

# Access to Health Insurance

## Who are the uninsured?

According to the 2006 Washington Population Survey, approximately 9.3 percent of individuals living in our state did not have health insurance at the time of the survey. A closer look at who the uninsured are shows the following:

- ◆ Over 50% of the uninsured are young adults age 19-34 years old;
- ◆ 33% of uninsured adults are self-employed;
- ◆ 25% of uninsured adults work for small employers;
- ◆ Only 4.4% of children are uninsured, and approximately 70% of these children are eligible for government sponsored health coverage; and
- ◆ 4.2% of the uninsured are non-citizens.

## PRIMARY SOURCE OF HEALTH INSURANCE COVERAGE

	<b>Employer</b>	<b>Individual</b>	<b>Public*</b>	<b>Uninsured</b>
<b>Age 0 – 18</b>	55.9%	3%	36.5%	4.5%
<b>Age 19 – 64</b>	71.2%	5.7%	11.7%	11.5%
<b>Age 65+</b>	1%	.8%	97.6%	.5%

\*Public = Medicaid, Medicare, Basic Health Plan, etc.  
Source: Washington State Population Survey 2002v4M

Some of those with health insurance have seen their premiums and out-of-pocket health care expenses skyrocket in recent years. Many employers have had to ask their employees to pick up a greater share of their health care premium. Others have been unable to continue offering health insurance altogether. This is particularly true for small businesses, which account for 76 percent of the workforce. According to an NFIB study conducted in June 2004, the cost of health insurance is the single most important problem small businesses face, with 66 percent rating the problem “critical” (up from 47 percent in 2000.) This holds true regardless of small business size, industry, legal form or location. Only 47 percent of small businesses are able to afford health care insurance for their employees, and 56 percent of those without health care do not offer insurance because it is too expensive.

## Why has health insurance gotten so expensive?

Health insurance has become more expensive for three reasons: (1) Health care has gotten more expensive; (2) Government imposed mandates and overly restrictive insurance laws; and (3) The majority of health care costs, including insurance premiums, are paid for by third-parties (e.g. employer, government, insurer, etc.) so there are few incentives for individuals to use health care wisely and lower costs.

Medical technology and medical advancements over the past few decades have led to increased life expectancy and quality of life – e.g., early detection and ability to treat serious health conditions such as cancer, and prescription drugs to treat hundreds of conditions. With these advancements come increased utilization and an expectation of the latest technology, treatment, or little pill – which all cost something. Medical malpractice lawsuits have added to the increase in the cost of health care and health insurance.

When you couple the increase in the cost of health care with government-imposed mandates on what insurance must cover and other overly restrictive insurance laws, you get high health insurance costs that price many people out of the market. *Note: Washington now has 52 mandates.*

## Recent Legislation

In 2008, the majority chose to continue to study health care reform ideas by passing **SB 6333**, creating the 16<sup>th</sup> health care study since 2005. SB 6333 establishes a 13-member work group, made up of four legislators and nine members appointed by the governor, to conduct meetings around the state to provide health care information to citizens and seek public input on health care reform proposals. It also requires the Legislature to contract for an independent analysis of four health reform proposals ranging from a market-based health coverage plan to a single payer proposal that will provide universal coverage. The analysis of the proposals is due to the governor and the Legislature by December 15, 2008. The work group will report recommendations to the Governor and the Legislature by November 1, 2009.

In 2007, the majority created a new government run health insurance program, the Health Insurance Partnership (HIP), for small businesses with at least 50 percent low-wage employees. The business community did not support the original legislation that created this program, **HB 1569**, or the changes made to the program in 2008 (**HB 2537**). The health plans sold through the HIP will have to be plans sold in the small group market, so HIP is just a subsidy program for low-wage workers of small businesses, costing taxpayers more than \$5 million with only \$750,000 (14 percent) going towards subsidies. The remaining 86 percent is for program administration.

House Republicans believe that in order to get more people insured, we have to understand why they are uninsured and target reforms to those specific reasons for lack of coverage. In 2008, House Republicans sponsored **HB 3384** which took a multi-pronged approach for more affordable health insurance options in the private market to specifically meet the needs of the uninsured. It would have done the following:

1. **19-34 year olds.** Allow health insurers to sell health benefit plans that are exempt from some of the mandates and are attractive and meet the specific needs and budgets of young adults (e.g. catastrophic coverage coupled with a few annual office visits) (*Also SB 6030*).
2. **Small Businesses.** Allow health insurers to sell a health benefit plan featuring a limited schedule of covered services and changes community rating laws so that rates more accurately reflect a group's risk and encourages people to take more responsibility for their health (*Also HB 1539*). *2007 SB 5930 as originally passed the Senate unanimously would have permitted this. The majority party in the House stripped these provisions out of the bill.*
3. **Self-employed individuals.** Provide a B&O tax credit for 50% of the amount paid for health insurance premiums for self-employed individuals (*Also HB 3248*).

HB 3384 did not even get a hearing.

*\*\*It is also important to note that only 1.3% of children do not have health insurance or are not eligible for a current government health insurance program. These children live in middle and upper-class families, and the best way to get them coverage is by making the necessary reforms to the private health insurance market described above, combined with federal changes to the tax code, to make insurance more affordable for families.\*\**