

The Uninsured: What to Do?



A MILLIMAN GLOBAL FIRM

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Who Are The Uninsured?

- Latest Estimate 46 Million Uninsured Under Age 65
- 18% of the Under 65 Population
- 10 Million Transitionally Uninsured



Source: Current Population Survey (CPS) conducted by the Bureau of Census for the Bureau of Labor Statistics

Who Are The Uninsured?

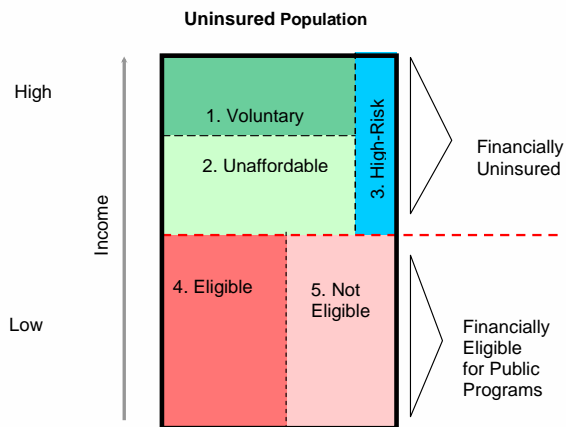
- Financially Uninsured
 - Voluntary
 - Unaffordable
- High Risk
- Low Income
 - Eligible for Public Programs
 - Non-Eligible for Public Programs
- Transitional Uninsured



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Who Are The Uninsured?



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Federal Solutions

- High Deductible Health Plans and Health Savings Accounts (HSAs)
- Target
 - Financially Uninsured – Voluntary & Unaffordable
 - High Risk??
 - Low Income??



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Massachusetts

- Act Providing Access to Affordable, Quality, Accountable Health Care
- Goal: 100% insurance for all citizens of Massachusetts
- Requires all residents to purchase or retain health insurance coverage by July 1, 2007
- PROVIDED “affordable” coverage is available



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Massachusetts Big Picture

- 500,000 uninsured in MA
 - 7% of population
- 200,000 young and healthy
 - Can afford, choose not to buy
- 100,000 extremely poor
 - Will be eligible for Medicaid under new rules
- 200,000 working poor
 - Not offered employer coverage
 - Not eligible for Medicaid



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Extremely Poor

- Expanded Medicaid Eligibility
 - From 100% of FPL to 300% of FPL
- Increase Outreach to Enroll as Many as Possible



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Young & Healthy

- Permits Young Adults to Remain on Parents' Plan up to Two Years or Until Age 25
- Creates New, Low-Cost Health Insurance Options for 19-26 Year Olds
- Permits Insurers to Offer HSA Qualified High Deductible Plans



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Poor & Not Eligible for Medicaid

- Sliding Scale Subsidized Premiums for Low Income Individuals Not Eligible for Medicaid
- Low Income: Less than 300% of FPL
- Create Commonwealth Care Insurance Connector Authority ("Connector")
- No Deductibles



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Connector

- Markets Products to Individuals and Small Businesses
- Will Make Sure Affordable Products are Available
- Will Set the Sliding Scale for Subsidized Premiums
 - 0% of Premium for 300% of FPL
 - 100% of Premium for 100% of FPL



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Affordable Policies

- Connector Determining Affordable
- At the Moment Leaving it to Health Plans to Create Policies with Affordable Premiums
- Moratorium on New Mandated Benefits Until 2008
- Not Allowing Exclusion of Any Current Mandated Benefits



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Penalties

- Individuals
 - First Year: Loss of Personal Exemption
 - Second Year: 50% of Premium Would Have Paid for Cheapest Policy Available
- Employers (11 or More FT Employees)
 - Penalty Set by Connector
 - Not to Exceed \$295 per Year per Employee



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Financing

- Expected cost \$1.2 Billion over 3 years
- Funded by
 - Federal Government
 - Redistribution of Money from Free Care Pool



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Maine

- Dirigo Health
- Voluntary Market-Based Program
- Financial Assistance for Individuals who Meet Income Guidelines
- Participating Employers (50 or Less) Contribute 60% of Employees' Premiums



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Dirigo Health

- Provides Discounted Health Insurance to Individuals, the Self-Employed and Small Businesses Employees
- Requested Providers limit Cost Growth to 3% & Operating Margins to 3.5%
- Insurers Asked to Limit Operating Margins to 3.5%



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Dirigo Health

- Launched July 2004
- Expected to Cover 130,000 by 2009
- Status as of January 2006
 - Expected Enrollment 31,000
 - Actual Enrollment 7,500
 - Most Previously Insured
- Slow Enrollment Blamed on Costly Insurance Products



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Illinois

- All Kids Program
 - Offers Affordable Coverage to Uninsured Children
 - Provides Subsidized Health Insurance Coverage through State's Medicaid Program
 - Premium Dependent on Family Income
 - Providers Paid Medicaid Payment Rates
 - Effective July 1 2006



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Safety Net Programs

- Other States Are Proposing Safety Net Programs Similar to Illinois, Including:
 - Tennessee
 - Arkansas



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Maryland

- Employer Mandate Law
- Large Employers (10,000 or More Employees) Required to Spend 8% of Their Payroll on Health Insurance or Pay into a Fund
- Targeted at Wal-Mart
- Passed but Being Challenged in Court
- Summary Judgment Scheduled for this Month



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New York

- Fair Share for Health Care Act
 - Employer Mandate
 - Employers with 100 or More Employees
 - Pay or Play
 - Applies to all Workers Even Temporary and Seasonal Workers



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New York

- Fair Share for Health Care Act
 - Tax of \$3 per hour per employee
 - Increases with Inflation
 - Employers Already Providing Coverage May Be Penalized



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California

- Employer Mandate Repealed in 2004 by Voter Referendum
- Required Employers with more than 50 Workers to Provide Health Insurance or Pay into a State Health Coverage Program



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Pennsylvania

- Balanced and Comprehensive Health Reform Act
- Provides Comprehensive Universal Health Coverage
- Single Payer
- No Deductibles, Copays or Caps
- Replaces all Private and Public Programs EXCEPT Medicare & VA



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Pennsylvania - Financing

- 10% Health Care Levy on Payroll (including Self-Employed)
- 3% Wellness Tax on All Personal Income



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What Can We Do?



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