

# Health Care Reform and Individual Health Insurance in New York

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# Role of Individual Market

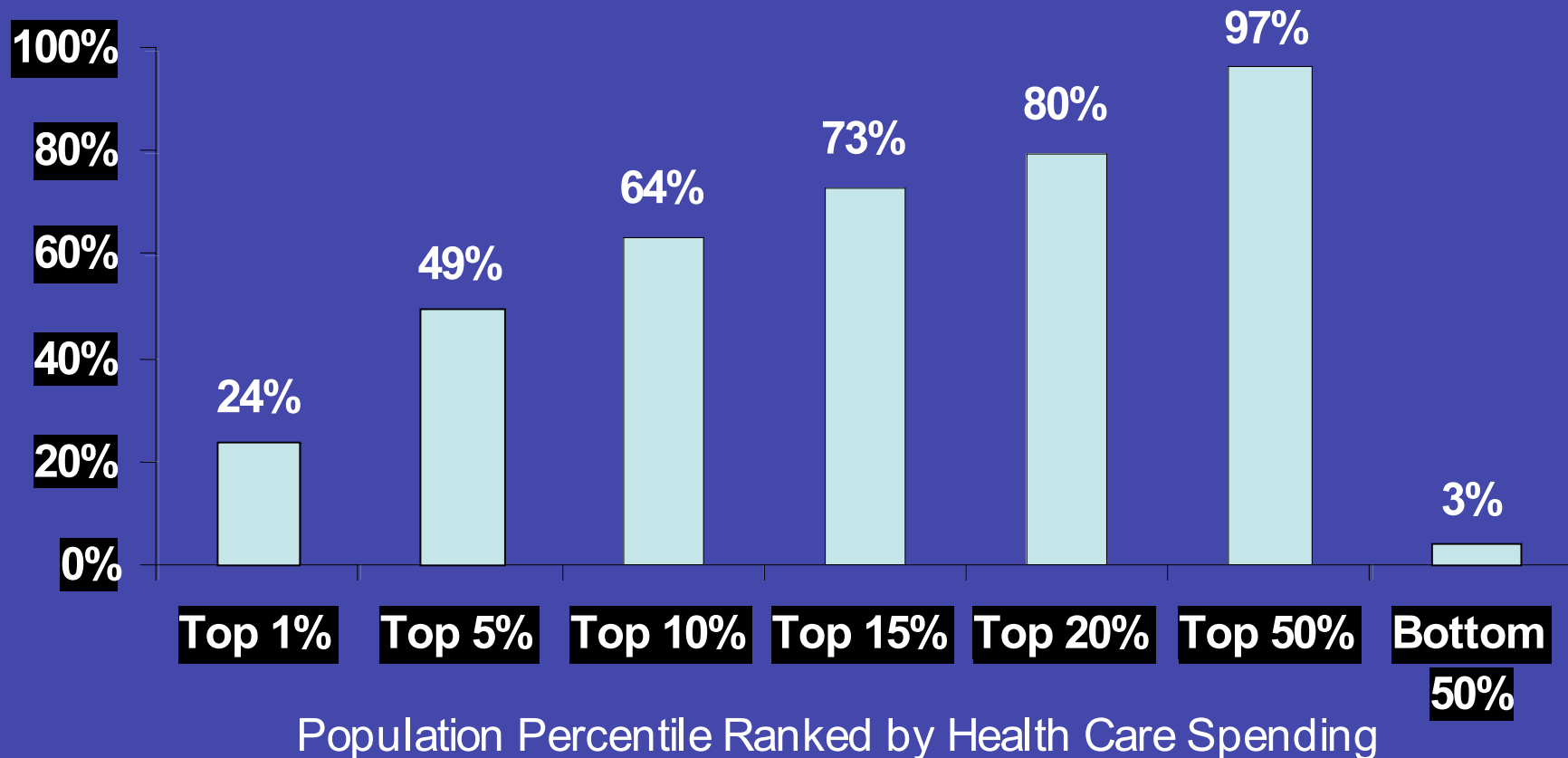
- Today:
  - Residual source of coverage
  - Largely unsubsidized
  - Difficult to reform
- Future?

# Key Health Reform Principles

- Health coverage must be:
  - Available
  - Adequate
  - Affordable
  - Always
- Can NY achieve these goals most easily through public programs or private individual market?

# Risk Pool Must be Broad as Possible

Concentration of Health Spending in the U.S. Population



Note: Population includes those without any health care spending. Health spending defined as total payments, or the sum of spending by all payer sources.

Source: Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey, 2003.

# Hospital-Only vs. Comprehensive Coverage

## *Empire Traditional Plus Hospital Plan*

- \$137 / month
- Full coverage for hospital care
- NO coverage for
  - Office visits
  - Outpatient medical care
  - Preventive care
  - Outpatient Rx drugs

## *Empire Direct Pay HMO*

- \$889 / month
- \$500/admission hospital
- \$15 copay for
  - Office visits
  - Outpatient medical care
  - Preventive care
- Rx with \$100 deductible, \$5-10 copay

# Separate Plans for Self-Employed

## *Oxford EPO for Self-Employed*

- \$335 / month
- \$2,000 annual deductible
- 20% coinsurance for hospital
- \$30-\$50 copay for
  - Office visits
  - Outpatient medical care
- Rx with \$100 deductible, \$15 copay generic, 50% coinsurance brand
- \$4,000 annual out-of-pocket

## *Oxford Direct Pay HMO*

- \$858 / month
- No annual deductible
- \$500/admission hospital
- \$15 copay for
  - Office visits
  - Outpatient medical care
  - Preventive care
- Rx with \$100 deductible, \$5-10 copay

# “Innovative” Benefit Design?



simple. affordable  
health insurance.

# Cover your A-Z.®

## Say What's Up to Tonik

Simple, affordable health coverage for your body, eyes, and teeth. You know, the stuff that matters. Three plans, one just your flavor. Apply online in about 15 minutes, that's it. Brought to you by Anthem Blue Cross Life and Health Insurance Company.

- Compare Plans
- Apply Now
- Savings
- Member Login

### Quick Quote

See how affordable Tonik is.

GO

#### 1 thrill-seeker

🕒 A.K.A. 5000

You live life on the edge, and happily go over it.

🕒 \$20 copay

🕒 \$5,000 deductible

🕒 As low as \$78 per month

INFO

APPLY

#### 2 part-time daredevil

🕒 A.K.A. 3000

Play hard. Play safe. You mix it up a bit.

🕒 \$30 copay

🕒 \$3,000 deductible

🕒 As low as \$95 per month

INFO

APPLY

#### 3 calculated risk-taker

🕒 A.K.A. 1500

A well-thought-out walk on the wild side is just your style.

🕒 \$40 copay

🕒 \$1,500 deductible

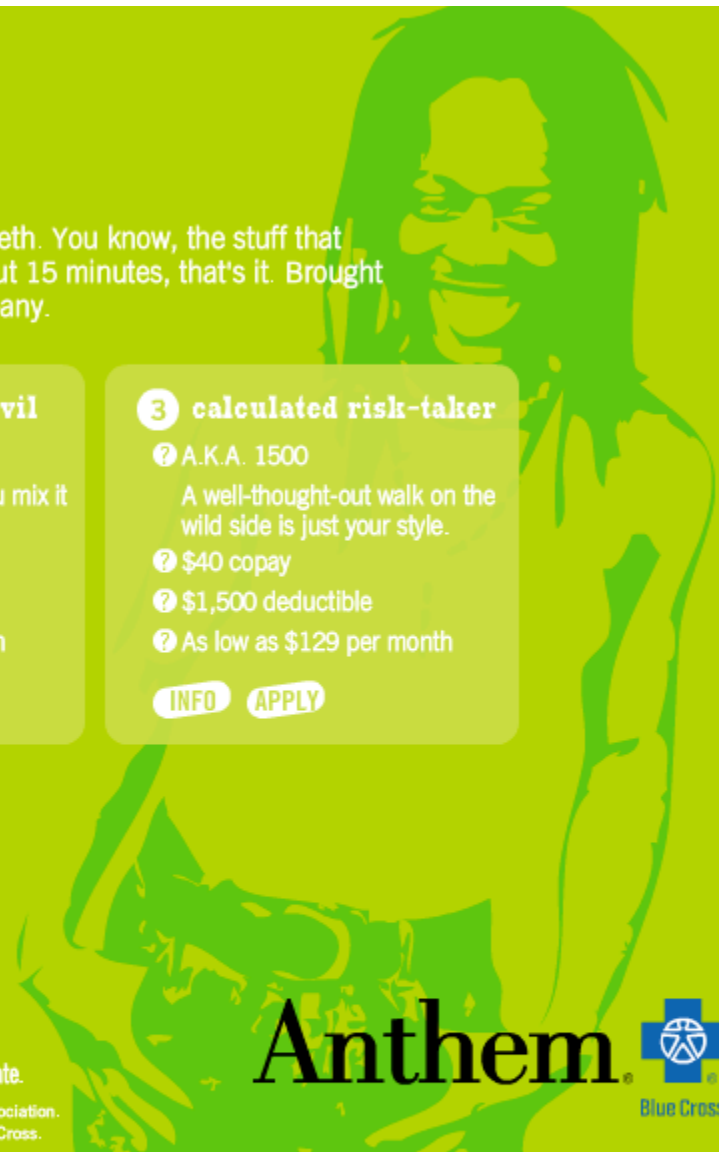
🕒 As low as \$129 per month

INFO

APPLY

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## View Benefits & Apply

Review the description of your selected plan below. Read through the product brochure for more details. Select any optional benefits you prefer.

Plan	<b>Saver 80</b> <small>SM</small>
	<b>Apply</b>
Requested Effective Date	12/1/2008
Deductible	\$5,000 <small>▼</small>
Maximum Family Deductible	Maximum two deductibles per family per calendar year
Coinsurance	80/20 to \$15,000
Estimated Premium	<b>\$38.93</b> Monthly
Lifetime Maximum	\$3 million per covered person
Hospitalization	80% after deductible
Maternity	Not available
Outpatient Spine and Back-Office Visit	Not covered
Mental Health-Office Visit	Not covered
Prescription Drugs	Not covered
Outpatient X-ray and Lab	80% after deductible if performed within 14 days of surgery or confinement
Emergency Room Visit	Illness and injury: 80% after deductible, additional \$500 copay if not admitted
Outpatient Surgery	80% after deductible
Primary Doctor-Office Visit	Not covered
Specialist-Office Visit	Not covered
Adult Preventive Care-Office Visit	Not covered

## Returning Customers

Coverage Selected:

Zip Code: 20910

Male Applicant (25 yrs.)

[Change Above Information](#)

### Optional Benefits

Select from the available optional benefits below (if any) and add to your premium.

[\\$5 Million Lifetime Maximum](#) (\$7.00)

[Preventive Care Benefits Package](#) (\$14.67)

[Supplemental Accident Benefit](#)

\$500 (\$8.15)

\$1,000 (\$16.30)

None

[Primary Term Life Benefit](#)

\$50,000 (\$6.88)

\$100,000 (\$9.58)

\$150,000 (\$12.50)

None

[Primary Accidental Death Benefit](#) (\$2.00)

[Dental Benefit](#)

Premier (\$33.26)

Value (\$20.44)

None

Read the [Product Brochure](#)

[View Doctors in Network](#)

[Prescription Drug List](#)

# Benefit Standards Are Essential

- 57 million Americans in families with medical debt in 2007
  - 33% increase since 2003
  - 60% were insured when debt occurred
- Underinsured/people with medical debt
  - Denied, delay, or forego care (53%)
  - Can't pay for other necessities (65%)
  - Put off major purchases (52%)
  - Take money out of savings (62%)

Sources: P. Cunningham, "Trade-Offs Getting Tougher: Problems Paying Medical Bills Increase for US Families" Center for Studying Health System Change Tracking Report #21, September 2008

C. Schoen, et al, How Many Are Underinsured? Trends Among U.S. Adults, 2003 and 2007, *Health Affairs Web Exclusive*, June 10, 2008

# Subsidies Are Essential

- Uninsured overwhelmingly have low income
- Even at median household income (\$50,000), help is needed (\$12,000 for family policy)

# MA Connector Model

- Individual mandate, market reforms, Medicaid expansion, subsidies for private policies
- 439,000 residents newly covered
  - ESI 36%
  - MassHealth 16%
  - CommCare (non-group subsidized) 41%
  - Non-group unsubsidized 7%
- CommCare private policies subsidized to 300% FPL
  - Covered benefits: hospital, doctor, mental health, maternity, rehab, Rx, dental, vision
  - Copay tiers by income: \$0-\$50 (\$0-\$250 inpatient)
  - Premium tiers by income: \$0-\$219/month
  - Budget of \$869 million for 176,000 enrollees
- Uncompensated care pool payments down 41%