Discussion of Results
- Next Steps – The Underinsured Moving Forward

Research Question: Did expansion of health insurance under the ACA improve access to health care?

- Lower rates of uninsurance – increased access to health *insurance*
- Complaints about unaffordable care are still prevalent

Underinsurance: What your insurance will pay for compared to what you can afford

- Health plans may leave the insured with expenses they cannot afford
- Health plans may not cover needed care
- Out of pocket expenses may be high enough to discourage use of health care

**Do we have models that
completely describe
underinsurance?**

Measuring Underinsurance: Commonwealth Fund Model

- Compares Expenses paid by an individual to household income.
- Compares household income to deductible
- In 2014, 23% of insured adults 19-64 were estimated to be underinsured; 31 million Americans.

The Commonwealth Fund Model of Underinsurance	
Household Income	Condition
<200% FPL	OoPCI \geq 5% of household income
\geq 200% FPL	OoPCI \geq 10% of household income
Any	Deductible \geq 5% of household income

OoPCI: Out of pocket costs, excluding premiums, for an individual

FPL: Federal Poverty Level

C. Schoen, S. Hayes, S. Collins, J. Lippa, and D. Radley, *America's Underinsured: A State-by-State Look at Health Insurance Affordability Prior to the New Coverage Expansions* (New York: The Commonwealth Fund, March 2014)

Limitations of Commonwealth Fund Model

From This Perspective...

The Commonwealth Fund model captures...
High health care expenses
High risk of future health care expenses

The Commonwealth Fund model <u>does not</u> capture...
Those experiencing financial stress due to medical expenses
Those not receiving care due to excessive cost

- **The Commonwealth Fund model uses both these as correlates to their underinsurance model.**
- **We believe they should be part of the model itself.**
 - In these situations, an individual's coverage is inadequate – the actual or potential financial burden to access care is too high.
 - This results in financial difficulty, high levels of financial risk, or avoiding care.

Two Other Considerations

- Underinsurance is a family characteristic, not an individual one.
 - Economic conditions apply to the family unit as a whole.
 - Income is shared among household members, expenses are shared.
 - High medical expenses for one member of a household means economic hardship for all.
- Important health-related expenses are not necessarily covered by health insurance.
 - Dental care is rarely covered by health insurance.
 - Expenses in one area of health care can impact health care in other areas.
 - ***If my health insurance is inadequate in covering my medical care expenses it may lead me to defer needed dental care due to cost.***

Our Model: MDR Underinsurance Model

- Commonwealth Fund model as a baseline
- Plus
 - Considers the entire family underinsured if any family member meets these criteria.
 - Considers all health care expenses

The MDR Model of Underinsurance	
Household Income	Condition
$\geq 200\%$ FPL	OoPCH $\geq 10\%$ household income
$< 200\%$ FPL	OoPCH $\geq 5\%$ household income
Any	Deductible $\geq 5\%$ household income
Any	Difficulty paying medical bills
Any	Deferred care due to costs

OoPCH: Out of pocket costs, excluding premiums, for a household

FPL: Federal Poverty Level

Commonwealth Fund vs MDR: Comparing Models

The Commonwealth Fund Model of Underinsurance	
Household Income	Condition
<200% FPL	OoPCI \geq 5% of household income
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The MDR Model of Underinsurance	
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All analysis in this presentation accounts for all privately insured family members in a household (shared income and expenses) and all health-related expenses.

Our Data: Survey Methods

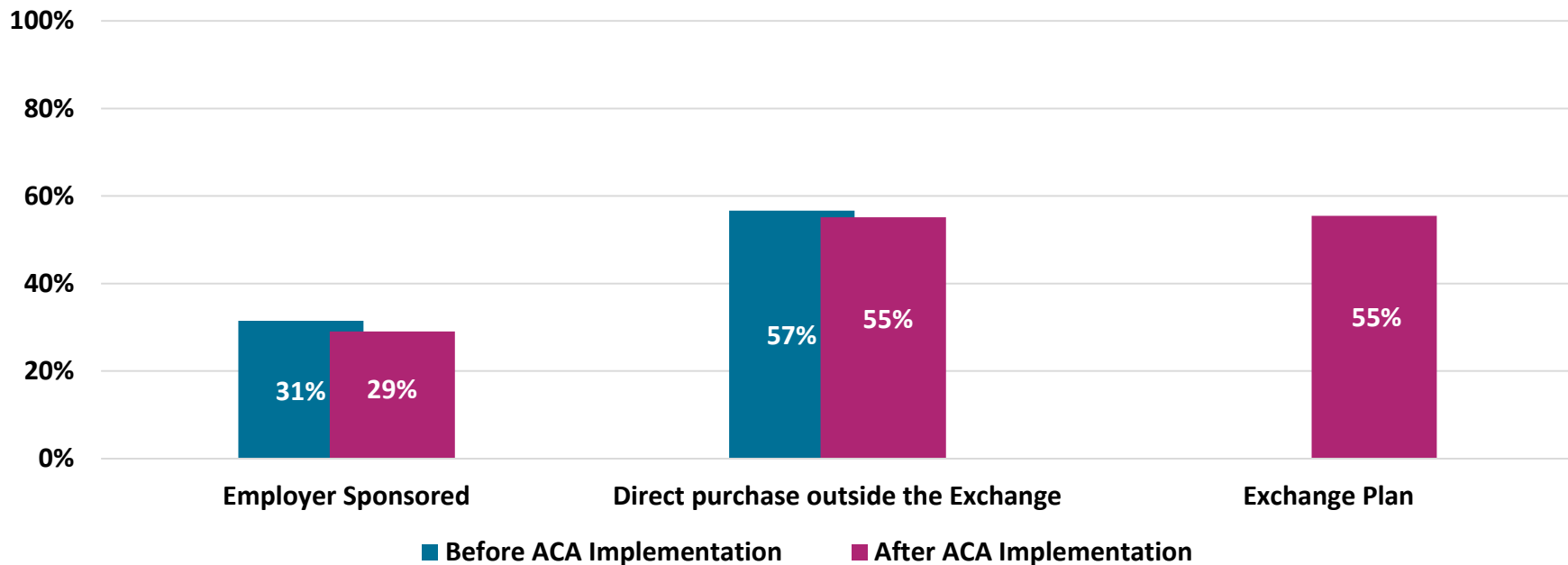
<u>State</u>	<u>Survey Year</u>	<u>Sample Design</u>	<u>Completed Surveys</u>	<u>Data Collection Period</u>	<u>AAPOR RR3</u>
Rhode Island	2012	Dual Frame RDD (30% Cell/70% LL) with oversample targeting areas with lower income households	5,654	7/16/12 – 10/24/12	29%
	2015	Dual Frame (50% RDD Cell/50% Listed LL), oversample targeting areas with lower income households	5,602	3/6/12 – 7/26/15	37%
	2016	Dual Frame (60% RDD Cell/40% Listed LL)	5,011	5/2/16 – 9/14/16	17%
Vermont	2012	Stratified Dual Frame RDD (30% Cell/70% LL) in four regions with oversample targeting uninsured	4,610	9/30/12 – 12/2/12	36%
	2014	Stratified Dual Frame RDD (40% Cell/60% LL) in four regions	4,052	8/8/14 – 12/4/14	40%
South Dakota	2011	RDD Landline with oversample targeting Native American counties (designated by SD)	2,530	4/11/11 – 6/9/11	54%
	2015	Dual Frame (40% RDD Cell/60% Listed LL), oversample targeting Native American counties (designated by SD)	2,531	8/18/15 – 9/19/15	41%

Our Data: Survey Counts

State	Survey Year	N*	Privately Insured*	Counts by Source of Insurance		
				Age < 65, Employer Sponsored Insurance (ESI)	Age < 65, Exchange Direct Purchase	Age < 65, Direct Purchase Outside Exchange
Rhode Island	2012	13,383	8,018	7,134	0	486
	2015	12,136	6,687	5,827	355	208
	2016	10,600	5,542	4,683	309	315
Vermont	2012	10,982	6,270	5,443	0	477
	2014	8,923	5,032	4,171	459	203
South Dakota	2011	6,157	3,586	2,860	0	597
	2015	5,556	3,054	2,290	181	479
		67,737	38,189	32,408	1,304	2,765

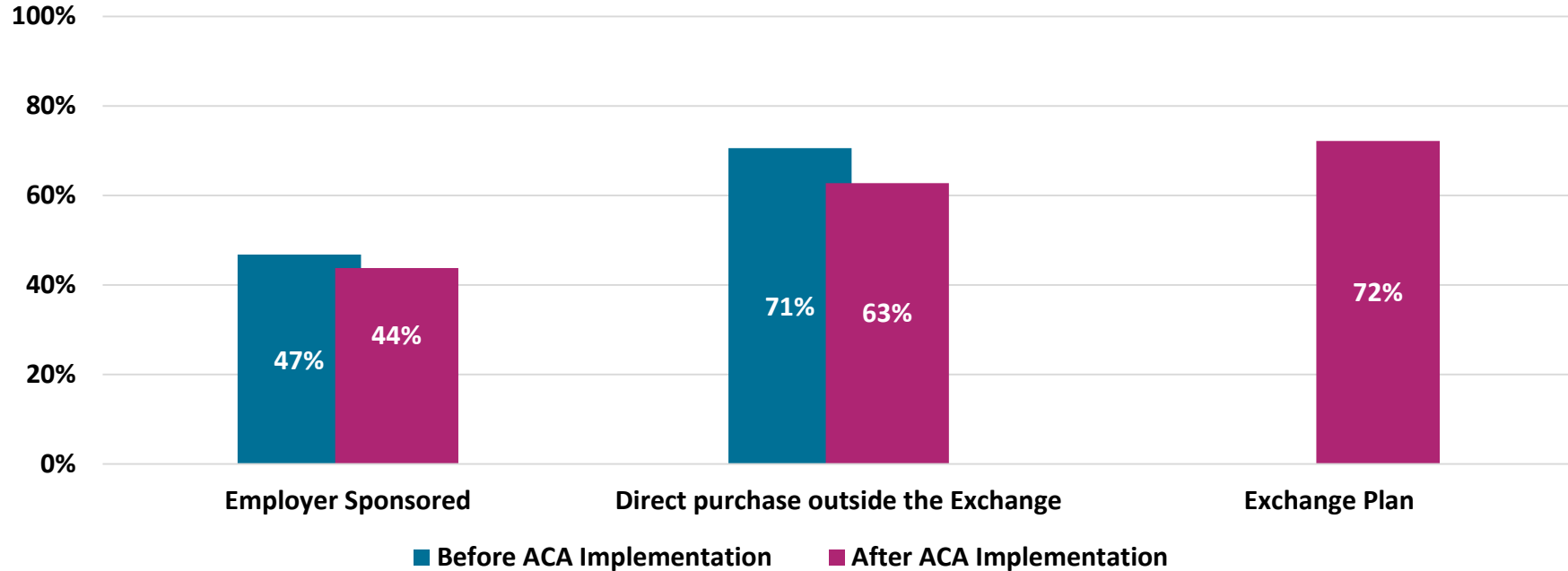
**Note that these figures include individuals who are not qualified cases in this analysis (age 65 or older, not using a private insurance policy).*

Results: Commonwealth Fund Model



Commonwealth Model of Underinsurance, combining three state results

Results: MDR Model



MDR Model of Underinsurance, combining three state results

Results: Difference in Models

<u>Group</u>	<u>% Underinsured Commonwealth Fund Model</u>	<u>% Underinsured MDR Model</u>	<u>Percentage Point Difference</u>
All privately insured	33%	48%	<u>15</u>
Privately insured pre-ACA	34%	49%	<u>15</u>
Privately insured post-ACA	33%	47%	<u>14</u>

Underinsurance by Type of Health Insurance, post-ACA

<u>Insurance Source</u>	<u>% Underinsured Commonwealth Fund Model</u>	<u>% Underinsured MDR Model</u>	<u>Percentage Point Difference</u>
Employer Sponsored	29%	44%	<u>15</u>
Exchange Plan	55%	72%	<u>17</u>
Direct purchase outside the Exchange	55%	63%	<u>8</u>

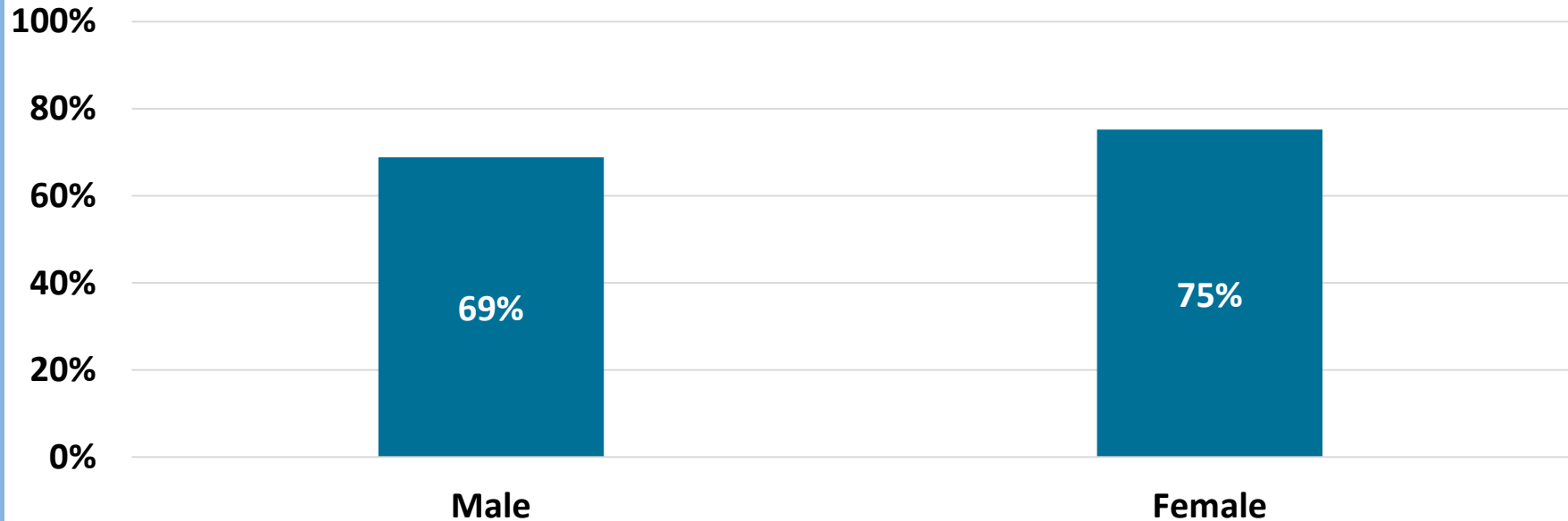
Implications of Analysis for the ACA

- The ACA has increased access to health insurance.
- Studies that show that the ACA has improved access to health care.
- Having health insurance does not necessarily mean having access to affordable health care.

- By our MDR model, most individuals purchasing insurance on the individual market do not have adequate insurance coverage.
 - Rates of underinsurance are significantly higher for the Exchange population than among those with ESI ($p \leq 0.05$).
 - The rates are also higher than among people that purchase insurance directly but outside Exchanges ($p \leq 0.05$).

Percent of Adults Underinsured on Exchange Plans by Demographic Characteristics

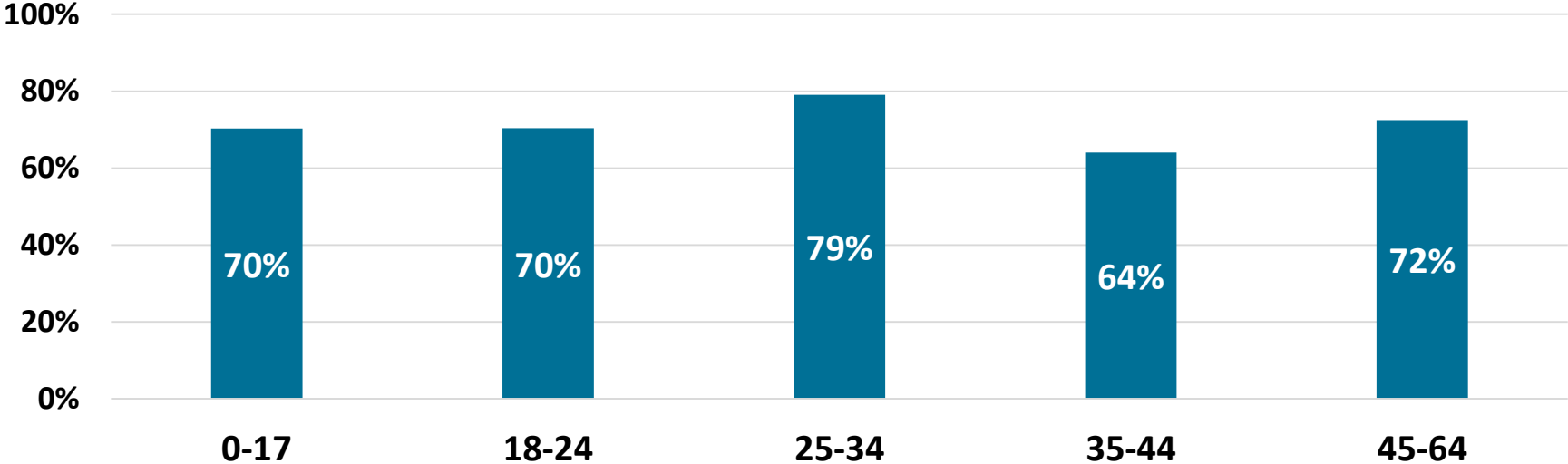
More likely to be underinsured: Women



Question: What is person's
Proportion of underinsured individuals under age 65 with an Exchange plan by gender, combined results of
three states
 $p < 0.05$

Most likely underinsured: 25 to 34 y/o (79%)

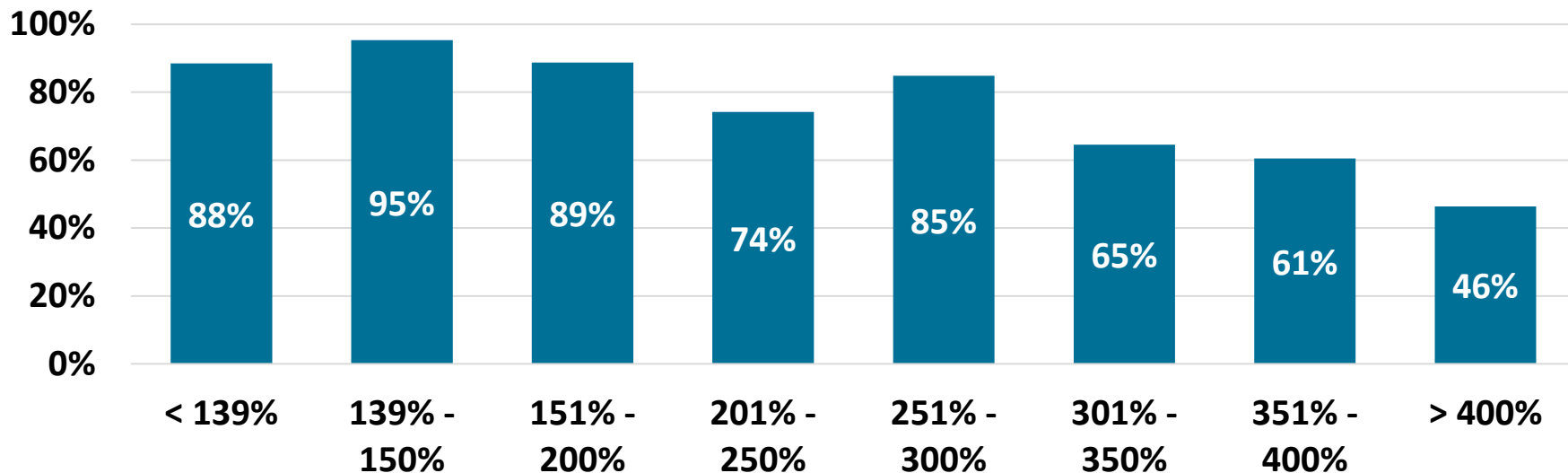
Least likely: 34 to 44 y/o (64%)



Question: What is person's age?

Proportion of underinsured individuals under age 65 with an Exchange plan by age, combined results of three states

Highest rates of underinsurance among the low-income.

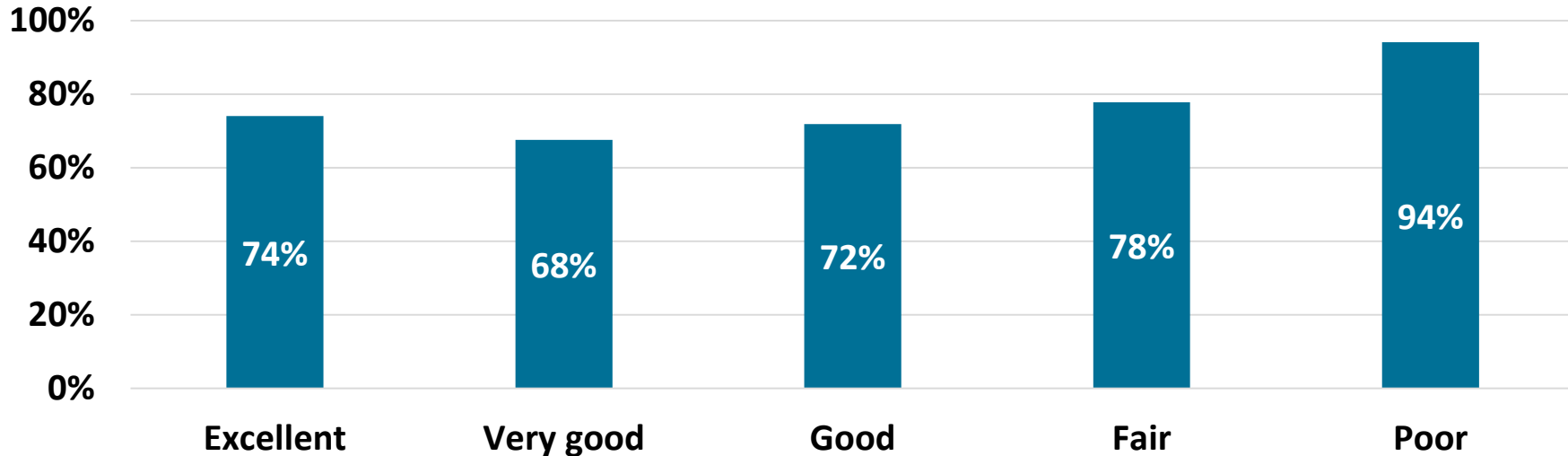


Calculated from income and family size

Proportion of underinsured individuals under age 65 with an Exchange plan by %FPL, combined results of three states

$p < 0.05$

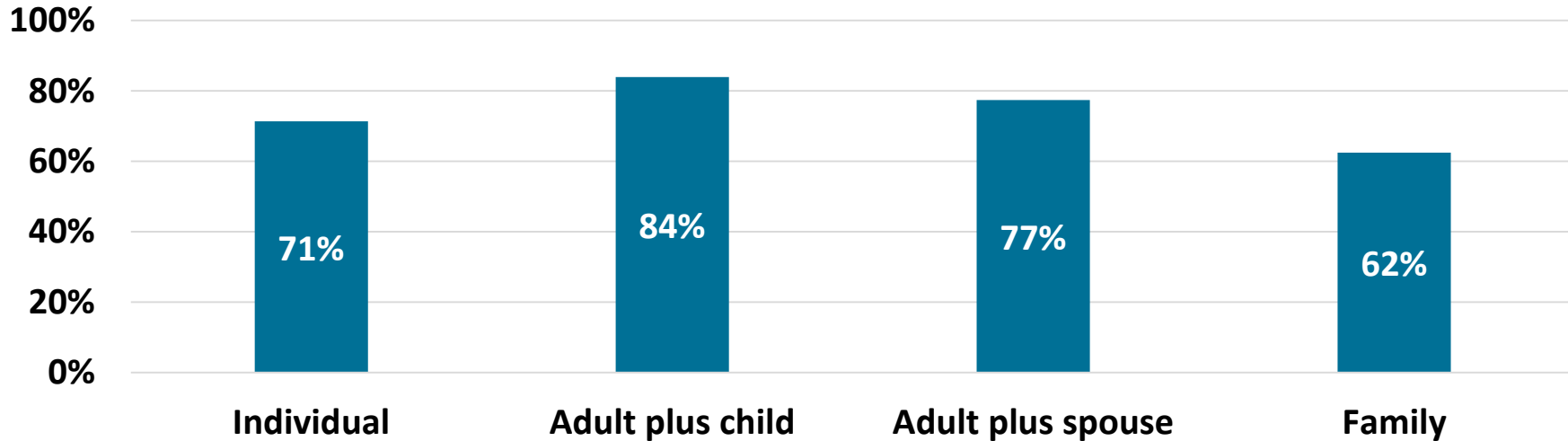
Those in poor health are almost universally underinsured (94%).



Question: Would you say your health is...?

Proportion of underinsured individuals under age 65 with an Exchange plan by health status, combined results of three states

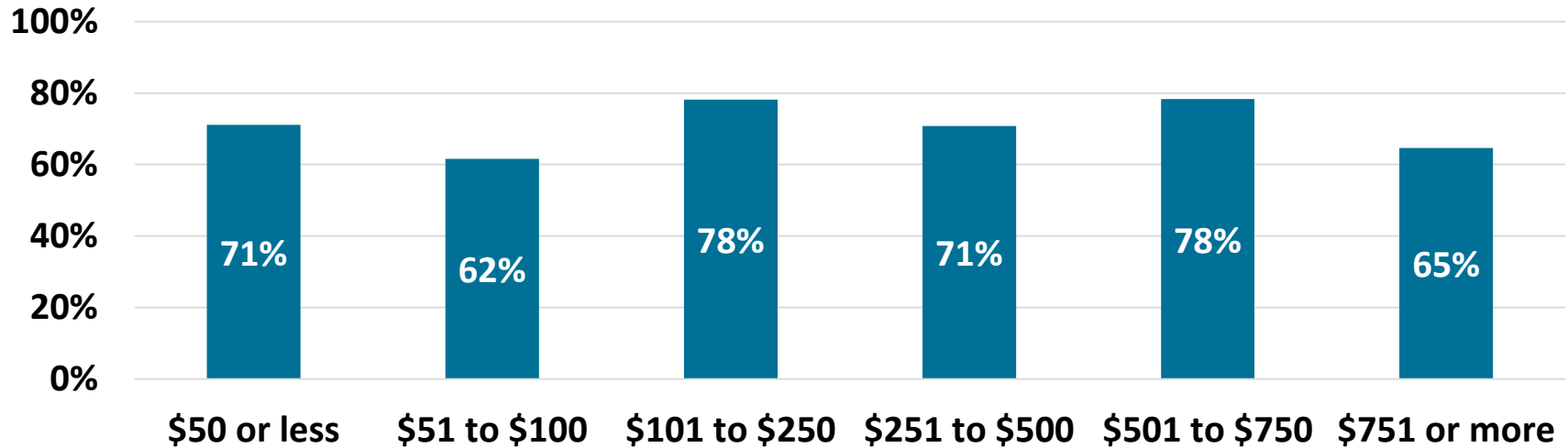
Single adult w/children plans are the most likely underinsured (84%).



Calculated from plan characteristics.

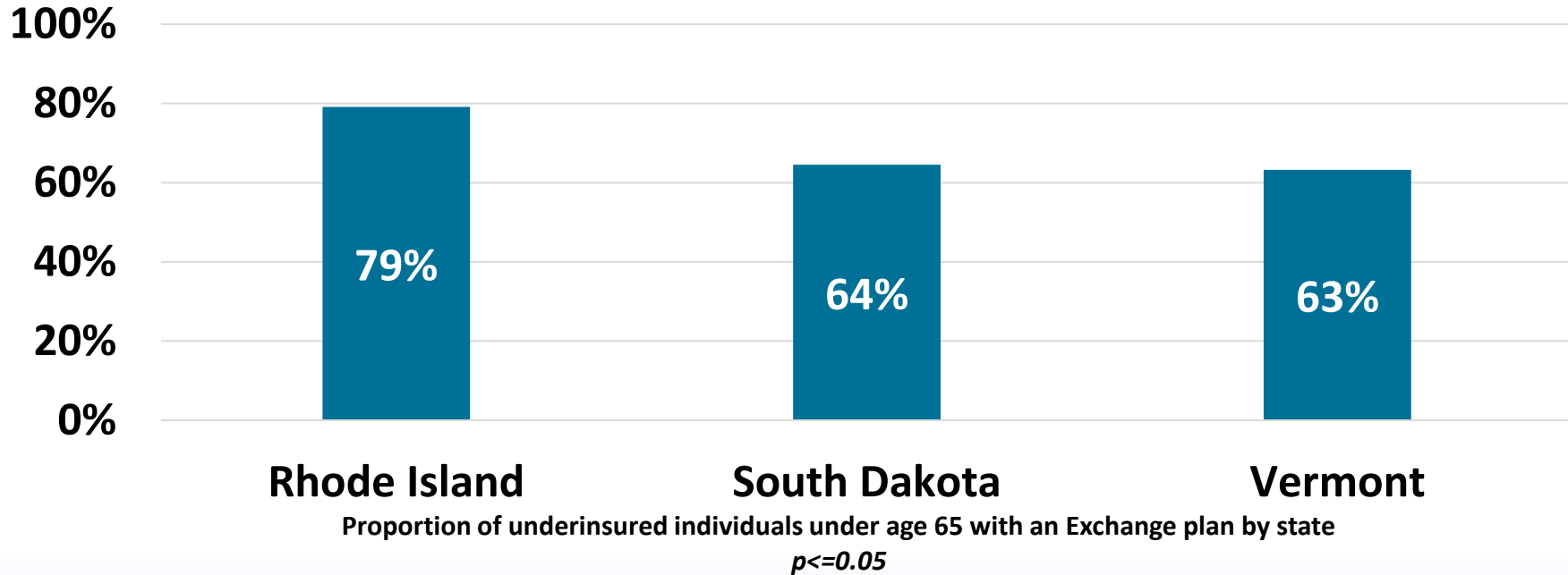
Proportion of underinsured individuals under age 65 with an Exchange plan by policy type, combined results of three states

Least likely to be underinsured: Premiums \$51 to \$100/month (62%).



Question: What is the monthly premium paid for person's health insurance?
Proportion of underinsured individuals under age 65 with an Exchange plan by monthly premium, combined results of three states

Presence of state or federal Exchange was not a major indicator of underinsurance.



Conclusions

- An accurate assessment of underinsurance must include:
 - The amount spent on health care,
 - The potential risk of expense,
 - Economic stress due to bills, and
 - Deferral of care due to cost
- Is health insurance coverage adequate for people's needs?
 - Not economically.
 - Plans that shift more costs to consumers likely unsustainable.
- Health insurance \neq health care.
 - Expanding insurance did not necessarily render care more affordable.
- The Exchange population is at the greatest risk of underinsurance among the privately insured.

Health care is complicated

Next Steps:

- What interrelationships exist within model elements? Do high deductibles lead to deferral of care?
- Our research has found even benefit-rich public insurance options leave some members underinsured, despite the absence of much cost-sharing.
- Premiums are part of the economic burden of obtaining health care, but remain unconsidered in analysis.
- Economic hardship may be a measure best unbound from insurance status; a more universal measure could encompass privately, publicly, and uninsured.
- What are solvable issues surrounding structural barriers to accessing care?

Thank you!

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