Commonwealth of Virginia
State Planning Grant
on
Access to Health Insurance

HRSA Interim Report
September 30, 2004

Project funded by the U.S. Department of Health & Human Services, Health Resources and Services Administration's Bureau of Professions State Planning Grant with the Virginia Department of Health, Office of Health Policy and Planning.

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Report Acronyms

Agency for Health Research and Quality	AHRQ
Arkansas Center for Health Improvement, Multi-State Integrated Database	MSID
BRFSS stands for Behavioral Risk Factor Surveillance Survey	BRFSS
Center for Health Policy, Research and Ethics, George Mason University	CHPRE, GMU
Centers for Disease Prevention and Control	CDC
Current Population Survey	CPS
Employee Benefit Research Institute	EBRI
Fiscal Year	FY
Health Resources and Services Administration	HRSA
Medical Expenditure Panel Survey-Insurance Component	MEPS-IC
State Health Access Data Assistance Center	SHADAC
Survey of Income and Program Participation	SIPP
Virginia Department of Health, Office of Health Policy and Planning	VDH, OHPP
State Planning Grant	SPG
Virginia State Planning Grant	VA-SPG

EXECUTIVE SUMMARY

Virginia received a State Planning grant award from the U.S. Department of Health and Human Services, Health Resources and Services Administration (HRSA) to fund a defined program of activities during FY 2004. Due to delays in the completion of core survey data that are necessary to support essential planning processes, Virginia requested approval of a revised timeline for the grant performance period through FY 2005. The goals of the Virginia State Planning Grant (VA-SPG) call for the development of a business plan for extending health insurance coverage to a population of working uninsured, with recommendations for implementation to be submitted to Governor Warner through the Secretary of Health and Human Resources at the conclusion of the project. The goals of the Commonwealth of VA-SPG grant include the following:

1. Conduct a Descriptive Study of the Existing Data on the Current Status and Economic as well as Societal Costs of Non Insurance.

2. Perform New Data Collection and Analysis to Inform Options for Coverage Expansion for the Employed Uninsured.

3. Collaborate with Public and Private Sector Partners to Develop Viable Options to Provide Access to Coverage for Virginia's Working Uninsured Population and Sustain Collaboration to Assess Trends and Impact Long-Term Policies.

4. Develop a Business Plan for Covering the Uninsured in Virginia and submit it to the Governor and Secretary of Health and Human Resources.

This interim report is submitted at the end of the first fiscal year (FY 2004) in fulfillment of HRSA requirements. It includes information about what is known (trends and conditions) about Virginia's uninsured (families and individuals); employer-based coverage; characteristics of the Virginia health care market place; economic conditions and options for expanding health coverage using HRSA report guidelines. Also included is a status report on activities and accomplishments during the first 12 months of grant funding (Appendix I).

The Virginia Department of Health (VDH), Office of Health Policy and Planning (VDH, OHPP) directs the SPG project in collaboration with subcontracted partners: the Center for Health Policy Research and Ethics at the George Mason University (CHPRE), the Minnesota State Data and Information Access Center (SHADAC), the HRSA-sponsored Arkansas Center for Health Improvement, Multi-State Integrated Database (MSID), and the Agency for Health Research and Quality (AHRQ), Medical Expenditure Panel Survey Insurance Component Division (MEPS-IC). The role of subcontractors is to provide expert technical support for data collection and analysis. The CHPRE at George Mason University (GMU) also supports analyses, decision support and leadership for strategic and business planning activities and provides web-based communication support (design and management of the project website).

The VA-SPG communication plan and participatory processes provide for inclusion of a wide variety of state and local leaders, agencies and stakeholders and supports access to the best available health care coverage and economic data. The surveys of Virginia households and

employers being supported by the grant will yield the first regional analyses of health care coverage in the Commonwealth and provide a basis for longitudinal analysis of change over time. The VA-SPG leadership group and four project workgroups will utilize the results of surveys and other data to assist local employers, communities, service providers and policy decision-makers policy development and programming to improve health insurance coverage.

At the time of the interim report, the best available data on Virginia health coverage indicates the following:

- Nearly one million Virginians are currently uninsured, representing between 12% and 14% of the total population of the Commonwealth of Virginia. The number of underinsured Virginians, however, are quite likely to represent a much larger figure;

- The rate of the uninsured in Virginia has varied over the past ten years. The most recent trend data released by the Centers for Disease Prevention and Control indicate that the percent of uninsured has ranged primarily from 10% to 14.6%[i.]

- Rates of uninsurance also vary across the Commonwealth, resulting from differing economic and demographic conditions in diverse geographic regions;

- For most uninsured Virginians, at least one family member works full or part-time. Many families have at least one member who works full time all year.

- Uninsurance rates in the Commonwealth vary by age, ethnicity, and income levels. The rate of uninsurance is highest for young adults, aged 19-29, with a disproportionate number of uninsured represented by Blacks and Hispanics.

Each of the grant goals, objectives, and related activities can be accessed at the VA-SPG web page. See www.InsureMoreVirginians.org.

On behalf of the Virginia Department of Health, Office of Health Policy and Planning, for further information or questions about the interim report , contact
Dr. PJ Maddox, Director, Office of Research, Center for Health Policy, Research and Ethics at GMU (703-993-1982).

INTRODUCTION

The Commonwealth of Virginia received a State Planning grant from the U.S. Department of Health and Human Services, Health Resources and Services Administration (HRSA) for a program of activities to be undertaken and completed during FY 2004 (October 1, 2003 through September 30, 2004). This report provides a progress report on activities and accomplishments funded under the VA-SPG grant. The original grant timetable called for data collection and analysis to be completed within the funding period; however, the Medical Expenditure Panel Survey - Insurance Component (MEPS-IC) regretfully could not be undertaken by the Agency for Health Care Quality and Research (AHRQ) until late spring 2005. Because the results of survey data essential to inform Virginia planning processes would not be available until late 2004 (household survey) and mid FY 2005 (employer survey), Virginia requested a no-cost extension for the performance of the grant through FY 2005.

Virginia was among the third round of states funded under HRSA'S SPG program to assist in profiling the uninsured and research options for providing access to affordable health insurance coverage, especially through expanded private and public partnerships. The grant has funded Virginia employer and household combined surveys to inform strategic planning at the state, regional and local community levels. In addition, Virginia's unique sub-state SPG data will support consideration and decision-making about the feasibility and impact of various models for health coverage expansion. The data are also key to identifying populations of need, disseminating information about the cost and consequences of uninsurance, and assessing the impact of identified health insurance expansion models.

Governance and Staffing: The Virginia Department of Health (VDH), Office of Health Policy and Planning (VDH, OHPP) directs the work of the project in collaboration with its partners: the Center for Health Policy Research and Ethics at the George Mason University (CHPRE), the Minnesota State Data and Information Access Center (SHADAC), the HRSA-sponsored Arkansas Center for Health Improvement, Multi-State Integrated Database (MSID), and the Agency for Health Research and Quality (AHRQ), Medical Expenditure Panel Survey Division (MEPS-IC). While VDH, OPP directs the day-to-day activities of the grant, the Governor of the Commonwealth, by way of the Secretary of Health and Human Services, is the recipient of all grant-related recommendations for expansion of health insurance coverage for Virginians.

The VA-SPG Leadership Team oversees and coordinates grant activities with state agencies and other health coverage initiatives including those funded by a Robert Wood Johnson Foundation State Coverage Initiative (SCI) grant. The work of the VA-SPG grant is conducted with stakeholder involvement through four project work groups. Detailed information about the composition of the VA-SPG Leadership Team, Work Groups, and Collaborative Partners may be accessed through the project web page (http://www.InsureMoreVirginians.org). The project web page was designed with grant funding and serves a broad range of information dissemination and communication purposes (internal and external to Virginia and the SPG grant).

The VDH contracted with the Center for Health Policy Research and Ethics, George Mason University in spring 2004. Together, VDH, CHPRE, and select members of the VA-SPG work groups (business, data and leadership) revised the VA-SPG work plan based on four goals.

The VA-SPG work plan provides a framework to sustain data driven decision-making and stakeholder consensus building required to achieve its goals and objectives.

Detailed strategic planning, policy evaluation, and decision-support activities are specified in the VA-SPG work plan. The work plan utilizes an inclusive, participative process between stakeholders representing local, regional and state-level employers, community leaders, as well as agencies and offices of the Commonwealth. The overarching goals of the Virginia State Planning Grant are as follows:

1. Conduct a descriptive study of the existing data on the current status and economic as well as societal costs of non-insurance.

2. Perform new data collection and analysis to inform options for coverage expansion for the employed uninsured.

3. Collaborate with public and private sector partners to develop viable options to provide access to coverage for Virginia's working uninsured population and sustain collaboration to assess trends and impact long-term policies.

4. Develop a Business Plan for covering the uninsured in Virginia and submit it to the Governor and to the Virginia Secretary of Health and Human Resources.

For a more detailed report on workplan activities undertaken by subcontractors, see Appendix I.

SECTION 1. SUMMARY OF FINDINGS: UNINSURED INDIVIDUALS AND FAMILIES

This section describes (1) best available current information on the uninsured population in the Commonwealth; (2) methods used to date to obtain this information; and (3) how primary and secondary data collection will be used to inform the identification and choice of coverage options for consideration by the Virginia SPG work groups and develop recommendations related to models for health insurance coverage expansion and public policy/regulatory issues affecting coverage. Detailed information about SPG data collection activities (literature compilations of literature, studies, briefings and reports pertaining to core SPG uninsurance domains, spreadsheets, etc.), as well as the Virginia household and employer surveys and descriptions of analytic and research methods can be found on the project webpage (www.insuremorevirginians.org).

1.1 What is the overall level of uninsurance in your State?

Pending receipt and analysis of specific sub-state and household survey data collected through the SPG, analysis of the uninsured in Virginia has relied on the best available extant data from the 2003 Current Population Survey, 2002 MEPS-IC and 2002 BRFSS. Although collected, state specific 2003 BRFSS data had not been released from the CDC. In the past, most information on the uninsured in Virginia has been obtained by extrapolating national data/trends. Private, entities such as the Virginia Healthcare Foundation and Chambers of Commerce have also mounted data collected on various health insurance coverage issues. The reliability and validity of survey instruments, sampling methods and analyses vary widely as have level of analysis and generalizability. A compendium of sources of data on Virginia insurance health insurance coverage and health service access was developed as part of this grant and is found on the project website. The SPG funded Virginia Household Survey will provide the most current, reliable data on the uninsured in the Commonwealth and five geographic regions that support sub-state (regional) analyses. The survey was still in data collection at the time of report submission. Preliminary results expected to be received from SHADAC in early October 2004.

Findings/Conditions In Virginia:

Based upon August 2004, the U.S. Census Bureau report on income, poverty, and health insurance coverage, the following trends are noted: For the third consecutive year the number of poor and uninsured have increased nationwide and in Virginia. Based on Virginia's Annual Social and Economic Supplement (ASEC) to the Current Population Survey,[i] the number of uninsured Americans rose by 1.4 million 2002-2003. Virginia's uninsured rate rose by 1.1% to 13.3 %, representing a statistically significant increase from 12.5% reported during the prior three years (2001-2003).

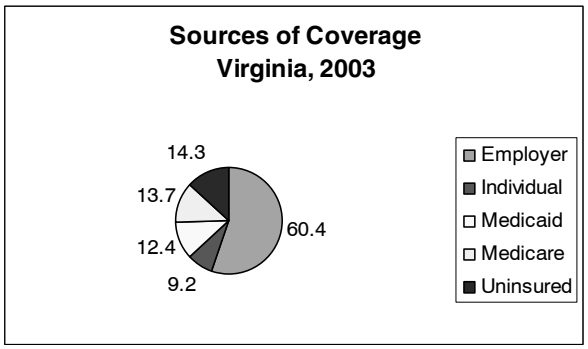
Poverty Rates in the United States and the Commonwealth of Virginia

The Census Bureau report also indicates that the number of Americans living in poverty increased by 1.3 million. Based on the 2003 poverty data, Virginia ranked in the second quintile, 13th among 50 states. The percent of Virginia's population living in poverty increased to 10.0 % in 2002-2003. This was a statistically significant increase from the 9.3% average during 2001-2003. According to the Census figures, children entered into poverty at a faster rate than other age groups. Female-headed households in particular were identified at greatest risk of entering into poverty. Roughly 800,000 additional children entered into poverty in 2003, increasing the rate of poverty from 16.7 percent of all children to 17.6 percent in the population under the age of 18. Compared to the other regions in the U.S., the South has the highest rate of poverty. Virginia's rate of state level poverty rose by 1.0%. Such rates were only found in two other states: North Carolina (1.6) and Texas (1.0).

Health Coverage Type in the U.S. and the Commonwealth of Virginia 2002-2203:

The majority of the U.S. population receives employer-based health care coverage. This proportion, however, has recently trended downward from 61.3 % (2002) to 60.4 % (2003). A loss of employer-based coverage was found in six states in the South, including Virginia. Over the past two years, Virginia's average rate of uninsurance rose by 1.1%.

Exhibit 1: Distribution of Insurance Coverage in Virginia (Public and Private) 2003



Source: Current Population Statistics Survey, US Bureau of Labor Statistics, 2003

Median Household Income in the Unites States and Commonwealth of Virginia

Median household income in the Commonwealth of Virginia has remained steady at $43,318, adjusted for inflation. While Whites, blacks, and Asians saw no significant change in reported income, Hispanics income dropped by 2.6 %. The highest average annual income ($55,000) is reported among Asian Virginias. In Virginia and nationwide, the likelihood of having insurance coverage rises with income level. For individuals with incomes $75,000 or higher, health insurance coverage increased in 2003 to 91.8 percent. The rate of health insurance coverage fell for individuals earning under $25,000. Approximately 75.8 percent of this income group reporting having health insurance in 2003.

Use Of Data To Inform SPG Planning Efforts:

The Virginia SPG project is seeking to describe health care coverage by industry and sector in each of five sub-state geographic regions in order to address the need for actionable community-based data and to provide information to support local decision-making. The need for developing community based plans is underscored by a recent Census data trends. According to an expert panel convened by the Brookings Institution, the Census data demonstrates a characteristically 'modest' increase in both poverty and uninsurance.[ii] The data depict an upward trend observed in both poverty and uninsurance in the U.S., as trailing the economic recession of the last three years. The panel reported that rising numbers of those living in poverty and without health insurance could be expected to plateau and slowly trend downward, owing to changes in different industry sectors and by geographic regions.

Characteristics and trends related to Virginia's uninsured are similar to those observed nationally. For most uninsured Virginians, at least one person in the family works either fulltime or part-time. Many have family members who work full time, all year. Although Medicare provides health insurance for the majority of Virginians age 65 and over, the largest number of uninsured includes those aged 30-49. In addition, the rate of uninsurance is highest for young adults, aged 19-29. Lastly, a disproportionate number of uninsured are found among the Black and Hispanic populations whose proportions vary widely across sub-state regions. Detail, geographic analyses of population and industry demographics can be found on the SPG project website under the Knowledge Center. Such information will be updated as SPG funded survey data is received.

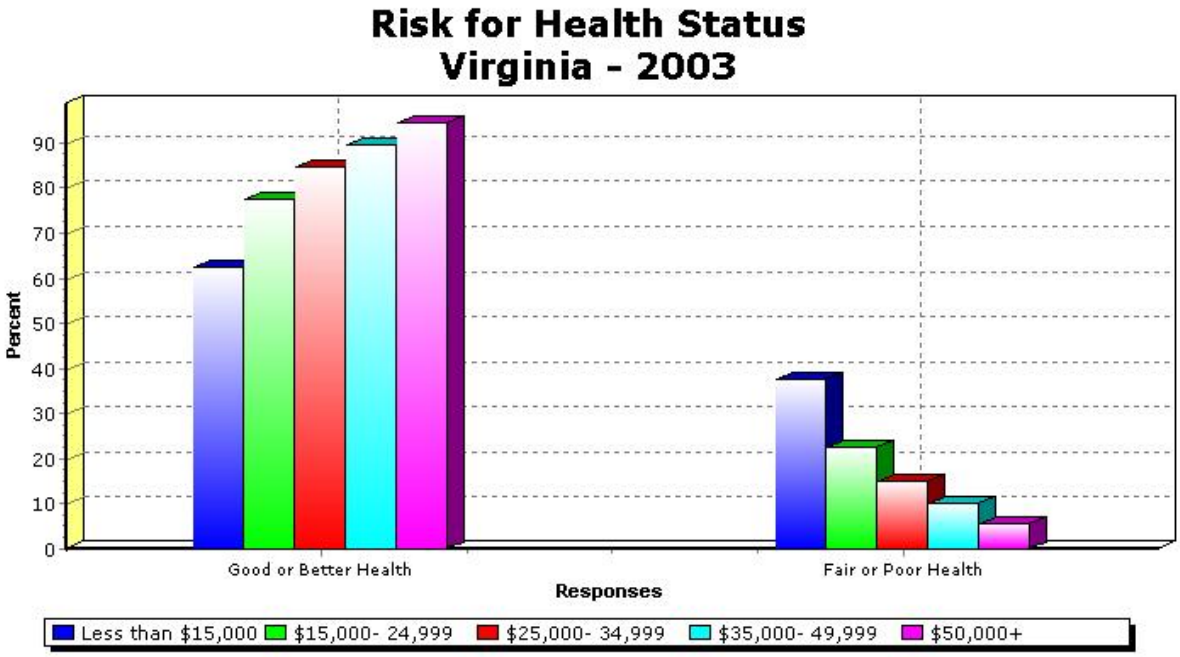
Current state economic conditions coupled with persistent rising health care costs, (including increasing employer costs and employee cost sharing) is contributing to a trend of fewer Virginians having access to employment-based health insurance. And, a growing number of Virginians find themselves without employer-based health coverage options. As noted in Table 1, the percentage of the population at or under 100% of the federal poverty level (FPL) is 26% in Virginia compared with 20% in the U.S. The percentage of self-employed Virginians (15%) is higher than the national average. Consistent with national trends, one in three employees (32%) in Virginia works in firms with fewer than 100 employees. Preliminary Virginia data indicate wide variation in health care coverage in sub-state regions. Analyses of the distribution of industries and their impact on regional employment (based upon employer size) have implications for offered benefit packages/coverage, cost, market trends and commercial offerings.

Further National Data and Information: Commonwealth of Virginia-specific Health Coverage

In 2004, an estimated one million Virginians were uninsured, representing between 12% and 14% of the total population of the Commonwealth. While this rate of uninsurance may be below the national average of 16.2% (MEPS HC 2003), the growth in number of the uninsured is a major concern for state policymakers, business owners and the citizens of the Commonwealth. Virginia insurance coverage trends have varied over the past ten years. According to CDC 2003 data, the observed trend in Virginia ranges from 10% to 14.6%.[iii] Uninsurance coverage variations in the Commonwealth are consistent with national trends based upon age, ethnicity and income levels. In addition, rates of uninsurance vary within regions across the state, resulting

primarily from differing economic conditions. Moreover, Virginias without lower income levels have poorer reported health status (Exhibit 2).

Exhibit 2: Self-reported Health Status by Income Levels Virginia, 2003



Source: National Center for Chronic Disease Prevention and Health Promotion Behavioral Risk Factor Surveillance System, accessed September 20, 2004 at http://apps.nccd.cdc.gov/brfss/index.asp.

The SPG Leadership Team and Data Work Group were convened for purposes of reviewing data and information, and discussing gaps in available information to inform decision-making about options for expanding health insurance coverage in Virginia. The Data Work Group's efforts in the design, development and implementation of the Virginia Community Household Sample Survey (CHSS) prioritized data collection to support sub-state analyses and planning. The Virginia CHSS was in the field at the time this report was written. Of the 4000 household surveys targeted across Virginia, 3400 were completed as of September 20, 2004. Receipt of the completed household survey report including data analysis is anticipated from SHADAC by late October or early November 2004.

1.2 What are the characteristics of the uninsured?

The best current source for data on the characteristics of uninsured Virginians is the BFRSS. Data presented in this report are attributable to the BRFSS 2002. As noted above, Virginia's uninsured figures are better than the national average, yet the growing number of the uninsured is a major concern for state policymakers, business owners and citizens of the Commonwealth. Similarly, uninsurance rates in the Commonwealth, like national rates, vary by age, ethnicity and income levels. In addition, rates of uninsurance vary within regions across the state, resulting primarily from differing economic and demographic variables within the regions of the Commonwealth.

As concerns socio-economic factors, The Urban Institute and Kaiser Foundation report that low-income individuals (incomes less than 200 FPL) are less likely to have employer-sponsored coverage. [iv] [v] For example, among employer-covered individuals, those with incomes below 200% have a much lower rate of insurance coverage than (26%) than those with incomes above 200% FPL (87%).[vi] Similarly, more Virginians with incomes above 200% FPL are uninsured, compared to national estimates for those above 200% FPL (40% in Virginia versus 35% US).

CHARACTERISTICS OF THE UNINSURED IN VIRGINIA

Table 1: Distribution of Virginia Non-elderly Percent Uninsured by FPL 2000 – 2001

	Virginia	US
Under 100% FPL	34	36
100 – 199% FPL	26	20
200+ FPL	40	35
Total	100%	100%

Source: Urban Institute and Kaiser Commission based on pooled 2001 and 2002 CPS

Table 2: Distribution of Virginia Non-elderly Uninsured by Age, 2002

Uninsured Non-elderly by Age		
	VA	**US**
Children 18 or under	10%	12%
Adults 19-64	15%	20%

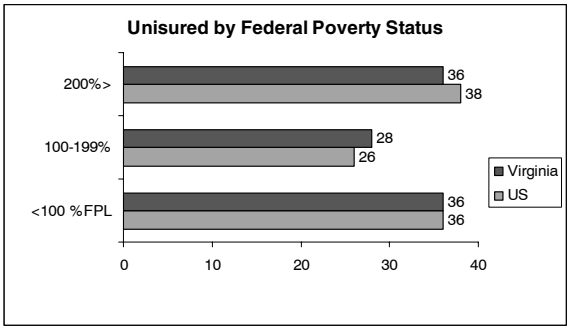
Source: BRFSS 2002

Table 3: Distribution of Virginia Non-elderly Uninsured by Gender, 2002

Uninsured Non-elderly by Gender		
	VA	**US**
Male	12	16
Female	15	19

Source: BRFSS 2002

Exhibit 3: Distribution of Public and Private Insurance Coverage Virginia versus US



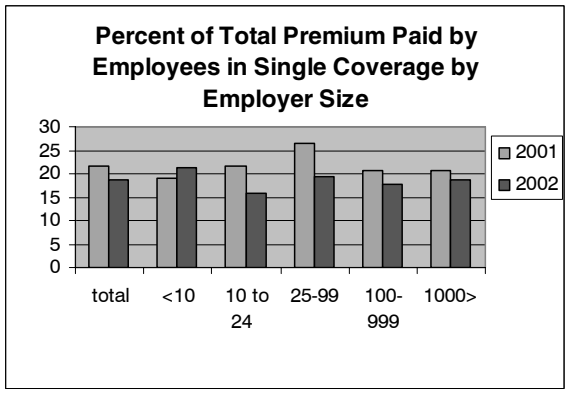
Source: Urban Institute and Kaiser Commission based on pooled 2001 and 2002 CPS

Table 4: Virginia Commonwealth: Non-Elderly Percent Uninsured by Firm Size

	Virginia	US
Self-Employed	15	12
Public Sector	4	5
<10 Employees	13	17
10-99 Employees	19	23
100-999 Employees	10	12
1000+ Employees	20	16
Non-Worker	19	16
Total	100%	100%

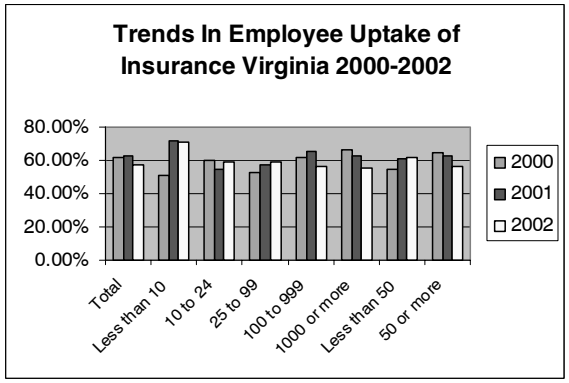
Source: EBRI, Special Data Tabulations from the 2002, CPS.

Exhibit 4: Availability of Private Coverage



Source: MEPS/IC 2001, 2002

Exhibit 5: Trends in Employee Uptake



Source: MEPS/IC 2000, 2001, 2002

CHARACTERISTICS OF THE UNINSURED IN VIRGINIA CONT'D.

Table 5: Distribution of Virginia Non-elderly Percent Uninsured by FPL, 2000 – 2001

	Virginia	US
Under 100% FPL	34	36
100 – 199% FPL	26	20
200+ FPL	40	35
Total	100%	100%

Source: Urban Institute and Kaiser Commission based on pooled 2001 and 2002 CPS

Table 6: Distribution of Virginia Non-elderly Uninsured by Age, 2002

Uninsured Non-elderly by Age		
	VA	**US**
Children 18 or under	10%	12%
Adults 19-64	15%	20%

Source: BRFSS 2002

Table 7: Distribution of Virginia Non-elderly Uninsured by Gender, 2002

Uninsured Non-elderly by Gender		
	VA	**US**
Male	12	16
Female	15	19

Source: BRFSS 2002

Table 8: Distribution of Virginia Uninsured by Employment Status, 2002

Employment Status	Virginia	US
At least one full time worker	11%	15%
Part time workers	30%	31%
Non workers	29%	30%

Source: Urban Institute and Kaiser Commission on Medicaid and the Uninsured Estimates based on pooled March 2002 and 2003 Current Population Surveys. Total US numbers are based on March 2003 estimates.

Table 9: Virginia Commonwealth: Non-Elderly Percent Uninsured by Firm Size

	Virginia	US
Self-Employed	15	12
Public Sector	4	5
<10 Employees	13	17
10-99 Employees	19	23
100-999 Employees	10	12
1000+ Employees	20	16
Non-Worker	19	16
Total	100%	100%

Source: EBRI, Special Data Tabulations from the 2002, CPS.

Availability of publicly funded health coverage:

The Commonwealth's public insurance programs consist of Medicaid and the State Child Health Insurance Program (SCHIP) called the Family Access to Medical Insurance Security (FAMIS). In 2003, Medicaid paid for the medical care of more than 725,798 Virginians, including more than 32,000 refugees and immigrants. The Medicaid program has been one of the largest and fastest-growing programs in Virginia in recent years. Because Virginia has very strict eligibility criteria for its Medicaid program, recipients represent the poorest of the poor. See Appendix II for a summary table of eligibility criteria. In order to be eligible for Medicaid, the annual income of a family of four may not exceed $24,472. With such stringent income requirements, recent estimates indicate that an additional 300,000 Virginians at or below the FPL are ineligible for Medicaid.

Virginia is ranked 44th when considering Medicaid recipients as a percent of the population, yet is ranked 39th when considering state spending per Medicaid recipient. In 2003, 57% of all Medicaid recipients were children. Only 15% of the program's recipients were low-income adults who were not elderly or disabled. Although the elderly, blind and disabled represent only 34% of the Medicaid population, yet they account for more than 76% of total program costs.

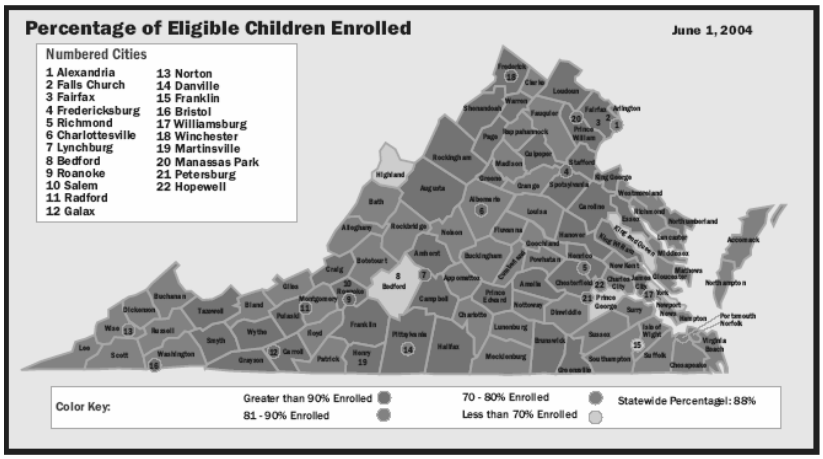
Table 10: Virginia Medicaid Recipients 2002-2003

Virginia Medicaid Program	Unduplicated Recipients 2002	Unduplicated Recipients 2003
AFDC Adult	96,408	118,522
AFDC Unemployed/Child	36	7
AFDX Unemployed/ Adult	29	10
Foster Care Child	5,950	5,669
Aged	93,177	85,409
Blind and Disabled	136,817	132,170
Total	681,200	725,798
Average Unduplicated Recipients	**2002**	**2003**
Fee for Service Programs	220,206	211,824
Capitated Programs	204,342	246,594

Source: http://www.dmas.virginia.gov/ab-2003_stats.htm Data retrieved on September 13, 2004

Despite a slow start, Virginia has made noteworthy recent success with enrollment in its FAMIS program. As of August 2004, FAMIS enrollment was up 38,018 children representing an increase since the 2002 introduction of access improvements. In addition, over 93,000 children enrolled in FAMIS or Medicaid during Governor Warner's administration. Taken together, a total of 382,520 children enrolled in Virginia's Medicaid and FAMIS program expansions. Nonetheless, more than 48,000 additional children are estimated to be eligible for these programs but remain uninsured. The Governor set a target for 100,000 children to be enrolled in these programs by the end of September 2004. Virginia also submitted federal waivers to cover low-income pregnant women as part of the FAMIS program in its efforts to cover the uninsured.

Exhibit 6: Percent Eligible Virginia Children Enrolled in FAMIS, 2004



Source: www. signupnowva.org

Race/ethnicity of Virginia Uninsured

According to the Virginia Department of Virginia Department of Medical Assistance Services, the number of immigrant and refugee recipients in 2003 totaled 32,274.

Table 11: Virginia Medicaid Immigrant and Refugee Recipients, 2003

Virginia Medicaid Immigrant and Refugee Recipients FY 2003	Total Unduplicated Recipients	Total Payments
Non resident Aliens	3,575	13,092,254
Entrants	821	4,609,390
Amnesty Aliens	444	818,003
Non-Amnesty Aliens	10,839	54,609,834
Visitors	25	146,771
Total Immigrants	15,704	73,276,253
Refugees	866	1,005,293
Total	32,274	$147,557,798.00

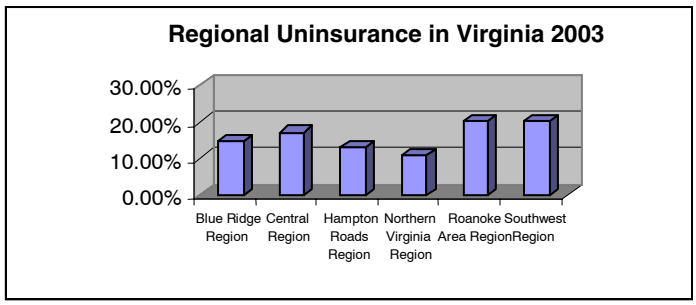
Source: http://www.dmas.virginia.gov/ab-2003_stats.htm Data retrieved from DMAS webpage on September 13, 2004

Geographic Distribution of Virginia Uninsured:

Uninsurance rates vary by region in the Commonwealth,[vii] which is consistent with national and state findings of differences in rates of uninsurance within communities, due in part to varying economic and demographic characteristics.[viii] For example, only 8.6% of individuals who lived in the Washington, DC, Northern Virginia Metropolitan and Micropolitan Statistical Area (MMSA)* reported having no health insurance while 13.6% reported no insurance in the Richmond area.[ix]

While limited standardized data is available on the uninsured in Virginia, data from the Virginia Center for Healthy Communities indicate regional uninsurance rates varying from 11% in Northern Virginia to 20.4% in the Southwest region. We note that the Virginia Center for Healthy Communities uninsurance rate data are population-based estimates and thus the error margin on the range could be quite high. While regional variation is still expected, the SPG grant survey activities, based on actual data collection, will provide robust and current information for analyses.

Exhibit 7: Virginia Percent Uninsured by Region, 2003



Source: Virginia Center for Healthy Communities http://www.vahealthycommunities.com/.

1.3 Virginia Uninsurance Duration:

Project consultants and work groups are eagerly awaiting results from the Virginia Household survey (underway) and MEPS-IC (due summer 2005) to more fully describe insurance coverage gaps. This source provides the best available data on this matter in Virginia that focuses on populations of particular interest with the context of the SPG to inform grant activities targeted at identifying, developing, and marketing targeted coverage expansion options.

Questions 1.4 through 1.13 focus primarily on the qualitative research work conducted by the State: VA-SPG project will obtain data to answer to the questions that follow below once the grant funded CSCS household and MEPS-IC employer surveys have been completed and analyzed.

1.4 What is affordable coverage? How much are the uninsured willing to pay?
1.5 Why do uninsured individuals and families not participate in public programs for which they are eligible?
1.6 Why do uninsured individuals and families disenroll from public programs?
1.7 Why do uninsured individuals and families not participate in employer-sponsored coverage for which they are eligible?
1.8 Do workers want their employers to play a role in providing insurance or would some other method be preferable?
1.9 How likely are individuals influenced by availability of subsidies, tax credits or incentives?
1.10 What other barriers besides affordability prevent the purchase of health insurance?
1.11 How is the uninsured population getting their medical needs met?

1.12 What are the features of an adequate, barebones benefit package?
1.13 How should underinsured be defined? How many of those "insured" are underinsured?

SECTION 2. SUMMARY OF FINDINGS: EMPLOYER-BASED COVERAGE

This section briefly highlights Virginia's SPG research and analytic activities – including the employer-based health care coverage survey scheduled to enter the field in March 2005. Receipt of the completed SHADAC household survey results is expected in late 2004. Receipt of the MEPS-IC data analyses is expected by June 2005. The sub-state data is designed to support description of employer-based coverage for the Commonwealth overall and by each of five geographic regions. These survey results in turn will be used to identify options for expanding health coverage that are economically, socially and politically feasible in the Commonwealth based on identified need. Specifically, the population-based approach aims to align the choice of options based on population identified need and employer characteristics.

Knowledge about the Employer-based Insurance Market in Virginia must include discussion of the rising health care costs -- costs that have caused businesses to reconsider offering health care insurance. Based on current data and an absence of Virginia specific data from the employers, conditions in Virginia are assumed to mirror National trends. Since most individuals receive health insurance through their employers, the decline in employer-sponsored health insurance is contributing to the rising numbers of uninsured. Small to medium size businesses (up to 200 employees) have been hit especially hard. Mahon and Bryne (2004)[x] report that small businesses have seen a 15.5% increase in their benefit and premium costs between the years 2002 to 2003 compared with large firms (200+) which saw a 13.2% increase. In addition, small businesses that provide employee health insurance have more difficulty finding affordable insurance policies since smaller companies have a smaller risk pool and lack the purchasing power of large employers.

Small businesses are incorporating a number of strategies in order to continue to offer health insurance. Health insurance is a benefit that many view as necessary to be competitive in the market to recruit and retain employees and as a key to increased productivity in the workforce Employee Benefit Research Institute (EBRI Health Care Findings, 2004). Several key strategies reported in the literature and that are likely to shape the range of options for the Commonwealth of Virginia for expanding coverage are shown in the table that follows.

Table 12: Small Business Strategies Supporting Health Insurance Availability

Increasing or adding a deductible to the insurance plan
Requiring higher co-payments for services rendered
Excluding certain services from the health care plan which increases out of pocket expenses (cost sharing)
Increasing employees share of the premium costs
Introducing tiered networks for doctors visits and hospital stays
Restricting employee eligibility for coverage
Dropping coverage entirely

Source: Kaiser Family Foundation, 2004 & EBRI Health Care Findings, 2004.

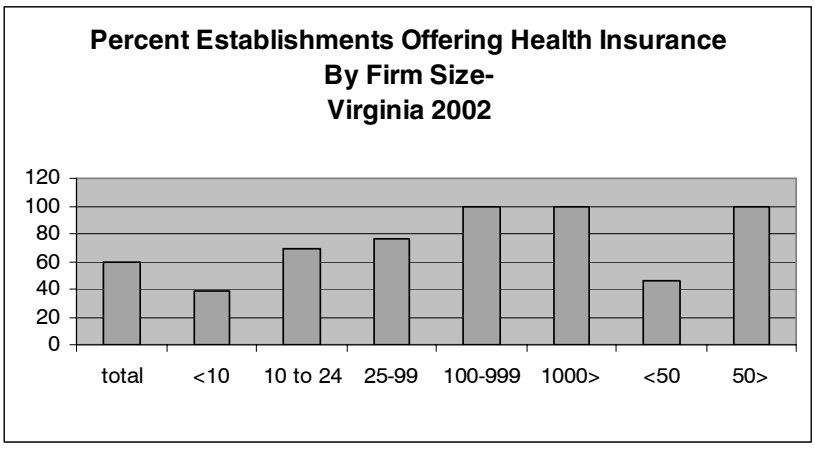
The consequences of uninsurance can be described in terms of economic and health costs for both individuals and for society. Health insurance coverage directly impacts an individual's ability to access health care. Emerging research also provides evidence that the lack of health insurance in the U.S. is associated with poorer health status and increases in overall disease.[xi] For example, uninsured adults are more likely to report having poorer health (23.8%) compared with only 9% of insured adults reporting poorer health (BRFSS, 2004). In Virginia, variations in insurance coverage rates and access to health care vary geographically, by employment sector, and firm size. More than one in five (23.8%) of uninsured Virginia adults report that they are unable to obtain care compared with 3.9% of insured adults. Nearly one-half (48.5%) of uninsured adults in Virginia reported being without a personal doctor, compared with 16.3% of those who are insured.

According to the Current Population Survey (CPS) 2003, 60.4% of individuals obtain their health care insurance coverage through an employer. Although employer-based coverage has been the largest source of health insurance coverage, this most recent CPS survey demonstrates a decline in employer-based coverage compared with the previous year. In addition, 9.2 % of the population is identified as obtaining health covered through individual policies. Additionally, a growing 26.6% of the U.S. population identified public programs as their primary health care coverage including 13.7% reporting Medicare and 12.4% Medicaid.[xii]

Questions within 2.1 focus on the quantitative research work conducted by the State:

2.1 What are the characteristics of firms that do not offer coverage, as compared to firms that do?

Exhibit 8: Health Insurance Offer Rates by Virginia Employers (Including Self-employed) 2002



Source: MEPS-IC 2002

Virginia Insurance Coverage Availability by Industry Sector

The availability of health insurance among specific industry sectors in Virginia indicates the highest rates reported are in firms identified with the Manufacturing sector (>80%) and the lowest rate of availability is associated with those in the Agriculture sector (<50%). Although the Manufacturing sector has the highest offer rate for employer health insurance, it represents the smallest number of employees especially compared with the larger employment segment in Virginia's Agriculture or Retail Service industries. In 2002 across all Virginia employment sectors, the largest number of employees was reported in Retail (62.7%) and the Professional Service (24.7%) sectors (Table 13). According to the March 2003 Current Population Survey, these sectors notably are reported as being less likely to offer insurance coverage.

Table 13: Part-Time and Seasonal Workers by Industry Type in Virginia 2002

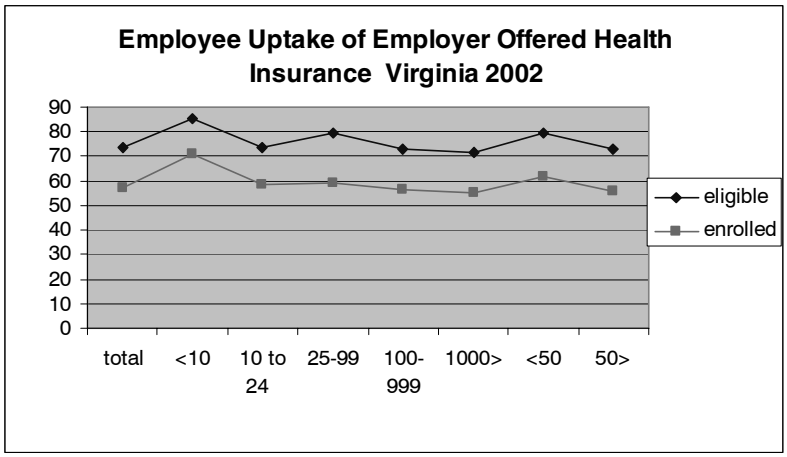
	Total Establishments	Agriculture Fishing Construction	Mining Manufacturing	Retail Service	Prof Service	Other
# Employees	505,890	23,647	7,436	316,974	124,949	32,885
% Workers		4.7	1.5	62.7	24.7	6.5

Source: MEPS IC 2002

Geographic location:

As part of the SPG grant, preliminary geographical analysis of the location and coverage of employers and insurance coverage has been conducted. The SPG website knowledge Center houses detailed presentation of data to support project decision-making. In importance of one sector over another varies widely across the five study regions in Virginia, and is particularly significant for geographic regions with a larger proportion of rural communities. Please see Health Insurance Coverage Maps and Graphs located on the VA-SPG web page. Both industry and geographic factors also impact small employers with seasonal and part-time jobs. These industry and regional variations affect workers who may be less likely to have insurance offers as a benefit of employment. Moreover, these lower-wage seasonal and part-time workers are not only less likely to be offered insurance but also least likely to be able to afford the cost of coverage when it is offered. Exhibit 9 compares the percent of eligible versus enrolled employees -- the uptake of insurance -- coverage by firm size in shown on the next page.

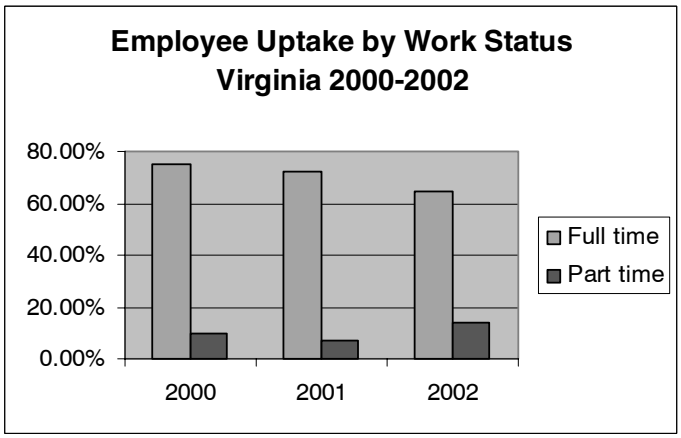
Exhibit 9: Virginia Uptake of Employer Offered Health Insurance 2002



Source: MEPS/IC, 2002

The best available data indicate that among eligible part-time workers, only 13.8% take up insurance coverage. Currently, Virginia can take only a broad view, namely that employee income and insurance coverage costs are largely responsible for this low take-up rate. Thus, the grant funded employer and household surveys have particular significance for the subsequent selection of a model for expanding health coverage for the working uninsured in Virginia. Importantly, the surveys will support analysis of a broad range of factors related to take-up rates, including costs. Exhibit 10 depicts employee take-up rates in Virginia by full and part-time work status between 2000-2002.

Exhibit 10. Employee Uptake by Work Status 2000-2002



Source: MEPS/IC 2000, 2001, 2002

Qualitative research work conducted by the Commonwealth of Virginia described in Questions 2.2 through 2.7 below.

2.2 What Shapes Employers' Positions and Decisions to Offer Employee Health Coverage?

The SPG research and analytic teams are working in collaboration with AHRQ staff to conduct Virginia analyses of the MEPS-IC data that adheres to Census data access guidelines. The Virginia MEPS-IC will include sub-state analyses for the five SPG regions. Results will provide aggregate information that local decision-makers can use to support policy and program choices based on local information including, insurance offer and take up rates by firm size, average wage, and type of industry. In keeping with the SPG regional strategic planning framework, state and regional leaders will also be able to use this information for sub-state regional planning.

The regional-level analyses and information are derived from survey samples that supports data collection and analysis and the derivation of estimates for VA-SPG defined geographic areas. This is made feasible by coupling the survey data with additional information on employer characteristics. For example, we hope to examine the relationship between the likelihood of offering coverage based on MEPS-IC dataset at the statewide level and the five regional levels using employer-specific variables, such as wage or firm size. The resulting ratio may be used to estimate coverage rates as a function of either wage or firm size. The statewide and sub-state level data collection is scheduled for March 2005 with an expected distribution by June 2005. Information derived from this survey will support Virginia's selection of health care coverage expansion options. For further details about the MEPS-IC, visit www.meps.gov.

The Virginia SPG also plans to conduct key informant interviews with small business employers to examine factors related to business health coverage decisions. A decision model is being developed to assist with determination of appropriate policy strategies for coverage expansion. Questionnaires and surveys from other SPG states targeting small businesses have been reviewed and analyzed to inform the development of a Draft Virginia's key informant survey. A thorough literature search of small business employers' perspectives on offering health care insurance was also conducted. Preliminary results of field-testing indicate that the key informant survey has utility and is feasible for the purpose intended.

Preliminary results from a *beta* test of the key informant interview indicate that business decision-making is driven largely by cost. Most business did not think of health care as part of the operating budget *per se,* but did believe that their ability to offer insurance was driven by the productivity of the employee. Following revision of the survey based upon these findings, and following approval from GMU's Human Subject's Review Board, the key informant survey will be initiated among small businesses by region. Results derived from the key Informant Interview will inform the questions that are requested by HRSA in the next section. The VA-SPG will provide HRSA with results of the survey as they become available and in response to qualitative research work conducted by the Commonwealth of Virginia requested by HRSA under Questions 2.2 through 2.7.

SECTION 3. SUMMARY OF FINDINGS: HEALTH CARE MARKETPLACE

Methods: The Commonwealth of Virginia's analyses of the marketplace aims to integrate the household and the provider surveys in order to provider current data to inform decision-making statewide and importantly with input from each of the five SPG regions. The five regions were defined with input from the VA-SPG work groups and local communities to facilitate local planning and decision-making, which will take into account regional differences and similarities. Key marketplace conditions will be aligned on the bases of findings from the household and employer insurance coverage surveys. The survey design and sampling frame purposely will draw down upon the population of primary interest – the working uninsured – and to be representative of the geographic regions to and to support local strategic planning and program intervention.

Findings: As previously noted, the household survey is nearing completion in the fall 2004, and will provide preliminary analyses of individual and family health care access and experience statewide and within each of the five regions. The household survey analyses coupled with the employer insurance survey will facilitate discussions and planning with the five regional community task forces. The task forces are funded under the SPG Phase II grant. An announcement of the Phase II award was received from HRSA on September 17, 2004.

Progress: The VA-SPG provides the following broad description of the health care market place with respect to access to care, Medicaid and Medicare enrollment, health care system capacity, regulatory environment and managed care, private group and individual market products as well as other trends affecting benefit coverage.

Access to hospital and nursing home care[xiii]

Virginians enjoy access to hospitals and nursing facilities serving most communities across the state. In 2003 there were seventy-six acute care hospitals with thirty-two located in urban areas and thirty-two located in rural areas. Sixty-two of the seventy-six hospitals are not-for profit and fourteen are proprietary. During the past several years Virginia has seen several rural hospitals convert to critical access hospitals.

There are also six psychiatric hospitals, four rehabilitation hospitals and thirty-six ambulatory surgical centers. Two out of three ambulatory surgical centers are proprietary with all but one located in urban areas. All Virginia hospitals provide some charity care with more than $652,000,000 provided in 2003 based on gross charges.

Virginias 245 licensed nursing homes are primarily proprietary in structure with 172 proprietary and 73 not for profit. Ninety-six nursing homes are located in rural areas with 149 in urban areas.

Medicaid/Medicare enrollment:

Public insurance options provide coverage for approximately 19% of Virginia residents. Like many other states around the country, Virginia has experienced an increase in the number of individuals who are eligible for its Medicaid program. From 2002-2003, the number of individuals eligible for Medicaid in Virginia has increased 6.5%. According to the Department of Medical Assistance, 725, 798 individuals were eligible for Medicaid in 2003, with about half of these being children. While a majority of individuals are enrolled in the Medallion II managed care program, 211,824 individuals were eligible for services under fee for service programs as of July 1, 2003.

Healthcare system capacity:

Virginia's teaching hospital centers, like other academic facilities across the country, are burdened with significant financial challenges threatening their future viability. The Virginia Joint Commission on Health Care released a report in 2000 that indicated that provision of uncompensated care for uninsured individuals poses the greatest financial threat to these centers, which provide valuable specialty and tertiary care services to Virginians.

Virginia is fortunate to have a strong safety net system. Virginia's safety net providers include 49 Free Clinics with 57 operating sites; Virginia Primary Care Association's (VPCA) 26 member organizations operating 68 community health center service sites; 65 rural health clinics; 35 local health departments; and other providers committed to serving the underserved. Virginia's commitment to a strong safety net is evident by the state having more Free Clinics than any other state and is home to the nation's oldest and largest Free Clinic Association. In 2002 the Virginia Free Clinics provided $54,981,796 of health care services to 56,624 Virginians.

Regulatory environment:

Virginia's General Assembly has demonstrated significant concern about the impact of mandated insurance benefits on businesses in the Commonwealth. As early as 1990, the General Assembly has required a process for reviewing legislation mandating health insurance coverage to be examined its social and financial impact as well as efficacy. In 2003, the State Corporation Commission issued a report examining data from more than 44% of insurers offering policies in the individual and group markets. Based on this data from 2001, roughly 12.61% of claims costs were attributable to mandated benefits, offers or providers for individual contracts. Costs attributable to mandates under group certificates were higher, representing 20.75% of claim payments. Mandated benefits were found to represent slightly more than 1% of the average premium dollar; however mandated coverage offers and providers represent a higher impact on premium costs.

Managed care and private group market products:

In 2002, the Commonwealth of Virginia had an estimated HMO penetration rate of 15.6% compared to the national rate of 25.7% with over 1.1 million HMO enrollees in the Commonwealth [xiv]. Traditional managed care programs, although not a predominant feature in the Virginia health care delivery marketplace, are concentrated within two regions, namely, South Central and Hampton Roads regions, with very different underlying demographics and distribution of employment sectors. It is fundamental to understand the relative impact of insurance expansion on managed care delivery systems. A sub-state analysis process, proposed in Virginia's submission for additional SPG funding will significantly contribute to understanding of these key decisions and implications for impacts on health care access, costs and quality.

Individual market products:

Twenty-five carriers are listed with the state to offer individual health insurance plan coverage. Virginia has a requirement that these plans must meet a minimum benefit package or explicitly state otherwise. Guaranteed issue products are available in the individual market (replacing open enrollment) and through association health plans. The report issued on this matter by the Virginia Joint Commission on Health is available on the VA-SPG website.

Virginia has examined a number of options to expand coverage to self-employed individuals and enhance the ability for small businesses to obtain insurance coverage. Options that have been previously examined include inclusion of self-employed in small group market (defined as 2-50 employees in Virginia Code) and health insurance purchasing cooperatives for small employers. The Joint Commission reports concluded that inclusion of self- employed individuals in the small group market might lead to adverse selection and that health insurance purchasing pools would lead to only a 3.5% savings for small employers. Other coverage options to small business include expansion of the Local Choice option, currently available to local governments to buy into the state employee insurance program. Local Choice expansion was found to potentially present administrative problems. Local Choice expansion however, has not been found to be a viable solution, however, because it would not be expected to provide the price discounts needed to offset the administrative costs that would be incurred by small businesses.

Availability of products for small businesses:

Forty-four carriers are listed with the state to offer health insurance plan coverage to small businesses. Carriers offering plans to small businesses must meet minimum benefit packages, called essential and standard benefit plans. Essential plans are designed for children under 18, while standard plans have no age limit. In Virginia, small employers are provided with guaranteed issue and can also participate in association-sponsored health plans.

Alternative health benefit options including Medical Savings Accounts, Health Reimbursement Accounts and Flexible Savings accounts are also available to businesses in Virginia. Virginia experience with MSA's mirrors other states experience, in that wide

participation in these types of plans has not been realized. In 2002, the State Corporation Commission estimated that a minimum of 3,000 individuals participated in high deductible plans with MSA's in Virginia. In addition, Virginia also experienced a reduction in the number of insurers offering coverage options with MSA's.

Special challenges in rural communities:

According to the USDA, there are over one million people living in rural (non-metropolitan) areas in Virginia[1]. One in six of these Virginians are poorer, older, and less healthy than counterparts in urban communities. Not only do they have a higher burden of disease, but also they are more likely to lack access to essential health services. Additionally, economic conditions in Rural Virginia are weak: Communities have experienced a decrease in earnings and presently have a poverty rate of 14% as compared to 9 % in urban areas of the state. The community picture is further complicated by having a higher percentage of elders among those they serve -- a figure that is expected to grow over the next decade.

Currently 20% of the elderly in the rural areas report lower health status than do their urban counterparts for whom 15% report poor health status. Workers in rural areas are more likely to earn low wages and thus are more likely not to have employer-covered health insurance[2]. In rural areas, 60% of uninsured workers are low wage. Lack of employer insurance in low wage jobs, poor health care access and an aging population characterize rural areas in Virginia. This picture again reinforces the need for community specific planning efforts. These complex issues, growing needs and dwindling financial resources (all of which have been identified in SPG I), impact insurance coverage and must be considered in strategies adopted in the future.

Other trends affecting benefit coverage:

Currently, VA-SPG relies upon national data sources to examine trends affecting health benefit coverage in Virginia. It is anticipated that VA-SPG primary data collection will significantly enhance Virginia's understanding of coverage gaps and support planning for the improvement of insurance coverage in geographic areas and among populations based on identified need. What we know about the problem in Virginia is currently informed by national trends and anecdotal experience. Among the nation's 44 million uninsured, the majority of those who are employed work for companies with fewer than 25 workers. Similarly, half of Virginia's uninsured work in small businesses. The VA-SPG framework is based upon the population based approach that emphasizes helping the largest number of the uninsured (i.e., through small businesses).

Governor of Virginia has made significant progress by enrolling nearly 400,000 uninsured children in the state's FAMIS and FAMIS Plus programs, which provide insurance to

[1] http://www.ers.usda.gov/

[2] Ziller, E. C., C. Hoffman, et al. (2003). Health Insurance Coverage in Rural America, Kaiser Commission on Medicaid and The Uninsured.

children of working families. Elsewhere, business communities and health care providers are moving forward on their own plans to help the uninsured. For example, the Chamber Solutions program, started by the Hampton Roads Chamber of Commerce in 1992, has built on the idea of smaller groups banding together to gain clout. In some ways, it has been successful. Twenty-nine chambers, from the Eastern Shore to Pulaski County, participate and the group has been able to negotiate with Anthem Blue Cross/Blue Shield for benefits, such as wellness programs and supplemental accident riders at no additional costs. During VA-SPG Phase II, the newly announced HRSA grant award) the Hampton Roads Healthcare Coalition will emerge as a vital member and will provide leadership to the overall regional strategic planning strategy.

The Hampton Roads Chamber of Commerce plans to cover 60,000 workers and family members from 2,000 small businesses and for some, like the 40-member Cape Charles Chamber of Commerce, stepping into benefits like these would be difficult to arrange any other way. For example, each of the 2,000 businesses has a separate contract with the insurance company; however, this is where the buying clout of 60,000 falls short. Because of the complexities of getting 2,000 businesses to move as one unit in negotiating legislative/policy enhancement and because of a state law prohibiting multiple employer welfare arrangements (MEWAs) from being self-insured, the purchasing cooperative option hasn't been successful in terms of keeping costs down. If allowed by law, a self-funded MEWA administered by an insurance company could attract businesses that like the idea of keeping some local control.

Also receiving attention in Virginia is a debate on allowing association health plans or AHPs to form. Under an AHP, businesses that join a trade organization can buy insurance through that organization – creating a pool based on a larger labor organization or employer. In Virginia, as among most states still recovering from budget shortfalls, the challenge with health insurance is how best to fund coverage. There is emerging consensus that options should follow along four basic principles: 1.) use the employer-based insurance system rather than replace it; 2.) find some method to subsidize the individual; 3.) pool buyers together; and, 4.) specify funding.

Relationship to other coverage strategies:

Virginia, Lt. Gov. Tim Kaine — a Democratic gubernatorial candidate in 2005 — as noted previously, is currently focusing on this issue and exploring business concerns and support for improving and supporting employer-based health insurance coverage. Based upon the data indicating one in seven Virginians, about 786,100 or more than 14 %, are uninsured, and the majority of are employed, Lt. Governor Kaine has formed a bipartisan commission that is working to present coverage expansion options to the next General Assembly session. The VA-SPG is working with this and other state activities related to insurance coverage expansion/support (i.e., The Robert Wood Johnson Funded State Coverage Initiative Grant in Virginia. See the VA_SPG web page for further information about coordination of cross-cutting activities.

Findings all data collection and advisory group processes from SPG and other projects will be shared and disseminated with local communities statewide and within each of the five SPG regions. The SPG strategic plan aims to facilitate coordination with coverage and access strategies underway across the state. Because data collection is not complete and stakeholder involvement is early, the VA-SPG will address the following questions in the Final report..

3.1 Based on the current available data and information, the following sub-section describes select characteristics of the health care market place in the Commonwealth of Virginia.
3.2 Based on the current available data and information, the following sub-section describes select features of the small group, large group, non-group and self-insured health care plans available in the Commonwealth of Virginia.
3.3 Based on the current available data and information, what is the distribution of self-insured compared with employer-insured coverage in the Commonwealth?
3.4 As a purchaser of health care, what impact does the Commonwealth of Virginia have on the relative distribution of health care coverage in the Commonwealth?
3.5 What impact would current market trends and the current regulatory environment have on various models for universal coverage? What changes would need to be made in current regulations?
3.6 How would universal coverage affect the financial status of health plans and providers?
3.7 How did the planning process take safety net providers into account?
3.8 How would utilization change with universal coverage?
3.9 The Virginia Commonwealth SPG is taking into direct consideration – or working in collaboration with other Virginia entities such as DMAS (FAMIS, Medicaid), Lt. Governor, and the SCI. The VA-SPG is drawing upon the experience of other States with regard effectiveness and implementation of health care coverage options.

SECTION 4. OPTIONS AND PROGRESS IN EXPANDING COVERAGE

Because Virginia is still in the early stages of its planning grant, specific details about policy options have not yet been developed. As part of work being undertaken by the model development workgroup, an analysis of options considered will be available in the final report. Thus, the following information is not yet available for Virginia:

4.1 Which coverage expansion options were selected by the State (e.g., family coverage through SCHIP, Medicaid Section 1115, Medicaid Section 1931, employer buy- in programs, tax credits for employers or individuals, etc.)?
4.2 What is the target eligibility group under the expansion?
4.3 How will the program be administered?
4.4 How will outreach and enrollment be conducted?
4.5 What will the enrollee (and/or employer) premium-sharing requirements be?
4.6 What will the benefits structure be (including co-payments and other cost-sharing)?
4.7 What is the projected cost of the coverage expansion? How was this estimate was reached? (Include the estimated public and private cost of providing coverage.)
4.8 How will the program be financed?
4.9 What strategies to contain costs will be used?
4.10 How will services be delivered under the expansion?
4.11 What methods for ensuring quality will be used?
4.12 How will the coverage program interact with existing coverage programs and State insurance reforms (e.g., high-risk pools and insurance market reforms), as well as private sector coverage options (especially employer-based coverage)?
4.13 How will crowd-out will be avoided and monitored?
4.14 What enrollment data and other information will be collected by the program and how will the data be collected and audited?
4.15 How (and how often) will the program be evaluated?
4.16 What factors ultimately brought the State to consensus on each of the approaches being considered?
4.17 What has been done to implement the selected policy options?
4.18 Which policy options were not selected?
4.19 How will your State address the eligible but not enrolled in existing programs?

SECTION 5. CONSENSUS BUILDING STRATEGY

Key to the success of the overall VA-SPG project is close collaboration with public and private sector entities also engaged in health care coverage expansion activities. The VA-SPG staff and consultant work closely with other agencies and entities to obtain the best available data, to conduct analyses on the costs of uninsurance, and to engage in strategies that complement yet do not duplicate other health coverage expansion activities. A closely related set of objectives includes the development and dissemination of the best available data and information through regional SPG work group meetings, the Virginia SPG website, and the resulting VA-SPG strategic business plan. These data and information thus serve to inform and to guide the Virginia SPG Leadership Team and the Virginia SPG Workgroups in their deliberations and decision-making processes together with leaders in the five regions. Five regional community-based task forces are funded under the newly announced VA-SPG Continuation Grant.

The HRSA funded VA-SPG web page provides critical access and links to VA-SPG activities and a broad range of other related projects and audiences. For example, the web site Virginia Uninsurance Facts provides an overview of uninsurance facts in Virginia. What is the Purpose of the SPG Workgroups? Describes the four SPG Workgroups and how they were developed to solicit stakeholder input on the process of gathering information about the uninsured and determining the feasibility of various models and strategies for reducing the number of uninsured in the Commonwealth of Virginia.

In addition, the CHPRE data analytic team is working with the VDH, OHPP, SHADAC, SCI, to coordinate and standardize data collection and reduce the burden of data acquisition. The SPG website Knowledge Center provides access to information of interest to specific stakeholders across the five VA- SPG Planning Regions for:

1.) **Individual or Family:** Features resources for individuals who are looking for affordable health care and/or health insurance coverage.

2.) **Business:** Features resources for employers looking for information and resources related to health care benefits and options.

3.) **Community Leaders, Legislators, and other Health Policy Makers**: Features resources for community leaders, legislators, or other health policy makers looking for research, reports, and technical assistance with improving affordable health care access.

4.) **Researchers**: Features data resources and sources for researchers wanting to better understand issues related to health, health access, uninsurance, and underinsurance.

Additionally, **News** provides access to SPG announcements and information regarding recent developments related to the health care uninsured and access to affordable health care. **Calendar of Events** Calendar of national, state, and local events addressing issues related to the health care uninsured and access to affordable health care. **Legislation** Information about proposed federal and state legislation related to the health care uninsured and access to affordable health care.

Since the fall of 2003, VA-SPG grant funds have enabled Virginia to gather important preliminary information about its uninsured populations, solicit key stakeholder input about the

feasibility of various models and strategies for increasing health care coverage. The grants also supports activities to solicit information from the Governor, Lieutenant Governor, and the Secretary of Health and Human Resources and to seek their ongoing input into health coverage expansion options that feasible as well as economically and politically viable to reduce the number of uninsured in the Commonwealth of Virginia.

Collaborations include information on other uninsurance activities throughout the states. Examples include, the **Governor Warner's** FAMIS expansion initiatives and the Governor's first and second 2003 and 2004 Conferences on Covering the Uninsured. **Lieutenant Governor's Commission on Small Business Health Insurance Costs** showcases information about the Commission and its activities, including summary reports on the community roundtable discussions. **State Coverage Initiatives** provides information about the Robert Wood Johnson State Coverage Initiatives (SCI) Program and the Virginia SCI. **Cover the Uninsured Week** informs stakeholders about Cover the Uninsured Week. **Governor's Conference on Covering the Uninsured f**eatures information and presentations from the 2003 and 2004 Governor's Conference on Covering the Uninsured.

The VA-SPG project was the subject of a major press conference and subsequent press stories in the Richmond Times Dispatch, the Virginia Business Magazine. In August 2004, the VDH, OHPP announced, jointly with the Lieutenant Governor's Commission on Small Business Health Insurance Costs, the launching of the InsureMoreVirginians.org Web site. The collaboration of the VA-SPG and Lt. Governor's initiatives to expand health coverage for Virginian's working uninsured show cased the VA-SPG Web site. The Press Conference was attended by local, regional and state representatives all of whom learned that the web-page is designed to serve as a clearinghouse for information, data, and resources about health insurance and the challenges facing Virginia's uninsured. "This Web site provides a place for everyone concerned about health insurance coverage to learn how to find important information," said State Health Commissioner Robert B. Stroube, M.D., M.P.H. "The scope of information ranges from Virginia's uninsured rate to how small businesses can find affordable health insurance."

The press conference and subsequent news stories covered In the Virginia Business Magazine detailed the goals and activities of Virginia's State Planning Grant, which focus primarily on the development of strategies and solutions for Virginia's working uninsured and will assist small businesses in their quest to provide affordable health insurance to their employees. The coverage also served to highlight that the Office of the Lieutenant Governor has been trying to identify solutions to the challenges faced by small businesses in providing affordable health insurance. The Lieutenant Governor's Commission on Small Business Health Insurance Costs recently conducted a series of community roundtable discussions, also attended by key VA-SPG staff, across the Commonwealth to hear from business leaders on the issue of health insurance. According to Lieutenant Governor Tim Kaine, "The Web site is a convenient way for those businesses to identify existing resources as we continue to seek solutions for this problem."

The InsureMoreVirginians.org Web site provides current information regarding the many activities associated with the Governor's State Coverage Initiative and State Planning Grant, and the Lieutenant Governor's Commission on Small Business Health Insurance Costs. It will soon

be used to solicit stakeholder input about these and other statewide efforts to bring relief to the problem of uninsurance in the Commonwealth. Efforts are also underway to identify and develop more resources for the business community.

Data Workgroup - Develops research questions, ensures appropriate data collection methodology and analyses, and presents data to inform and guide the model development process. The goals and focus of the Data Work Group include responsibility for identifying and providing the best available data on who the Virginia working uninsured/underinsured are and why they are uninsured. The primary goals of the SPG Data Workgroup are to inform the SPG Model Development and Leadership Workgroups. To achieve these goals the DWG was engaged in the following activities during the current year's supported activities all of which are available to review on the VA-SPG web page www.InsureMoreVirginians.org:

1. Provide guidance to ensure appropriate data collection methodology and analyses to answer questions required for the HRSA Final Report.
2. Develop a set of questions regarding the working uninsured/underinsured that will need to be answered in order to adequately inform the SPG Model Development Workgroup on who the working uninsured/underinsured are and why they are uninsured/ underinsured.
3. Provide guidance to ensure the appropriate data collection methodology and analyses to answer the questions developed in goal 2 as best as possible within budget constraints.
4. Develop a set of questions regarding employers who have a high percentage of employees who are uninsured/underinsured that will need to be answered in order to adequately inform the Model Development Workgroup as to who these employers are and why they have a high percentage of employees who are uninsured/underinsured.
5. Provide guidance to ensure the appropriate data collection methodology and data analyses to answer the questions developed in goal 4 as best as possible within budget constraints.
6. Review and critique work products developed through the SPG in terms of the soundness of data collection methodology, analyses, and interpretation.

Model Development Workgroup - Identifies, evaluates, and recommends one or more coverage options to the SPG Leadership Team. The SPG Model Development Workgroup will develop a prototype decision framework and decision process for selecting coverage option recommendations. This decision making model can be used to test potential policy strategies for expanding health insurance coverage. The SPG Model Development Workgroup will also analyze public comments on draft proposed option(s), revise, and finalize recommendations. The primary goals of the SPG Model Development Workgroup are:

1. Become familiar with coverage options for the employed uninsured that have been considered and/or tested by other states.
2. Consider the identified coverage options and brainstorm potential variations of those options and/or identify creative new options that have not yet been explored by other states.
3. Identify coverage options and assess the pros and cons of each one for Virginia. White papers will be developed to summarize the pros and cons identified by the SPG Model

Development Workgroup and provide an overview of their anticipated economic impact. The white papers will be shared on the Virginia SPG website for public comment and from other stakeholders via business and community work groups. .

4. Review results from a synthetic estimate of employer-based health coverage in Virginia by business sector using the Medical Expenditure Panel Survey Insurance Component (MEPS - IC) and other existing data sources.
5. Review results from the Coordinated State Coverage Survey (CSCS), a household telephone survey designed by SHADAC for estimating health insurance coverage at the state level, and provide feedback on if/how the white papers should be revised to reflect these findings. The principal purpose of this survey activity is to estimate health insurance prevalence in Virginia and to describe the characteristics of the uninsured.
6. Provide the SPG Leadership Committee with recommendations for one or more coverage options that appear to be most feasible/have the greatest potential for success if implemented in Virginia. The option(s) recommended by the SPG Model Development Workgroup would undergo market analysis through focus groups, key informant interviews, and/or survey research to further test their viability and inform implementation plan development. One or more of the market tested options would be written into a formal business plan and submitted to the Governor's Office.

Business Work Group - Facilitates input, assists with appropriate and effective information dissemination strategies, and facilitates successful market tests with the business community to guide the model development process.

The SPG Business Taskforce exists to ensure that the business community has representation in state planning activities, and to provide a mechanism to provide information back to business representatives on the activities of the project. The primary goals of the SPG Business Work Group are:

1. Provide input on plans for the 2nd Annual Governor's Conference on Covering the Uninsured.
2. Facilitate input from employers statewide about the feasibility of potential coverage expansion options.
3. Assist with appropriate and effective information dissemination strategies to the business community.
4. Facilitate successful market tests of recommended coverage expansion options with the business community and inform implementation plan development.

Community Outreach Workgroup - Facilitates input, assists with appropriate and effective information dissemination strategies, and facilitates successful market tests with the working uninsured to guide the model development process. The SPG Community Outreach Workgroup exists to ensure that the working uninsured have representation in state planning activities. They will be responsible for assuring that community group stakeholders are integrated into the overall program process and that they identify possible projects that the Commonwealth may want to consider in its quest to cover Virginia's uninsured. The primary goals of the SPG Community Outreach Workgroup are:

1. Facilitate input from the uninsured, with an emphasis on the working uninsured from all geographic regions of the state, about the feasibility of potential coverage expansion options.

2. Assist with appropriate and effective information dissemination strategies to the uninsured, with an emphasis on the working uninsured.

3. Facilitate successful market tests of recommended coverage expansion options with the uninsured, with an emphasis on the working uninsured and inform implementation plan development.

The approach put forward in the SPG Continuation Grant (SPG II) builds upon foundational activities and successes and it further seeks to address identified challenges to increasing health coverage among Virginia's working uninsured. The activities of Phase II are expected to create enduring capacity in local communities, put data driven decision-making tools in the hands of communities and improve education and outreach to businesses and individuals in order to achieve increased insurance coverage. As the VA-SPG prepares to receive the results of the Phase I data and work in collaboration with the regional communities, as funded during Phase II, the following questions will be incorporated into the overall strategic planning process and subsequently reported to HRSA.

5.1 What was the governance structure used in the planning process and how effective was it as a decision-making structure?
5.2 What methods were used to obtain input from the public and key constituencies (e.g., town hall meetings, policy forums, focus groups, or citizen surveys)?
5.3 What other activities were conducted to build public awareness and support (e.g., advertising, brochures, Web site development)?
5.4 How has this planning effort affected the policy environment?

SECTION 6. LESSONS LEARNED AND RECOMMENDATIONS TO STATES

Section 6 will be addressed in the final report; however, the necessity of state-specific data is notable and fundamental to the overall approach taken in the VA-SPG. There is wide recognition that nationally available data are insufficient to support state and local decision-making as concerns uninsured coverage options. For example, regional economic forces including broad variation in employment by industry, job sector, and firm size are know to have tremendous impact on health insurance offerings and coverage rates. Virginia-specific maps, identifying the five grant regions and depicting the geographic distribution of working Virginians by employment sector and firm size, are available on the VA-SPG web page.

The interaction of economic, political, and social forces require local and regional data. The capacity to leverage local and regional data is especially helpful for identifying, comparing and deciding upon options to expand health coverage that appropriate and which are feasible based on population needs. Hence, the VA-SPG sub-state data collection, analyses, dissemination and decision-making process represents a unique strategy among SPG funded projects.

6.1 How important was State-specific data to the decision-making process?
6.2 Which of the data collection activities were the most effective relative to resources expended in conducting the work?
6.3 What (if any) data collection activities were originally proposed or contemplated that were not conducted? What were the reasons (e.g., excessive cost or methodological difficulties)?
6.4 What strategies were effective in improving data collection? How did they make a difference (e.g., increasing response rates)?
6.5 What additional data collection activities are needed and why? What questions of significant policy relevance were left unanswered by the research conducted under HRSA grant? Does the State have plans to conduct that research?
6.6 What organizational or operational lessons were learned during the course of the grant? Has the State proposed changes in the structure of health care programs or their coordination as a result of the HRSA planning effort?
6.7 What key lessons about your insurance market and employer community resulted from the HRSA planning effort? How have the health plans responded to the proposed expansion mechanisms? What were your key lessons in how to work most effectively with the employer community in your State?
6.8 What are the key recommendations that your State can provide other States regarding the policy planning process?
6.9 How did your State's political and economic environment change during the course of your grant?
6.10 How did your project goals change during the grant period?
6.11 What will be the next steps of this effort once the grant comes to a close?

SECTION 7. RECOMMENDATIONS TO THE FEDERAL GOVERNMENT

As indicated above, recommendations to the federal government based on VA-SPG strategies still underway and in the field would be premature. Section 7 will be addressed fully in the final report.

7.1 What coverage expansion options selected require Federal waiver authority or other changes in Federal law (e.g., SCHIP regulations, ERISA)?
7.2 What coverage expansion options not selected require changes in Federal law? What specific Federal actions would be required to implement those options, and why should the Federal government make those changes?
7.3 What additional support should the Federal government provide in terms of surveys or other efforts to identify the uninsured in States?
7.4 What additional research should be conducted (either by the federal government, foundations, or other organizations) to assist in identifying the uninsured or developing coverage expansion programs?

APPENDIX I: PROGRESS ON VIRGINIA STATE PLANNING GRANT ACCOMPLISHMENTS

Goal I: Conduct a Descriptive Study of the Existing Data on the Current Status and Economic as well as Societal Costs of Non Insurance

Action Step	Status
Action Step 1: Identify a Project Manager and staff the Virginia SPG Leadership Team.	**Completed.** See interim report information about project governance and staffing. Leadership support and project management and oversight being provided by VDH, OHPP.
Action Step 2: Summarize the Literature on the Causes and Consequences of Uninsurance in the Nation and provide some discussion on how these causes and consequences may be similar/different in Virginia.	**In process.** CHPRE, GMU has assembled data and reports to explain what is currently known about the causes and consequences of uninsurance in Va. The synthesis of data, data analyses and information obtained has informed background papers and data snapshots. Public presentations about the problem of uninsurance have been made to the SPG Business Workgroup, Project Leadership Team and the 2nd Annual Governor's Conference. Public presentations are on going and background material/information is updated as additional data are received. See project website www.InsuremoreVirginians.com
Action Step 3: Work closely with other agencies and entities (e.g., NGA Safety Net Data Project) to attain data and produce analyses on the costs of uninsurance to Virginia.	**In process.** CHPRE, GMU and SPG leadership and staff have worked with state agencies and entities to identify and obtain the best available data for analyses of health status, population health statistics and demographics (individuals, families and business) in Va. Acquisition and analysis of data includes business and economic trends and data on insurance costs and access to care and services. *The synthesis of data, data analyses and information obtained has informed draft 'white papers' and data snapshots located on the project website.* Data and reports are updated as new data and analyses are available.

Goal II: Perform New Data Collection and Analysis to Inform Options for Coverage Expansion for the Employed Uninsured

Action Step	Status
Action Step 1: Formation of the SPG Data Workgroup	**Completed.** Composition of the Data workgroup (DWG) is posted on the project website under the Data workgroup section. Leadership and support for DWG activities was assumed by CHPRE, GMU in March 2004.
Action Step 2: Provide leadership and background materials for the SPG Data Workgroup so that consensus on the sampling framework and state-specific content to be utilized for the SHADAC Coordinated Sate Coverage Survey (CSCS) can be reached.	**Completed.** The Data Work Group approved the final sample design for the household survey along with revisions to the survey instruments in May 2004. The household survey sample was designed to provide unique state specific data and information on sub-state health insurance coverage in five geographic regions throughout the Commonwealth. Two communities from the Northern Virginia region (Arlington and Fairfax Counties) invested in an over sample of their jurisdictions.
Action Step 3: Implement 2004 SHADAC Coordinated State Coverage Survey (CSCS) for Virginia.	The household survey of approximately 4000 Virginians began in June 2004 following *beta* testing by the Survey subcontractor (SHADAC). As of September 21, 2004 completed household surveys totaled 3400
Action Step 4: 2004 SHADAC CSCS data available to the Multi-State Integrated Database (MSID).	Expected to be available in November/December 2004.
Action Step 5: Conduct analyses of extant data as recommended by the Virginia SPG Data Workgroup to supplement MEPS-IC data in the development of synthetic estimates of employer-based health coverage in Virginia by business sector.	The VA-SPG employer survey (conducted by AHRQ) will enter the field in March 2005. Data collection is expected to be complete in late spring, 2005. Information collected under the employer survey will represent unique national data sources of sub-state employer responses representative of five geographic regions in the Commonwealth of Virginia. The SPG Data Work Group deliberated on the geographic regions in order to best align employer and household data.

Goal III: Collaborate with Public and Private Sector Partners to Develop Viable Options to Provide Access to Coverage for Virginia's Working Uninsured Population and to Sustain Collaboration in Order to Assess Trends and Impacts of Long-Term Policies.

Action Step	Status
Action Step 1: Formation of the SPG Model Development Workgroup	**Completed.** Composition of the Model Development workgroup (MWG) is posted on the project website under the Model Development workgroup section. Leadership and support for MWG activities was assumed by CHPRE, GMU in March 2004.
Action Step 2: Formation of the SPG Business Work Group	**Completed.** The composition of the Business Workgroup is posted on the project website under the Business workgroup (BWG) section. Leadership and support for BWG activities is provided by VDH, OHPP.
Action Step 3: Development of the Virginia SPG website to support internal and external project communications, including registration support for the 2nd Annual Governor's Conference on Covering the Uninsured; information dissemination about the Virginia SPG and its activities and progress; information dissemination (data and research) on the issue of uninsurance with links to related projects, activities, and clearinghouses; posting of materials for review and public comment and archiving of relevant materials; and support to Virginia SPG Workgroups/Task Force through warehousing of pertinent reference materials and documents.	**Completed.** An initial project website supported registration and communication about the Second Annual Governor's Conference. A revised, Robust website now serving as Virginia's information portal on health insurance coverage, as well as support all SPG related communications has been established. See the website at "InsureMoreVirginians.com" The website is being continuously updated.
Action Step 4: Formation of the SPG Community Outreach Workgroup	**Completed.** The composition of the Community Outreach Workgroup is posted on the project website under the Community Workgroup section. Denise Daly, VCU, provides leadership and support for CWF activities.
Action Step 5: Collaboration hosting the 2nd Annual Governor's Conference Covering the Uninsured: Making a Business Case for the Working Uninsured.	**Completed. The Governor's Conference included** 283 pre-registrants representing local business, public and private health care providers, state and national leaders.

Action Step	Status
Action Step 6: Provide leadership and background materials (with assistance from Academy Health) for the SPG Model Development Workgroup work so that all potential coverage options for the employed uninsured can be identified and explored and recommendations made.	**In process. CHPRE GMU**
Action Step 7: Conduct market sector analyses through focus groups, key informant interviews, and/or survey research to test the viability and inform implementation plan development of the options recommended by the SPG Model Development Workgroup as having potential for success in Virginia	To be undertaken by CHPRE, GMU following receipt of preliminary recommendations from Model Workgroup (recommendations expected to be available in December 2005). Timetable for completion of market sector analyses will follow receipt of Virginia MEPS-IC survey data. In support of this effort moving forward a key informant interview of businesses throughout Commonwealth will be conducted in November 2004.

Goal IV: Develop a Business Plan for Covering the Uninsured in Virginia and Submit it to the Governor and to the Secretary of Health and Human Resources

Action Step	Status
Action Step 1: Develop detailed draft implementation plans by market sector as needed	**To be drafted by CHPRE, GMU in collaboration with and SPG Workgroups and completed by end of FY 2005.**
Action Step 2: Complete final business plan and submit to Secretary of Health and Human Resources and Governor	**To be drafted by CHPRE, GMU in collaboration with VDH, OHPP, SPG Workgroups and the project leadership team for completion by end of FY 2005.**

APPENDIX II: BASELINE INFORMATION

Baseline data on the demographics in Virginia (from best available data) indicate the following:

Population Demographics: According to CPS population estimates, Virginia's population in 2003 is 7,386,330 and has been steadily increasing by about 90,000 (4.3% versus 3.3% nationally) since 2000.

Table 14: Race/Ethnicity of Virginia and U.S., 2000

RACE	% VIRGINIA COMPOSITION	% US COMPOSITION
White	72.3	75.1
Black or African American	19.6	12.3
American Indian and Alaska Native	.3	.9
Asian	3.7	3.6
Persons reporting other	2.0	5.5
Persons reporting two or more races	2.0	2.4
Hispanic or Latino Origin	4.7	12.5
White not of Hispanic or Latino Origin	70.2	69.1

Source: Census CPS, 2000

Table 15: Gender Distribution Virginia and U.S., 2000

GENDER	% VIRGINIA COMPOSITION	% US COMPOSITION
Male	49.1	
Female	51	

Source: Census CPS, 2000

Table 16: Foreign Born in Virginia and U.S. 2000

OTHER DEMOGRAPHIC CHARACTERISTICS	% VIRGINIA COMPOSITION	% US COMPOSITION
Foreign Born	8.1	11.1
Language other than English Spoken at home	11.1	17.9

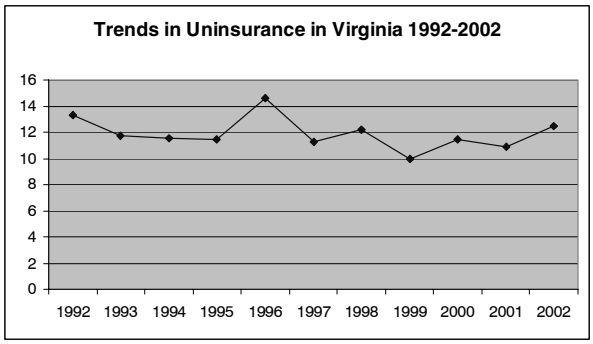
Source: Census CPS, 2000.

Table 17: Number and Percentage of Uninsured (current and trend):

	VA	%	US	%
Uninsured	868,060	12	43,572,090	15

Source: Urban Institute and Kaiser Commission on Medicaid and the Uninsured estimates based on pooled March 2002 and 2003 Current Population Surveys. Total US numbers are based on March 2003 estimates.

Exhibit 11: Uninsurance in Virginia 1992-2002



Source: BRFSS 2002

Average age of population: **35.7 years (2000 Census) 24.5% of Virginia's population is under 18 years old, 6.5% under 5. Persons over 65 years old make up 11.2 of Virginia's population.**

Percent of population living in poverty (<100% FPL): **(1999) 9.6% (versus 12.4 % US) Median household income (1999):$46,677 (versus $41,994 US)**

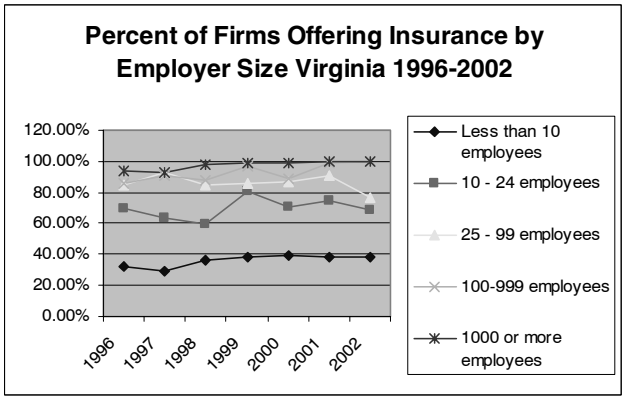
Primary industries:
Number and percent of employers offering coverage in Virginia across five service sectors:

Table 18: Establishments Offering Insurance by Industry Type

	Agriculture, Fishing	Mining, Manufacturing	Retail, Service	Prof. service	Other
Number of Establishments	25173	4541	68195	30850	21156
% offering insurance	49.5	93	58.2	59.8	63.6

Source: MEPS-IC 2002

Exhibit 9: Virginia Employers Offering Health Insurance by Firm Size, 2002



Source: MEPS-IC 2002

Table 19: Percent Establishments Offering Health Insurance by Firm Size

	Total	<10	10 to 24	25-99	100-999	1000>	<50	50>
Number	149,915	85,240	19,681	13,428	10,170	21,388	113,016	36,899
Percent	58.9	38.6	69	76.3	99.8	100	45.9	98.8

Source: MEPS-IC 2002

Insurance market reforms:

Table 20: Eligibility for Existing Medicaid Managed Insurance Programs (Medicaid/SCHIP/others)

	FAMIS	FAMIS Plus	Estimated % Enrolled
Children (<19) Health Insurance	**200% FPL (Gross Income)**	133% FPL	88%
ESHI (premium assistance for employer insurance)	**200% FPL (Gross Income)**		
FAMIS expansion to pregnant women Initiative under RWJF SCI grant- pending)	**200% FPL (Gross Income)**		

Virginia Medicaid Programs	Eligibility/Target	
Adult Medicaid Groups (Using FFS PCCM, Medallion II)	133% FPL Pregnant women and children Individual 47%FPL (based on 2001 data) Couple 42% FPL	% Uptake
SLMB (Dual Eligible)	100-120% FPL plus asset test 4K(one person) Medicaid pays Part B	
QMB (Dual Eligible)	100% FPL plus asset test	
SSI	74% FPL	
ABD with <80%FPL	>65 Blind, disabled 80% FPL plus asset minimum of 2K (one person)	
Qualified working disabled QDWI	200%FPL plus asset test 4K(one person)Medicaid pays Part A	
Qualified QI 1	120%- <130% FPL	
Uninsured Medical Catastrophe Fund (UMCF)	300% of poverty, have a life-threatening illness or injury and be uninsured for treatment requiring specialized medical treatment, hospitalization or both that if left untreated would more than likely result in death. The UMCF will not pay for services already rendered, (i.e. emergency services).	
Medicaid Buy in for Disabled (program under development)	Disabled and working	
Part time state employees buy in option	In 2004, the General Assembly passed HB 525, which allows part-time state employees to participate in the state employees and retired state employees health benefit plan. The full premium cost is paid by the employee.	

Source CMS Website: http://www.cms.hhs.gov/medicaid/waivers/VAwaiver.asp?state=VA

Use of Federal Waivers

Comprehensive State Health Reform Waivers Under 1115 Authority

Family Planning- Approved through September 30, 2007

Specialty Service & Population Waivers Under 1115 Authority

Medicaid Buy-In Program – Pending

General Managed Care & Selective Contracting Waivers Under 1915(b) Authority

Medallion Program - Approved through March 21, 2004.
Medallion II Program - Approved through December 25, 2004.

Home and Community Based Services Waivers Under 1915(c) Authority

Virginia HCBS Waiver: Aged and Disabled (0048) -Approved through 7/1/93
Virginia HCBS Waiver: Developmental Disorders (0358) - Approved through 9/28/03
Virginia HCBS Waiver: Mental Retardation and Developmental Disabilities (0372) - Approved through 6/30/07
Virginia HCBS Waiver: HIV/AIDS (4160)

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[i] U.S. Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States: 2003*. August 2004. Table 8. Percentage of People in Poverty by State Using 2- and 3-Year Averages: 2001 to 2003. p. 23. Three year average 2001-2003 9.3%

[ii] Brookings Welfare Reform & Beyond Press Briefing, "Poverty and Income in 2003: A Look at the New Census Data and What the Numbers Mean for Children and Families" accessed September 7, 2004 at http://www.brookings.edu/comm/events/20040826.htm.

[iii] http://apps.nccd.cdc.gov/brfss/Trends/trendchart.asp?qkey=10140&state=VA

[iv] Kathryn G. Allen, "Characteristics and Trends in the Uninsured Population," *GAO-01-507T* (2001).

[v] State Health Facts Online - http://statehealthfacts.kff.org Data Sources: Urban Institute and Kaiser Commission on Medicaid and the uninsured estimates on pooled March 2002 and 2003 CPS.

[vi] ibid.

[vii] Virginia Center for Healthy Communities, Virginia Atlas of Community Health, 2003 Indicators of Community Health. http://www.vahealthycommunities.com/

[viii] Peter J. Cunningham and Paul B. Ginsburg, "What Accounts for Differences in Uninsurance Rates across Communities?," *Inquiry* 38, no. 1 (2001).

[ix] National Center for Chronic Disease Prevention and Health Promotion, BRFSS http://apps.nccd.cdc.gov/brfss-smart/index.asp

[x] Mahon, M. & Byrne, B. (2004). Press Release: Employers strongly support job based health coverage, but rising premiums focing them to shift more costs to employees. The Commonwealth Fund. Downloaded from the world wide web at http://www.cmwf.org/media/releases on 5/25/2004.

[xi] *Hidden Costs, Value Lost: Uninsurance in America*, (IOM National Academy Press, 2003).

[xii] U.S. Census Bureau, Current Population Reports P60-226 Income, Poverty, and Health Insurance Coverage in the United States; 2003.

[xiii] Source: Virginia Health Information www.vhi.org personal correspondence with Michael Lundberg, September 28, 2004.

[xiv] The InterStudy Competitive Edge 13.1, Part II: HMO Industry Report, April 2003.