

Virginians Can't Wait Any Longer For Health Care Reform

NOVEMBER 2009

HEALTH CARE **NOW!**
FOR AMERICA

QUALITY, AFFORDABLE HEALTH CARE WE ALL CAN COUNT ON.

www.HealthCareforAmericaNow.org

HCAN is solely responsible for the content of this report.

Virginians Can't Wait Any Longer For Health Care Reform

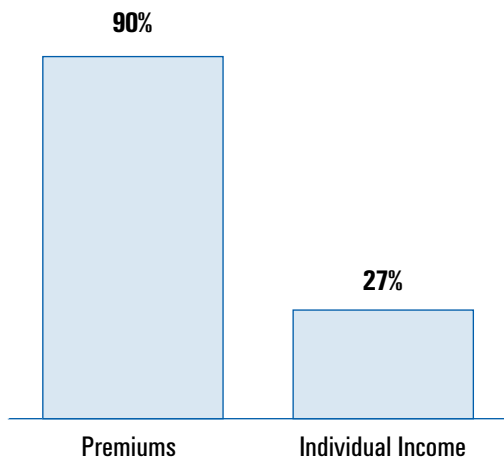
SKYROCKETING PREMIUMS and out-of-pocket medical costs are battering family budgets in Virginia and making it more difficult for employers, particularly small and low-wage businesses, to provide health insurance for their workers. Health costs are rising at an unsustainable rate. Without reform, these costs threaten Virginia'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 Virginia working families have skyrocketed, increasing 90 percent from 2000 to 2009. During the same time, the median earnings of Virginia workers increased 27 percent.¹
- For family health coverage in Virginia during that time, the average annual combined premium for employers and employees rose from \$6,684 to \$12,687.²
- The full cost of family employer-sponsored health insurance in Virginia is projected to grow at an annual rate of 8.1 percent, compared to a 1.2 percent growth rate for income.³

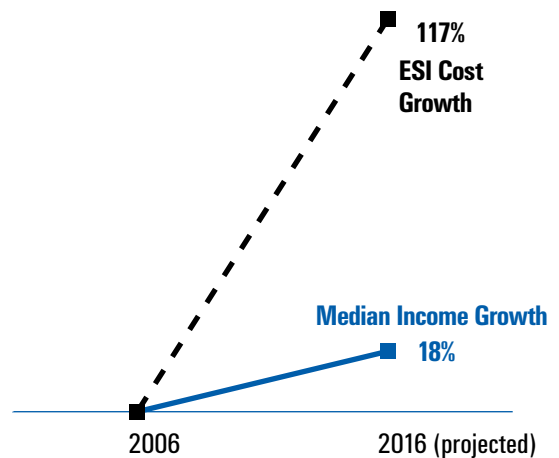
Percentage Increase in Premiums vs Income in Virginia 2000–2009



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

Virginia Employer Premiums vs Income

Cumulative growth of Virginia 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 \$24,938 in 2016—fully 38 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
- Among Virginia small business owners polled, 46 percent reported that they pay for health insurance for their employees. Of those, 76 percent say they are really struggling to do so.⁸
- Of the 54 percent of small employers that do not provide insurance, 92 percent say they can't afford it.⁹
- Virginia small business owners appreciate choice—79 percent prefer the option of a public or private health plan, while 13 percent are interested only in a private plan, and 5 percent prefer a public option.¹⁰
- Among Virginia small businesses, 67 percent say it is important for individuals, employers, insurers, the government and health care providers to share the responsibility for making care more affordable.¹¹

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

- One in seven Virginians was uninsured in 2008, including one in six adults between the ages of 19 and 64 (842,600 people) and one in 11 residents younger than 18 years old (182,800 children).¹²
- By 2019, without reform the number of uninsured in Virginia will rise to 1,664,000.¹³
- About 62 percent of U.S. personal bankruptcies were directly related to medical bills, according to a recent report; in Virginia there were 27,554 non-business bankruptcies in 2008.^{14,15}
- Each insured family in Virginia pays an extra \$1,000 per year and each individual an extra \$360 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 leverage when negotiating a plan for workers. Freedom from genuine competition allows Virginia insurers to reap oversized profits and raise premiums with impunity.^{17,18}
- WellPoint Inc., the state's dominant health insurer through its Anthem subsidiary, holds 50 percent of the Virginia market. Together with Aetna Inc., they control 61 percent of the commercial market.¹⁹
- The negative effects of consolidation in Virginia are most visible at the local level. In the Roanoke area, for example, WellPoint controls 95 percent of the market, including self-funded employer-sponsored health plans.²⁰

Virginia 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
Charlottesville	WellPoint Inc.	52	Aetna Inc.	39	91
Harrisonburg	WellPoint Inc.	86	OPTIMA Health (Sentara)	7	93
Lynchburg	WellPoint Inc.	80	Piedmont (Centra)	17	97
Richmond	WellPoint Inc.	62	Aetna Inc.	23	85
Roanoke	WellPoint Inc.	95	Coventry Health Care	2	97
Winchester	CareFirst Blue Cross Blue Shield	73	UnitedHealth Group Inc.	14	87

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 Virginians 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 Virginia without insurance will increase from 1,176,000 to 1,664,000, 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 Virginians Projected to Double by 2019

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

	2009	2014	2019	Percent change 2009-2019
Uncompensated Care	\$1,557	\$2,386	\$3,799	144%
Employer Premium Spending	\$12,065	\$17,667	\$25,464	111%

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 Virginia

- 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 2,540,000 in Virginia.²⁶
- For people of color in Virginia 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 Virginia with narrower opportunities for regular health services, fewer treatment options and lower-quality care.
- Life expectancy for African Americans in Virginia is 6 to 10 years shorter than that of whites.²⁷
- About 45 percent of Latinos and 17 percent of African Americans in Virginia are uninsured, compared with 12 percent of whites.²⁸
- The infant death rate for whites is 6 per 1,000 live births, compared with 13.7 for African Americans.²⁹
- The mortality rate for African Americans in Virginia is 30 percent higher than for whites.³⁰

Virginia 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 uninsured, ages 0-64	31
Percent of at-risk adults have not visited a doctor for routine checkup in the past two years	33
Percent of adults with a time in the past year when they needed to see a doctor but could not because of cost	39
Percent of at-risk adults have not visited a doctor for routine checkup in the past two years	32
Percent of children without both a medical and dental preventive visit in the past year	34
Mortality amenable to health care, deaths per 100,000 population	29
Infant mortality, deaths per 1,000 live births	35
Breast cancer deaths per 100,000 female population	41

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

VIRGINIA 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 Virginia 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 one million Virginians 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 Virginia and the nation. Given the tremendous burden our dysfunctional health care system places on Virginia families and businesses, Virginia 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>.

²Ibid.

³New America Foundation, “The State of State Health: The Cost of Failure (2007),” Accessed at <http://statehealth.newamerica.net/>.

⁴Ibid.

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.

⁸Small Business Majority, “Virginia Survey: Small Businesses Need Healthcare Reform,” June 2009. Accessed at http://www.smallbusinessmajority.org/pdfs/Virginia_research_report.pdf.

⁹Small Business Majority, “Virginia Survey: Small Businesses Need Healthcare Reform,” June 2009. Accessed at http://www.smallbusinessmajority.org/pdfs/Virginia_research_report.pdf.

¹⁰Small Business Majority, “Virginia Survey: Small Businesses Need Healthcare Reform,” June 2009. Accessed at http://www.smallbusinessmajority.org/pdfs/Virginia_research_report.pdf.

¹¹Small Business Majority, “Virginia Survey: Small Businesses Need Healthcare Reform,” June 2009. Accessed at http://www.smallbusinessmajority.org/pdfs/Virginia_research_report.pdf.

¹²Kaiser Family Foundation, “Virginia: Health Insurance Status.” Accessed at <http://www.statehealthfacts.org/profilecat.jsp?rgn=28&cat=3>.

¹³Robert 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>.

¹⁴David 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.

¹⁵U.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/bnkrpctstats/statistics.htm>.

¹⁶Center for American Progress Action Fund, “The Cost Shift from the Uninsured,” March 24, 2009. Accessed at http://www.americanprogressaction.org/issues/2009/03/pdf/cost_shift.pdf.

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>.

²¹AMA 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/ama1/pub/upload/mm/368/compstudy_52006.pdf.

²²Christina D. Romer, “Health Care Reform and the Budget Deficit,” October 26, 2009. Accessed at <http://www.whitehouse.gov/files/documents/HealthCareDeficit.pdf>.

²³Robert 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>.

²⁴Robert 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>.

²⁵US Census Bureau, “USA QuickFacts,” 2008. Accessed at <http://quickfacts.census.gov/qfd/states/00000.html>.

²⁶US Census Bureau, “USA QuickFacts,” 2008. Accessed at <http://quickfacts.census.gov/qfd/states/00000.html>.

²⁷National Center for Health Statistics, “Health, United States, 2008 With Chartbook” Hyattsville, MD: 2009.

²⁸National Center for Health Statistics, “Health, United States, 2008 With Chartbook” Hyattsville, MD: 2009.

²⁹Kaiser Family Foundation, “Key Health Indicators by Race/Ethnicity and State,” 2009 update.

³⁰National Center for Health Statistics, “Health, United States, 2008 With Chartbook” Hyattsville, MD: 2009.