

Missourians Can't Wait Any Longer For Health Care Reform

OCTOBER 2009

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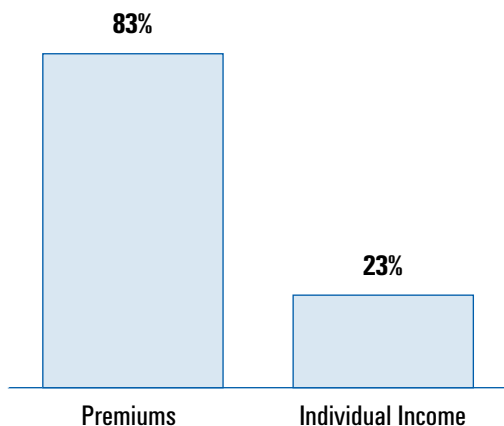
SKYROCKETING PREMIUMS and out-of-pocket medical costs are battering family budgets in Missouri and making it more difficult for employers, particularly small and low-wage businesses, to provide health insurance for their workers. Health costs are rising at an unsustainable rate. Without reform, these costs threaten Missouri'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 Missouri working families have skyrocketed, increasing 83 percent from 2000 to 2009. During the same time, the median earnings of Louisiana workers increased 23 percent.¹
- For family health coverage in Missouri during that time, the average annual combined premium for employers and employees rose from \$6,731 to \$12,285.²
- The full cost of employer-sponsored health insurance in Missouri is projected to grow at an annual rate of 7.9 percent, compared to a 0.8 percent growth rate for income.³

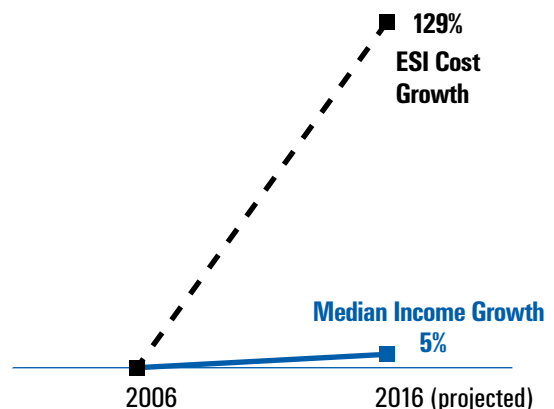
Percentage Increase in Premiums vs Income in Missouri 2000–2009



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

Missouri Employer Premiums vs Income

Cumulative growth of Missouri 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 \$25,616 in 2016—fully 55 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
- A survey of small business owners in Missouri found that more than half (54 percent) don't offer health insurance to their workers, and 89 percent of those say it's because they can't afford to.⁸
- Of the small business owners that offer insurance, 72 percent say they are “really struggling” to afford it.⁹
- Small business owners in Missouri appreciate choice—69 percent of them say they should have access to both public and private health plans.¹⁰
- People should be able to buy health insurance without regard to past health problems, according to 82% of respondents to a survey of small business owners, and 68 percent say more entrepreneurs would start businesses if they didn't face those obstacles to coverage.¹¹

More Missourians are Uninsured, Leading to Poorer Health, Higher Costs

- One in eight Missourians was uninsured in 2008, including one in six adults between the ages of 19 and 64 (594,400 people) and one in eleven residents younger than 18 years old (132,200 children).¹²
- Without reform, by 2019 the number of uninsured in Missouri will rise to 1,029,000.¹³
- About 62 percent of U.S. personal bankruptcies were directly related to medical bills, according to a recent report; in Missouri there were 24,718 non-business bankruptcies in 2008.^{14,15}
- Each insured family in Missouri pays an extra \$400 per year and each individual an extra \$130 per year in health insurance premiums as a result of a “hidden tax” to cover the unreimbursed health care expenses of the uninsured.¹⁶

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 power in bargaining to negotiate a plan for workers. Freedom from genuine competition allows Missouri insurers to reap oversized profits and raise premiums with impunity.^{17,18}
- Wellpoint Inc.'s Anthem Blue Cross Blue Shield subsidiary, the state's biggest health insurer, holds 68 percent of the commercial market. Together with UnitedHealth Group Inc. they control 79 percent of the market.¹⁹
- The negative effects of consolidation in Missouri are most visible at the local level. In the Joplin area, for example, WellPoint Inc. controls 94 percent of the market, including self-funded employer-sponsored health plans.²⁰

Missouri Insurance Market Consolidation by Metro Area, 2007²¹

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
Columbia	WellPoint Inc.	85	UnitedHealth Group Inc.	9	94
Jefferson	WellPoint Inc.	77	UnitedHealth Group Inc.	15	92
Joplin	WellPoint Inc.	94	Humana Inc.	2	96
Kansas City	Blue Cross Blue Shield Kansas City	41	Coventry Health Care	36	77
Springfield	WellPoint Inc.	68	Cox Health	21	89
St. Joseph	Blue Cross Blue Shield Kansas City	55	Heartland (Community Health Plan)	42	97
St. Louis	WellPoint Inc.	67	UnitedHealth Group Inc.	11	78

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 Missourians 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."²²

- Failing to act will stress state budgets. By 2019, the number of people in Missouri without insurance will increase from 790,000 to 1,029,000, according to the Urban Institute and the Robert Wood Johnson Foundation.²³
- 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.²⁴

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

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

	2009	2014	2019	Percent change 2009-2019
Uncompensated Care	\$941	\$1,390	\$2,094	122.5
Employer Premium Spending	8,460	12,250	17,302	104.5

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 Missouri

- No one has more at stake in the battle over health reform than the 103 million people of color in the U.S.,²⁵ including the 1,046,000 in Missouri.²⁶
- For people of color in Missouri 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 Missouri with narrower opportunities for regular health services, fewer treatment options and lower-quality care.
- Life expectancy for African Americans in Missouri is 6 to 10 years shorter than that of whites.²⁷
- About 26 percent of Latinos and 22 percent of African Americans in Missouri are uninsured, compared with 13 percent of whites.²⁸
- The infant mortality rate for African Americans in Missouri is more than twice that of whites.²⁹

Missouri 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 children ages 19-35 months received all recommended doses of five key vaccines	42
Mortality amenable to health care, deaths per 100,000 population	36
Infant mortality, deaths per 1,000 live births	35
Breast cancer deaths per 100,000 female population	49
Colorectal cancer deaths per 100,000 population	30
Percent of nonelderly adults (ages 18-64) limited in any activities because of physical, mental, or emotional problems	44
Percent of adults with a time in the past year when they needed to see a doctor but could not because of cost	38
Percent of children without both a medical and dental preventive care visit in the past year	46
Percent of at-risk adults have not visited a doctor for routine checkup in the past two years	48
Percent of adults with a time in the past year when they needed to see a doctor but could not because of cost	48

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

MISSOURI 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 Missouri 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 more than three quarters of a million Missourians 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 Missouri and the nation. Given the tremendous burden our dysfunctional health care system places on Missouri families and businesses, Missouri and the nation cannot wait any longer for health care reform.

Endnotes

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¹⁷James 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>.

¹⁸Stephen 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>.

¹⁹AMA 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>.

²⁰American 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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