

Louisianans Can't Wait Any Longer For Health Care Reform

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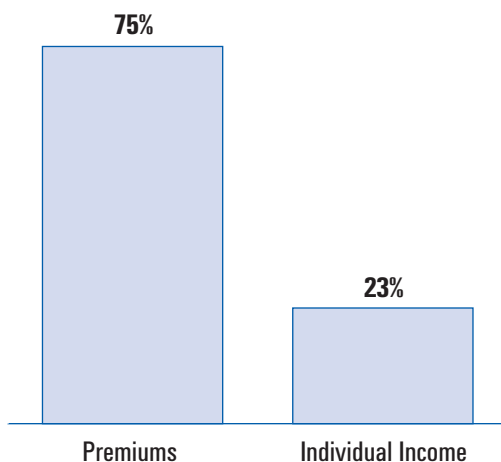
SKYROCKETING PREMIUMS and out-of-pocket medical costs are battering family budgets in Louisiana and making it more difficult for employers, particularly small and low-wage businesses, to provide health insurance for their workers. Health costs are rising at an unsustainable rate. Without reform, these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

- Health insurance premiums for Louisiana working families have skyrocketed, rising 75 percent from 2000 to 2007. During the same time, the median earnings of Louisiana workers increased 23 percent.¹
- For family health coverage in Louisiana in that same period, the average annual combined premium for employers and employees rose from \$6,536 to \$11,455.²
- The full cost of employer-sponsored health insurance in Louisiana is projected to grow at an annual rate of 7.9 percent, compared to a 0.2 percent decline in income.³

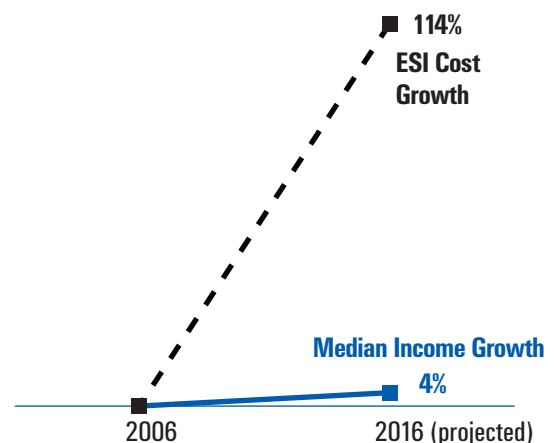
Percentage Increase in Premiums vs Income in Louisiana 2000–2007



Source: Families USA, "Premiums Versus Paychecks," September 2008

Louisiana Employer Premiums vs Income

Cumulative growth of Louisiana 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 \$23,133 in 2016. That is 60 percent of a projected family's income.⁴

Fewer Louisiana Businesses Can Afford to Offer Coverage

- Only 59 percent of small businesses (3 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 dollars over the next 10 years in health care costs for their workers. 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 save up to 128,000 of these jobs.⁷
- In Louisiana, only 36 percent of small business owners provide coverage, the majority of which say they are struggling with its cost. Nine out of ten businesses that don't offer coverage cite cost as the reason.⁸

More Louisianans Uninsured, Leading to Poorer Health and Higher Costs

- One in five Louisianans was uninsured in 2008, including one in four adults between the ages of 19 and 64 (672,700 people) and one in eight residents younger than 18 years old (140,300 children).⁹

- By 2019, without reform the number of uninsured in Louisiana will rise to 1.1 million.¹⁰
- About 62 percent of U.S. personal bankruptcies were directly related to medical bills, according to a recent report; in Louisiana there were 14,948 non-business bankruptcies in 2008.^{11,12}
- Each insured family in Louisiana pays an extra \$900 per year and each individual \$320 per year in health insurance premiums as a result of a "hidden tax" to cover the unreimbursed health care expenses of the uninsured.¹³

Lack of Competition Among Health Insurers Raises Costs in Louisiana

- Consolidation in the insurance industry means that employers, particularly small businesses, have fewer insurance choices and less power in bargaining to negotiate a plan for workers. Freedom from genuine competition allows Louisiana insurers to reap oversized profits and raise premiums with impunity.^{14,15}
- The state's largest health insurer, Blue Cross and Blue Shield of Louisiana, controls 61 percent of the state commercial market. Together with UnitedHealth Group Inc., the second largest Louisiana health insurer, they control 74 percent of the market.¹⁶
- The negative effects of consolidation in Louisiana are most visible when viewed at the local level. In the Lafayette area, for example, the top insurer controls an 93 percent share of the market, including self-funded employer-sponsored health plans.¹⁷

Louisiana Insurance Market Consolidation by Metro Area, 2007¹⁸

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
Alexandria	Blue Cross and Blue Shield of Louisiana	71	Humana Inc.	14	85
Baton Rouge	Blue Cross and Blue Shield of Louisiana	67	UnitedHealth Group Inc.	15	82
Houma– Bayou Cane– Thibodaux	Blue Cross and Blue Shield of Louisiana	57	Aetna Inc.	18	75
Lafayette	Blue Cross Blue Shield of Louisiana	85	Humana Inc.	8	93
Lake Charles	Blue Cross Blue Shield of Louisiana	68	UnitedHealth Group Inc.	15	83
Monroe	Blue Cross Blue Shield of Louisiana	59	Vantage Health	15	74
New Orleans– Metairie– Kenner	Blue Cross Blue Shield of Louisiana	49	Aetna Inc.	15	64
Shreveport– Bossier City	Blue Cross Blue Shield of Louisiana	35	UnitedHealth Group Inc.	24	59

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

Louisiana’s Economic Health Depends on Health Care Reform

- 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.”¹⁹
- Failing to act will stress state budgets. By 2019, the number of people in Louisiana without insurance will increase from 894,000 to 1.1 million, according to the Urban Institute and the Robert Wood Johnson Foundation.²⁰
- Louisiana 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.²¹

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

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

	2009	2014	2019	Percent change 2009-2019
Uncompensated Care	\$1,040	\$1,507	\$2,189	110.4
Employer Premium Spending	4,944	6,860	9,299	88.1

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 Louisiana

- No one has more at stake in the battle over health reform than the 103 million people of color in the U.S.,²² including the 1,662,000 in Louisiana.²³ About 57 percent of Hispanics and 30 percent of African Americans in Louisiana are uninsured, compared with 18 percent of whites.²⁴
- For people of color in Louisiana 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 Louisiana with narrower opportunities for regular health services, fewer treatment options and lower-quality care.
- The infant death rate in Louisiana for whites is 7.1 per 1,000 live births, compared with 13.9 for African Americans.²⁵ Life expectancy for African Americans in Louisiana is 6 to 10 years shorter than that of whites.²⁶
- From 2003 to 2006, the direct and indirect cost of health care inequalities was \$1.24 trillion, including \$229 billion in direct medical spending and \$783 billion in indirect costs (primarily premature death). This is an economic loss of \$309 billion annually.²⁷

Louisiana 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)
Overall ranking on health system performance	49
Percent insured, adults ages 18–64	49
Percent insured, children ages 0–17	41
Percent of adults without a time in the past year when they needed to see a doctor could not because of cost	48
Prevention and treatment	45
Percent of children ages 19–35 months who received all recommended doses of five key vaccines	40
Percent of hospitalized patients who received recommended care for heart attack, heart failure, and pneumonia	46
Potentially avoidable use of hospitals and costs of care: dimension ranking	51
Racial and ethnic disparities in health care and health outcomes	42
Mortality amenable to health care, deaths per 100,000	49
Infant mortality, deaths per 1,000 live births	49
Breast cancer deaths per 100,000 female population	50
Colorectal cancer deaths per 100,000 population	48

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

LOUISIANA 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 Louisiana and the nation in a way that does not add to, and begins to lower, the cost burden on middle-income families and the federal deficit. Through reform, we must slow the growth in health insurance premiums, extend coverage to the nearly one million uninsured Louisianans, 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 Louisiana and the nation. Given the tremendous burden our dysfunctional health care system places on Louisiana families and businesses, Louisiana and the nation cannot wait any longer for health care reform.

Endnotes

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¹¹David 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.

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¹⁵Stephen 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>.

¹⁶AMA 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>.

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