

**Summary of Key Informant Interviews
Presented Thursday January 16, 2003
Health Insurance Policy Advisory Committee Meeting**

The key informant interviews were the first of a set of surveys to be conducted for the South Carolina State Planning Grant. The goal was to interview key individuals in leadership roles about their concerns regarding the increased uninsured population of South Carolina. It was very important to not just collect their concerns, but also to solicit views about possible strategy and programmatic options. In combination with the outcomes of the other surveys (the South Carolina Households Survey, the South Carolina Uninsured Survey, the South Carolina Health Insurance Survey, the Employee Health Insurance Survey, and the Employer and Employee insured and uninsured focus groups), the Health Insurance Policy Advisory Committee will formulate policies to assist in decreasing the uninsured in South Carolina.

What follows is a list of the participant descriptions of each Key Informant interviewed. Please note that more than one person in each category may have been interviewed. Next there is a summary listing of questions and answers obtained during the interview process. In several cases questions were refined based on the interviewee's experience and/or work place.

Key Informant Interviewees:

**Insurance Manager for Large Corporation
Faith-Based Administrator
Human Resources Officer for a Corporation
Rural Health Clinic Administrator
Rural Health Director
Health System Administrator
Insurance Company Administrator
State Government Administrator
Community/Provider Coalition Representative
Health Coalition Administrator
Company Human Relations Director
Elected Official**

Questions & Answers:

1. Based on your experiences in South Carolina, why don't people have health insurance? What factors cause them not to have health insurance?

- Affordability
- Insurance not provided by some small employers at all or is only offered to select individuals in the company.
- Illegal immigrants do not have access to public or private health care coverage. Additionally, these individuals may be reluctant to use public health care service for fear of getting reported to the INS.
- Young, healthy adults do not appreciate the value of health insurance.
- South Carolina is mostly made up of small employers, who do not always provide coverage to their employees due to high premium costs.
- Employers who do offer coverage to employees and dependents do not usually pay the dependent portion of the premium.
- Many employees, if given a choice, would rather have a raise, then be offered health insurance.
- Lay offs are affecting mid level/middle class employees, leaving them with no health insurance.
- Health plans offered do not provide adequate coverage (high out-of-pocket costs, pre-existing limitations and/or limited benefits). Also known as "underinsured".
- The uninsured may feel that the government will take care of them if they get sick.
- Health insurance is not available to part time employees.
- Individual health care coverage is unaffordable and has pre-existing condition limitations.
- Employees choose not to participate in the employer-sponsored plan.
- Health care coverage is available but not affordable.
- Cost shifting from Medicaid/Medicare to the private insurers.
- Lack of education about the value of health insurance, the potentially severe consequences of being uninsured, and the personal problems that can occur from high debt for unpaid health care services.
- Medicaid and SCHIP eligibility restrictions.
- Lack of transportation.
- Lack of convenient access to physicians, free medical care clinics and Medicaid providers.
- Lack of competition...insurance market in South Carolina is dominated by a few high profit companies.
- High cost of medications.
- High malpractice insurance costs.
- HIPAA as well as other federal and state regulations that add to the complexity of delivering and insuring health care.
- Cost trends by hospitals and other providers.
- Overuse of health care services.

2. What influenced your company's decision to offer insurance to your employees?

- Retention and recruiting good employees.
- The employer feels a degree of responsibility to the employees and their families.
- Highly qualified employees request compensation for their efforts.

3. What influenced your company's decision to not offer insurance to your employees?

- Employers cannot afford to pay premiums.
- Rates are higher for small employers because they have a smaller risk pool than large companies
- Employers might not offer health care coverage because they are indifferent to competition.

4. What are the issues/problems you have had to grapple with in order to provide insurance to your employees?

- Cost...over the past three years insurance premiums have increased by 60%. These costs are passed on to the employees in terms of higher premiums or lower benefits.
- High employee turnover.
- High cost of health care.
- Small employers cannot contribute as much to employee and dependent costs as large employers.
- Employers are faced with making a decision on what health care coverage they can afford...often only providing coverage for life-threatening incidents, versus paying the employees more in wages.
- Cost of health care coverage, cost of employee out-of-pocket expenses and the profitability of the company.

5. Could incentives such as tax breaks, subsidies, or any other incentives help employers afford health insurance?

- Tax incentives to employees would assist in affording health care coverage, as long as the tax break is not included as part of medical deductions reported to the IRS.
- None of these options would help because the employer may not meet the eligibility threshold.
- Require employers to pay 65% of the health care coverage premium would help.
- Require employers to provide coverage with reasonable out-of-pocket expenses.
- Allow tax deduction for employers providing group coverage and tax credit or deduction for employees participating in group or individual coverage.

6. Have any employees declined to participate?

- Only 2% of employees declined to participate.

7. What should employees pay for their health insurance?

- To be competitive, employees should pay 20 to 25% of the total cost of insurance premiums; this would make them more accountable for their health care utilization/costs.

8. Do current insurance regulations deter some companies from participating in your opinion?

- They will participate if there is a need to be competitive.

9. Will things change at times of economic downturn?

- At times of economic downturn, it is a buyer market in terms of selecting employees. In the short-term, economic downturn has little impact for large corporations; however, the small markets are volatile with less dynamics working for the benefits of the small employers.
- Employers will adjust their portion of the health care premiums and employees will have to make a financial determination of purchase health care coverage.

10. Drawing on your view from a rural standpoint, why don't people have health insurance?

- Individuals from rural areas generally have lower income jobs and employers are not able to offer health care coverage as a benefit.
- Health care coverage premium in rural areas is generally more expensive (less provider competition/less managed care).

11. Why do you think some people don't participate in public programs even though they are eligible?

- There is a stigma attached to participation in public programs.
- Eligible/qualified individuals do not know all of the programs available.
- Public health programs are not well marketed.
- DSS outreach programs have been eliminated due to budget problems.
- Government inefficiency in promoting market competition.
- State government has a vested interest in maintaining the status quo.
- People are not educated on the availability of public health programs and why they should enroll.
- People do not understand or appreciate the value of health care coverage.
- If health care coverage is not made readily available, people do not think about it.
- Bureaucracy and paperwork is frightening and cumbersome.
- Illegal immigrants may not want to enroll or may not know if they are eligible.
- Lack of schooling necessary to complete application.
- People do not meet the qualification criteria for federal poverty level set by Medicaid.
- It is considered sub-standard care.

12. Why do some people dis-enroll from public insurance programs?

- Enrolled individuals become ineligible.
- Enrollees are discouraged to re-apply.

13. What is your experience, from a business standpoint, with public insurance programs?

- Medicaid enrollment process has improved.
- Average reimbursement has increased for rural providers.
- Existence of federally subsidized community health centers.
- Public health programs are essential in covering health care costs for the uninsured.
- Employers pay more for private insurance to offset the cost shifting by providers.
- If public programs were reduced or eliminated, employer sponsored health care premiums would increase and some employers would no longer offer coverage to employees.
- If public programs were reduced or eliminated, providers would not be reimbursed at all for uninsured patient care.
- It would be good to develop a plan that allows small businesses to come together in a public program for a comprehensive benefit package at a reasonable cost.

14. What is your experience from a health care perspective, with public insurance programs?

- Providers feel that the public insurance programs such as Medicaid and Medicare offer an acceptable level of health coverage.
- Successful SCHIP enrollment.

15. If the state expands public insurance programs, would that affect your company?

- Yes, the expenses associated with the uninsured cost everyone, including large employers.
- Healthcare costs have increase 15% over the past 5 years.
- The current system lacks consumer and provider accountability.
- Utilization must be strictly managed.
- The use of cost shifting should be managed.
- Medicaid should make use of federal funding in South Carolina.
- Look at emergency room usage and manage the utilization by moving eligible individuals into primacy care centers.
- Focus on preventative medicine
- Education on health care costs and utilization is needed.
- The Government is unwilling to fund Medicaid at a rate that is required to give quality care.
- Medicaid fee schedules are so poor that providers cannot pursue this as an appropriate business decision.
- Expand Medicaid to be on par with Medicare fee schedules and rules.

16. In your opinion, what are the priority populations that need to be covered or looked at carefully?

- Certain ethnic groups.
- The working poor, which includes a high number of minorities.
- Working people that do not qualify for Medicaid.
- Pregnant woman.
- Children.
- Children from broker homes and single parent homes.
- Elderly.

17. Would you be interested in expansion of programs? How would this help?

- Medicaid program expansion while controlling inefficiencies.
- Pilot project to cover employees.
- Increase the amount of Medicaid funding.
- Expansion of community-based health insurance programs for small employers statewide funded partially by state money, employer and employee contributions.
- Expansion of senior pharmacy program – the Silver Card
- Expansion of Medicare and Medicaid to cover more of the pharmacy benefits.
- Program to serve the illegal immigrants via free clinics with children eligible for SCHIP.
- Expansion of existing programs with close attention to waste and misuse.
- It will take a federal initiative to tackle the lack of health insurance affordability and accessibility.
- Need to increase provider reimbursement to gain more provider participation.
- There is a fear that the low rate of reimbursement and the increase in government regulations on health care financing and delivery might affect the quality of care.

- Expand coverage to include services that promote life-style changes such as wellness, prevention, and nutrition.
- Closer matching relationship between Medicaid and Federal government.
- Keep funding of existing programs at the current level and adjust annually for inflation.
- Existing programs should not include mental health care.
- Raise SCHIP eligibility requirement to 200% of the federal poverty level.
- Many uninsured would not sign up for health care coverage because they are not willing to except the responsibility of purchasing health insurance coverage.

18. What constitutes a minimum health insurance plan?

- The minimum benefit level that is competitive enough to retain highly skilled employees.
- Preventive services, basic medical surgical coverage, prescription drugs and basic dental care, designed with financial incentives in mind to ensure the public backing of its cost-effectiveness.
- Cover basic health care needs only...no dental or eye glass coverage.
- Hospitalization, prenatal and maternal care, no waiting period with matching contributions between the employer and employee.
- Gatekeeper coverage, specialty care and hospitalization. Primary care physician focuses on improving and/or maintaining health of enrollees. Basic primary coverage, preventative care, prescription coverage and basic lab services.
- Free annual physical, eye care, minimal primary care visits and prescription drug coverage.
- Catastrophic and hospitalization coverage with affordable out-of-pocket expenses to keep patients accountable for their healthcare utilization. No limit of office visits.
- Basic primary care, specialty care, hospital services, and medications to at minimum cover the top five chronic diseases.
- Cover all medically necessary services.
- Benefits designed based on the special needs/age of the enrollees.
- Easy to use, competitive, and low cost.
- Provider discounts to self-pay patients. Self-pay individuals may not seek care if quoted “billed charges” from providers because they cannot afford it and/or the final charges are not clear.
- Cover basic and catastrophic medical services, plus optional voluntary products plus long-term disability and life insurance.

19. Would you define underinsured?

- A plan that does not attract and retain employees.
- No health care coverage.
- Health plan that does not provide adequate coverage. Problem with small employers who offer limited benefit plans instead of nothing...it is preferable to be underinsured than uninsured.
- Catastrophic care...no coverage for drugs, doctor visits, ancillary care or specialty care.
- High deductible plans with out-of-pocket expenses that are too expensive to afford.
- A family of four with only one adult insured.
- Inadequate structure of the plan and lack of provider participation.
- Barriers to access to healthcare services.
- Out-of-pocket expenses of greater than \$1,000.
- People who delay services due to lack of coverage...varies according to individual's age and lifestyle.
- Medicare beneficiaries without supplemental benefits.

20. How are the uninsured people getting their health care needs met?

- A combination of free clinics and use of emergency rooms as primary care centers.
- Expansion of Medicaid programs.

21. How can we insure everyone, or at least the uninsured?

- It would be less expensive than having to pay the emergency room services for those who do not have coverage.
- Use this study to develop policy recommendations.
- It is not possible because not everyone wants health care coverage.
- Homeless and migrant workers are hard to insure.
- Too many issues to solve the uninsured problem...fighting against insurance companies.
- Require employed persons to make a minimum contribution...cheaper than paying for uninsured people to use the emergency room.
- Find ways to stabilize group rates.
- Focus on small business market.
- Expand public programs to make it affordable and promote alternate lifestyles to reduce utilization.
- Educate people about what programs are available for the uninsured and underinsured.
- Limit the benefits.
- Find ways to take advantage of federal/state matching funds.
- Eliminate government health care coverage mandates.
- Minimize laws/regulations on underwriting health care benefit products.
- Use managed care products.
- A sense of compassion to care for all people...need leadership to formulate and implement a plan that addresses the healthcare issues in South Carolina.

- Offer prenatal and dental care.
- Expand the Community Health Care Centers concept.
- Economic improvement of the working poor.
- Private insurance companies need to find creative ways to meet small business needs...tailor products to meet the changing insurance needs of employees.
- The Medicaid program ought to be the current program for the chronically uninsured in South Carolina; for this, qualification criteria need to be expanded for increasing eligibility and covering employed persons with no insurance.

22. Will grass roots initiatives help?

- Yes...need to inform individuals of available health care services.

23. Can you comment on the relationship of welfare reform on public health insurance coverage?

- Very Close relationship- Prior to welfare program, 30% of Medicaid eligible were on welfare, but with the welfare program, only 6% of the Medicaid recipients are on welfare; Now, the Medicaid program is becoming a public insurance program for children and uninsured families with at least 1 working adult – a quasi small employer insurance program.

24. How can we best inform people about programs that are available?

- Engage in outreach activities which had to be minimized because of bad economy; Medicaid should send a Beneficiary Benefit Newsletter to the 800,000 Medicaid recipients about available services and preventive measures to care for their health.

25. What advice do you have for legislators for closing the health insurance gap?

- Cover health care for all individuals.
- Find out who are the uninsured and work to remedy the problem.
- Address the preexisting conditions limitations in health plans.
- Consider some tax relief.
- Enhance competition in the small group market...find out why small employer insurers are leaving the market.
- Stabilize pricing in the small group market.
- Consider a solution combining the public and private insurance markets, employers and employees...each paying one third of the costs of health care coverage.
- Take a critical look at successful programs (Horry County, Greenville, PEP, Richland Care) and see if they can be duplicated in other areas of the state.
- Use the current structures and develop supplemental programs that are not seen as welfare.
- Make the public aware of the health care programs available.
- Make use of Medicaid matching federal funds.
- Stress preventative care in health plans.
- Job opportunities are the non-visible engine to offering health care by the small employer and affording health insurance by the employee.

- Invest in public, consumer-oriented healthcare education programs.
- Fund Medicaid appropriately.
- Legislators should work with and support health care providers with businesses and agencies such as the United Way, developing innovative approaches at the state, regional and local levels to offer primary care.
- Consider expanding the number of Medicaid skilled nursing facility beds to meet the needs of the aging population (same number of beds since 1984).
- Consider tort reform legislation.
- Tax incentives would probably pay for themselves by reducing dependence on public assistance or devise a program that low income or under-employed would be able to buy into. Gives them self-respect, not to be viewed as a public handout, with incentives to use it the incentives prudently. Such tax incentives may be devised by a joint legislative, Medical Society, and Hospital Association group – this would be a step above straight Medicaid funded by the government.
- Consider legislation to limit the increase in prescription drug costs through discounts. Require use of generics and/or mail order for maintenance medications. Create a prescription drug formulary.
- Increase Medicaid reimbursement for primary care services.

26. Additional Comments.

- Families applying for loans to buy homes may be turned down because of bad credit as a result of not being able to pay for unpaid medical bills.
- Companies are not able to pay for health insurance for affiliate executive directors because of the high cost of insurance.
- Find a way to include small businesses into large insurance or association pool so as to minimize the cost of health insurance.
- Cost shifting is a major issue.
- Provide primary and preventative health care coupons or vouchers for the underinsured and uninsured.
- Need to find a solution that has no negative impact on the existing healthcare system.
- Examine what is being done in other states.
- Community Health Centers serve our citizens all over the State. Yet few know they exist, what is their mission, or how to participate? Invest in awareness. These centers receive federal funds. Since they are already in place, an investment on the part of the state could have maximum effect if combined with an awareness campaign.
- Too many consolidations in the insurance market which affect health insurance rates.
- Need to recognize the issue beyond the political framework – too many people are suffering now because of the bad economy.
- Difficult to change public policy; Let the market takes its course by promoting competition.
- Individual and small group health group market is highly regulated.
- Regulations artificially add to the price of health insurance premium by dictating the coverage and price of the insurance policies.

- Better way to have equal access to health care, especially the working poor.
- Find a balanced way to insure individuals without the economic burden on the local and state governments.