Reforming New York’s Individual Health Insurance Market:
Reactions and Perspectives

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Goals

- Expand health insurance choices
- Provide an increased number of lower cost health plans to individuals and small businesses
- Increase the number of New Yorkers who voluntarily buy un-subsidized private coverage
- Reserve increasingly scarce public dollars for priority populations – truly poor, those with disabilities, and the elderly
Warnings

• Don’t try to be original, be effective
• Don’t modify a broken system – replace it with one already proven and working elsewhere
• Look at populations who could voluntarily buy coverage and target subsidies to truly poor or uninsurable
How Much Health Care Do People Actually Use?

Adults age 18-44 (privately insured all year in Northeast, 2005)

This is 1.5 million of the 2.1 million uninsured NY adults

- Median (half more/half less) - $626
- Average (mean) - $2,178

Source: Medical Expenditure Panel Survey, 2005,
www.meps.ahrq.gov
Once a High User, Always a High User?

- For the top 10 of every 100 health care consumers (using more than $5,000 in 2005) in a given year (who consume 65% of all health care used)
  - only 4 will be in the top 10 the following year (41%).

- However, those 50 with the lowest consumption (less than $800 per person in 2005, using 7% of all health care used)
  - 38 will be low users the following year (75%).

## A Closer Look at the Problem

<table>
<thead>
<tr>
<th>Age Range</th>
<th>Number of NY Uninsured</th>
<th>Average Household Income (10%/month)</th>
<th>NYC Direct Pay Premium</th>
<th>CT Individual Ins Premium - $1,500 deductible</th>
<th>CT High Risk Pool PPO Premium - $1,500 deductible</th>
</tr>
</thead>
<tbody>
<tr>
<td>19-29</td>
<td>811,000</td>
<td>$55,500 ($465)</td>
<td>$87-$204 M $81-$350 F</td>
<td>$309 M $601 F</td>
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<tr>
<td>30-39</td>
<td>490,000</td>
<td>$48,500 ($404)</td>
<td>$121-$295 F $112-$261 M</td>
<td>$411 M $622 F</td>
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</tr>
<tr>
<td>40-49</td>
<td>409,000</td>
<td>$43,500 ($363)</td>
<td>$183-$390 M $168-$395 F</td>
<td>$609 M $709 F</td>
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</tr>
<tr>
<td>50-59</td>
<td>311,000</td>
<td>$48,500 ($403)</td>
<td>$276-$695 M $246-$691 F</td>
<td>$1050 M $951 F</td>
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<tr>
<td>60-64</td>
<td>110,000</td>
<td>$53,000 ($441)</td>
<td>$304-$934 M $301-$824 F</td>
<td>$1340 M $1135 F</td>
<td></td>
</tr>
</tbody>
</table>

Sources: Census Bureau, NY Insurance Department, Ehealth.com, and CT Health Reinsurance Assn (2,500 enrollees with $9.2 million in subsidies – Kaiser Family Foundation)
Potential Impact of Increased Choice

- Parente, Feldman, Abraham & Xu - 2008
  - 1,500,000 additional in NY with private coverage
  - Includes allowing plans licensed regionally to be sold in NYS