Health Care Reform and Individual Health Insurance in New York

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Role of Individual Market

• Today:
  – Residual source of coverage
  – Largely unsubsidized
  – Difficult to reform

• Future?
Key Health Reform Principles

• Health coverage must be:
  Available
  Adequate
  Affordable
  Always

• Can NY achieve these goals most easily through public programs or private individual market?
Risk Pool Must be Broad as Possible

Concentration of Health Spending in the U.S. Population

Population Percentile Ranked by Health Care Spending

Note: Population includes those without any health care spending. Health spending defined as total payments, or the sum of spending by all payer sources.

Hospital-Only vs. Comprehensive Coverage

<table>
<thead>
<tr>
<th>Empire Traditional Plus Hospital Plan</th>
<th>Empire Direct Pay HMO</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$137 / month</strong></td>
<td><strong>$889 / month</strong></td>
</tr>
<tr>
<td>Full coverage for hospital care</td>
<td>$500/admission hospital</td>
</tr>
<tr>
<td>NO coverage for</td>
<td>$15 copay for</td>
</tr>
<tr>
<td>– Office visits</td>
<td>– Office visits</td>
</tr>
<tr>
<td>– Outpatient medical care</td>
<td>– Outpatient medical care</td>
</tr>
<tr>
<td>– Preventive care</td>
<td>– Preventive care</td>
</tr>
<tr>
<td>– Outpatient Rx drugs</td>
<td>Rx with $100 deductible, $5-10 copay</td>
</tr>
</tbody>
</table>
Separate Plans for Self-Employed

**Oxford EPO for Self-Employed**
- $335 / month
- $2,000 annual deductible
- 20% coinsurance for hospital
- $30-$50 copay for
  - Office visits
  - Outpatient medical care
- Rx with $100 deductible, $15 copay generic, 50% coinsurance brand
- $4,000 annual out-of-pocket

**Oxford Direct Pay HMO**
- $858 / month
- No annual deductible
- $500/admission hospital
- $15 copay for
  - Office visits
  - Outpatient medical care
  - Preventive care
- Rx with $100 deductible, $5-10 copay
“Innovative” Benefit Design?
Cover your A-Z.

Say What's Up to Tonik
Simple, affordable health coverage for your body, eyes, and teeth. You know, the stuff that matters. Three plans, one just your flavor. Apply online in about 15 minutes, that's it. Brought to you by Anthem Blue Cross Life and Health Insurance Company.

1 thrill-seeker
- A.K.A. 5000
  You live life on the edge, and happily go over it.
  - $20 copay
  - $5,000 deductible
  - As low as $78 per month

INFO APPLY

2 part-time daredevil
- A.K.A. 3000
  Play hard. Play safe. You mix it up a bit.
  - $30 copay
  - $3,000 deductible
  - As low as $95 per month

INFO APPLY

3 calculated risk-taker
- A.K.A. 1500
  A well-thought-out walk on the wild side is just your style.
  - $40 copay
  - $1,500 deductible
  - As low as $129 per month

INFO APPLY
**View Benefits & Apply**

Review the description of your selected plan below. Read through the product brochure for more details. Select any optional benefits you prefer.

<table>
<thead>
<tr>
<th>Plan</th>
<th>Saver 80 88</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Requested Effective Date</td>
<td>12/1/2028</td>
<td></td>
</tr>
<tr>
<td>Deductible</td>
<td>$5,000</td>
<td></td>
</tr>
<tr>
<td>Maximum Family Deductible</td>
<td>Maximum two deductibles per family per calendar year</td>
<td></td>
</tr>
<tr>
<td>Coinsurance</td>
<td>80% to 15,000</td>
<td></td>
</tr>
<tr>
<td>Estimated Premium Lifetime Maximum</td>
<td>$38.93</td>
<td></td>
</tr>
<tr>
<td>Monthly</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hospitalization</td>
<td>80% after deductible</td>
<td></td>
</tr>
<tr>
<td>Maternity</td>
<td>Not available</td>
<td></td>
</tr>
<tr>
<td>Outpatient Spine and Back Office Visit</td>
<td>Not covered</td>
<td></td>
</tr>
<tr>
<td>Mental Health Office Visit</td>
<td>Not covered</td>
<td></td>
</tr>
<tr>
<td>Prescription Drugs</td>
<td>Not covered</td>
<td></td>
</tr>
<tr>
<td>Outpatient X-ray and Lab</td>
<td>80% after deductible if performed within 14 days of surgery or confinement</td>
<td></td>
</tr>
<tr>
<td>Emergency Room Visit</td>
<td>Illness and injury: 80% after deductible, additional $500 copay if not admitted</td>
<td></td>
</tr>
<tr>
<td>Outpatient Surgery</td>
<td>80% after deductible</td>
<td></td>
</tr>
<tr>
<td>Primary Doctor Office Visit</td>
<td>Not covered</td>
<td></td>
</tr>
<tr>
<td>Specialist-Office Visit</td>
<td>Not covered</td>
<td></td>
</tr>
<tr>
<td>Adult Preventive Care-Office Visit</td>
<td>Not covered</td>
<td></td>
</tr>
</tbody>
</table>

**Returning Customers**

**Coverage Selected:**

- Zip Code: 20910
- Male Applicant (25 yrs.)

**Optional Benefits**

Select from the available optional benefits below (if any) and add to your premium.

- **$5 Million Lifetime Maximum ($7.00)**
- **Preventive Care Benefits Package ($14.87)**
- **Supplemental Accident Benefit**
  - $500 ($3.15)
  - $1,000 ($16.30)
  - None
- **Primary Term Life Benefit**
  - $50,000 ($6.88)
  - $100,000 ($9.58)
  - $150,000 ($12.50)
  - None
- **Primary Accidental Death Benefit ($2.00)**
- **Dental Benefit**
  - Premier ($33.26)
  - Value ($20.44)
  - None

[Read the Product Brochure]

[View Doctors in Network]

[Prescription Drug List]
Benefit Standards Are Essential

• 57 million Americans in families with medical debt in 2007
  – 33% increase since 2003
  – 60% were insured when debt occurred
• Underinsured/people with medical debt
  – Denied, delay, or forego care (53%)
  – Can’t pay for other necessities (65%)
  – Put off major purchases (52%)
  – Take money out of savings (62%)

Subsidies Are Essential

• Uninsured overwhelmingly have low income
• Even at median household income ($50,000), help is needed ($12,000 for family policy)
MA Connector Model

- Individual mandate, market reforms, Medicaid expansion, subsidies for private policies
- 439,000 residents newly covered
  - ESI 36%
  - MassHealth 16%
  - CommCare (non-group subsidized) 41%
  - Non-group unsubsidized 7%
- CommCare private policies subsidized to 300% FPL
  - Covered benefits: hospital, doctor, mental health, maternity, rehab, Rx, dental, vision
  - Copay tiers by income: $0-$50 ($0-$250 inpatient)
  - Premium tiers by income: $0-$219/month
  - Budget of $869 million for 176,000 enrollees
- Uncompensated care pool payments down 41%