

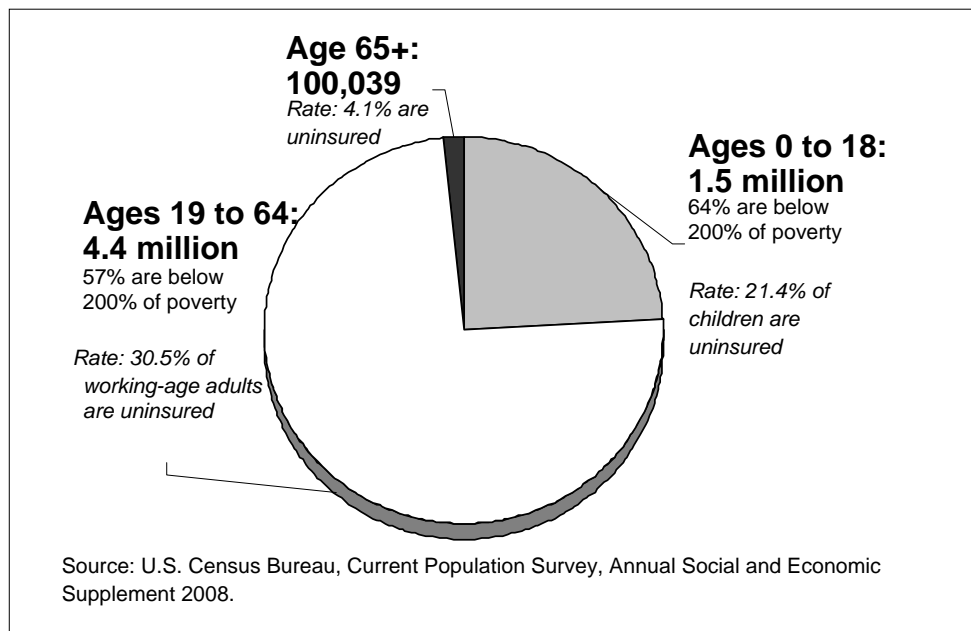
# TEXAS VOICE FOR HEALTH REFORM

*The lack of a regulated health insurance market and a national system to guarantee financial access to a decent standard of care leaves millions uninsured and causes more than half of U.S. bankruptcies. The time has come to establish a sensible system in which every American can contribute a fair share and be guaranteed good care, without risk of financial ruin.*

## Texas Health Facts

- Texas has the highest percentage of people without health insurance in the nation. As of 2007, 5.96 million Texans, or a quarter of our state’s population, lacked health insurance.<sup>A</sup>

Uninsured Texans By Age Group, 2007



- Being uninsured is not just a problem for unemployed Texans in poverty. More than two thirds of uninsured Texans aged 16 to 64 are employed, and nearly three-quarters of them have incomes above the poverty line.<sup>ibid</sup>

**Commercial Health Insurance in Texas: Costly, with Extreme Price Variations**

- From 1996-2006, the cost of family coverage in Texas increased 85.7%. Over the same time, our incomes increased just 8.6%. With premiums growing 10 times faster than incomes, coverage becomes less affordable for more and more Texans every year.<sup>B</sup>
- Texans are far less likely—by nearly 10 percentage points—to be covered by health insurance through their jobs than workers in the rest of the U.S.<sup>lbid</sup>
- Employer-sponsored health insurance in Texas on average costs about \$13,000 per year for family coverage and \$4,600 per year for individual coverage.

Texas Average Premiums for Employer-Sponsored Health Insurance, 1999-2008				
Year	Coverage through Small Employers <small>businesses with fewer than 50 employees</small>		Coverage through Large Employers <small>businesses with 50+ employees</small>	
	Family	Employee-only	Family	Employee-only
1999	\$6,486	\$2,539	\$6,161	\$2,261
2000	\$6,784	\$2,955	\$6,618	\$2,538
2001	\$7,974	\$3,229	\$7,423	\$2,809
2002	\$8,800	\$3,580	\$8,841	\$3,195
2003	\$9,831	\$3,793	\$9,545	\$3,310
2004	\$10,253	\$4,346	\$10,087	\$3,607
2005	\$10,970	\$4,270	\$11,613	\$4,065
2006	\$11,310	\$4,463	\$11,745	\$4,057
2007 est.*	\$12,000	\$4,735	\$12,461	\$4,304
2008 est.*	\$12,600	\$4,972	\$13,085	\$4,520

Source for 1999-2006: Agency for Health Care Research and Quality, Medical Expenditure Panel Survey, Insurance Component 1999-2006. MEPS reports weighted, mean data for average premiums.

\* Estimates for 2007 and 2008 premiums trended forward from 2006 using the national average increases for employer-sponsored premiums, 6.1% in 2007 and 5% in 2008, as reported by the Kaiser Family Foundation and Health Research Educational Trust, Annual Employer Benefits Surveys for 2007 and 2008.

- Half the private companies in Texas do not offer any health benefits at all. (*TDI, Medical Expenditure Panel Survey 2006*).
- For Texas Families, over \$1,500 of that average \$13,000 family health insurance premium is directly related to covering the costs of the uninsured.<sup>C</sup>
- While average rates are useful for some comparisons, consumers and employers care more about the price they really have to pay for coverage, and **many do not qualify for the average rate.**
- In Texas, group health insurance premiums vary wildly, with some employers paying as much as \$28,800 a year per worker.<sup>D</sup>
- With maximum premiums paid costing on average six times more than average premiums, it is easy to see how small employers are priced out of the market when assigned anything approaching maximum rates due to older or less healthy employees.
- Texans seeking insurance in the individual market generally pay even more for less coverage, and they can be denied coverage entirely due to preexisting conditions.

## Average and Maximum Per-person Premiums Paid by Texas Employers, 2005-2006

### Small Employer Market

### Large Group Market

2006			
Company	Average Premium	Maximum Premium	Magnitude of Difference
Aetna Life Insurance Company	\$2,677	\$62,209*	23.2
Humana Insurance Company	\$2,955	\$26,895	9.1
Union Security Insurance Company (Fortis Benefits)	\$3,908	\$28,837	7.4
John Alden Life Insurance Company	\$3,521	\$25,498	7.2
Unicare Life & Health Insurance Company	\$3,073	\$19,055	6.2
Blue Cross and Blue Shield of Texas	\$3,834	\$20,610	5.4
Principal Life Insurance Company	\$3,992	\$20,164	5.1
Time Insurance Company (Fortis)	\$4,035	\$19,753	4.9
Golden Rule Insurance Company	\$2,843	\$13,428	4.7
Pacific Life & Annuity Company	\$2,461	\$9,049	3.7
Genworth Life and Health (GE Group Life Assurance)	\$12,341	\$22,526	1.8
Metropolitan Life Insurance Company	\$576	\$935	1.6
<b>MARKET AVERAGE</b>	<b>\$3,851</b>	<b>\$22,413</b>	<b>5.8</b>

2006			
Company	Average Premium	Maximum Premium	Magnitude of Difference
Principal Life Insurance Company	\$3,299	\$17,597	5.3
Unicare Life & Health Insurance Company	\$3,147	\$13,098	4.2
Humana Insurance Company	\$3,077	\$10,241	3.3
Blue Cross and Blue Shield of Texas	\$3,246	\$7,866	2.4
Union Security Insurance Company (Fortis Benefits)	\$2,017	\$2,108	1.0
Genworth Life and Health (GE Group Life Assurance)	\$5,076	\$5,076	1.0
John Alden Life Insurance Company	\$2,137	\$2,137	1.0
<b>MARKET AVERAGE</b>	<b>\$3,143</b>	<b>\$8,303</b>	<b>2.6</b>

2005			
Company	Average Premium	Maximum Premium	Magnitude of Difference
Aetna Life Insurance Company	\$2,384	\$57,464*	24.1
Union Security Insurance Company (Fortis Benefits)	\$2,331	\$30,612	13.1
Humana Insurance Company	\$3,329	\$23,693	7.1
Unicare Life & Health Insurance Company	\$2,670	\$17,967	6.7
Blue Cross and Blue Shield of Texas	\$3,706	\$19,416	5.2
Chesapeake Life Insurance Company, The	\$4,581	\$22,114	4.8
Principal Life Insurance Company	\$3,824	\$16,813	4.4
Golden Rule Insurance Company	\$3,960	\$15,418	3.9
MEGA Life and Health Insurance Company, The	\$1,935	\$6,516	3.4
Pacific Life & Annuity Company	\$4,251	\$9,049	2.1
Genworth Life and Health (GE Group Life Assurance)	\$10,196	\$19,867	1.9
Pacificare Life Assurance Company	\$2,848	\$4,505	1.6
John Alden Life Insurance Company	\$5,373	\$6,826	1.3
Time Insurance Company (Fortis)	\$2,475	\$3,063	1.2
<b>MARKET AVERAGE</b>	<b>\$3,847</b>	<b>\$18,095</b>	<b>4.7</b>

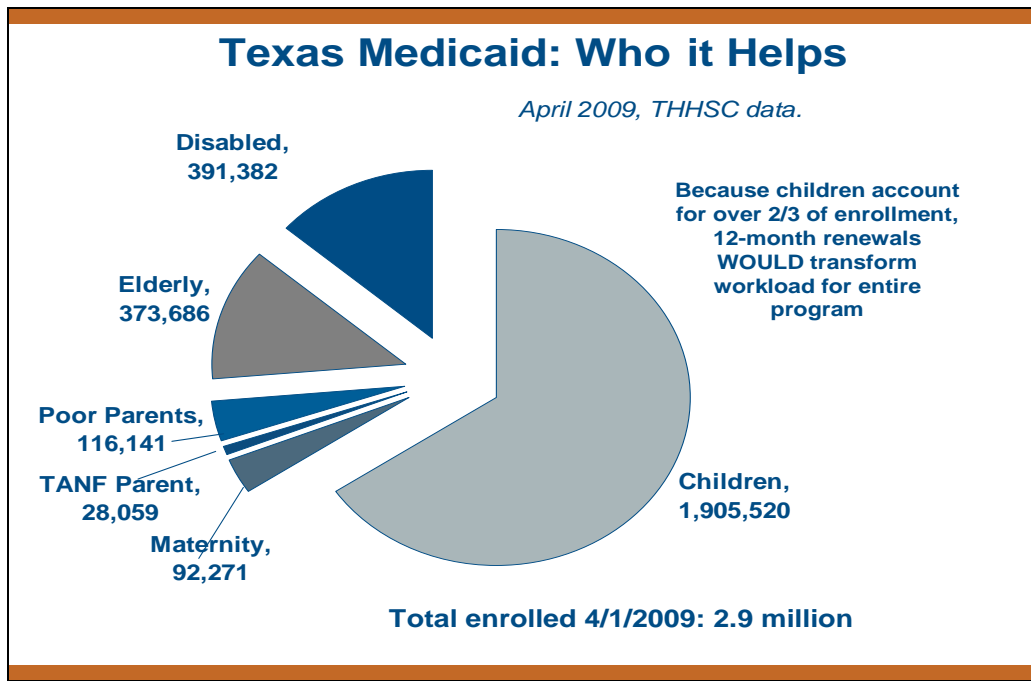
2005			
Company	Average Premium	Maximum Premium	Magnitude of Difference
Unicare Life & Health Insurance Company	\$2,035	\$12,177	6.0
Principal Life Insurance Company	\$3,201	\$17,887	5.6
Union Security Insurance Company (Fortis Benefits)	\$4,546	\$25,278	5.6
Pacific Life & Annuity Company	\$3,133	\$13,750	4.4
Humana Insurance Company	\$2,761	\$8,304	3.0
Blue Cross and Blue Shield of Texas	\$3,309	\$6,864	2.1
Pacificare Life Assurance Company	\$2,832	\$3,969	1.4
John Alden Life Insurance Company	\$4,871	\$6,826	1.4
Genworth Life and Health (GE Group Life Assurance)	\$5,477	\$5,477	1.0
<b>MARKET AVERAGE</b>	<b>\$3,712</b>	<b>\$10,667</b>	<b>3.2</b>

Source: Texas Department of Insurance, Annual Group Accident and Health Survey, 2005 and 2006

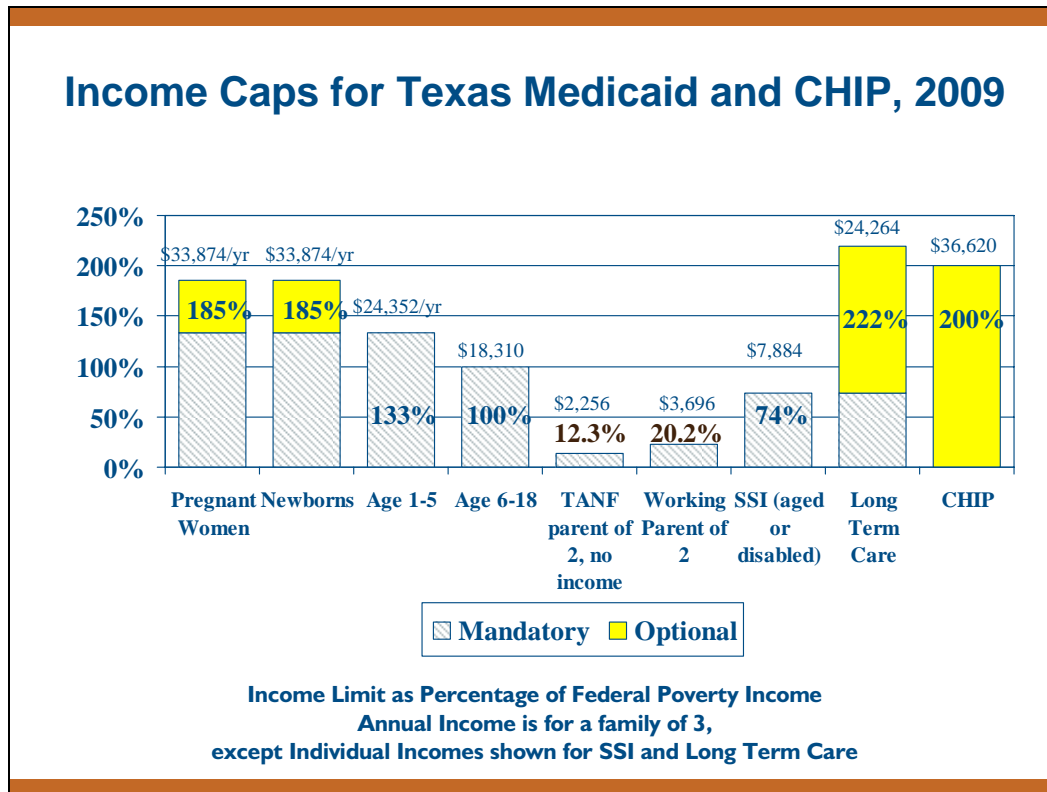
Notes: Data included for companies that reported both annual average and maximum per-person premiums. Data shown is as reported by insurers to the Texas Department of Insurance (TDI). TDI does not audit these data. Data include information on policies sold to Texas small employers (2-50 employees) and large employers (51+ employees). \*Data as reported by Aetna Life Insurance Company. Aetna confirmed to TDI that this could be a potential maximum rate quote to a Texas small business; however, this rate is not necessarily an actual rate being charged in the market, which is what the survey asks for.

**Public Insurance in Texas: While Critically Important, it is Under-Used, Hard to Enroll**

- Texas does not take full advantage of available federal matching dollars for Medicaid. Although Medicaid provides coverage for nearly 2 million Texas children, very few adults are able to access Medicaid benefits, contributing to our high rate of uninsured adults.



- Texas Medicaid’s income cap for poor parents, 12.8% of FPL or \$188 per month for a family of 3, has not been increased by our Legislature for 24 years (last update: 1985, with no updates since for inflation).
  - Working poor parents in Texas can get Medicaid now ONLY if they earn less than the legislatively-imposed income cap of \$308 per month (e.g., for mother of two).
  - Forces poor parents with high medical needs to choose between work and health care; 11 hours of work per week at minimum wage (\$6.55 per hour) makes them “too wealthy” to get Medicaid.
  - Texas can increase the Medicaid income limit for parents to any level it chooses, without any special federal approval. The only limiting factor is our willingness to put up our state’s share (about 40%) of the costs.

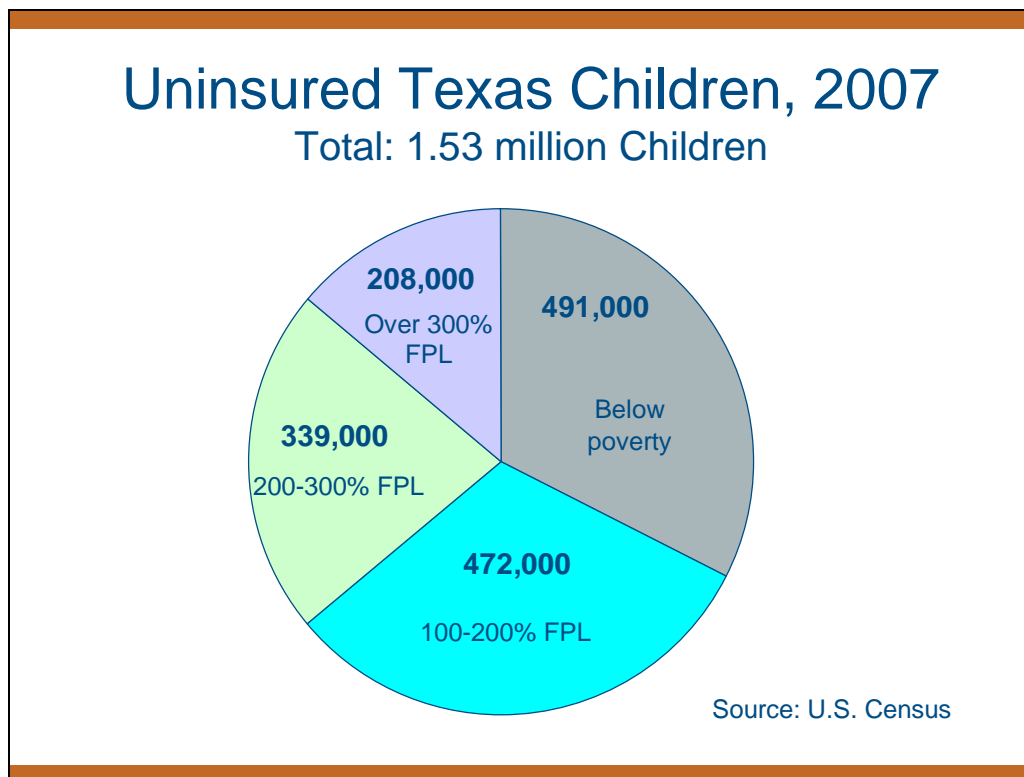


### Medicaid, CHIP and Texas Kids

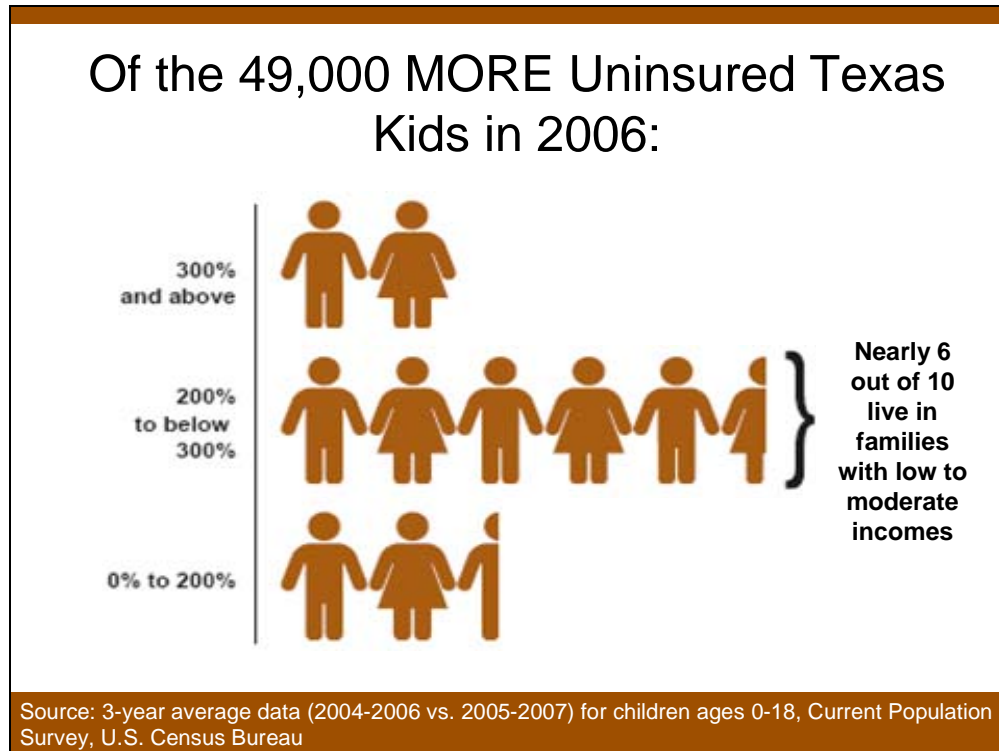
As of April 2009:

- 1.9 million Texas children (under age 19) were enrolled in Medicaid
  - about 121,000 of these children get Medicaid because of a serious disability
  - About 123,700 in TANF cash assistance families (only 6% of the kids on Medicaid)
  - About 13,200 pregnant teens (less than 0.5% of the children, 13% of Medicaid maternity)
  - The other **1.65 million** are predominantly in **working** poor families
- 474,213 Texas children were enrolled in CHIP as of May 1, 2009: “CHIP stands on the broad shoulders of Medicaid”

As of April 2009, 2.4 million Texas children are helped by Medicaid and CHIP – about one-third of all our kids.



- Texas CHIP and streamlined children’s Medicaid have provided health coverage for 1.3 million more Texas children.
  - In May 2000 just under a million Texas kids had Medicaid, and there was no CHIP; today 2.3 million kids are covered.
  - Uninsured Texas children below 200% FPL have dropped from 35% in 1997 to 29% in 2007 (these are the kids potentially served by children's Medicaid and CHIP).
- An estimated 1.5 million children in Texas lacked insurance in 2007—more than 20 percent of Texas’ children—and of these uninsured Texas kids, 700,000 to 800,000 could be enrolled in Medicaid or CHIP—but are not.
  - An estimated two-thirds to three-fourths of these children qualify for Medicaid, and not CHIP.
  - Very poor performance by Texas’ Medicaid eligibility systems since 2006 accounts for a large portion of these uninsured-but-eligible kids, with children waiting 3 to 5 months for enrollment and renewals. Texas has failed to meet federal 45-day Medicaid timeliness standards for much of the last four years.



- Over 2/3 of new uninsured U.S. children in 2006 were in families above 200% FPL, above the current limit for Texas CHIP. Census 2007 numbers indicate that the number of uninsured Texas children from 200-300% of poverty is growing. (U.S. Census)
  - Very few uninsured children from 200-300% FPL have access to insurance through their parents' jobs:
  - About 80% of uninsured children between 200-300% FPL live in a family where their parent does not have access to an employer-based plan that covers children;<sup>E</sup>
  - Fewer than 8% of U.S. families between 200-400% of poverty turn down employer-sponsored health care.<sup>F</sup>

**Sources:**

<sup>A</sup> *Texas Health Care 2008: What Has Happened and What Work Remains*, p. 2, Center for Public Policy Priorities, <http://cppp.org/research.php?aid=789&cid=3&scid=4>

<sup>B</sup> [http://covertheuninsured.org/files/u15/State\\_by\\_State\\_Analysis\\_2009.pdf](http://covertheuninsured.org/files/u15/State_by_State_Analysis_2009.pdf)

<sup>C</sup> *Paying a Premium: The Increased Cost of Care for the Uninsured*, p. 4, Families USA, <http://www.familiesusa.org/resources/publications/reports/paying-a-premium.html>

<sup>D</sup> TDI, 2006 Annual Group Accident and Health Survey

<sup>E</sup> Linda Blumberg and Genevieve Kenney, "Can a Child Health Insurance Tax Credit Serve as an Effective Substitute for SCHIP Expansion?," Urban Institute, October 2007.

<sup>F</sup> Lisa Clemans-Cope, Bowen Garrett, and Catherine Hoffman, "Changes in Employees' Health Insurance Coverage, 2001-2005," Kaiser Commission on Medicaid and the Uninsured, October 2006; Center on Budget and Policy Priorities, November 5, 2007, "Martinez Bill Would Weaken Children's Health Coverage Bill."