Covering Wyoming's Uninsured

A Strategic Plan for Improving Health Insurance Access

State Planning Grant Task Force

December 2003

Table of Contents

Letter from the Chairman

To: The Governor, Legislature and the People of Wyoming:

Created in September of 2002 by the Federal Department of Health and Human Services, the Wyoming State Planning Grant Task Force was funded by $1,000,000 in federal funds. It was one of several similar Planning Grant Task Forces created in at least ten additional states. The instructions received from the Federal Government were to supervise a comprehensive research study on the exact present status of health insurance in Wyoming and, once this was determined, to make recommendations for improving health insurance and to provide recommendations for reducing cost and increasing quality.

Pursuant to those instructions, the Wyoming State Planning Grant Task Force of 14 voting members now makes its report to the Governor and the Legislature. This will be followed by a full and final report to the United States Department of Health and Human Services in March of 2004. The attached report, delivered ahead of time and under-budget, makes seven recommendations to the Governor and the State Legislature to be followed by five additional recommendations to the U.S. Department of Health and Human Services. These recommendations do not contain a single "silver bullet" that will achieve universal access to reasonably priced coverage for all Wyoming citizens. They do, however, suggest a number of policies, plans and strategies which - if put into action - will increase access to health insurance, provide for its more reasonable pricing, share the burden between public and private funding and improve health delivery and quality.

The Task Force and the State Department of Health contracted with the University of Wyoming to conduct the necessary detailed research involving health insurance coverage. The University Center for Rural Health Research and Education also assisted the Task Force in developing options to improve health insurance in our state. This has provided a unique opportunity to learn, in detail, the exact present situation with regard to Wyoming health insurance – its availability, costs and lacks.

Our work has demonstrated, yet again, the devastating personal consequences that health insurance failure has on individuals and families. It made even more evident the economic consequences to the State of Wyoming, its cities, towns and counties when this social problem is not dealt with effectively. Over 70,000 of our fellow citizens are uninsured. It is more than time for us to consider investing more in both public and private efforts and resources to try to serve the best interests of every one of us – presently insured or presently uninsured.

We urge everyone to review, in detail, the facts and figures which follow our recommendations and then to give these recommendations the careful scrutiny they deserve. If put into effect, these recommendations will provide at least 24,000 Wyoming people health care coverage that they do not now enjoy. They do not

complete the job of providing health care coverage for all, but they will take several giant steps down that long road.

Taking advantage of the authority conveyed in the grant, the Wyoming State Planning Task Force has authorized unused funds from the grant, at least $150,000.00, to be spent by the Wyoming Health Care Commission to continue to research and refine the recommendations we hereby propose and to work to achieve consensus on the best ways to deal with the difficult problems. Both as individuals and as a group, we pledge to maintain our interest in the improvement of all facets of health insurance coverage in Wyoming and we wish to express our deep appreciation for the hard work, long hours, excellent advice and good judgment provided by the State Department of Health, the University of Wyoming and all their officers and agents involved with this study and this work.

Respectfully submitted,

Thomas F. Stroock
Chairman

SPG Task Force

Wyoming was one of eleven states awarded a competitive grant from the Health Resources and Services Administration (HRSA) in July 2002 to implement a State Planning Grant Project. The federal State Planning Grant Program was designed to allow states to examine options for providing access to affordable health insurance coverage for their uninsured citizens. The Wyoming Department of Health (WDH) was designated as the lead agency for the project.

A seventeen member State Planning Grant Task Force was appointed by the Director of the Department of Health in September 2002 to provide direction to the project. The Task Force, chaired by the distinguished Thomas F. Stroock of Casper, was comprised of a diverse membership from throughout the state including legislators, health care providers, an attorney, a tribal representative, educators, an insurance industry representative, and a small business owner. The Task Force met six times from October 2002 through November 2003. All Task Force meetings were open to the public.

The original goal of the Task Force was to develop a strategic plan to provide all Wyoming citizens with access to adequate and affordable health insurance coverage; however, this goal was later broadened to allow the Task Force to explore options related to access to direct health care services for the uninsured.

As the work of the Task Force progressed, several concepts emerged which the Task Force members considered critical to the development of a viable plan for Wyoming:

- Joint responsibility which involves the individual, the employer, and the government should be incorporated into any proposed solutions
- Multiple strategies are needed to address different uninsured populations and to assure continued access to insurance for those currently insured who may become uninsured
- Prevention and wellness services should be included in all solutions
- Increasing personal responsibility for healthy lifestyles and for payment of health care costs is needed
- Native American health care provided through the Indian Health Service is limited based on lack of adequate federal funding
- Maximization of federal funding will be necessary to implement some coverage expansions

The Task Force heard presentations from a number of speakers including Blue Cross Blue Shield of Wyoming, the National Federation of Independent Businesses, the Community Health Center of Casper, a panel of insurance agents, the Indian Health Service, several state agencies, Dr. Hank Gardner, Dr. James Harper, and private citizens. The Task Force was also fortunate to have Jeremy

Alberga and Vickie Gates from AcademyHealth, the national program office for the State Coverage Initiatives program, participate in several meetings.

University of Wyoming faculty presented routine briefings on the SPG research project as it progressed. Task force members provided invaluable input into the design of the study and feedback about the findings as they became available.

Task Force members served on committees that were formed to study and make recommendations on coverage options and methods of implementing the options. Assisted by staff and consultants from the University of Wyoming and state agencies, this options research included compiling Wyoming data, investigating the work of other SPG states, personal contacts to state and national experts, and preparation of issue papers.

In March 2003, the Wyoming Legislature established a Health Care Commission within the Governor's Office to study issues related to access, cost and quality of health care for Wyoming citizens. The legislation authorized the Wyoming Health Care Commission to merge the Task Force with the Commission; however, the Commission determined that the Task Force should finalize their work.

This report summarizes coverage options recommended by the Task Force as a result of the research study and the strategic research into the options. These recommendations have the potential to:

- build on and enhance existing public programs ;
- increase access to private coverage; and
- support the safety net of direct care providers who serve the uninsured.

Several members of the SPG Task Force are now serving on the Wyoming Health Care Commission. SPG grant funding will be available to the Commission to conduct additional research into the options recommended by the Task Force and to seek public consensus and support for increasing access to affordable health care coverage for all Wyoming citizens.

The final meeting of the SPG Task Force was held on November 14, 2003 and with the submission of this Strategic Plan to the Governor, the work of the Task Force is complete.

Executive Summary

One in seven Wyoming citizens are uninsured and many of these citizens need help to obtain coverage. While most Wyoming citizens obtain health insurance coverage through their employers or through private policies, the increasing cost of health insurance prohibits many employers from offering health insurance to their employees.

This is not a new problem and some recent efforts have been made to increase access to coverage for children, the most vulnerable of citizens. Unfortunately, for those working citizens between 19 and 64 years of age who do not have access to or cannot afford employer based insurance or private insurance, there are few options to obtain coverage.

Providing improved access to health care coverage for Wyoming's uninsured is in the best interest of the state. Care provided early is the least expensive and the most cost effective and insurance coverage is critical to having citizens seek and receive this type of care. The State and local communities are already spending money on the uninsured and these funds could be used in more creative ways to expand access to care.

A research study conducted by the Center for Rural Health Research and Education at the University of Wyoming for the Department of Health provided valuable information to the Task Force about the uninsured and the issues related to provision of health insurance by employers. While the study produced few surprises, it did confirm national estimates of the uninsured for Wyoming and provided additional insight into the causes and consequences of being uninsured. The high cost of health insurance was most often cited as the reason for the lack of insurance.

While the majority of businesses in Wyoming offer health insurance to full time employees, only a small percent offer health insurance to part time employees and low wage workers are less likely to be offered coverage. Larger employers are more likely to offer health insurance than small employers. Over 27% of Wyoming employers have less than 10 employees.

The State Planning Grant Task Force followed a systematic approach to exploring potential coverage options for Wyoming. Thirty-two options were originally considered and eight options were selected for comprehensive review. Based on this research, the Task Force ultimately selected seven strategies which have the potential to increase access to health care coverage for Wyoming citizens by:

- developing public program options to reach low income adults;
- allowing the State to continue to explore an innovative model which will meet the needs of small business;
- continuing to support safety net programs; and

- beginning to deal aggressively with uncompensated care.

The Wyoming State Planning Grant Task Force crafted seven research based recommendations which are designed in increase health care coverage for Wyoming citizens: The several strategies selected by the Task Force and which are detailed in this report are:

Fully fund Kid Care CHIP
Modify Kid Care CHIP to Cover Parents
Offer limited Medicaid benefit package to adults
Establish a Wyoming Purchasing Cooperative
Payment to hospitals for catastrophic care
Create programs to increase direct care access
Provide technical assistance to communities

While new state funding may be required to support some of the proposed options specific recommendations were not made to identify sources for this funding.

The Task Force recognizes that additional analyses and further refinement of the coverage strategies recommended in this report may be necessary and are pleased that the Wyoming Health Care Commission will continue to support this effort. It will be important to build consensus for solutions that will work best for the people of Wyoming.

The Crisis

One in seven Wyoming citizens are uninsured and many of these citizens need help with obtaining coverage. While most Wyoming citizens obtain health insurance coverage through their employers or through private policies, the increasing cost of health insurance means that many small employers are unable to offer health insurance to their employees and many low wage earners who are employed by small and large firms will never have health insurance.

This is not a new problem for the state. In 1993, the Health Care Reform Commission acknowledged the crisis by developing a set of recommendations designed to provide universal coverage to all Wyoming citizens by 2003. Ten years later, the number of citizens who are uninsured has actually increased and access to coverage may be even more problematic for some individuals and families.

One promising advance occurred in 2003 that should have an immediate impact on the number on uninsured children in the state. The Legislature passed a bill to expand Kid Care CHIP, the State Children's Health Insurance Program. This expansion should provide access to coverage for 6,000 additional children when fully implemented. Legislation was also enacted which enabled the State to contribute 85% to the premium cost of dependent coverage for state employees, which should increase the number of families covered by state employee insurance.

Unfortunately, for those individuals between 19 and 64 who do not have access to or cannot afford employer based insurance or private insurance, there is little support. Coverage for adults under the state Medicaid program is limited to parents of dependent children with income below 62% of the federal poverty level or those who are aged, blind, or disabled. Many of the adult uninsured are employed in low wage jobs and may be holding down one or more part time jobs. Many older adults may not be able to access coverage when it is no longer available.

Providing improved access to health care coverage for Wyoming's uninsured is in the best interest of the State. Care provided early is the least expensive and most cost effective. Insurance coverage is critical to having citizens seek and receive this type of care. From an economic standpoint, the state, local communities and business are already spending money on the uninsured. These funds could be used in more creative ways to expand access to care.

New approaches are needed to address the availability and cost of insurance for Wyoming citizens. Subsidies may be needed to assist low-income individuals and families to access health care coverage. The State Planning Grant Task Force recognized that a combination of private and public options and partnerships will be necessary.

The Research Study

The Wyoming Department of Health contracted with the Center for Rural Health Research and Education (CRHRE) at the University of Wyoming to conduct a research study to provide Wyoming specific data on the uninsured and to assist the Task Force in understanding the issues related to the provision of health insurance by small employers in the State.

Baseline data was initially collected from the U.S. Census Bureau's Current Population Survey (CPS) and the Behavioral Risk Factor Surveillance System (BRFSS) and provided to the Task Force to define the problem in Wyoming.

A Wyoming Household Insurance Survey was launched to establish a more recent and detailed picture of the state's uninsured. While one objective of the research study was to produce accurate county level data on the uninsured, it was determined that it was not possible to estimate the number of uninsured by county because of the range of possible error due to small sample size per county.

Wyoming was fortunate to be able to build on the experience of other SPG states and to receive technical assistance from the State Health Access and Data Assistance Center (SHADAC) in Minnesota to design the Wyoming survey to collect demographic and attitudinal information about insurance coverage. A short form and a long form version of the survey were used and the overall response rate for the surveys was 85.45%, which was indicative of the interest in the topic.

Additional research was conducted in partnership with the Wyoming Department of Employment (DOE) Research and Planning Section. This partnership allowed CRHRE researchers to access data from quarterly benefit surveys conducted since 1999 and to expand the employer survey for one quarter to include new questions on attitudes and perceptions about the cost and complexity of offering health insurance to employees.

Focus groups and in-depth interviews were used to supplement the quantitative research. The purpose of this approach was to understand the reasons individuals are uninsured and to explore ideas for enhancing access to health insurance and health care. This phase of the research explored the medical needs of the uninsured, the barriers to obtaining insurance, why the uninsured do not participate in public programs, and the employer role in providing health insurance.

A Research Report prepared by CRHRE is available which provides a detailed description of the methodology used, the results of the surveys, and the qualitative findings.

The Uninsured

Over 43 million Americans had no health insurance coverage in 2002 according to the latest estimates from the U.S. Census bureau – an increase of over 2.5 million over the previous year. The uninsured come primarily from working families with low and moderate incomes – families for whom coverage is not available in the workplace or not affordable for them.

Who are the uninsured in Wyoming?

Based on the findings of the Wyoming Household Insurance survey:

- **More than 70,000 (14.1%) of the population are uninsured**
- **This means that 1 in 7 people in Wyoming are living without health insurance**
- **Approximately 20,000 of the uninsured are children under age 19**

The largest percentage of the uninsured fall into these three age groups:

40 - 44 years old – 20.7%
15 - 19 years old – 12.4%
20 - 24 years old – 11.6%

The amount of time since the were last covered:

Never had coverage	15.9%
Less than 2 years	21.7%
2 - 4 years	12.9%
5 - 9 years	27.5%
10 or more years	16.2%
Don't Know	5.9%

The uninsured fall into the following household income brackets:

Under $10,000	12.9%
$10,000 - $19,999	20.3%
$20,000 - $29,999	15.6%
$30,000 - $39,999	31.5%
$40,000	19.7%

Current public program expansions should have a direct impact on the approximately 20,000 children who may be uninsured according to the study. However, new strategies are needed to provide access to coverage for the remaining children and the 50,000 adults who are uninsured.

The Causes

It's the cost …

Data from the Household survey indicates that cost is the major barrier.

Findings from focus groups and key informants interviews also reflect that cost is the major cause for the lack of insurance.

Key Informants were asked specifically what they thought the root causes of lack of insurance were and these were the most frequent responses:

- **high cost of health insurance**
- **high cost of health care**
- **low wages**

A number of key informants pointed out that wages have not kept pace, so people struggle to purchase insurance.

> *One key informant explained what a family of four living at 185% of the federal poverty level would experience. At that level, "Their actual income…ends up being around...$2000 or $2400 a month. Now you think of raising a family…on that and all the expenses of rent and insurance on your car and the whole bit. It really does not leave money for people to have insurance."*

Despite the value that people placed on having health insurance, the number one barrier cited by the uninsured in focus groups for not having insurance was cost. People typically did not have insurance because their employers did not offer it or they were unemployed, and the cost of individual insurance was more than they could afford.

> *One person said "I only had one job ever in this town where I had benefits included in the job." Another woman said, "I had really good jobs, but the insurance that the company offered was so high that I wasn't able to afford it to cover myself and my son." Another said, "But see even my pay at $7.50 an hours, 40 hours a week, I couldn't afford $80.00 every two weeks (for the premium)."*

For some, age and/or pre-existing conditions were barriers to having insurance. Low wages, divorce, or death of a family member constrained people's abilities to obtain insurance.

> *"Our insurance was over $700.00 a month. That is almost one half of our monthly income. It came to eating or having insurance."*

People had shopped around trying to find affordable health insurance using the web and contacting companies or agencies they had heard about from friends or on TV but they were unable to find coverage. Some older participants with chronic health problems saw health insurance as virtually unrealistic for them. Some felt that insurance was difficult to understand and found that a barrier as well.

Participants were willing to pay for health insurance. A premium of $100 a month was debated. However, for some, premiums of only $10 or $20 would be possible. Sliding fee schedules were recommended based on income.

Focus group participants and health care providers noted that participation in public programs was limited because many of the uninsured were not eligible for coverage. One provider stated that,

> *"They (uninsured) usually end up falling through the cracks as far as being able to qualify for other services that are like Medicaid and things like that because they have a job and they have a little bit, but they don't have enough to have enough money to have health care."*

The Consequences

To the individual ….

The Institute of Medicine's Committee on the Consequences of Uninsurance has issued four reports in a series of six reports that will evaluate and consolidate knowledge about the causes and consequences of lacking health insurance. In the first report, *Coverage Matters*, they dispel a myth related to the uninsured:

Myth: People without health insurance get the medical care they need.
Reality: The uninsured are much more likely than persons with insurance coverage to go without needed care.

Research conducted through focus groups in Wyoming indicates that uninsured people basically try to get by and seek care only when they really need it. Participants described a tenuous and challenging balancing act - attempting to cover typical expenses for food and housing, while having to deal with routine and unexpected expenses for health care. Several participants with relatively serious chronic illnesses described weaning themselves off their medications because they could no longer afford them.

The uninsured may not be able to obtain certain services or the services they do receive may not be timely, appropriate, or well coordinated. Key aspects of quality health care, regular care and communication with a provider to prevent and manage chronic health conditions may not be possible for the uninsured. The most apparent deficits for the uninsured are for chronic conditions and in preventive and screening services.

> *One state official said, "So I think the effect is that these children or these families, they go without the care and then they end up, the children end up living and their parents living sicker and then they end up dying younger from a disease that could actually have been taken care of…if they would have accessed the care earlier."*

> *Another said, "What happens is they make such low wages so the patients, the families, the kids…they have to decide well should I fill my refrigerator to be able to feed my children or pay my daycare or do I go out and spend $300 plus on a health insurance premium and that sort of thing."*

To the Family…

Being uninsured is a "family affair" with whole families having to deal with the problem. The financial, physical, and emotional well being of all members of a family may be adversely affected if any family member lacks coverage. One catastrophic event can devastate the entire family.

In another Institute of Medicine report, *A Shared Destiny*, the Community Effects of Uninsurance, the Committee found that the adverse effects of uninsurance

that accrue to uninsured individuals and families in a community, as well as the financial strain placed on a community's health care system, have important spillover effects on community health institutions and providers.

To the Health Care Provider…

Health care providers and key informants in Wyoming echoed the challenges the uninsured face in obtaining health care. Primary care providers used a variety of means to provide care for their uninsured patients including a variety of community resources. One of the biggest challenges faced by the providers were the "patchy" resources available. Public programs and free clinics have a limited eligibility criterion that excludes many people. There are challenges in obtaining specialty referrals, including dental care for the uninsured and in assisting uninsured patients with obtaining medications for chronic illnesses.

The focus groups and key informant interviews conducted as part of the research study were an important source of information about health insurance beliefs, barriers, and attitudes towards solutions for enhancing access to health insurance in Wyoming. The uninsured describe problems with meeting basic needs and being able to pay for health care. Providers faced challenges in providing care to the uninsured. Cost was the most significant barrier to obtaining care and the uninsured did not participate in public programs because they did not qualify. The uninsured would like to have employer-based coverage but having a job is a higher priority even without health benefits. These findings are similar to other research on the uninsured.

To the Community…

In addition to the issues related to poor health outcomes, the lack of affordable and accessible insurance hinders economic growth and job creation. Over $40,000,000 in uncompensated care was delivered by Wyoming hospitals in 2001. However, in a study conducted by the Wyoming Department Health in cooperation with the Wyoming Hospital Association, it was noted that since the implementation of the State Children's Health Insurance program which also increased outreach for the Medicaid program, there has been a significant drop in the amount of uncompensated care provided to uninsured children under age 19.

Employer Based Coverage

The Task Force considered the following Wyoming study results in exploring options for employer-based coverage:

Size of Business

Over 70% of Wyoming employers have less than 50 employees
Over 27% of Wyoming employers have less than 10 employees

Employers Offering Health Insurance

72% of employers offer health insurance to full-time employees
10% of employers offer health insurance to part-time employees

Larger employers are more likely to offer health insurance to full-time employees and their dependents than small employers

When the 28% of employers who do not offer health insurance to employees were asked why they do not offer this benefit, 81% listed cost as the reason. Other responses, which were listed much less often, included high employee turnover, employee coverage through other sources, employees not interested, employees not eligible, and not required by law.

Salary can also be considered an indicator of the likelihood of insurance. In Wyoming, the average salary of the employees who work for employers who offer insurance is $39,385 per year where the average salary of employees who work for employers who do not offer insurance is $25,136.

Small employers as well as employers in retail, service, and construction are less likely to offer heath insurance.

Employees Choosing to Enroll in Health Insurance Programs

75% of eligible employees choose to enroll in health insurance programs.

Smaller employers had a slightly lower rate of enrollment than larger employers.

Reasons that would Prompt Employers to Offer Insurance

Employers who do not offer insurance were asked what could lead them to begin offering insurance to their employees. Of the employers who responded to this question, the largest percent indicated an interest in:

Pooling to get group coverage with other employers
Making the state employee health plan available to private employers

Employers who were not offering health insurance were asked if they were currently looking for or considering ways to offer health insurance and 67.4% answered no.

Developing Strategies

The Task Force followed a systematic approach to exploring potential coverage options for Wyoming and were assisted by a Strategic Research (SR) Workgroup comprised of UW faculty, Department of Health personnel, and interested stakeholders including the Wyoming Insurance Department, the Wyoming Business Council, the Wyoming Primary Care Association and other organizations.

The SR Workgroup first reviewed and reported to the Task Force on available public, safety net and targeted stopgap programs in Wyoming. Next, the workgroup created a matrix of thirty-two options for the Task Force to consider based on reviews of research in other SPG states and options which Task Force members had expressed an interest in discussing. Twenty-eight options were subsequently eliminated from consideration by the Task Force based on potential cost, or legal and political barriers.

Task Force members then evaluated the viability of the eight remaining options with the assistance of staff and consultants from the University and the Health Department. After reports and issue papers were presented and evaluated, the Task Force selected seven strategies. These seven strategies have the potential to increase coverage to the most vulnerable of the uninsured by continuing to provide coverage for low income children; by developing public program options to reach low income adults; by allowing the State to continue to explore an innovative Wyoming model that will meet the needs of small business; by continuing to support safety net programs, and by beginning to deal aggressively with uncompensated care.

It is interesting to note that many of the solutions proposed by those participating in focus groups and key informant interviews were the same options considered by the Task Force:

- Expansion of public programs
- Buy-In to public programs
- Increased reimbursement for public programs
- Universal access
- Better coordination among safety net providers
- Expanding Community Health Centers
- Purchasing Pools
- Tax credits and subsidies
- Mandated participation in employer coverage
- Increasing personal responsibility for health including medical savings accounts
- Educating the uninsured about available programs
- Educating people on the true cost of health care

The Task Force did not elect to prioritize the strategies that were selected.

State Strategies to Increase Access to Coverage

FULLY FUND KID CARE CHIP

Recommendation:

Maintain access for the 3,000 children currently covered by Kid Care CHIP and increase access for an additional 6,000 uninsured children by fully funding Kid Care CHIP. Kid Care CHIP is the Wyoming version of the State Children's Health Insurance Program (SCHIP), which is financed by the state and the federal government. Because Kid Care CHIP is not an entitlement program, enrollment is limited to the amount of state funding appropriated by the Legislature each biennium, which is matched by federal funds. The Kid Care CHIP budget is established by estimating the number of children who will be enrolled incrementally over a period of time. If enrollment occurs at a faster pace than anticipated and/or if premium costs are higher than expected, it may be necessary to cap enrollment. If this occurs, additional funding would be needed to continue to provide access to coverage for all eligible children.

The Kid Care CHIP program should continue to explore an option to provide premium assistance if a family were to elect to purchase employer sponsored insurance when it is available.

Target Population:

The target population for Kid Care CHIP is uninsured children under age 19 in families with income at or under 185% of the federal poverty level. This income threshold will increase to 200% of the federal poverty level in July 2005. There are 3,000 children currently covered in families with income under 133% of the federal poverty level. Another 6,000 children will be eligible from 134% to 200% of the federal poverty level with the Kid Care CHIP expansion.

Rationale:

Research indicates that there are a significant number of children in Wyoming who are uninsured in families with income below 200% of the federal poverty level. Therefore, Kid Care CHIP when fully implemented should contribute to a significant decrease in the number of uninsured children in Wyoming, which will also decrease the overall rate of the uninsured in the state. This strategy enables the state to maximize the use of federal funding.

Coverage Detail:

Kid Care CHIP currently contracts with Blue Cross Blue Shield of Wyoming to provide a private insurance package for eligible children, which includes vision

services and a limited dental benefit. The current premium cost is $156.65 per enrolled child per month. Co-payments are required on certain services.

Cost:

The State Fiscal Year 2005/2006 budget was not released at the time the recommendations were made.

Funding:

The State and Federal governments jointly fund SCHIP. The federal match rate is determined once a year and is approximately 10% higher than the Medicaid federal match rate. SCHIP differs from Medicaid in that federal funding for SCHIP was appropriated for ten years and the total amount of available funding was capped. The total amount of federal funding available for SCHIP is divided into allotments for each state and each allotment is available for three years. Funds are then redistributed to states that have used their allotments. Nearly $14 million of Wyoming's original federal allotment has been redistributed to other states and cannot be recovered. Individual state allotments are announced each fall. If a state exhausts their federal allotment they cannot receive additional federal funding other than redistributed allotments from other states. Wyoming will not be eligible to receive redistributed funds from other states until all retained allotments and current allotments are spent. Wyoming may need to reserve retained, current and future allotments through FFY2007 for children currently authorized for coverage by the Legislature.

State Strategies to Increase Access to Coverage

MODIFY KID CARE CHIP TO COVER PARENTS

Recommendation:

Provide access to coverage for 5,600 uninsured parents of Medicaid and SCHIP eligible children by offering a Kid Care CHIP style private insurance benefit package to eligible parents.

The Department of Health would need to obtain a SCHIP Section 1115 Health Insurance Flexibility and Accountability (HIFA) waiver to implement this option. The Department would require Legislative authority to develop a HIFA Waiver to expand coverage to parents.

Target Population:

Uninsured parents with a child eligible for Medicaid or SCHIP would be eligible. There are approximately 10,200 parents in families with income under 185% of the federal poverty level that are not already covered by Medicaid. It is estimated that 5,600 of these parents would be enrolled in this plan once it was fully implemented. The actual number of parents who would be covered under this option could be capped based on availability of state and federal funding.

Rationale:

Insuring parents was determined to be a good strategy because the absence of coverage can have serious consequences for the entire families if the parent's physical and mental health needs are not met. Children are more likely to enroll if a parent has coverage. Insuring parents is a good strategy not only because it reduces the uninsured population generally and supports keeping working parents' healthy but it also assures that children have needed coverage.

A HIFA waiver offers the state maximum flexibility to design a state specific benefit package and to be able to offer an employer sponsored insurance option if feasible. This strategy enables the state to maximize the use of federal funding and will not be an entitlement program.

Coverage Detail:

A Kid Care CHIP family benefit package would be developed similar to the Kid Care CHIP package exclusive of dental and vision services and adjusted to cover adult services as appropriate. Co-payments on specific services would be required. A sliding scale premium may be charged to families based on income.

Cost:

The estimated per member per month premium cost for an adult was estimated at $200 based on inflation of the current Kid Care CHIP premium excluding dental and vision and utilizing Wyoming Medicaid parent costs and comparisons with other states. In order to accurately estimate the cost of this option, an actuarial study will be needed. An actuarial analysis would consider such factors as potential adverse selection based on guaranteed issue, ages of parents, utilization, etc. The actual premium cost would also be dependent on the final benefit package and whether or not the parents would be required to pay premiums. Administrative costs to manage the program would be incurred in addition to premium cost and will be dependent on the complexity of the program.

The total estimated annual premium cost of this option using the $200 per member per month premium and assuming a $20 monthly premium payment by the parent would be $11,652,000. The state share would be $4,660,880 based on the current federal Medicaid match.

Funding:

The Kid Care CHIP program would need to be closely monitored to assure that SCHIP federal allotments would be available to cover Kid Care CHIP children at all times. If sufficient SCHIP allotments would not be available to also cover this expansion, then Medicaid federal matching funds would need to be used to provide the federal match for Medicaid parents.

State Strategies to Increase Access to Coverage

OFFER LIMITED MEDICAID BENEFIT PACKAGE TO ADULTS

Recommendation:

Provide access to coverage for 6,000 low income uninsured adults by offering a limited Medicaid benefit package which emphasizes prevention and the use of condition/treatment pairs.

The Department of Health would need to obtain a Medicaid Section 1115 demonstration waiver to implement this option.

Target Population:

Uninsured adults ages 19 to 65 with income below 150% of the federal poverty level, who are not otherwise eligible for Medicaid, would be eligible. It is estimated that approximately 6,000 uninsured low-income single adults would be eligible for this option when fully implemented. A suggestion was made to limit the program to working adults.

Rationale:

Current coverage for adults under the current Medicaid program is limited to parents of dependent children with income below 62% of the federal poverty level or to income eligible adults who are aged, blind, or disabled. Many other low-income adults are without health coverage and struggle to pay for non-emergency services that may prevent the need for catastrophic care if treatment is initiated at an early stage.

This option offers an opportunity to provide some coverage to the uninsured while demonstrating the effectiveness of prevention and condition/ treatment pairs. This option also enables the State to maximize the use of federal funds; however, it will not be an entitlement program.

Coverage Detail:

A basic benefit package would be designed to meet the needs of Wyoming residents. The Medicaid provider network and fee schedule would be utilized. The Wyoming Department of Health Physician Advisory Panel would be expanded to include other providers who would recommend the condition/treatment pairs that would best reduce morbidity and mortality in Wyoming. The structure should include a fluidity component so that the benefit structure can be changed on a regular basis. Continuing support of historically donated care from Wyoming hospitals would be required.

An enrollment fee may be required along with completion of a health assessment form in order to track outcomes.

Cost:

The estimated per member per month cost would be $62.50 or $750 on an annual basis. This estimate was based on the projected cost of a similar program in another state. In order to accurately estimate the cost of this option, an actuarial study would be needed once a benefit plan is designed. Approximately $200,000 would be required on an annual basis for outcomes tracking. Administrative costs to manage the program would be incurred in addition to the member service costs and outcomes tracking and will be dependent on the complexity of the program.
The total annual cost of the services and outcomes tracking when fully implemented will be $6,200,000 on an annual basis based on the per member per month expenditure of $62.50. The state share would be $2,400,000 based on the current federal matching rate of approximately 60%. This option could be initially offered on a more limited basis, which would reduce the total program cost.

Funding:

New state funding would be required to fund this option. Medicaid federal matching funds would be available if this waiver is approved. In order to prove budget neutrality for a Medicaid 1115 waiver, current coverage for current enrollees would be subject to minor fine tuning to help show some redirection of federal funds. Some Department of Health programs which are funded with 100% state funds might also need to be reprioritized on a small scale to allow for this expansion.

State Strategies to Increase Access to Coverage

ESTABLISH A WYOMING PURCHASING COOPERATIVE

Recommendation:

Design a Wyoming Purchasing Cooperative for the purchase of health insurance, which would include the creation of a system of health care accounts that could accept premium payments from multiple sources.

This is an innovative proposal, which will require additional study and a collaborative effort from inside and outside government to develop a model that is viable for Wyoming. The Task Force recommended that the Wyoming Health Care Commission give immediate attention to developing this model and that supplemental State Planning Grant funds be used by the Wyoming Health Care Commission to contract for a study of this option to produce a report for the 2005 Legislature.

Target Population:

Uninsured working adults employed by small businesses, part-time employees, young adults, or those who change jobs frequently.

Rationale:

While more traditional models for purchasing pools may not be practical in a state with a small population, there may be an opportunity based on Wyoming's small population to bring a variety of partners to the table to develop an innovative model for Wyoming. Because of the complexity of this model, additional study is necessary to fully explore this strategy that may require changes to federal law and or state statute.

Coverage Detail:

The proposed model would include the creation of a system of health care accounts that could accept premium payments from multiple sources. The health care accounts would pay for major medical insurance purchased from a purchasing cooperative. The state would administer the accounts and have a reinsurance mechanism paid via an employer fee. Employers paying most of their employee's insurance premiums would receive a credit towards the fee. The individual would be responsible for choosing a carrier and a plan either from the employer or from the individual market, which would allow the individual to choose a plan based on affordability of premiums and probable benefit usage.

Cost:

The estimated cost of the study is $150,000.

State Strategies to Increase Access to Coverage

PAYMENT TO HOSPITALS FOR CATASTROPHIC CARE

Recommendation:

Provide a one time payment to Wyoming hospitals for one half the costs of outlier catastrophic care provided to uninsured patients during calendar year 2003 and conduct an actuarial study to determine the cost effectiveness of purchasing a state funded catastrophic insurance policy to cover all Wyoming citizens which might be funded by a catastrophic insurance tax.

Target Population:

Uninsured individuals will be able to continue to access hospital services on a community level.

Rationale:

The cost of uncompensated catastrophic hospital care for uninsured patients is a serious problem that ultimately impacts all Wyoming citizens due to cost shifting to insured patients. While seeking long term solutions to covering the uninsured, a one time payment to Wyoming hospitals is a short term solution aimed at slowing the rate of cost increases which are based on cost shifting due to uncompensated catastrophic care. State funded catastrophic care insurance could also be used to slow the rate of cost increases by providing coverage for high dollar events. This option would require a detailed study, which was beyond the scope of this project.

Coverage Detail:

The details of the payment to the hospitals would need to be specified by the Legislature with consultation from Wyoming hospitals to determine the most effective way to implement this payment.

Cost:

The one time payment would cost approximately $10,000,000, which is one half of the estimated annual $20,000,000 in uncompensated catastrophic care for uninsured citizens. The study would cost approximately $150,000.

Funding:

State funding would be required for the payment to the hospitals and to conduct the study of catastrophic insurance.

State Strategies to Increase Access to Coverage

CREATE PROGRAMS TO INCREASE DIRECT CARE ACCESS

Recommendation:

Provide increased access to direct care services for the uninsured by increasing the capacity of the University of Wyoming Family Practice Residency programs to serve the uninsured by:

- Changing the pay back provisions for medical contracts and providing additional reimbursement to the residents
- Conducting a feasibility study to select appropriate sites for one or more pilot projects to expand Family Practice Residency services to more rural areas of the state
- Establishing a program that would enable the State to provide a three to one match on co-payments made by patients.

Target Population:
Uninsured of all ages

Rationale:
Increased funding to the residency programs will result in increased access to the uninsured and will encourage physicians to continue in the program and ultimately to practice in the state. While the Family Practice Residency Centers provide a substantial amount of care to the uninsured, their ability to do so has been limited by the funding available and operational costs have outstripped funding.

Coverage Detail:
Pay back provisions for WWAMI would be changed to allow credit for the last two years of the family practice residency program equal to six months for the second year and 12 months for the final years for medical students graduating from a WWAMI program. Reimbursement for travel expenses for resident interviews; a moving allowance for all new residents; and a retention stipend at the completions of each program year would be provided. The feasibility study would consider four areas including: rural training tracks and rural sites; expansion of the quality and types of training offered through institution of fellowships; increasing the number of residents at existing sites; and development of other approaches such as telemedicine and mobile clinics. The co-payments would not exceed $10 for outpatient care and $25 for inpatient care to be matched on a three to one basis by the state.

Cost:
The cost for the additional reimbursement to the residents would require approximately $336,000 on an annual basis.

The cost of the feasibility study to establish pilot projects in rural areas would be approximately $325,000 over a two-year period.

The cost to the state for enhanced payments for direct care visits would be limited to $300,000 on an annual basis.

The costs to administer these proposals will be dependent on how they are administered.

Funding:
State funding would be required. A funding stream separate from the University block grant system was recommended.

State Strategies to Increase Access to Coverage

PROVIDE TECHNICAL ASSISTANCE TO COMMUNITIES

Recommendation:

Provide technical assistance to Wyoming communities to develop and submit applications to establish community health centers or other types of federally designated clinics that serve the uninsured. This technical assistance would be provided by a designation specialist and support staff in the Office of Rural Health who would work with communities to define their needs and to prepare applications for the federal government on their behalf.

Target Population:

Uninsured of all ages

Rationale:

These clinics provide a substantial amount of primary care to the uninsured as a safety when other coverage is not available. Communities need specialized assistance to successfully complete this process. It is necessary for staff to receive comprehensive and continuous training to be able to effectively provide this type of assistance.

Coverage Detail:

Details of the type of technical assistance that would be available to communities would need to be worked out.

Cost:

This strategy would cost approximately $175,000 on an annual basis.

Funding:

State funding would be required.

State Strategies to Increase Access to Coverage

ADDITIONAL RECOMMENDATIONS

During the final discussion or recommendations, the State Planning Grant Task Force raised several additional issues for consideration by the Wyoming Health Care Commission:

Oral Health: There is a critical need to address the availability of services and funding to cover emergency dental care for low-income adults in Wyoming. Investing in some services for this population might decrease the cost of uncompensated care for medical conditions that result from not providing these services.

Mental Health: There is an ongoing need to recognize that mental health services are an important part of the total health picture and should be given full consideration when discussing any type of care delivery systems.

Outreach and Education: State agencies should continue outreach to individuals, organizations, and the business community to make them aware of the eligibility requirements for public programs. Organizations working with small businesses should explore additional ways to inform those businesses of the options available through the private market to provide insurance to their employees.

Funding Recommendations

While the Task Force did not specifically recommend funding sources for each proposed strategy, they did acknowledge that some investment in state funding will be necessary to conduct additional studies of some of the options and to implement others.

Potential sources of state funding that were discussed included:

- Payroll Taxes similar to unemployment or worker's compensation tax in association with a pay or play strategy which would allow employers the option of deducting a portion of their actual expenditures on employee health care from the payroll tax.

- Risky behavior taxes on economic commodity associated with the risky behavior, such as alcohol, tobacco, certain food items, and motor vehicles.

- Setting up a trust fund with a percentage of the current budget surplus to increase access to health insurance coverage for the uninsured.

Report and Recommendations to the Federal Government:

The Department of Health will submit a final report to HRSA that details all of the research conducted under the State Planning Grant and the work of the State Planning Grant Task Force. The report presents an opportunity for the State to make recommendations to the Federal Government for changes in federal policy that would assist the State in developing solutions to increase coverage to the uninsured. These recommendations include:

1) The federal government should amend federal law to allow maximum flexibility to the states to use Medicaid and SCHIP waivers to cover individuals up to 200% of the federal poverty level. States should be allowed to include reasonable cost sharing requirements for higher-income populations and subsidies to employer-sponsored insurance. The budget neutrality requirements for Medicaid demonstration projects should be modified. Wyoming has a conservative benefit package that leaves little room to develop a demonstration project that will fit within current requirements. The federal government should continue to fund the SCHIP program and should consider additional allotments at the enhanced match rate for states wishing to expand the program to cover uninsured parents. While the program was designed to cover uninsured children, an option should be made available which would allow a State to offer premium assistance to low income insured families who are doing their best to retain insurance coverage including families of state employees.

2) The federal government should adequately fund the Indian Health Service. The Indian Health Service in Wyoming is currently rationing care for a population who is highly impoverished and has a large number of unmet health care needs. Federal action in this area could facilitate improved health care and coverage improvements for the Native American population.

3) Legislation was recently proposed by Senator Craig Thomas and Senator Mike Enzi of Wyoming that would change the definition of "frontier areas" and automatically make those areas eligible for federal funding for community health centers. This legislation would mean that most of Wyoming would qualify to apply for federal funding.

4) The federal government continues to pursue legislation to make all methods of purchasing health insurance deductible. Changes to federal tax laws may be needed in regard to medical savings accounts and defined contribution plans in order for a Wyoming Purchasing Cooperative to be implemented.

5) Studies should be conducted specific to rural health care delivery models to research new solutions that will improve the availability of quality health care in rural states and will ultimately decrease the cost of health care.

Conclusion

The seven strategies recommended by the SPG Task Force have the potential of increasing coverage for thousands of uninsured Wyoming citizens, which is in the best interest of all of the citizens of the State. Developing options to spend health care dollars proactively to expand health insurance access to the uninsured will result in care being provided early when it is least expensive and most effective.

The Task Force recognizes that additional analyses and further refinement of the coverage strategies recommended in this report may be necessary and are pleased that the Wyoming Health Care Commission will continue to support this effort. It will be important to build consensus for solutions that will work best for the people of Wyoming.

The first national Cover the Uninsured Week was held in March 2003 and a second event is scheduled for May 2004 because the number of uninsured continues to increase. More and more individuals and organizations are expressing concern about this crisis both on a national level and within the state. By May 2004, all Wyoming citizens should make an effort to learn more about the issue of the uninsured and should become involved in the process to find solutions.

The time is now to begin to implement short term and long-term solutions to improve access to affordable health insurance coverage and health care for all Wyoming citizens.

Appendix I:

Options Not Selected

Buy-In to State Programs

A Task Force committee charged with exploring Buy-In to State Programs did not recommend consideration of this option at this time due to the lack of interest from the State in expanding the program, concerns with costs to current enrollees, and required legislation. The committee did recommend that additional research should be conducted relative to providing premium assistance to low-income families. Legislation similar to the legislation recently passed in California that would require employers to offer health insurance or to pay into a state pool was also considered; however, it was acknowledged that it would be difficult to get legislation passed for a mandate in Wyoming and the California bill that exempts employers with less than 19 employees would not necessarily work in Wyoming. Other options explored but not recommended included buy-in to state programs by select industries and implementation of a voucher system to help employees and employers purchase health insurance similar to the Maine Dirigo Health Plan.

Outreach and Education

Another Task Force committee was charged with developing a plan for a "one-stop shopping" information and education center on health insurance for consumers to include information on public programs and private insurance options. A recommendation was made to develop this type of program with funding from the Legislature; however, the Task Force determined that state agencies and private organizations will need to coordinate to provide this information using available resources.