

May 2005

Approximately 9.9% (145,000 persons) of Nebraskans under age 65 have no health insurance.

Health Data Reporter

Making the Good Life Meaningful for All Nebraskans: The Importance of Health Insurance

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In this Data Reporter, we present findings from data collected in 2004 that show the relationship between health insurance status—who has health insurance and who does not—and having access to needed health care services.

Key Results

- Approximately 9.9% (145,000 persons) of Nebraskans under age 65 have no health insurance of any type—private insurance, Medicare, Medicaid, or military insurance. Statistically, 9.9% is a number that represents a range between 8.3% and 11.5% uninsured. The national rate is 16.5%.¹
- Nearly four out of five uninsured Nebraskans reside in households with incomes at or below 200% of the federal poverty level (FPL). (See Table 1 on page 11 for incomes corresponding with federal poverty levels.)
- Among the uninsured, 21% are under age 19, 34% are aged 19 to 34, and 40% are aged 35 to 64.
- Sixty-three percent of the uninsured live in households where the head of the household is employed.
- Approximately 57% of uninsured Nebraskans, compared to 86% of insured Nebraskans, visited a doctor in the last 12 months.

- Fourteen percent of the uninsured reported that there was a time in the last 12 months when they needed care but could not get it, compared to 3% of the insured.
- Thirty-three percent of uninsured Nebraskans and 27% of insured Nebraskans were concerned that insurance would not cover the cost of their health care.

Study Design and Purpose

In September 2003, the Nebraska Department of Health and Human Services contracted with the University of Nebraska Medical Center to examine the characteristics of the uninsured in Nebraska and to suggest strategies for providing them with access to affordable health insurance coverage. This one-year contract was issued as part of the U.S. Department of Health and Human Services Health Resources and Services Administration (HRSA) State Planning Grants Program. For more information, see the HRSA Web site (www.hrsa.gov). To examine the characteristics of the uninsured in Nebraska and to develop policy recommendations, researchers at the University of Nebraska Medical Center conducted a household telephone survey of 3,750 Nebraskans and held 13 focus groups across the state's six health planning regions.

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Responses to the telephone survey and data gathered during focus group meetings were used to characterize the health insurance status of Nebraskans, their perceived health status, and their barriers to obtaining health insurance. This report describes the impact that living without health insurance has on both uninsured and insured Nebraskans.

Real People, Real Problems

Lacking health insurance compromises families' and individuals' peace of mind and quality of life.

Lacking health insurance affects individuals' and families' peace of mind and quality of life by causing financial and psychological/psychosocial stress. Medical bills are reported as a factor in nearly half of all personal bankruptcy filings in the nation.¹ Nebraskans without adequate health insurance reported that they were likely to delay needed medical care, make decisions between spending income on health care or basic needs, and experience adverse psychological consequences, often as a result of the financial consequences of being uninsured. When the uninsured do receive services, they are often charged more and pay a higher portion of the bill themselves than are those with health coverage.²

The uninsured worry about paying for health care. Forty-eight percent of the uninsured compared to 36% of the insured worried that they would have to pay more than expected for health care.

Uninsured individuals reported feeling distressed because they lacked health insurance. Some focus group participants reported concerns about the possibility of becoming ill and not being able to obtain treatment, and others reported feeling distraught over large debts they had incurred for hospital and doctor bills because they were uninsured.

Uninsured Nebraskans often must choose between providing basic needs for their families and obtaining medical care.

The uninsured take a calculated risk when choosing not to purchase health insurance. Uninsured focus group participants reported valuing health insurance and finding it difficult to make the decision to be without it. Many of the uninsured understand the risk they are taking in choosing not to purchase health insurance. Uninsured focus group participants reported facing the dilemma of deciding between meeting basic needs for their families, such as food and rent, or using money to obtain health care for themselves or a family member.

What we heard . . .

"A lot of the people who come here and try to make a living sometimes have to make a choice between giving their family a house or getting health care."—Rural Hispanic female

"We cut it [our health insurance] two weeks ago because it [went up and now] it is too expensive. We don't have the money. It's not enough to pay for other bills and food . . . and we have three kids, you know. What are we going to feed them if we give them [the health insurance company] the whole check? It's difficult."—Female refugee

Being uninsured affects an individual's health status.

Insured Nebraskans under age 65 reported being in better health than did those without health insurance. Focus group respondents reported that their health insurance status affects whether they can receive care when it is needed, whether they can obtain preventive care or be seen by a specialist, and how they are treated in the health care setting. According to the Institute of Medicine, “uninsured Americans are more likely to have poorer health and die prematurely than those who are insured.”² The Institute of Medicine also notes that children are particularly vulnerable to the effects of uninsurance. “Uninsured children lose the opportunity for normal development and educational achievement when preventable health conditions go untreated.”² People without health insurance were more likely to delay seeking treatment for an illness, with the wait often resulting in increased anxiety, poorer health outcomes, and higher bills than would have resulted had they received treatment earlier. These factors affect overall quality of life, including an individual's ability to provide for his or her family and contribute to his or her community. Specific findings from this study included the following:

- Being uninsured is associated with health status. In Nebraska, Approximately 94% of the insured, compared to 88% of the uninsured, described their health as “good” or “excellent/very good.”
- In Nebraska, only 61.2% of uninsured residents reported their health status as “excellent/very good,” compared to 75.8% of insured Nebraskans. Nebraska's uninsured were also more likely to report a “fair/poor” health status (11.9%) than were the insured (6.3%).
- Nebraskans without insurance tend to delay obtaining health care. Fourteen percent of the uninsured reported that there was a time in the last 12 months when they needed care but could not get it, compared to 3% of the insured.

What we heard . . .

“My mother didn't see a doctor for an infection because she was afraid of how much it would cost. A bladder infection turned into a blood infection and that is what essentially killed her.”—Female urban employer

“They [the people that provide health services] ask you, ‘Why didn't you get here before you were so ill?’ But you think, ‘I don't have insurance or money.’ And if you have to get hospitalized and can't go to work, then your family can't eat. That's why you hold on [and don't seek care] until the last minute.”—Rural Hispanic female

Implications For the Use of Health Care Services

Being uninsured limits an individual's access to care.

Uninsured focus group participants reported having less access to health care because providers prefer to see insured patients and because they feared that they would not be able to pay the bills for treatment. Lacking insurance reportedly limited individuals' use of all levels of care including preventive, primary, and acute care. For uninsured focus group participants, seeking care in the emergency room was considered an option of last resort for fear of the high cost incurred.

Health insurance status affects access to primary and preventive health care.

Approximately 27% of uninsured Nebraskans under age 65 did not have a regular source for medical care, compared to 6% of insured Nebraskans. About 57% of uninsured Nebraskans, compared to 86% of insured Nebraskans, visited a doctor in the last 12

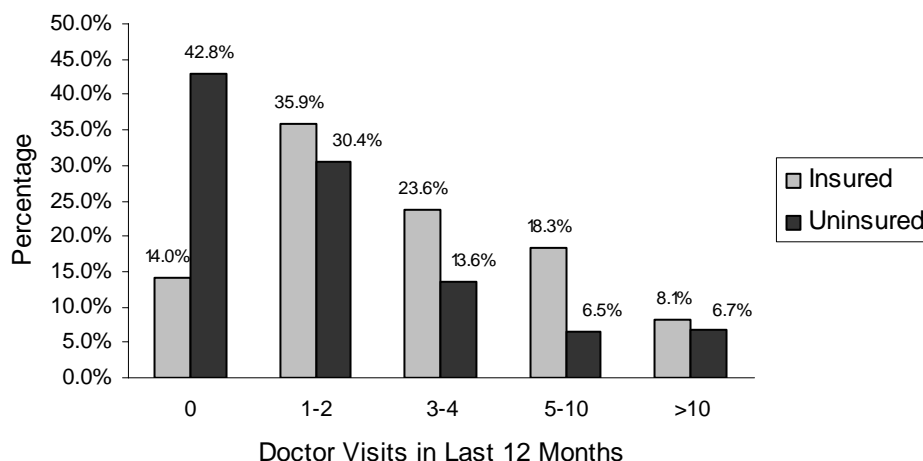


Figure 1. Number of Doctor Visits in Last 12 Months, by Insurance Status

What we heard . . .

"Last year, I was pregnant and I lost my twin babies. But I went to the clinic and they asked me if I had insurance, and because I didn't have it they couldn't take care of me. They said I had to wait until it was an emergency. I waited for two days, holding in the pain. When I went to Kearney [for care], it was too late. I had already lost my babies. If I had had medical assistance when I needed it, I would not have lost my babies."—Rural Hispanic female

Being uninsured affects whether an individual receives care and where they receive care.

The uninsured often delay or go without needed medical care. In 2001, the nation's insured received twice as much medical care as the uninsured, thus leading to notable differences in health outcomes.⁴ The uninsured substituted home remedies and leftover medications previously prescribed for a different person or condition for medical treatment, for fear of incurring high costs and debt in the formal health care system. When the uninsured do seek care, their needs are sometimes met through formal safety-net providers, such as Federally Qualified Health Centers, and the informal safety net, which consists of private providers who have agreed to provide care.

Care provided by both the formal and informal safety nets was often described as limited in scope and uncoordinated. For the uninsured focus group participants, seeking care in the emergency room was considered an option of last resort for fear of the high cost incurred (Figure 2). Uninsured focus group participants also report receiving poorer quality health care and being treated with less respect than the insured. In addition, the uninsured receive poorer care in the hospital.¹

The uninsured rely on public clinics, where available, for their health care. Fifty percent of the uninsured named public clinics as their source for health care, whereas 23% of the insured said the same (Figure 3).

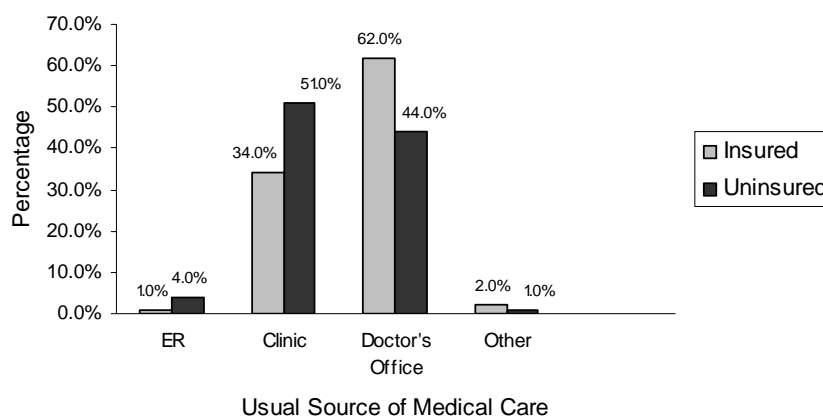


Figure 2. Usual Source of Care, by Insurance Status

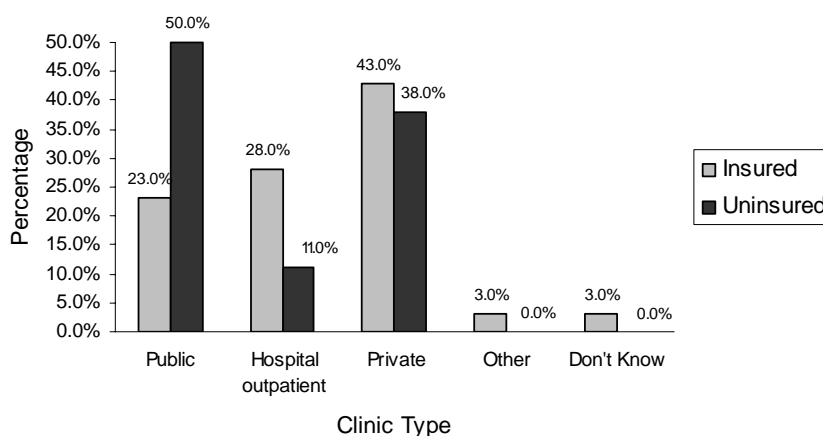


Figure 3. Type of Clinic in Which Care is Obtained, by Insurance Status

What we heard . . .

"They [Federally Qualified Health Center in east central Nebraska] don't throw you out the door if you say you don't have the money. If you can't afford to give them anything, they still treat you just like you had \$100 in your pocket."—Low-income White male

"This place [Federally Qualified Health Center] means being healthy so you can live a happy life . . . Being healthy just makes me feel like a better person, like I'm more productive. My attitude is, if I can't go to work, I feel kind of worthless."—Low-income male

Public clinics, such as Federally Qualified Health Centers, are not available in most Nebraska communities and are at full capacity in communities where they exist. As a result of not having a place to receive care at an affordable cost, the uninsured often forgo care or use alternative treatments for fear of incurring debt. The uninsured thus receive fewer preventive services and less management of chronic disease.¹

What we heard . . .

"But that clinic [One World] has no more capacity, as well as Hope [Hope Medical Outreach Coalition, a care coordination service]; they are both saturated."—Urban Hispanic male

"There is a very limited resource of medication, knowledge, and equipment to take care of us [at the clinic for urban members of the Ponca Tribe]. We used to have an x-ray machine, but when our funding went to providing more services, we had to eliminate a lot of things."—Native American male

"But if you don't have money, they don't take care of you . . . You go to the people that sell medicine from the country you come from. We know that it's illegal to buy those cheap medications, but we don't have too many options."—Rural Hispanic male

"I'm being sued by a doctor's office here . . . They want \$318 a month, and the house payment is \$200 a month."—Low-income female

The Impact of Uninsurance on the Insured: Why Care About the Uninsured?

Uninsurance decreases a community's health status.

Uninsurance can contribute to decreased availability of community health care services and increased health care costs. Uninsurance can result in inefficient use of the health care system, driving up health care costs for all while often resulting in an increased burden on community social services. In addition, uninsured persons use fewer health services than do the insured and may have difficulty paying for the services they do receive. Thus, health care providers in areas of high uninsurance rates tend to have lower revenues than do providers in areas of lower uninsurance rates. Higher proportions of uninsurance in a population also affect hospital capacity and the specialty services offered. The financial stress that uninsured patients place on hospital emergency departments and trauma centers can lead to decreased availability of these services and their ultimate disappearance from a community.¹ For instance, according to the Institute of Medicine, "hospitals in rural areas with higher uninsured rates have lower financial margins and fewer intensive care beds, offer fewer psychiatric inpatient services, and are less likely to offer high-technology services such as radiation therapy."¹ Local health care costs also rise as a result of uninsurance because the costs of treating patients who cannot pay is spread to insured patients through higher health care costs and higher insurance costs.¹

Uninsurance can contribute to the prevalence of communicable disease. When uninsured individuals go without immunizations or other preventive care, diseases spread more easily throughout a population. A rise in the disease rate of a community can also burden the capacity of the local health care system. For instance, increased emergency demands placed on a community's state and local health departments can weaken emergency preparedness. The Institute of Medicine expects a higher incidence and prevalence of vaccine-preventable and communicable diseases in areas with high uninsurance rates where health departments are short of funding.¹ At the population level, the consequences of high rates of uninsurance can mean outbreaks of diseases that are preventable and curable, including measles, pertussis (whooping cough), rubella, many sexually transmitted diseases, and tuberculosis.¹

Uninsurance impacts rural economic development.

Health care facilities and providers in rural areas contribute jobs, income, and tax revenue to local economies. The presence of hospitals and physicians in a rural area positively affects economic viability. Employment impact is an example of this: health-related jobs comprise between 10 and 20% of local employment opportunities in rural counties.⁴ High uninsurance rates and the related burden of uncompensated care are a major factor in the closure of rural hospitals.¹ Hospital loss and high rates of uninsurance also lead to physician loss.¹ When local rural communities lose facilities and providers due to increasing rates of uninsurance, economic viability is placed at risk.

In addition to the effect of uninsurance on a community's economic viability due to burdens placed on the health system, uninsurance may affect a community's development in other ways. Rural small employer focus group participants perceived three effects of high costs of health insurance on rural economic development. First, the high cost of insurance prevents small employers from offering it and thus discourages young families from taking jobs in rural areas. Second, the high cost of insurance and health care was perceived as diverting resources from other economic activities that would improve rural development. Third, the high cost of health insurance causes rural families to be uninsured and thus decreases access to health care. As supported by the household survey that was conducted as part of this project, the rate of uninsurance is higher in rural areas of Nebraska than in urban areas. Among Nebraskans younger than 65 years, the uninsurance rate was 11.1% for individuals living in non-metropolitan counties and 8.7% for individuals living in metropolitan counties.

What we heard . . .

"They are looking for a job where they can get decent insurance for their families and that means moving to an urban area."—Rural White female

"One of the very serious problems of living in central Nebraska as well as southwest Nebraska, are poor wages and lack of health care. And if there were ways that employers could have some help with the health care, they might hire more employees or they might invent more jobs and come here and start them."—Rural White self-employed female

"Uninsurance is a crisis in rural America. The majority of people who don't have insurance are without it because of the cost."—Rural agricultural small employer

"Spending all that money on insurance and health care impedes development. We don't have the money to put into something else in the community when it is all going to health care costs."—Rural agricultural small employer

"To get young people to come back to these communities, you need financially viable businesses or they have nothing to come back to."—Rural agricultural small employer

"It's no longer going to be the community you grew up in; it's just going to become a dust bowl or something. Everybody's going to have to leave just to live life and be healthy."—White college-aged male

Uninsurance hurts the productivity of Nebraska's workers. Uninsurance is also reportedly costly to both public and private sectors, resulting in more sick days and less productive employees. According to the Institute of Medicine, there is significant economic value to be gained through better health outcomes by insuring all Americans. Assuming the uninsured would use health care as those do who currently have insurance, between \$65 billion and \$130 billion would be gained from higher worker productivity nationally as health outcomes would be better from improved health care.²

The costs of caring for the uninsured are transferred to the insured through higher health care costs and taxes. About \$35 billion was spent on uncompensated health care for the uninsured in 2001, though people who were uninsured for an entire year averaged approximately half the amount of medical costs as those who were insured.³

Taxpayers are largely responsible for paying for the medical costs of the uninsured. Seventy-five to 80% of uncompensated care for the uninsured is publicly supported through federal, state, and local government programs.²

We have a moral obligation to care for the uninsured.

Providing health insurance is believed by some to be a moral obligation. Because the health of individuals determines the health of communities, many employers and uninsured focus group participants believed that providing health insurance to employees was a moral obligation. Both groups agreed that having adequate health insurance allows Nebraskans to enjoy a higher quality of life by helping them to maintain their health through prevention and early treatment and to minimize worry about incurring medical debt.

A moral obligation also may be said to arise from the fact that uninsured focus group participants consistently reported that they valued health insurance, but were uninsured because they had to decide between meeting basic needs for their families, such as food and rent, or using money to purchase insurance. Though it was difficult to make the decision to be without insurance, they have chosen to take that risk rather than forgo meeting the basic needs for their families.

Policy Implications

The consequences of uninsurance can be damaging to individuals, families, businesses, and communities and may be mitigated by implementing policies to provide coverage for low-income Nebraskans and to provide small employers with affordable health insurance options through purchasing pools and/or tax credits. Focus group participants provided feedback, described below, about what policy options would be favored by the uninsured and small employers for obtaining/providing health coverage.

What people are asking for:

- Individual subsidies were welcome, though not the most preferred method. Low-income focus group participants preferred to receive health benefits through their employer rather than to receive individual subsidies or a defined contribution because of the difficulty of researching and buying private insurance.

- State involvement to control costs was considered more valuable than state employer subsidies. Employer focus group participants believed that providing subsidies would not address the root problem of continually escalating insurance and health care costs.
- Employer focus group participants inquired, “If the state accepts responsibility for paying part of employee premiums, would the state also accept responsibility for controlling the rising cost of health insurance?” They welcomed state involvement to control premium costs.
- Small employers asked for purchasing pools. A consistent theme was that small businesses with 10 or fewer employees have little or no access to group policies.
- Tax credits were generally preferred over tax deductions and viewed favorably, with the caveat that they be refundable or represent a credit for those whose net taxable income may be negative. Tax credits were not perceived as helpful for non-profit organizations.
- Providing a defined contribution to an employee to purchase health insurance included advantages, such as a predictable cost to the employer and portable insurance for the employee, and disadvantages, such as not knowing whether the employee purchased insurance.
- Insured and uninsured participants voiced concern that having catastrophic coverage does not provide access to basic care. In addition, those with incomes up to 200% of the FPL should be provided with some type of bare bones public program that covers primary care and prescription medications.
- Educating consumers about existing health insurance choices may also decrease the number of uninsured in Nebraska. Understanding the vocabulary involved in health care coverage was difficult for many people. Uninsured focus group participants expressed the desire for education about health insurance while employers expressed frustration with how little their employees know about health insurance.

What we heard . . .

“You know, I think when we say health insurance, it’s too big a topic. If you can say who should help pay just the minimum needs . . . Like a diabetic needs insulin, I need to have a mammogram every year, I need to have a Pap smear every year, and when my kids have strep throat . . . There are certain things people have to have to get on in this world, just basic things; then I think you can talk about it.”—Self-employed female

“Have it be a usable product that isn’t just going to cover catastrophic care, but would give you access to preventive services.”—Self-employed female

“I think these pools are the way to have the clout to control costs while bringing more people with high risks into the insurance system and be able to offer all these services [dental, prescriptions].”—Rural small-employer

“Tax credits are much more valuable than just the deduction off the front of the tax return like health insurance is now. A credit like the childcare credit is refundable; a tax credit really has a lot of value because you get that even if you don’t owe anything.”—Rural small employer

"If we could get some kind of tax credit—I'm already laying out \$3,500 a month for workman's comp. If I could get some help to ease the burden of health insurance, it would really help."—Urban small employer

"They don't have enough information . . . There is a need for more programs where you can get more details about [health insurance], or that the employer gives a conference about what health insurance really is."—Rural Hispanic female

"And when they don't get covered the first time [because of the deductible], a lot of people I know cancel it because they think it doesn't work. And they tell their coworkers that they tried to use it but it didn't work and so other people also cancel it. There is misinformation, a need for more education about health insurance, deductible, coverage, the time that has to pass so you're covered, doctor visits, copay, etc. A lot of people don't know the difference between the deductible and the copay."—Rural Hispanic female

Other Options

Though the state of Nebraska alone does not have the capacity to fully eradicate uninsurance, its policy makers and stakeholders can set goals toward expanding coverage among their residents. Their expansion plans should take into account the different subgroups with high rates of uninsurance such as low-income persons, Hispanics, rural residents, young adults, the self-employed, and those working for small employers. Particular emphasis should be given to the working uninsured through targeting small employers and those earning low wages. In addition to options favored by focus group participants, other means of expanding coverage exist.

Reinsurance is one option that many states are exploring with hopes that it will reduce and stabilize premiums. Essentially it is insurance coverage for insurers, sometimes offered as a state subsidy to reduce premiums for small businesses or other at-risk subgroups. Reinsurance plans recognize that relatively few people account for the highest medical costs. Above some specified amount, the reinsurance program will begin to pay for medical costs, a type of stop-loss for insurance companies. Reinsurance also may pay for claims within a certain corridor (e.g., for claims over \$30,000 but under \$100,000), which caps state liability in state subsidized reinsurance programs.

Finally, because the eradication of uninsurance may not be possible in the near future, it is important to consider other ways to facilitate access to health care for Nebraska residents without insurance. Expanding the safety net is one such method. Increasing the number of Federally Qualified Health Centers (FQHCs), satellites of existing centers, and FQHC look-alikes is one way to expand the safety net in Nebraska. FQHCs and their satellites provide primary and preventive care to individuals regardless of their ability to pay or health insurance status. They also can provide low-cost prescription drugs, mental health care, and dental care. FQHCs receive federal funding, cost-based reimbursement from Medicaid, and some payments according to a sliding fee scale. Look-alike centers operate very much the same as an actual FQHC, but with differences in funding. Although look-alike centers do not receive federal funding to care for the uninsured, they can receive cost-based reimbursement from Medicaid and can offer sliding scale fees. Ideally, an FQHC look-alike center will evolve into an FQHC.

Conclusion

We know that approximately 10% of Nebraskans younger than 65 years are uninsured, and that most uninsured Nebraskans cannot purchase health insurance because it is too expensive. Often, paying for basic needs such as food, shelter, and clothing takes priority over purchasing insurance. Individuals' and families' peace of mind and quality of life are negatively affected by the resultant financial and psychological/psychosocial stress of being uninsured. We know the uninsured are less likely to receive needed care and that uninsured Nebraskans have poorer health status and limited access to care.

Uninsurance is an issue that also affects the insured. Higher proportions of uninsurance in a population result in inefficient use of the health care system, driving up health care costs for all while often placing an increased burden on community social services. Finally, high rates of uninsurance place economic viability at risk. The health care system is over-burdened with debt, hospitals and clinics may close, and small employers' resources are diverted away from traditional economic activity in order to pay insurance premiums.

Due to the varied and serious effects of uninsurance on Nebraskans, it is likely that Nebraska policy makers will need to create a strategy that combines more than one policy option to maximize the state's current limited resources toward solving the problem of uninsurance.

Table 1. 2003 Federal Poverty Level (FPL) Income Level Guidelines

Family Size	100% FPL	200% FPL	300% FPL
1	\$8,980	\$17,960	\$26,940
2	\$12,120	\$24,240	\$36,360
3	\$15,260	\$30,520	\$45,780
4	\$18,400	\$36,800	\$55,200
5	\$21,540	\$43,080	\$64,620
6	\$24,680	\$49,360	\$74,040
7	\$27,820	\$55,640	\$83,460
8	\$30,960	\$61,920	\$92,880

Source: U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, The 2003 HHS Poverty Guidelines.

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Nebraska Health Information Project

The Nebraska Health Information Project is a partnership made possible with the financial support of the State of Nebraska and through additional personnel and other resources provided by the University of Nebraska Medical Center. While initiated by the Nebraska Unicameral, the ongoing success of the project results from cooperation and collaboration among a number of organizations and individuals, particularly those involved in delivering health care services, financing health care, and analyzing health-related data.

Other reports have been published by the Nebraska Health Information Project, including biennial databooks that present Nebraska health and demographic data at the county, area, and state levels. To find out more about these and future reports, visit our home page at <http://www.unmc.edu/nebraska>

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