

ASSURING HEALTH COVERAGE FOR RURAL PEOPLE THROUGH HEALTH REFORM

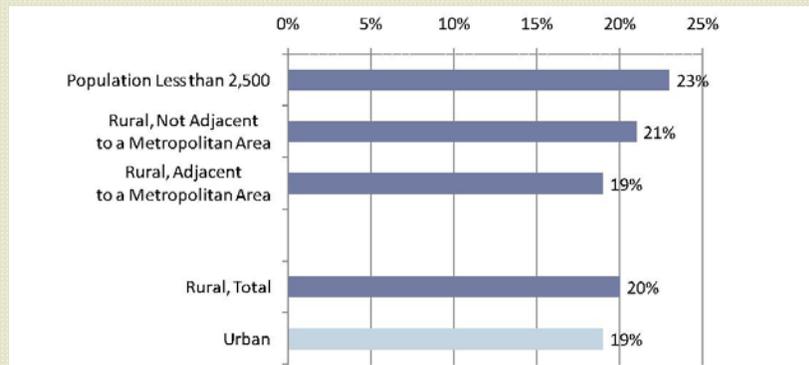


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Why does rural need reform?

Figure1. Uninsurance rates, 2004-05, by Location of Residence



SOURCE: Maine Rural Health Research Center. Data Source: Medical Expenditure Panel Survey, 2004-05.

NOTES: Uninsured differences by residence significant at $p \leq .05$.

Specific Rural Situations

- Rural adult residents are less likely to be employed in jobs where health insurance coverage is offered: 64% of working adults in rural areas not adjacent to urban areas compared to 71% in urban areas
- They are more likely to be unemployed: 30% of uninsured rural residents vs. 27% of urban residents)
- Rural non-adjacent self-employed are more likely to be uninsured, 40% as compared to 24% in rural adjacent and 32% in urban areas).

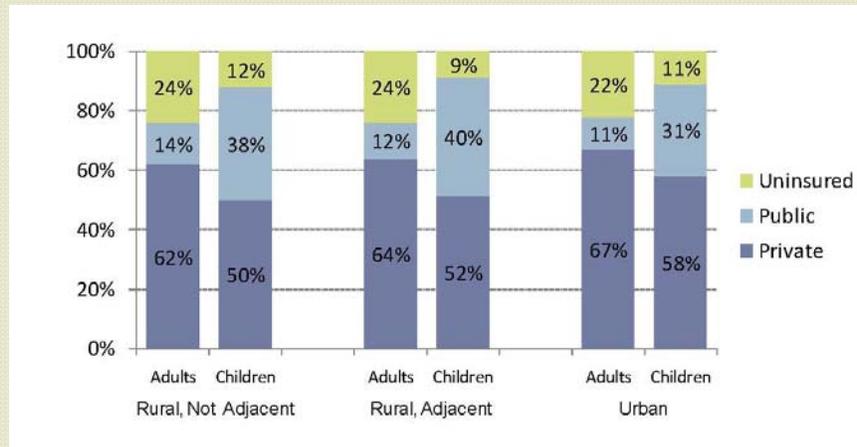


Current Sources of coverage in rural areas

- Rural adults and children have higher rates of insurance coverage from public sources, including Medicaid and the state Childrens' Health Insurance Plan (CHIP)
- Expansions of Medicaid coverage for children over the past decade have reversed previous urban-rural disparities in health insurance coverage; rural children currently have the lowest uninsured rates



Figure 2. Insurance coverage of Adults and children, 2004-05, by Location of Residence



SOURCE: Maine Rural Health Research Center. Data: Source: Medical Expenditure Panel Survey, 2004-05.

NOTES: Adults include all individuals between the ages of 18 and 64; Children include all individuals younger than 18; Public includes Medicaid, SCHIP, Medicare, and TRICARE; Uninsured differences by residence significant at $p \leq .05$. Due to rounding, some characteristics may not total 100 percent.

The Impact of Reform Proposals on Numbers of Rural Uninsured

- Reduces the number of uninsured by 6.2 million persons in non-metro areas, leaving 1.9 million persons uninsured, leading to a coverage rate of 96% in rural areas
- The approach to covering the uninsured would leave a smaller percentage of rural Americans uninsured (only 4%) as compared to urban persons (6% would remain uninsured)



How Coverage Improves

- A slightly lower proportion of the previously uninsured in rural areas (49.8%) would obtain insurance through the HIE as compared to 51.6% of urban persons.
- A higher proportion of adults (28% as compared to 24.8%) would obtain coverage through Medicaid (because their income falls below 133% of the federal poverty line)
- A smaller proportion (22.1% as compared to 23.6%) would be children that obtain coverage either through public programs (Medicaid or CHIP) or through private insurance obtained by their parents (through the exchange).
- Of those obtaining coverage through the HIE, a higher proportion of rural persons (30.6% as compared to 25.4%) would obtain coverage with the assistance of a government subsidy (because their income falls between 133% and 399% of the federal poverty line)
- The remaining persons (19.2% in rural areas and 26.2% in urban areas) would pay the full cost of the premium through their employer or individually.

Insurance Reforms

- Of particular importance to assuring access to comprehensive health insurance plans in rural places are the provisions for guaranteed issue, forbidding denial of coverage of pre-existing health conditions, forbidding use of health status as a component of premium rating, and requiring assurance of continuous coverage.
- Limiting rating to four factors and the total range allowed will be helpful to rural residents who otherwise may have paid higher premiums because of health status.



Access to Health Insurance Options

- The HIE is a particularly important addition for rural residents due to the increased prevalence of individual and small business health insurance markets in rural America.
- Since rural people have relatively lower incomes, rural individuals and businesses may more often select the basic insurance plan option (termed the “Bronze” plan). Thus, the basic plan’s premium cost and benefit structure and associated actuarial value will be a significant rural concern
- Rural residents also benefit from new limits on out-of-pocket expenses and elimination of the life-time benefit maximum. In addition to lower incomes, rural people suffer more from chronic disease and disability

Continued

- Rural people have less access to the Internet and less experience enrolling in insurance plans. Thus, options for rural enrollment require rural-relevant enrollment options and outlets
- To assure affordable access to medical care, reform proposals should include access standards to optimize rural choice



Affordability

- Subsidies for individuals and individual households to purchase even the basic benefit plan are critical in rural areas
- The cost of premiums will still be beyond the means of small employers with a low to moderately employed workforce, a characteristic of many rural firms. Therefore, tax credits are critical as a means to making insurance coverage affordable
- Purchase of higher value health insurance in rural areas will benefit providers who currently operate on very thin margins because they will be collecting more fees from insurance carriers, improving timeliness (no need for payment plans extending over long periods of time) and collecting accounts receivable (rather than allowing for the inability of low income households to pay).

Individual and Employer Responsibility

- Given the strong positive relationship between health insurance coverage and health, the individual mandate should have a positive impact on the health of rural Americans. It is important, though, that an individual mandate to obtain health insurance is combined with reasonable protections/subsidies for those with low incomes
- Small businesses are more prevalent in rural areas and many of these businesses are currently priced out of the insurance market, so the crafting of provisions related to employer participation will have a substantial effect on the extent to which insurance in rural areas expands through employer-based policies or through the individual market

Public program eligibility expansions

- Because the rural uninsured are more likely than those in urban areas to have incomes in the ranges targeted by these reform bills, Medicaid expansions would have a greater relative impact in expanding rural insurance coverage.
- rural citizens are more likely than those in urban areas to rely on Medicare and Medicaid as their primary sources of coverage
- Over the past decade, expansions of Medicaid coverage for children have offset declines in employer-sponsored health insurance rates with the effect of bringing coverage rates for children above those in urban areas

Thank you!

- <http://www.unmc.edu/publichealth/>
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