

Arkansans Can't Wait Any Longer For Health Care Reform

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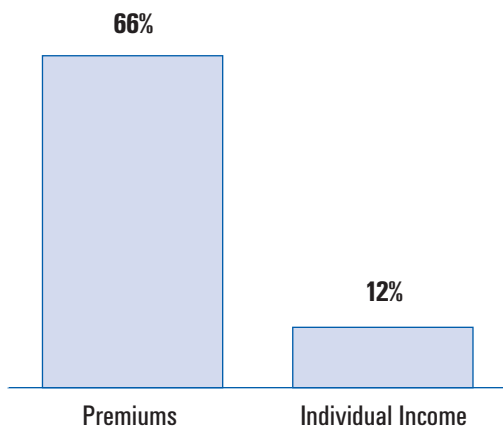
SKYROCKETING PREMIUMS and out-of-pocket medical costs are battering family budgets in Arkansas and making it more difficult for employers, particularly small and low-wage businesses, to provide health insurance for their workers. Health costs are rising at an unsustainable rate. Without reform, these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

- Health insurance premiums for Arkansas working families have skyrocketed, increasing 66 percent from 2000 to 2007. During the same time, the median earnings of Arkansas workers increased 12 percent.¹
- For family health coverage in Arkansas during that time, the average annual combined premium for employers and employees rose from \$6,355 to \$10,534.²
- The full cost of employer-sponsored health insurance in Arkansas is projected to grow at an annual rate of 8.1 percent, compared to a 1.4 percent growth rate for income.³

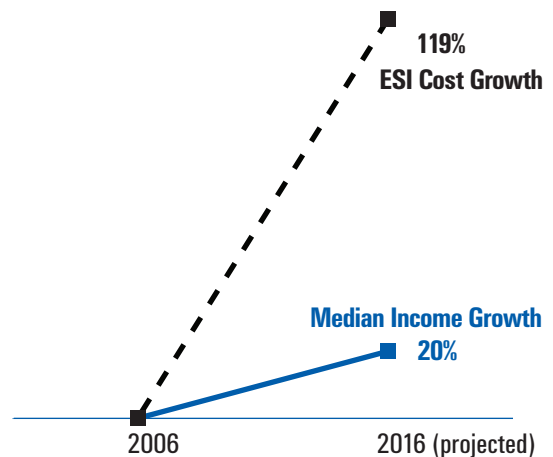
Percentage Increase in Premiums vs Income in Arkansas 2000–2007



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

Arkansas 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 \$21,715 in 2016—a full 48 percent of project family income in Arkansas.⁴

Fewer Arkansas Businesses Can Afford to Offer Coverage

- Nationally, 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 by 2018 as a result of rising 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

More Arkansans Uninsured, Leading to Poorer Health and Higher Costs

- One in six Arkansans was uninsured in 2008, including one in four adults between the ages of 19 and 64 (411,800 people) and one in 12 residents younger than 18 years old (61,100 children).^{8,9}
- Without reform the number of uninsured in Arkansas in 2019 will reach 615,000.¹⁰

- About 62 percent of U.S. personal bankruptcies were directly related to medical bills, according to a recent report; in Arkansas there were 13,484 non-business bankruptcies in 2008.^{11,12}
- Each insured family in Arkansas pays an extra \$1,500 per year and each individual an extra \$520 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 Arkansas

- 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 Arkansas insurers to reap oversized profits and raise premiums with impunity.^{14,15}
- The state’s largest health insurer, Arkansas Blue Cross and Blue Shield, controls 75 percent of the state commercial market. Together with UnitedHealth Group Inc., the second largest Arkansas health insurer, they control 81 percent of the market.¹⁶
- The negative effects of consolidation in Arkansas are most visible when viewed at the local level. In the Texarkana area, for example, Arkansas Blue Cross and Blue Shield controls a 97 percent share of the market, including self-funded employer-sponsored health plans.¹⁷

Arkansas 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
Fayetteville	Arkansas Blue Cross and Blue Shield	83	Aetna	6	89
Fort Smith	Arkansas Blue Cross and Blue Shield	68	UnitedHealth Group Inc.	19	87
Hot Springs	Arkansas Blue Cross and Blue Shield	63	UnitedHealth Group Inc.	22	85
Jonesboro	Arkansas Blue Cross and Blue Shield	89	CIGNA	5	94
Little Rock–North Little Rock	Arkansas Blue Cross and Blue Shield	77	UnitedHealth Group Inc.	9	86
Pine Bluff	Arkansas Blue Cross and Blue Shield	80	UnitedHealth Group Inc.	7	87
Texarkana	Arkansas Blue Cross and Blue Shield	97	WellPoint Inc.	2	99

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

Economic Health of Arkansas 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 Arkansas without insurance will increase from 481,000 to 615,000, according to the Urban Institute and the Robert Wood Johnson Foundation.²⁰
- 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.²¹

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

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

	2009	2014	2019	Percent change 2009-2019
Uncompensated Care	\$556	\$816	\$1,222	119.8
Employer Premium Spending	3,517	5,001	7,042	100.2

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 Arkansas

- 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 233,000 in Arkansas.²³ About 34 percent of Latinos and 29 percent of African Americans in Arkansas are uninsured, compared with 17 percent of whites.²⁴
- For people of color in Arkansas 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 Arkansas with narrower opportunities for regular health services, fewer treatment options and lower-quality care.

- The infant mortality rate for African Americans in Arkansas is almost twice that of whites.²⁵ The mortality rate for African Americans in Arkansas is 25 percent higher than for whites.²⁶

Arkansas 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)
Percent of nonelderly adults (ages 18-64) insured	44
Percent of adults without a time in the past year when they needed to see a doctor but could not because of cost	45
Percent of adults age 50 and older received recommended screening and preventative care	49
Percent of children ages 19-35 months received all recommended of five key vaccines	47
Percent of surgical patients received appropriate care to prevent complications	37
Mortality amenable to health care, deaths per 100,000 population	48
Infant mortality, deaths per 100,000 live births	37
Breast cancer deaths per 100,000 female population	34
Colorectal cancer deaths per 100,000 population	42
Percent uninsured, ages 0-64	37
Percent of at-risk adults have not visited a doctor for routine checkup in the past two years	43
Percent of adults with a time in the past year when they needed to see a doctor but could not because of cost	49
Percent of children without both a medical and dental preventative care visit in the past year	50
Percent of adults without a usual source of care	45
Percent of adults age 50 and older did not receive recommended screening and preventative care	46

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

ARKANSAS 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 Arkansas 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 nearly 500,000 uninsured Arkansans, 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 Arkansas and the nation. Given the tremendous burden our dysfunctional health care system places on Arkansas families and businesses, Arkansas and the nation cannot wait any longer for health care reform.

Endnotes

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- 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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- ¹⁸AMA 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 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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