

The People of Connecticut Can't Wait Any Longer for Health Care Reform

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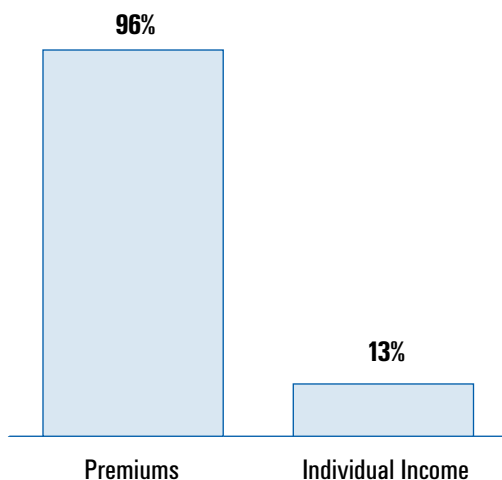
SKYROCKETING PREMIUMS and out-of-pocket medical costs are battering family budgets in Connecticut and making it more difficult for employers, particularly small and low-wage businesses, to provide health insurance for their workers. Health costs are rising at an unsustainable rate. Without reform, these costs threaten Connecticut's state and county budgets, the national economy and every American family.

Comprehensive health reform is needed to set a sustainable path for health care spending, increase the number of Americans with quality, affordable coverage, and make smart health care investments.

Unsustainable Premium Increases Hurt Families and Businesses

- Health insurance premiums for Connecticut working families have skyrocketed, increasing 96 percent from 2000 to 2009. During the same time, the median earnings of Connecticut workers increased 13 percent.¹
- For family health coverage in Connecticut during that time, the average annual combined premium for employers and employees rose from \$7,292 to \$14,282.²
- The full cost of employer-sponsored, family health coverage in Connecticut is projected to grow at an annual rate of 7.3 percent, compared to a 1.5 percent rate for income.³

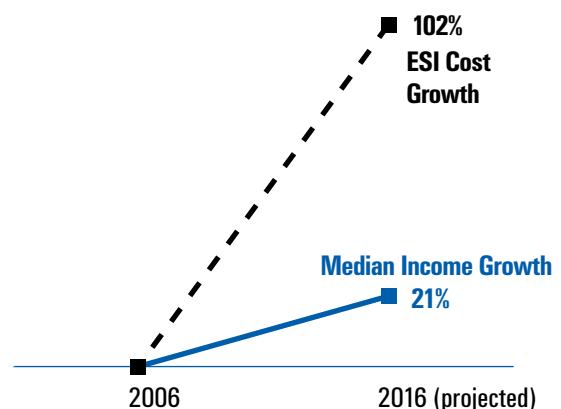
Percentage Increase in Premiums vs Income in Connecticut 2000–2009



Source: Families USA, "Premiums versus Paychecks, by State, 2000 to 2009."

Connecticut Employer Premiums vs Income

Cumulative growth of Connecticut employer sponsored insurance (ESI) premiums compared to median household income, assuming no meaningful health reforms, 2006 to 2016 (projected)



Source: New America Foundation, "The State of State Health: The Cost of Failure" (2007)

- Left unchecked, premiums will be \$25,109 in 2016—fully 34 percent of median household income.⁴

Fewer Businesses Can Afford to Offer Coverage

- Nationally, only 59 percent of small businesses (three to 199 workers) offer their employees health benefits. This is down from 68 percent in 2000.⁵
- Without reform, small businesses will pay nearly \$2.4 trillion in health care costs for their workers over the next 10 years. With reform, small businesses can save as much as \$855 billion, a reduction of 36 percent—money that can be reinvested to grow their small businesses.⁶
- Without reform, 178,000 small business jobs will be lost in 2018 as a result of health care costs. Depending on the particular mechanism used to help small businesses meet their health care obligations, reform can preserve up to 128,000 of these jobs.⁷

More People in Connecticut Uninsured, Leading to Poorer Health, Higher Costs

- One in 10 people in Connecticut were uninsured in 2008, including one in eight adults between the ages of 19 and 64 (279,200 people) and one in sixteen residents younger than 18 years old (53,200 children).⁸
- Without reform, by 2019 the number of uninsured in Connecticut will rise to 479,000.⁹

- About 62 percent of U.S. personal bankruptcies were directly related to medical bills, according to a recent report; in Connecticut there were 7,826 non-business bankruptcies in 2008.^{10,11}
- Each insured family in Connecticut pays an extra \$700 per year and each individual an extra \$260 per year in health insurance premiums as a result of a “hidden tax” to cover the unreimbursed health care expenses of the uninsured.¹²

Lack of Competition Among Health Insurers Raises Costs, Limits Choices

- Consolidation in the insurance industry means that employers, particularly small businesses, have fewer insurance choices and less bargaining leverage when negotiating a plan for workers. Freedom from genuine competition allows Connecticut insurers to reap oversized profits and raise premiums with impunity.^{13,14}
- WellPoint Inc., the state’s biggest health insurer, controls 55 percent of the statewide commercial market. Together with Health Net Inc., they hold 66 percent of the market.¹⁵
- The negative effects of consolidation in Connecticut are most visible at the local level. In Hartford, for example, WellPoint Inc. controls 63 percent of the market, including self-funded employer-sponsored health plans.¹⁶

Connecticut Insurance Market Consolidation by Metro Area, 2007¹⁷

Metro Area	Health Insurer With Largest Market Share	Market Share %	Health Insurer With No. 2 Market Share	Market Share %	Combined Market Share % of Top Two Insurers
Bridgeport–Stamford–Norwalk	WellPoint Inc.	51	Health Net	17	68
Danbury	WellPoint Inc.	48	Health Net	16	64
Hartford	WellPoint Inc.	63	UnitedHealth Group Inc.	14	77

Source: American Medical Association, "Competition in health insurance: A comprehensive study of U.S. markets: 2007 update."

Without Reform, Health Costs of Insured and Uninsured People of Connecticut Projected to Double by 2019

- Reducing health care cost growth is key to our fiscal health. "Done correctly, health care reform can genuinely slow the growth rate of health care costs and thus put us on a path to greatly reduced budget deficits in the long run," said Christina D. Romer, chairwoman of the White House Council of Economic Advisers. "Dealing with the looming budget deficits through effective health care reform is

not simply the best way to go, it is likely the only way."¹⁸

- Failing to act will stress state budgets. By 2019, the number of people in Connecticut without insurance will increase from 356,000 to 479,000, according to the Urban Institute and the Robert Wood Johnson Foundation.¹⁹
- The state will face an increased burden that it cannot afford while thousands of families and business will face crippling medical costs and the prospect of medical bankruptcies, according to the Urban/Johnson report.²⁰

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Projected Aggregate Health Spending in Connecticut Under Current Law, Non-Elderly Population (dollar figures in millions)

	2009	2014	2019	Percent change 2009-2019
Uncompensated Care	\$519	\$775	\$1,186	128
Employer Premium Spending	6,344	9,097	12,671	100

Source: Robert Wood Johnson Foundation, "The Cost of Failure to Enact Health Reform: Implications for States," September 2009.

Racial and Ethnic Health Disparities Persist in Connecticut

- No one has more at stake in the battle over health reform than the 103 million people of color in the U.S.,²¹ including the 896,000 in Connecticut.²²
- For people of color in Connecticut and nationwide, life is shorter, chronic illness more prevalent and disability more common. These are predictable side-effects of a health care system that provides these communities in Connecticut with narrower opportunities for regular health services, fewer treatment options and lower-quality care.
- In Connecticut, 25 percent of Latina and African American women received no early prenatal care, compared with 9 percent for whites.²³
- Almost 18 percent of Latino adults in Connecticut have been diagnosed with diabetes—more than twice the rate for whites.²⁴

Connecticut Racial and Ethnic Disparities and Performance on Key Health Indicators

Commonwealth Fund rankings show increasing cost pressures and deterioration in access across the U.S., together with geographic disparities in performance, underscore the urgent need for comprehensive national reforms to ensure access, change the trajectory of costs and enhance value.

HEALTH INDICATORS	STATE RANKING (out of 50 states plus District of Columbia)
Total single premium per enrolled employee at private-sector establishments that offer health insurance	41
Breast cancer deaths per 100,000 female population	23
Percent of adult diabetics did not receive recommended preventive care	30
Percent of children without a medical home	45
Percent of adults age 50 and older did not receive recommended screening and preventive care	25
Percent of adults without a usual source of care	31

Source: Commonwealth Fund. "State Scorecard Data Tables," October, 2009.

CONNECTICUT CAN'T WAIT FOR HEALTH REFORM

The aim of health care reform is to improve access to quality health care services in every corner of Connecticut and the nation in a way that does not add to, and begins to lower, the cost burden on middle-income families. Through reform, we must slow the growth in health insurance premiums, extend coverage to the 334,200 people of Connecticut who are uninsured, inject competition into highly concentrated and anti-competitive insurance markets, reduce racial and ethnic disparities in access to care and health outcomes, and strengthen the economy of Connecticut and the nation. Given the tremendous burden our dysfunctional health care system places on Connecticut families and businesses, Connecticut and the nation cannot wait any longer for health care reform.

Endnotes

¹Families USA, “Premiums versus Paychecks, by State, 2000 to 2009.” Accessed at <http://www.familiesusa.org/assets/pdfs/premium-increases-2000-to-2009.pdf>.

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⁵Kaiser Family Foundation, “Employer Health Benefits 2009 Survey.” Accessed at <http://ehbs.kff.org>.

⁶Small Business Majority, “The economic impact of healthcare reform on small business,” 2009. Accessed at http://www.smallbusinessmajority.org/pdfs/SBM-economic_impact_061009.pdf.

⁷Ibid.

⁸Kaiser Family Foundation, “Connecticut: Health Insurance Status.” Accessed at <http://www.statehealthfacts.org/profileind.jsp?ind=125&cat=3&rgn=8>.

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¹⁰David Himmelstein, et al., “Medical Bankruptcy in the United States, 2007: Results of a National Study,” *The American Journal of Medicine*, 2009. Accessed at http://pnhp.org/new_bankruptcy_study/Bankruptcy-2009.pdf.

¹¹U.S. Bankruptcy Courts, “Table F2: Business and Nonbusiness Bankruptcy Cases Commenced, by Chapter of the Bankruptcy Code: During the Twelve Month Period Ending Dec. 31 2008.” Accessed at <http://www.uscourts.gov/bnkprctystats/statistics.htm>.

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¹³James Robinson, “Consolidation and the Transformation of Competition in Health Insurance,” *Health Affairs*, 23, No. 6, 2004. Accessed at <http://content.healthaffairs.org/cgi/content/full/23/6/11>.

¹⁴Stephen Foreman, “Proposed Consolidation of Highmark and Independence Blue Cross,” July 2008. Accessed at <http://www.ins.state.pa.us/ins/lib/ins/highmark-ibc/0943.pdf>.

¹⁵AMA data in this report are based on combined enrollment in preferred provider organizations (PPOs) and health maintenance organizations (HMOs) in states and metropolitan statistical areas (MSAs) as defined by the U.S. Census Bureau. The AMA calculates market share by dividing an insurer’s enrollment in a given product by the total enrollment across all insurers in a market multiplied by 100. Total enrollment is for commercial products only, including self-insured employer-sponsored PPO plans and individual coverage, and does not include Medicare, Medicaid, or Children’s Health Insurance Program enrollments. Self-insured employer plans refer to PPOs only. Accessed at <http://www.ama-assn.org/go/competition2007>.

¹⁶American Medical Association, “Competition in health insurance: A comprehensive study of U.S. Markets: 2007 update.” Accessed at <http://www.ama-assn.org/go/competition2007>.

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¹⁸Christina D. Romer, “Health Care Reform and the Budget Deficit,” October 26, 2009. Accessed at <http://www.whitehouse.gov/files/documents/HealthCareDeficit.pdf>.

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²⁰Robert Wood Johnson Foundation, “The Cost of Failure to Enact Health Reform: Implications for States,” October 2009. Accessed at <http://www.rwjf.org/files/research/49148.pdf>.

²¹US Census Bureau, “USA QuickFacts,” 2008. Accessed at <http://quickfacts.census.gov/qfd/states/00000.html>.

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