

State of the uninsured Health coverage in Washington state

Costs, trends and projections

2008 to 2014

December 13, 2011



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Executive summary and key findings

In the face of a stagnant economy, high unemployment, and ever-rising medical costs, the health insurance picture in Washington, already bleak by the end of 2008, has worsened significantly. From 2008 to year-end 2010:

- The number of uninsured people in Washington state grew by 180,000.
- Charity care by hospitals and health care providers rose a staggering 36 percent
- The uninsured rate improved or held steady in only eight counties.
- In the other 31 counties, including King, Pierce, Snohomish and Spokane, it worsened.

By the end of 2011, according to our calculations, the number of Washingtonians with no health coverage will reach 1 million, or 14.5 percent of the state's population. In several counties, more than 20 percent of the population now has no health coverage. Currently proposed cuts in state health insurance programs will increase this number by at least another 50,000. Even without those cuts, however, by 2014 we expect the number of uninsured in the state to reach 1.1 million.

Charity care and bad debt for hospitals and health care providers in Washington state now amount to approximately \$1 billion a year. As a result, the average family with insurance pays \$1,017 more per year in premiums due to cost-shifting by health care providers trying to recoup the costs of caring for people without coverage.

Despite these grim statistics, however, there is relief in sight.

In 2014, major provisions of federal health care reform, known as the Affordable Care Act, take effect. The act will expand Medicaid coverage to nearly 355,000 more Washingtonians, and an additional 460,000 will be eligible for subsidies to help put affordable health insurance within reach.

These changes will dramatically reduce the number of uninsured in Washington, cutting uncompensated care costs, and sparing hundreds of thousands of Washingtonians from the anxiety of living one serious diagnosis away from medical bankruptcy. Once the ACA is implemented, we estimate that the percentage of Washingtonians without health coverage will drop from a high of about 15 percent in 2013 to about 6 percent.

Introduction

Since 2004, the Office of the Insurance Commissioner has been tracking the number of Washingtonians without health insurance, as well as the cost of uncompensated health care. In 2004, the ranks of the uninsured numbered less than 700,000, or about 12 percent of the population. Uncompensated care amounted to less than half a billion dollars.

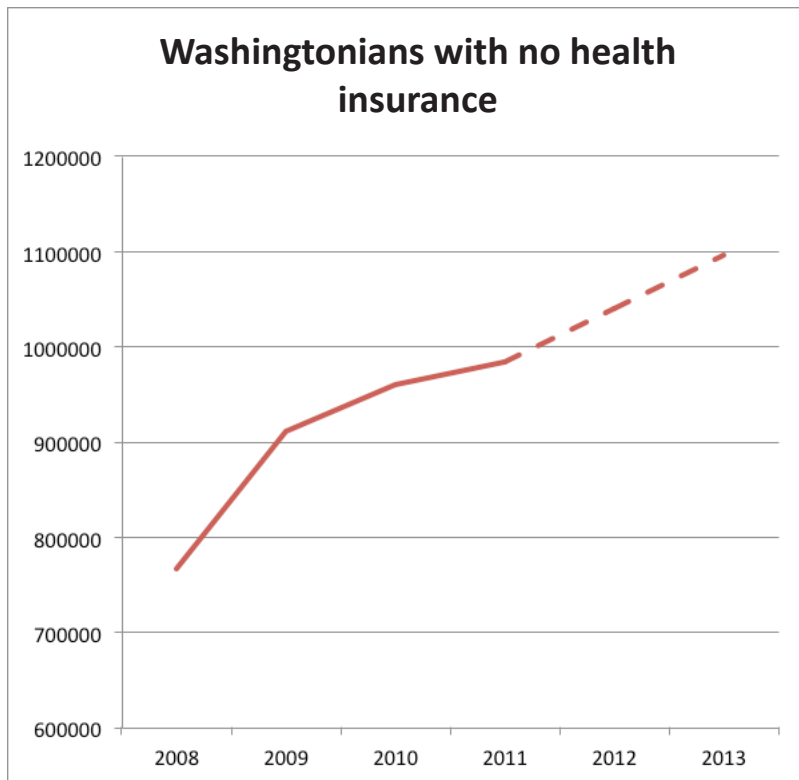
Today, those numbers are significantly worse. Roughly 1 million Washingtonians – 14.5 percent – now have no health insurance. Uncompensated medical care costs now exceed \$1 billion.

If you include the 15 percent of insured private sector employees who pay 10 percent or more of their income for health care costs, it means that at least 1 in 4 Washington residents is under-insured.

This report looks at who the uninsured are, including demographic and employment data. It also includes county-by-county estimates of both the number of uninsured residents and the amount of uncompensated care. Finally, it examines some of the projected effects in Washington state of the major federal health reform changes coming in 2014.

Why the number of uninsured Washingtonians has risen

As can be seen in the chart below, the number of Washingtonians without health coverage has grown dramatically since 2008, and is likely to continue to grow through 2013.



Key factors in this increase, we believe, include stagnant incomes, continued high unemployment, and health care costs that continue to outpace inflation. Much of the sharp growth from 2008 through 2010 was driven by the nation's economic free fall. During that time, the number of uninsured in Washington grew by 180,000.

In addition, a secondary cause amplified the problem. Employers, facing economic pressures of their own, are increasingly pushing health insurance costs to employees. According to the federal Medical Expenditure Panel Survey (MEPS), for example, families' share of premiums among private employers rose 13 percent in Washington state from 2008 to 2010. Their deductibles rose 40 percent and co-pays rose 15 percent.

Private employers requiring no premiums for employees, meanwhile, decreased from 30 percent to 20 percent, according to MEPS. With wages flatlining, a larger percentage of employees have clearly made the decision that they cannot afford coverage. The percentage of employees eligible for coverage who chose not to take the coverage rose from 15 percent in 2008 to 21 percent in 2010. That 6 percent difference represents 98,750 employees, plus in many cases their dependents.

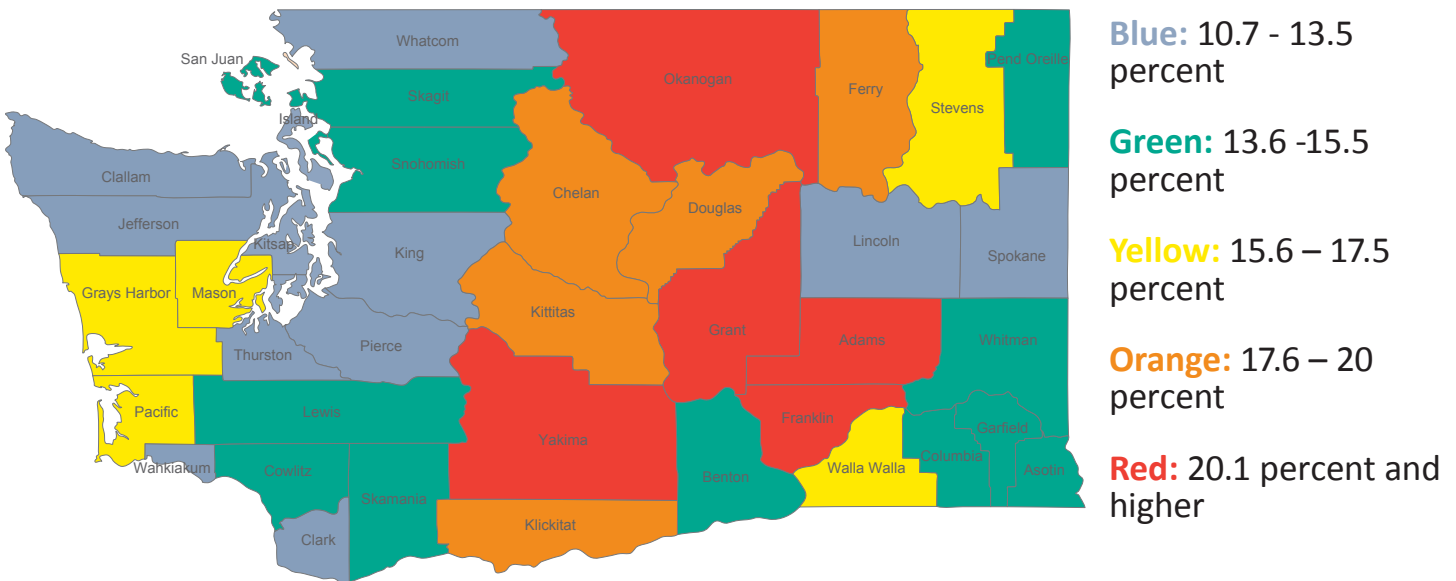
The difference was especially startling in the part-time employee group, where the percentage of eligible employees with health coverage dropped from 70 percent to 53 percent. Even among full-time employees, however, the percentage dropped by about 5 percent.

A major driver from now until 2014 – when the federal Affordable Care Act's major provisions take effect – will continue to be the cost of insurance, which is rising faster than incomes. Nationally, average health insurance premiums for family benefits exceeded \$15,000 in 2011, up 9 percent from the previous year, according to a [September 2011 study](#) by the Kaiser Family Foundation and the Health Research and Educational Trust. The employer's share of the cost averaged roughly \$10,900; the worker's share was about \$4,100.

The upward trend would be even worse except for the demographic effect of aging Baby Boomers. Those born in 1947 will reach age 65 in 2012, guaranteeing health coverage to that age group under the federal Medicare program.

Breakdown by region and county

Statewide, the percentage of people without health insurance rose from 11.6 percent in 2008 to 14.5 percent by late 2011. Some 31 counties saw an increase, with particularly high rates of uninsured residents in rural counties.



The counties with the highest rates of uninsured include:

- **Adams:** 21.4 percent
- **Grant:** 22.9 percent
- **Okanogan:** 23.1 percent
- **Franklin:** 20.6 percent
- **Yakima:** 27.5 percent

King County’s rate increased from 10.3 percent to 12.7 percent – an increase of nearly 50,000 uninsured individuals in just two years. In Pierce County, the rate rose from 10.1 percent to 12.7 percent.

In Snohomish County, the rate rose from 11 percent to 13.6 percent, and in Spokane County from 11 percent to 13.5 percent.

In two counties – Lewis and Skamania – the rate remained the same, although in both cases, the number of people without insurance rose slightly.

Only six counties saw a decline in the number of uninsured people: Clallam, Cowlitz, Jefferson, Wahkiakum, Whatcom and Whitman. We believe that two populations account for this: retirees and college students.

- **Retirees (Clallam, Cowlitz, Jefferson, Wahkiakum counties):** People 65 or older are eligible for Medicare health coverage, which is why the uninsurance rate among senior citizens is extremely low. (About 1 percent of people age 65 or older are uninsured, compared to nearly 30 percent of those ages 18-34.) So areas with disproportionately high levels of senior citizens tend to have lower uninsured rates.
- **College students (Whatcom and Whitman counties):** Due to a change made in early 2010 by federal health care reform, children up to age 26 can now remain covered by their parents' insurance policies.

Table 1: Uninsured by County (Washington State, 2008 vs. 2010)

| Region | County | 2008 OIC Estimate (2) | | | 2010 OIC Estimate (3) | | |
|---------------------|---------------------|-----------------------|----------------|----------------|-----------------------|----------------|--------------|
| | | Population (1) | # Uninsured | % uninsured | Population (4) | # Uninsured | % uninsured |
| North Sound | Island | 79,300 | 6,560 | 8.3% | 78,506 | 8,405 | 10.7% |
| | San Juan | 16,100 | 1,917 | 11.9% | 15,769 | 2,345 | 14.9% |
| | Skagit | 117,500 | 13,604 | 11.6% | 116,901 | 17,099 | 14.6% |
| | Whatcom | 191,000 | 23,159 | 12.1% | 201,140 | 21,789 | 10.8% |
| | Regional Sum | 403,900 | 45,240 | 11.2% | 412,316 | 49,638 | 12.0% |
| West Balance | Clallam | 69,200 | 10,693 | 15.5% | 71,404 | 9,609 | 13.5% |
| | Cowlitz | 99,000 | 14,491 | 14.6% | 102,410 | 14,588 | 14.2% |
| | Grays Harbor | 70,900 | 10,721 | 15.1% | 72,797 | 11,641 | 16.0% |
| | Jefferson | 28,800 | 4,062 | 14.1% | 29,872 | 4,024 | 13.5% |
| | Klickitat | 20,100 | 3,286 | 16.3% | 20,318 | 3,838 | 18.9% |
| | Lewis | 74,700 | 10,954 | 14.7% | 75,455 | 11,061 | 14.7% |
| | Mason | 56,300 | 7,671 | 13.6% | 60,699 | 9,925 | 16.4% |
| | Pacific | 21,800 | 3,363 | 15.4% | 20,920 | 3,529 | 16.9% |
| | Skamania | 10,700 | 1,531 | 14.3% | 11,066 | 1,577 | 14.3% |
| | Wahkiakum | 4,100 | 554 | 13.5% | 3,978 | 538 | 13.5% |
| Regional Sum | 455,600 | 67,325 | 14.8% | 468,919 | 70,331 | 15.0% | |
| King | King | 1,884,200 | 194,882 | 10.3% | 1,931,249 | 244,308 | 12.7% |
| | Regional Sum | 1,884,200 | 194,882 | 10.3% | 1,931,249 | 244,308 | 12.7% |
| Pierce | Pierce | 805,400 | 81,421 | 10.1% | 795,225 | 104,659 | 13.2% |
| | Regional Sum | 805,400 | 81,421 | 10.1% | 795,225 | 104,659 | 13.2% |
| Snohomish | Snohomish | 696,600 | 76,319 | 11.0% | 713,335 | 97,105 | 13.6% |
| | Regional Sum | 696,600 | 76,319 | 11.0% | 713,335 | 97,105 | 13.6% |
| Puget Sound Metro | Kitsap | 246,800 | 26,859 | 10.9% | 251,133 | 28,681 | 11.4% |
| | Thurston | 245,300 | 25,414 | 10.4% | 252,264 | 27,058 | 10.7% |
| | Regional Sum | 492,100 | 52,273 | 10.6% | 503,397 | 55,739 | 11.1% |
| Clark | Clark | 424,200 | 47,053 | 11.1% | 425,363 | 56,747 | 13.3% |
| | Regional Sum | 424,200 | 47,053 | 11.1% | 425,363 | 56,747 | 13.3% |

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| Region | County | 2008 OIC Estimate (2) | | | 2010 OIC Estimate (3) | | |
|--|---------------------|-----------------------|----------------|--------------|-----------------------|----------------|--------------|
| | | Population (1) | # Uninsured | % uninsured | Population (4) | # Uninsured | % uninsured |
| East Balance | Adams | 17,800 | 2,904 | 16.3% | 18,728 | 4,003 | 21.4% |
| | Asotin | 21,400 | 1,993 | 9.3% | 21,623 | 2,975 | 13.8% |
| | Chelan | 72,100 | 11,034 | 15.3% | 72,453 | 13,778 | 19.0% |
| | Columbia | 4,100 | 449 | 11.0% | 4,078 | 627 | 15.4% |
| | Douglas | 37,000 | 5,559 | 15.0% | 38,431 | 7,565 | 19.7% |
| | Ferry | 7,700 | 951 | 12.4% | 7,551 | 1,447 | 19.2% |
| | Garfield | 2,300 | 289 | 12.6% | 2,266 | 327 | 14.4% |
| | Grant | 84,600 | 14,682 | 17.4% | 89,120 | 20,386 | 22.9% |
| | Kittitas | 39,400 | 5,684 | 14.4% | 40,915 | 7,296 | 17.8% |
| | Lincoln | 10,400 | 1,159 | 11.1% | 10,570 | 1,402 | 13.3% |
| | Okanogan | 40,100 | 6,520 | 16.3% | 41,120 | 9,491 | 23.1% |
| | Pend Oreille | 12,800 | 1,370 | 10.7% | 13,001 | 1,795 | 13.8% |
| | Stevens | 43,700 | 4,669 | 10.7% | 43,531 | 7,072 | 16.2% |
| | Walla Walla | 58,600 | 7,309 | 12.5% | 58,781 | 10,292 | 17.5% |
| | Whitman | 43,000 | 7,033 | 16.4% | 44,776 | 6,582 | 14.7% |
| | Regional Sum | 495,000 | 71,606 | 14.5% | 506,944 | 95,037 | 18.7% |
| Spokane | Spokane | 459,000 | 50,278 | 11.0% | 471,221 | 63,567 | 13.5% |
| | Regional Sum | 459,000 | 50,278 | 11.0% | 471,221 | 63,567 | 13.5% |
| Yakima-TriCities | Benton | 165,500 | 18,970 | 11.5% | 175,177 | 25,391 | 14.5% |
| | Franklin | 70,200 | 14,300 | 20.4% | 78,163 | 16,110 | 20.6% |
| | Yakima | 235,900 | 46,457 | 19.7% | 243,231 | 66,956 | 27.5% |
| | Regional Sum | 471,600 | 79,727 | 16.9% | 496,571 | 108,457 | 21.8% |
| Washington State | | 6,587,600 | 766,122 | 11.6% | 6,724,540 | 945,589 | 14.1% |
| (1) Office of Financial Management (2011): Intercensal Estimates of the Total Resident Population by County with 2001 through 2010 Postcensal Estimates (April 1 data) | | | | | | | |
| (2) Estimated by Office of Insurance Commissioner (2009) based on State Population Survey 2008, U.S. Census Bureau 2008 ACS survey data, and U.S. Census Bureau 2008 Small Area Health Insurance data. | | | | | | | |
| (3) Estimated by Office of Insurance Commissioner (2011) based on data from U.S. Census Bureau 2010 Census, 2009 Small Area Health Insurance data, and the 2010 American Community Survey by the US Census Bureau. | | | | | | | |
| (4) Based on data from U.S. Census Bureau 2010 Census (April 1, 2010). | | | | | | | |

Who are the uninsured?

Income: The lower your income, the more likely you are to be uninsured. Nationally, real median income declined by 2.3 percent in 2010. The primary impact of this decline fell on those ages 18-24 years old (a 9.3 percent decline in income) and those ages 45-54 (a 4.3 percent decline). Householders with a disability were also heavily impacted: a decline of 8.5 percent.

Poverty rates have also increased for African-Americans and Hispanics. For both groups, the poverty rate is now approximately 27 percent, according to the U.S. Census. The only group seeing poverty rates decline is senior citizens.

The table below illustrates the percentage of people in each federal poverty level bracket who are uninsured, by age:

| Ages | 0-100% FPL | 100-200% FPL | 200-300% FPL | 300-400% FPL | 400%+ FPL |
|-------|------------|--------------|--------------|--------------|-----------|
| 20-29 | 53.6% | 30.5% | 21.1% | 7.9% | 4.0% |
| 30-39 | 48.9% | 38.2% | 16.0% | 8.0% | 0.8% |
| 40-49 | 30.9% | 33% | 18.7% | 7.5% | 3.0% |
| 50-59 | 31.0% | 26.3% | 19.8% | 9.5% | 2.3% |
| 60-69 | 11.4% | 12.0% | 7.7% | 3.0% | 1.1% |

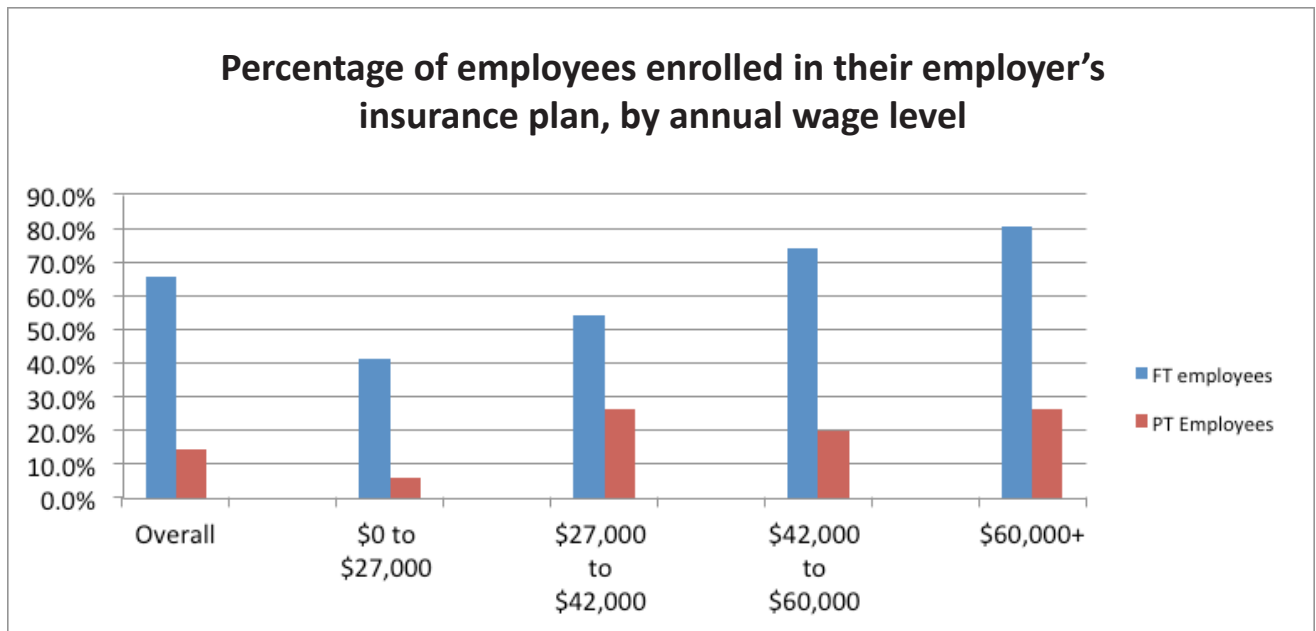
1. Employment

In Washington, about half of those without health insurance are employed.

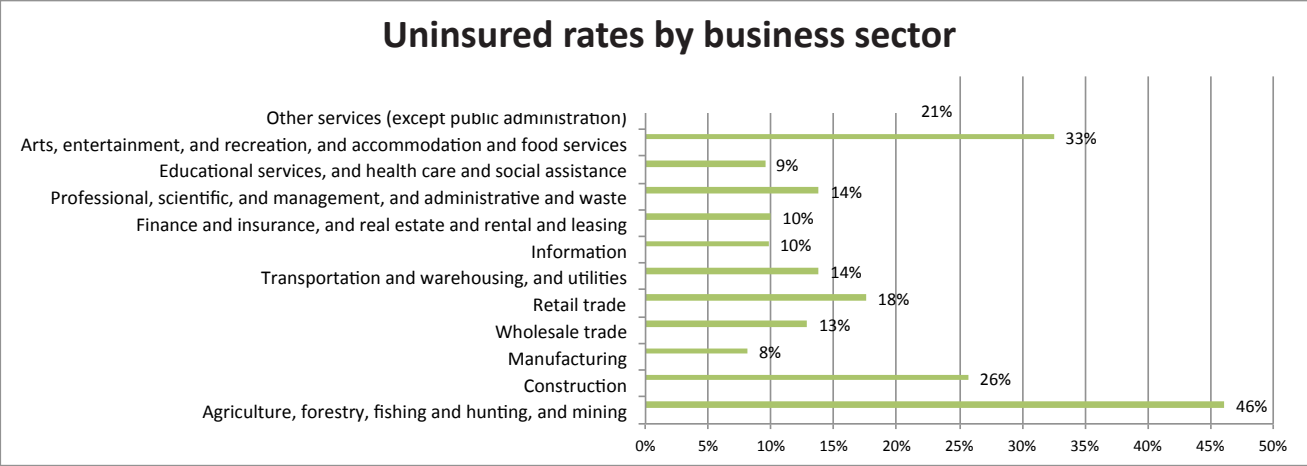
All told, there are about 470,000 full- and part-time workers in Washington state who have no health insurance.

The picture is particularly bleak for part-time employees, fewer than 38 percent of whom are even eligible to purchase employer-provided health insurance.

The chart below illustrates employee health insurance enrollment, by income level:

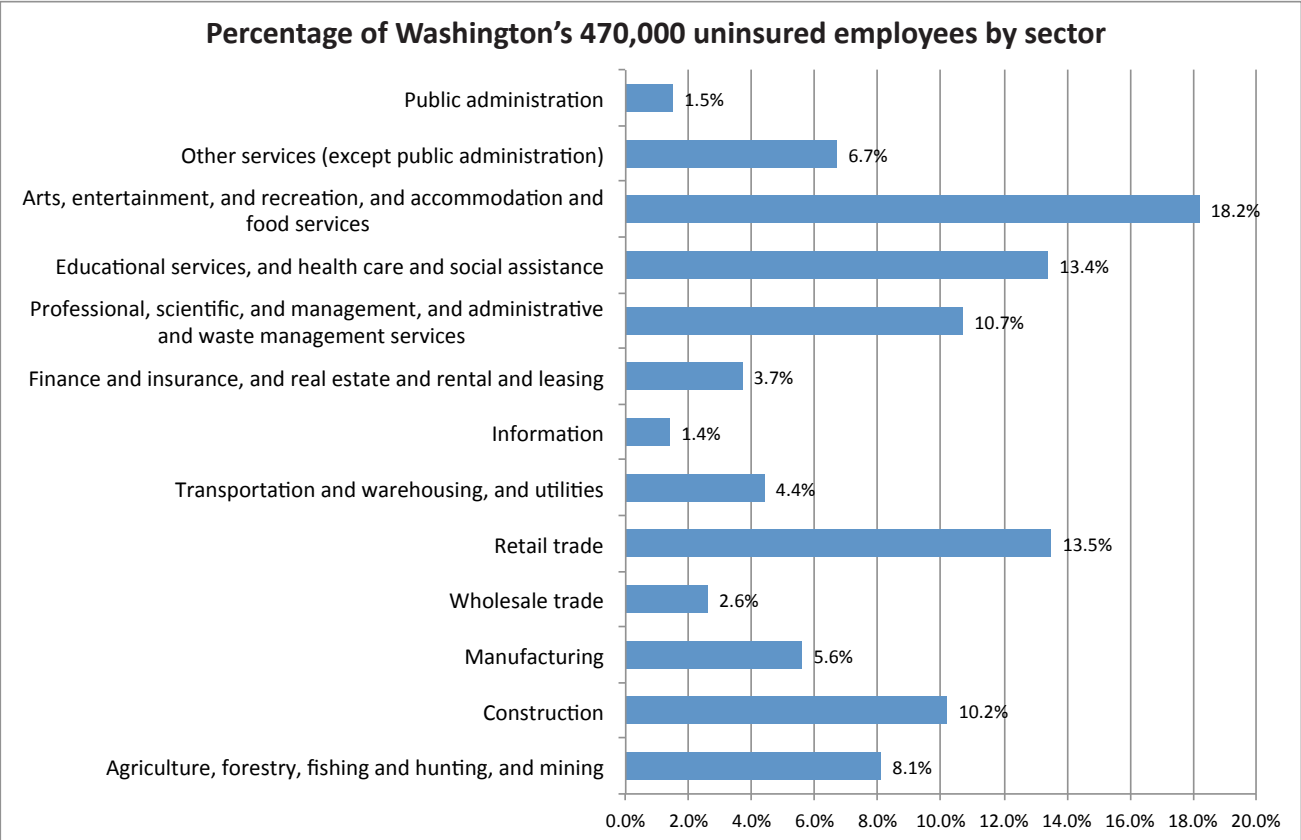


In addition, workers in some sectors are much more likely to be uninsured. As seen in the chart below, workers in the agricultural, food services, hospitality, construction and retail sectors, for example, are more likely to not have health coverage. Here’s how each industry stacks up, in terms of how many of its workers are uninsured:



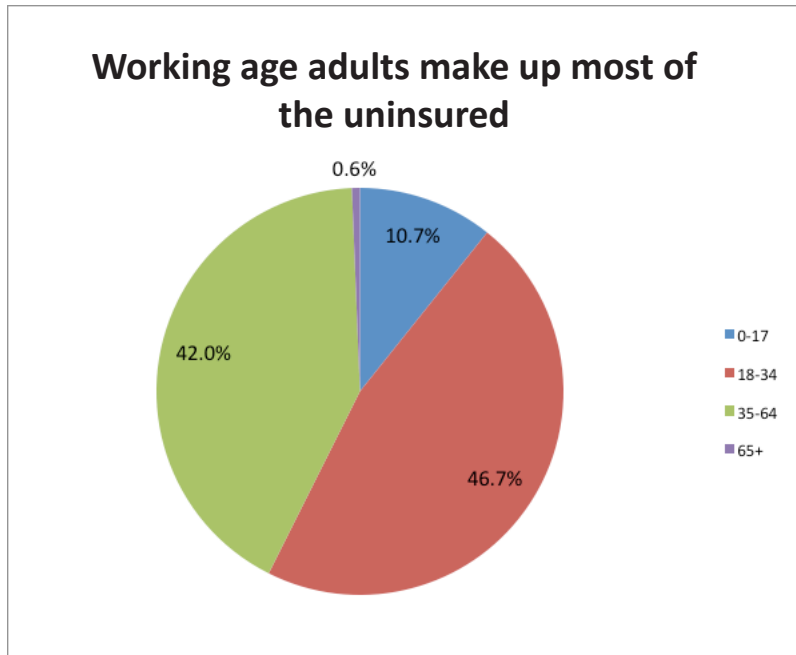
If you look at industries as a percentage of total employment – as the chart below does – it’s clear that certain sectors have a higher uninsured share than their share of the workforce. Workers in the agriculture sector, for example, total 8.1 percent of the uninsured employees in the state, despite making up only 2.7 percent of the workforce.

As a result of their higher uninsured rates, the employees of four business sectors (agriculture, retail, construction and arts and entertainment) make up 50 percent of Washington’s employed-but-uninsured population, even though these sectors only employ 28 percent of the state’s workforce.



2. Age

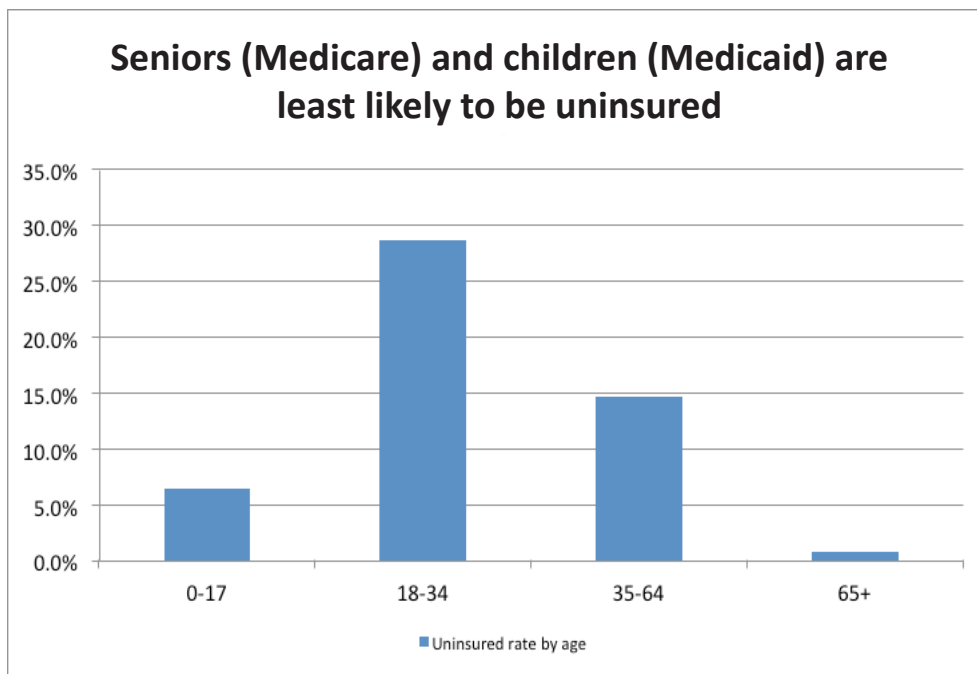
Young adults: By far, those most likely to be uninsured are ages 18 to 34. Nearly 30 percent of the people in this age group have no health coverage. They comprise nearly half – 47 percent – of the state’s uninsured.



Some have attributed the low rate of health insurance among this group to a “young invincible” mindset. But it should be noted that young adults face the same challenges regarding insurance that other age groups do – the cost is often too high in comparison to their income. Employers also typically offer less coverage to lower-wage employees. Because they are just getting their start in the job market, young adults make up a large percentage of these low-wage workers.

In addition, it’s clear from the data that young adults whose income is above the federal poverty line are insured at the same level as their older peers.

Nationally, the uninsured rate for young adults rose from 25.6 percent in 2007 to 32.7 percent in 2010. This group also saw the biggest decline in income over that time period.



Children: The rate among children under 18 is about 7 percent, largely because Medicaid covers a large number of low-income children.

Senior citizens: At the other end of the age band, more than 99 percent of those age 65 or older have health coverage through the federal Medicare program.

3. Race and ethnicity

Racial and ethnic disparities in health coverage persist. Blacks, Asians and Native Americans all continue to have higher uninsured rates than non-Hispanic whites.

In Washington state, non-Hispanic whites have an uninsured rate of 11.4 percent. African-Americans and Pacific Islanders both have a 17.2 percent uninsured rate. For Asians and those of two or more races, the uninsured rate is 14.4 percent. And fully 25 percent of Native Americans are uninsured.

That said, the rate of uninsurance among minorities has largely remained constant in recent years. Nationally, the greatest contributor to the recent increase in the uninsured rate is whites, whose uninsured rate increased from 10 percent in 2007 to more than 15 percent in 2010.

It's important to note that our calculations indicate that undocumented immigrants comprise a relatively small part of the uninsured population in our state, where 73 percent of the uninsured are native-born and 80 percent are citizens. In Washington state, our calculations indicate that undocumented immigrants comprise less than 14 percent of the state's uninsured population.

The under-insured

The uninsured numbers do not include an additional category of people: Those who have a health insurance policy, but who struggle with high medical expenses nonetheless, such as high deductibles, drug costs and co-pays.

In 2009, a study by Families USA and The Lewin Group estimated that more than 1.2 million insured Washingtonians were spending more than 10 percent of their pre-tax income on health care, and nearly 7 percent of insured Washingtonians were spending a staggering 25 percent of their pre-tax income on health care. When combined with the number of people who have no health insurance at all, this meant that in 2009, nearly a quarter of all Washingtonians were spending more than 10 percent of their pre-tax income on health care.

Although there have not been subsequent state-specific studies of this group, our office believes that the percentage of Washingtonians who are under-insured - including those with no insurance at all - has continued to climb past the 25% mark for the following reasons:

- The latest federal health insurance surveys show that by 2010 nearly 15% of the private sector workforce was paying at least 10% of their wages for their share of health care insurance premiums and deductibles alone.
- In addition, the average co-pays and co-insurance charged for medical visits went up by 15% and 10% respectively from 2008 to 2010.

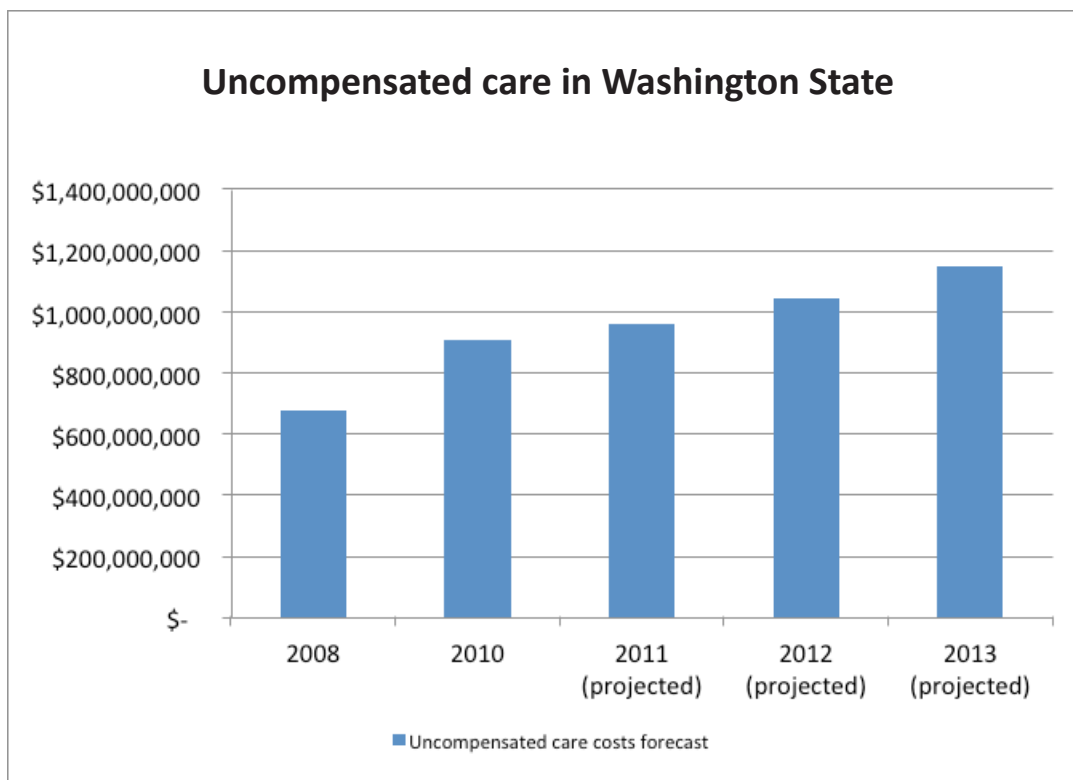
Uncompensated care

Uncompensated care is health care for which no payment was received from the patient, insurer, or other third-party payers.

There are two distinct elements of uncompensated care. One is charity care, provided by health care providers who don't expect to get reimbursed. The other is bad debt, incurred by providers when they cannot obtain reimbursement for services.

Statewide, we calculate, the amount of uncompensated care has reached nearly \$1 billion a year in Washington state and is continuing to rise rapidly. We project that by 2013, uncompensated care will total nearly \$1.2 billion a year statewide.

Statewide, nearly five percent of hospital budgets is now being spent on uncompensated care.



When hospitals and other health care providers find themselves with significant levels of uncompensated care, they often pass those costs on – or “cost-shift” them – to other consumers and businesses. This hidden or invisible cost of uncompensated care – estimated to be about \$1,017 per insured family per year – is reflected in the cost of health care premiums and out-of-pocket payments for everyone. For individuals, that hidden cost is about \$368.

Here's a breakdown of past, current and projected levels of uncompensated care, by county:

| Uncompensated care costs forecast | | | | | | |
|-----------------------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Region | County | 2008 | 2010 | 2011 (projected) | 2012 (projected) | 2013 (projected) |
| North Sound | Island | \$ 5,811,126 | \$ 8,216,324 | \$ 8,730,359 | \$ 9,535,545 | 10,524,724 |
| | San Juan | \$ 1,698,267 | \$ 2,255,698 | \$ 2,396,821 | \$ 2,617,875 | 2,889,443 |
| | Skagit | \$ 12,050,999 | \$ 16,617,920 | \$ 17,657,581 | \$ 19,286,108 | 21,286,772 |
| | Whatcom | \$ 20,515,222 | \$ 21,503,009 | \$ 22,848,293 | \$ 24,955,551 | 27,544,340 |
| | Regional Sum | \$ 40,078,000 | \$ 48,595,000 | \$ 51,633,000 | \$ 56,395,000 | \$ 62,245,000 |
| West Balance | Clallam | \$ 9,472,090 | \$ 9,245,784 | \$ 9,824,225 | \$ 10,730,296 | 11,843,414 |
| | Cowlitz | \$ 12,836,962 | \$ 14,203,159 | \$ 15,091,746 | \$ 16,483,631 | 18,193,577 |
| | Grays Harbor | \$ 9,497,115 | \$ 11,284,513 | \$ 11,990,502 | \$ 13,096,365 | 14,454,929 |
| | Jefferson | \$ 3,598,242 | \$ 3,858,821 | \$ 4,100,239 | \$ 4,478,397 | 4,942,968 |
| | Klickitat | \$ 2,910,567 | \$ 3,699,584 | \$ 3,931,039 | \$ 4,293,592 | 4,738,992 |
| | Lewis | \$ 9,703,738 | \$ 10,730,911 | \$ 11,402,265 | \$ 12,453,876 | 13,745,791 |
| | Mason | \$ 6,794,881 | \$ 9,590,678 | \$ 10,190,696 | \$ 11,130,566 | 12,285,206 |
| | Pacific | \$ 2,978,675 | \$ 3,380,208 | \$ 3,591,683 | \$ 3,922,937 | 4,329,887 |
| | Skamania | \$ 1,356,194 | \$ 1,537,880 | \$ 1,634,094 | \$ 1,784,803 | 1,969,952 |
| | Wahkiakum | \$ 490,976 | \$ 516,658 | \$ 548,982 | \$ 599,613 | 661,815 |
| | Regional Sum | \$ 59,639,000 | \$ 68,048,000 | \$ 72,305,000 | \$ 78,974,000 | \$ 87,167,000 |
| King | King | \$ 172,634,279 | \$ 240,540,195 | \$255,589,022 | \$ 279,161,542 | 308,120,641 |
| | Regional Sum | \$ 172,634,000 | \$ 240,540,000 | \$255,589,000 | \$ 279,162,000 | \$ 308,121,000 |
| Pierce | Pierce | \$ 72,126,167 | \$ 102,861,589 | \$109,296,881 | \$ 119,377,138 | 131,760,843 |
| | Regional Sum | \$ 72,126,000 | \$ 102,862,000 | \$109,297,000 | \$ 119,377,000 | \$ 131,761,000 |
| Snohomish | Snohomish | \$ 67,606,157 | \$ 95,420,469 | \$101,390,224 | \$ 110,741,264 | 122,229,119 |
| | Regional Sum | \$ 67,606,000 | \$ 95,420,000 | \$101,390,000 | \$ 110,741,000 | \$ 122,229,000 |
| Puget Sound Metro | Kitsap | \$ 23,793,060 | \$ 28,241,482 | \$ 30,008,344 | \$ 32,775,960 | 36,176,006 |
| | Thurston | \$ 22,512,354 | \$ 26,727,437 | \$ 28,399,576 | \$ 31,018,818 | 34,236,586 |
| | Regional Sum | \$ 46,305,414 | \$ 54,968,919 | \$ 58,407,919 | \$ 63,794,777 | \$ 70,412,592 |
| Clark | Clark | \$ 41,681,095 | \$ 55,707,372 | \$ 59,192,572 | \$ 64,651,797 | 71,358,516 |
| | Regional Sum | \$ 41,681,000 | \$ 55,707,000 | \$ 59,193,000 | \$ 64,652,000 | \$ 71,359,000 |
| East Balance | Adams | \$ 2,572,548 | \$ 3,878,535 | \$ 4,121,186 | \$ 4,501,276 | 4,968,220 |
| | Asotin | \$ 1,765,916 | \$ 2,882,078 | \$ 3,062,388 | \$ 3,344,826 | 3,691,805 |
| | Chelan | \$ 9,774,163 | \$ 13,314,468 | \$ 14,147,456 | \$ 15,452,251 | 17,055,205 |
| | Columbia | \$ 397,794 | \$ 603,270 | \$ 641,012 | \$ 700,132 | 772,760 |
| | Douglas | \$ 4,924,313 | \$ 7,314,535 | \$ 7,772,151 | \$ 8,488,963 | 9,369,574 |
| | Ferry | \$ 842,498 | \$ 1,392,743 | \$ 1,479,877 | \$ 1,616,363 | 1,784,038 |
| | Garfield | \$ 255,839 | \$ 315,444 | \$ 335,179 | \$ 366,092 | 404,069 |
| | Grant | \$ 13,006,158 | \$ 19,691,141 | \$ 20,923,071 | \$ 22,852,768 | 25,223,423 |
| | Kittitas | \$ 5,034,930 | \$ 7,083,832 | \$ 7,527,015 | \$ 8,221,218 | 9,074,055 |
| | Lincoln | \$ 1,026,657 | \$ 1,356,445 | \$ 1,441,307 | \$ 1,574,237 | 1,737,542 |
| | Okanogan | \$ 5,776,057 | \$ 9,120,777 | \$ 9,691,397 | \$ 10,585,217 | 11,683,285 |
| | Pend Oreille | \$ 1,214,027 | \$ 1,739,269 | \$ 1,848,082 | \$ 2,018,527 | 2,227,921 |
| | Stevens | \$ 4,135,578 | \$ 6,843,508 | \$ 7,271,655 | \$ 7,942,307 | 8,766,210 |
| | Walla Walla | \$ 6,474,727 | \$ 9,970,563 | \$ 10,594,347 | \$ 11,571,445 | 12,771,820 |
| | Whitman | \$ 6,229,983 | \$ 6,456,287 | \$ 6,860,209 | \$ 7,492,914 | 8,270,199 |
| Regional Sum | \$ 63,431,188 | \$ 91,962,893 | \$ 97,716,334 | \$ 106,728,537 | \$ 117,800,128 | |

| Uncompensated care costs forecast | | | | | | |
|-----------------------------------|---------------------|----------------------|-----------------------|----------------------|-----------------------|-----------------------|
| Region | County | 2008 | 2010 | 2011 (projected) | 2012 (projected) | 2013 (projected) |
| Spokane | Spokane | \$ 44,538,601 | \$ 62,233,271 | \$ 66,126,748 | \$ 72,225,500 | 79,717,884 |
| | Regional Sum | \$ 44,539,000 | \$ 62,233,000 | \$ 66,127,000 | \$ 72,226,000 | \$ 79,718,000 |
| Yakima-TriCities | Benton | \$ 16,804,207 | \$ 24,840,228 | \$ 26,394,298 | \$ 28,828,597 | 31,819,160 |
| | Franklin | \$ 12,667,545 | \$ 15,670,859 | \$ 16,651,269 | \$ 18,186,986 | 20,073,631 |
| | Yakima | \$ 41,153,576 | \$ 64,445,658 | \$ 68,477,547 | \$ 74,793,110 | 82,551,847 |
| | Regional Sum | \$ 70,625,329 | \$ 104,956,745 | \$111,523,115 | \$ 121,808,693 | \$ 134,444,638 |
| Washington State | | \$ 678,664,931 | \$ 925,293,557 | \$983,181,368 | \$ 1,073,859,008 | \$ 1,185,257,358 |

Relief in sight: the federal Affordable Care Act

On March 23, 2010, President Obama signed into law the Patient Protection and Affordable Care Act (ACA). The law will expand coverage to another 32 million Americans.

Most of the major provisions of the law will take effect in January 2014. Starting at that point, we expect to see a sharp decline in the number of Washingtonians without health insurance. It will be the single biggest improvement in decades to the state's uninsured rate and uncompensated care levels.

Here are some of the major changes coming in 2014:

Expanded Medicaid eligibility

Income is the single greatest predictor of whether an individual will have health coverage. To help address the high proportion of very low-income individuals without coverage, the ACA will expand the Medicaid program, a federal-state health insurance program that currently covers low-income children, families and pregnant women. Those who will be newly covered through Medicaid will be all childless adults earning less than 133 percent of the federal poverty level, which is currently \$14,484 a year.

We believe that this change alone will provide health coverage for nearly 355,000 Washingtonians, or about 38 percent of the state's uninsured population.

Premium assistance for low- and moderate-income families

In addition, the ACA will make available premium support and cost-sharing subsidies to those earning up to 400 percent of the federal poverty level, or \$88,000 a year for a family of four.

Statewide, this will mean that an additional 460,000 Washingtonians will be eligible for subsidies to help put affordable health insurance within reach. The premium subsidy will be on a sliding scale, ranging from 3 percent to 9.5 percent of income.

Native Americans, who have a very high uninsured rate today of 25%, will not be subject to any cost sharing if their income is below 300 percent of the federal poverty level.

Assistance for small business

Starting in 2010, more than 4 million small businesses were estimated to be eligible for a tax credit for the purchase of employee health insurance, or 83.7 percent of all small businesses in the country. This tax credit, specifically targeted for employers with low- and moderate-income workers, will be available until 2016.

The credit is designed to encourage small businesses to offer health insurance coverage for the first time or maintain coverage they already have. In general, the credit is available to small employers that pay at least half the cost of single coverage for their employees.¹

Health insurance exchanges

Reducing the number of uninsured is a primary goal of the ACA, but so, too, is ensuring that coverage provides the health care that consumers need. Today's individual and small employer markets, however, are dominated by high-deductible health plans.

In 2014, individuals and small employers will be able to purchase coverage through a "Health Benefit Exchange." Designed to be an easy shopping tool for consumers to compare health plans and enroll in coverage, the exchange will also require insurers to disclose detailed information about the plans they offer, including benefits and cost sharing. In addition:

- Insurers will no longer be able to put annual or lifetime caps on essential health benefits.
- Cost-sharing under a health plan may not exceed the cost-sharing for high-deductible plans in 2014 (Currently \$5,950 individual/\$11,900 family.)
- Deductibles for plans in the small group market are limited to \$2,000 individual/\$4,000 family, indexed to the rate of average premium growth.

Although the scope has not yet been determined by the Secretary of the U.S. Department of Health and Human Services (HHS), all plans offered by insurers will need to include "essential health benefits," such as:

- Ambulatory patient services, emergency services, hospitalization, maternity and newborn care, mental health and substance abuse disorder services, including behavioral health treatment, prescription drugs, rehabilitative and habilitative services and devices, laboratory services, preventive and wellness services and chronic disease management, and pediatric services, including oral and vision.

We believe these changes will substantially reduce the number of "under-insured" Washingtonians, meaning those with high medical expenses despite having an insurance policy.

There is one significant exception to these changes. The ACA does not allow undocumented immigrants to purchase coverage through the exchange, even if they paid

¹ Families USA and the Small Business Majority commissioned The Lewin Group to analyze data on business sizes and wages from the US Agency for Health Care Research and Quality and the U.S. Census Bureau. <http://smallbusinessmajority.org/small-business-research/tax-credit-study.php>

100 percent of the costs themselves. This will certainly have an impact on a population that Washington state has shown a commitment to regarding access to health care.

Financial assistance to cash-strapped states

As mentioned above, the ACA provides financial assistance to individuals, families and small businesses. It will also provide much-needed financial support to the state. A report released in the summer of 2011 by the Robert Wood Johnson Foundation and the Urban Institute found that Washington state will save between \$667 million to \$988 million between 2014 and 2019 through the implementation of the ACA.²

This includes savings through an increased match to the state for the Medicaid program, reductions in uncompensated care costs, and shifting some of the cost of those currently on Medicaid to the exchange. Those covered by the ACA's Medicaid expansion will be supported 100 percent through federal funds from 2014 to 2016, and with support declining to 93 percent by 2019. From 2020 onward, the federal government will continue to support the newly eligible, covering 90 percent of the costs.

With a much lower uninsured and under-insured rate, Washington's hospitals and other providers should see a reduction in the amount of cost-shifting needed to cover uncompensated care, and this, in turn, should lead to reductions in health care costs for insured patients.

Additionally, by moving those currently eligible for Washington's Medicaid program to the exchange, the state stands to save approximately \$214 million per year or \$1.28 billion between 2014 and 2019, since the premium and cost-sharing support will be fully funded by the federal government.

² "Consider Savings as well as costs..." Matthew Buettgens, Stan Dorn, and Caitlin Carroll, Robert Wood Johnson Foundation and the Urban Institute, July 2011.

How this report was prepared

This report uses the most recent available data (as of Nov. 15, 2011) from several federal and state agencies and some key non-profit organizations as its primary basis. Among these sources are:

- The U.S. Census Bureau (2010 and 2008 American Community Survey, 2010 Census, 2008 and 2009 Small Area Health Insurance Estimates)
- The federal Agency for Healthcare Research and Quality (2010 and 2008 Medical Expenditure Panel Survey)
- The U.S. department of Health and Human Services (National Health Expenditure Data)
- The Washington State Office of Financial Management (2010 Washington State Population Survey, population projections to 2030)
- The Washington State Department of Health (2010 Hospital Year-End Financial Reports, Community Hospital Quarterly Files for 2008-2010)
- The Washington State Caseload Forecast Council (Medicaid and state health program enrollment data)
- The Washington State Health Care Authority (Basic Health Plan and Public Employees Benefit Board enrollment data)
- The Washington State Office of the Insurance Commissioner (enrollment data from the 2008-2010 Additional Data Statements and the 2011 Quarterly Statements)
- The National Association of Insurance Commissioners (2008-2010 Annual Reports from insurers, 2010 Annual Health Supplement reports)
- The Kaiser Family Foundation (Medicare enrollment data by state, 2008-2010; analysis of the 2010 American Community Survey and Medical Expenditure Panel Survey on a national basis)
- The Robert Wood Johnson Foundation and Urban Institute (2011 analysis of the impact of the Affordable Care Act on state budgets)
- Families USA and the Lewin Group (2009 study entitled “Hidden Health Tax: Americans Pay A Premium”)