Approved: February 28, 2003
Date

MINUTES OF THE SENATE PUBLIC HEALTH AND WELFARE AND HOUSE HEALTH AND HUMAN SERVICES.

The meeting was called to order by Chairpersons Senator Susan Wagle and Representative Jim Morrison at 1:30 p.m. on February 10, 2003 in Room 243-N of the Capitol.

All members were present except: Senator Nancey Harrington
Senator Jim Barnett

Committee staff present: Ms. Emalene Correll, Legislative Research Development
Ms. Margaret Cianciarulo, Administrative Assistant

Conferees appearing before the committee: Ms. Barbara Langner, Associate Professor,
School of Nursing, University of Kansas

Others attending: See attached guest list

Presentation on Uninsured in Kansas

Upon calling the meeting to order, Chairperson Jim Morrison recognized Chairperson Susan Wagle who introduced Ms. Barbara Langner, Associate Professor, School of Nursing, University of Kansas. Chairperson Wagle went on to say Ms. Langner was involved in a project implemented by Governor Sebelius when she was the Commissioner of Insurance. Then, Commissioner Sebelius had obtained a large federal grant to study the uninsured in Kansas.

Ms. Langner gave a brief overview of the findings and the project which gave an important data set for Kansas. A copy of her handout is (Attachment 1) attached hereto and incorporated into the reference as Covering the grant activities from September 28, 2001 through March 1, 2002, highlights included:

1.) Secondary analysis of the Kansas Health Insurance Survey Data;

2.) Phase two consensuses building strategy; and

3.) Policy options' menu impacts analysis.

Next, Ms. Langner presented the Kansas State Planning Grant Finding and Filling the Gaps. A copy of her presentation is (Attachment 2) attached hereto and incorporated into the Minutes as referenced. Highlights of this presentation included:

1.) Statistics of uninsured Kansans under age 65 by specific age, race, ethnicity, income, the source of health insurance, and industry type;

2.) Statistics of uninsured Kansans age 18-64 by employment status, full-time employed by size and firm;

3.) Statistics of uninsured Kansas working families with non access to employer-sponsored health insurance, one who is offered coverage but declines, and those with no link to employer coverage;

4.) Insurance decision model based on individual choice, the facing of an initial price, and insurance expansion options in both the private and public sector; and

5.) Take-up of employer-based, Medicaid, and other options by current insurance status, plus the cost per newly insured person in relation to each of these options.

The Chairs then thanked Ms. Langner for her presentation and asked both Committees if there were questions or comments. Senator Wagle, Representatives Showalter and Long asked a range of questions including economic time changes, Medicare population, patterned policy on the statute, plan one and two not being subsidized, marketing a low-cost option, to the uninsured areas looking at heavily insured areas.

Adjournment

As it was going on 2:30 p.m., the time for the Senate session, Chairperson Morrison announced that the meeting would adjourn.

The next scheduled Senate Public Health and Welfare Committee meeting is scheduled for February 11, 2003.

SENATE PUBLIC HEALTH AND WELFARE COMMITTEE

GUEST LIST

DATE: 2-10-03

NAME	REPRESENTING
See Representative Morrisons book (Health + Human Services) for the attendance sheet for this joint committee meeting	

HRSA State Planning Grant

Finding and Filling the Gaps:
Developing a Strategic Plan to Cover All Kansans

Follow-up Report to the Secretary

Grant Extension Period
September 28, 2001 – March 1, 2002

Grantee
Kansas Insurance Department

Senate Public Health & Welfare Committee
Date: February 10, 2003
Attachment 1-1

HRSA State Planning Grant

Finding and Filling the Gaps:
Developing a Strategic Plan to Cover All Kansans

Follow-up Report to the Secretary

Grant Extension Period
September 28, 2001 – March 1, 2002

Grantee
Kansas Insurance Department

Six Month Follow-up Report

The Kansas Insurance Department applied for and was granted an extension to their State Planning Grant from the Health Resources and Services Administration, U.S. Department of Health and Human Services. During the intervening six months grant activities have focused upon three primary endeavors:

- ? Secondary Analysis of the Kansas Health Insurance Survey Data
- ? Phase Two Consensus Building Strategy
- ? Policy Options Menu Impact Analysis

Using the stipulated report format this six month follow-up report will provide an addendum to the original document, *Finding and Filling the Gaps: Developing a Strategic Plan to Cover All Kansans Report to the Secretary*, submitted October 29, 2001. Accordingly grant activities from September 28, 2001 through March 1, 2002 are described in this document under the relevant numbered questions 1.3, 4.16, 5.2, and responses have been provided for the added new questions 6.9-6.11.

Section I
Summary of Findings:
Uninsured Individuals and Families in Kansas

Question 1.3 What population groupings are particularly important in developing targeted coverage expansion options?

Analysis of the Kansas Household Insurance Survey data during the time period covered by the first report to the Secretary focused on four objectives:

- ? Providing current and accurate estimates of the percentage of Kansas residents under age 65 who are uninsured
- ? Providing estimates of the percentage of Kansas residents under age 65 who are uninsured by several demographic and economic categories, including age, race, gender, income, employment status, marital status, ethnic identification, industry of employment, and size of employer
- ? Providing estimates of the number and percentage of Kansas residents under age 65 who are uninsured among specified sub-population groups of interest including people eligible for Medicaid and children
- ? Providing estimates of the percentage of uninsured persons under age 65 in each of 10 geographic subdivisions within Kansas

Those findings were presented as percentages of Kansas residents under age 65 who were uninsured by various characteristics of interest. This provided important context and established a frame of reference to gauge the magnitude of the problem in Kansas. However, this analysis does not provide the type of information required to analyze the impact and cost of specific targeted policy initiatives.

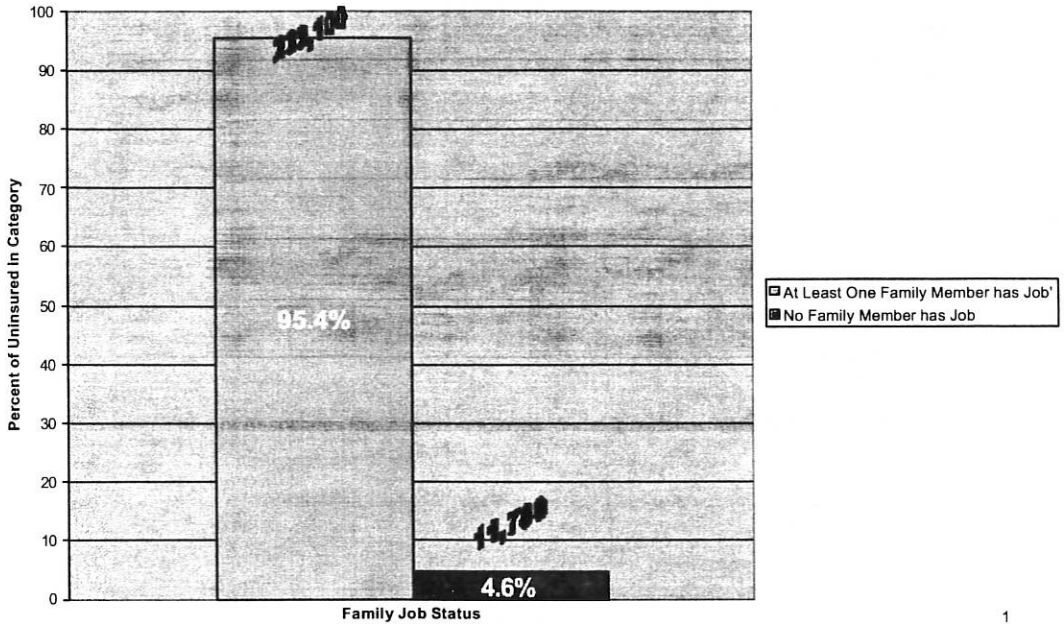
The sample however, was also designed to support multivariate analyses at the state level. Such an analysis allows estimation of the proportion uninsured among groups simultaneously representing several of the socio-demographic attributes of interest. Extrapolation of such percentages to the analogous number of Kansas residents is accomplished by applying the percentage estimate from the KHIS survey data to the most recent Bureau of the Census estimate of the relevant population. These calculations are a requisite step in estimating the effectiveness and efficiency of the individual policy options designed to remediate the problem.

During the extension phase of the grant an in-depth examination of the characteristics of the uninsured as a distinct population was undertaken and important findings emerged that have guided subsequent health policy option development. Key characteristics of the uninsured amenable to select policy strategies include the strong linkage of the group to an employment setting, particularly the small employer market thus supporting strategies that maximize access to employer-based health insurance coverage.

The Kansas Health Insurance Survey data provides abundant evidence that almost all uninsured Kansans have some link to employment. The data also show that nearly all uninsured Kansas children live in households with at least one uninsured working adult.

? 244,880 Kansans are uninsured
? Among the uninsured over 3/4s are adults (186,000)
? More than 95% of uninsured Kansans live in a household in which at least one person has a job
? 58,100 of the 58,880 uninsured Kansas children between the ages of 0-18 live in households with at least one uninsured working adult

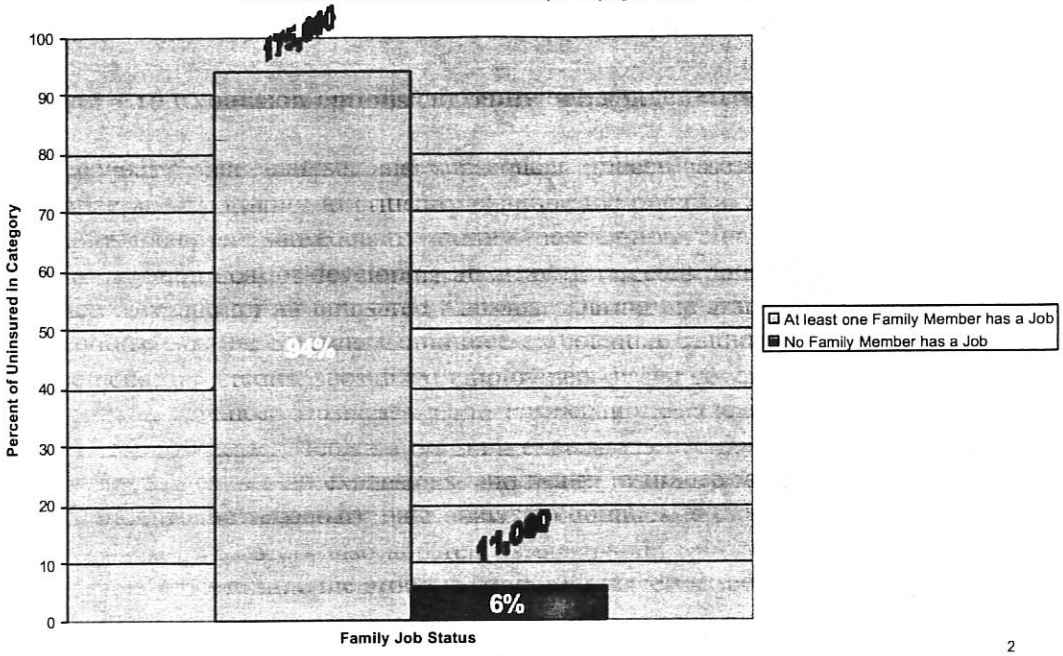
Chart A1
Distribution of All Uninsured (0-64) by Family Job Status



Source: Calculations by Abt Associates Inc. based on Kansas Health Insurance Survey, August 2001.

Chart A2

Distribution of Uninsured Adults (19-64) by Family Job Status

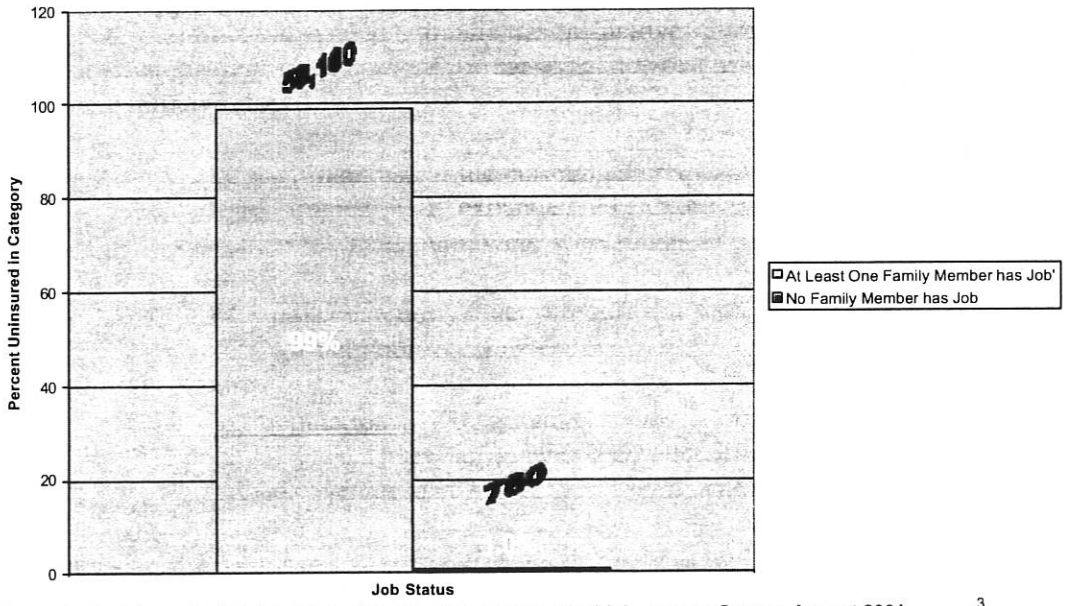


2

Source: Calculations by Abt Associates Inc. based on Kansas Health Insurance Survey, August 2001.

Chart A3

Distribution of Uninsured Kansas Children (0-18) by Family Job Status



3

Source: Calculations by Abt Associates Inc. based on Kansas Health Insurance Survey, August 2001.

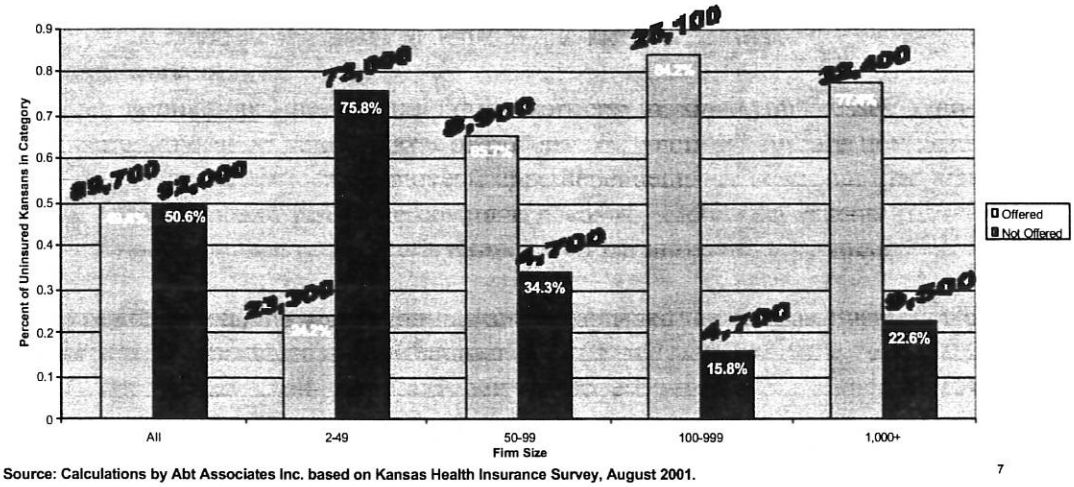
A second key policy relevant finding from the secondary analysis of the survey data was that overall uninsured Kansas adults and children with a direct link to employment only have a 50-50 chance of being offered health insurance coverage.

1-6

? Those who work for a small firm (2-49 employees) or have a parent who does have only a one in four (24.2%) chance of being offered employer-sponsored coverage

? An estimated 96,300 uninsured Kansans are linked to small businesses, but only 23,3000 are offered coverage

Chart A7
Distribution of Uninsured Working Kansas Adults (19-64) and Children (0-18) by Health Insurance Coverage Offer and Firm Size



Source: Calculations by Abt Associates Inc. based on Kansas Health Insurance Survey, August 2001.

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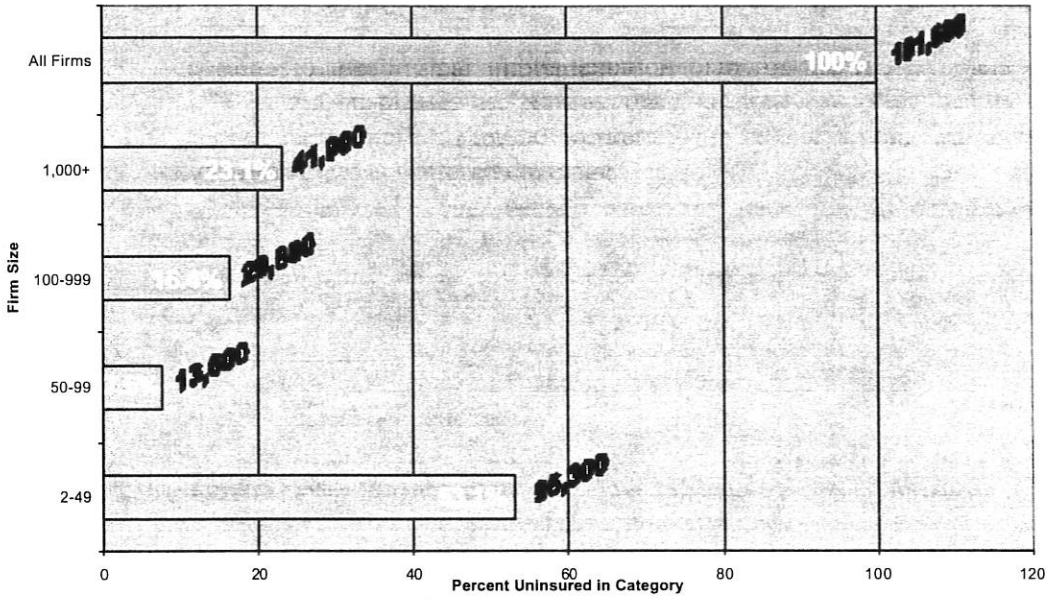
Chart A4
Distribution of Uninsured Working Kansas Adults (19-64) and Children (0-18) by Firm Size



Source: Calculations by Abt Associates Inc. based on Kansas Health Insurance Survey, August 2001.

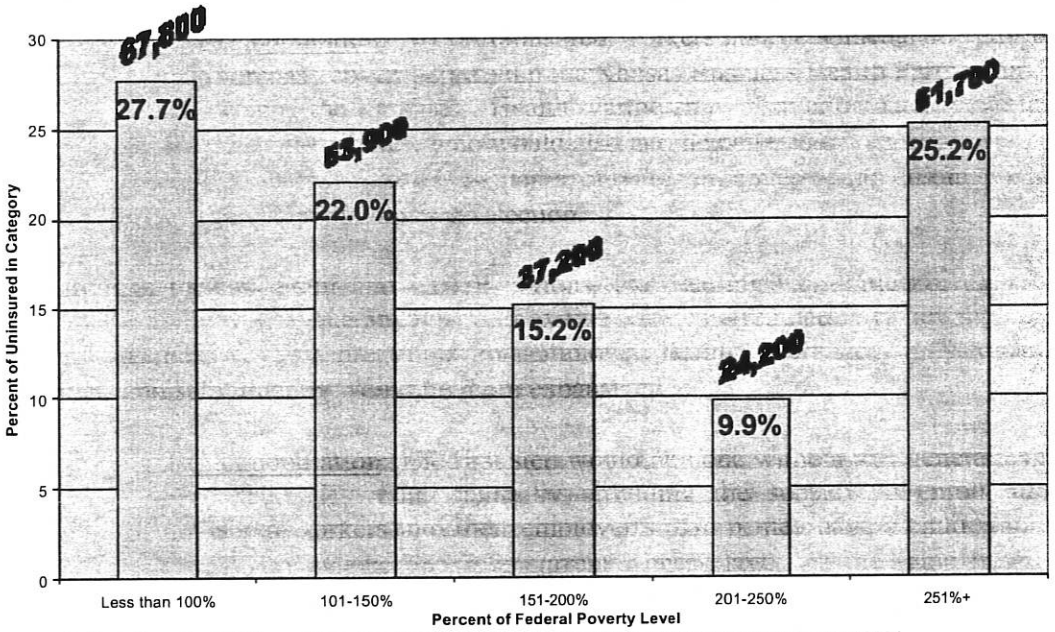
4

The data analysis also revealed that most uninsured Kansans have modest to low incomes.

1-7

- ? About two-thirds of all uninsured Kansans (158,900) reside in families with household incomes at or below 200% of the Federal Poverty Level
- ? Among all uninsured Kansas children over 70% live in families with household incomes eligible for public insurance coverage
- ? Many low-income uninsured Kansas families are the working poor
- ? In large firms low-income families have higher than average uninsurance rates

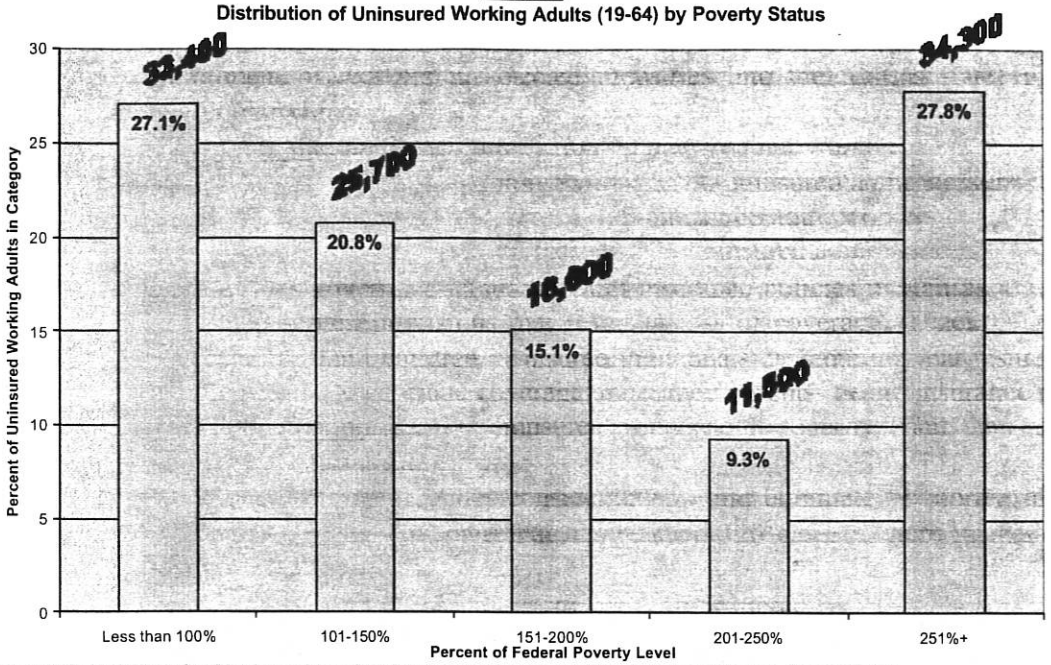
Chart B1
Distribution of All Uninsured Kansans (0-64) by Poverty Level



Source: Calculations by Abt Associates Inc. based on Kansas Health Insurance Survey, August 2001.

Chart B2

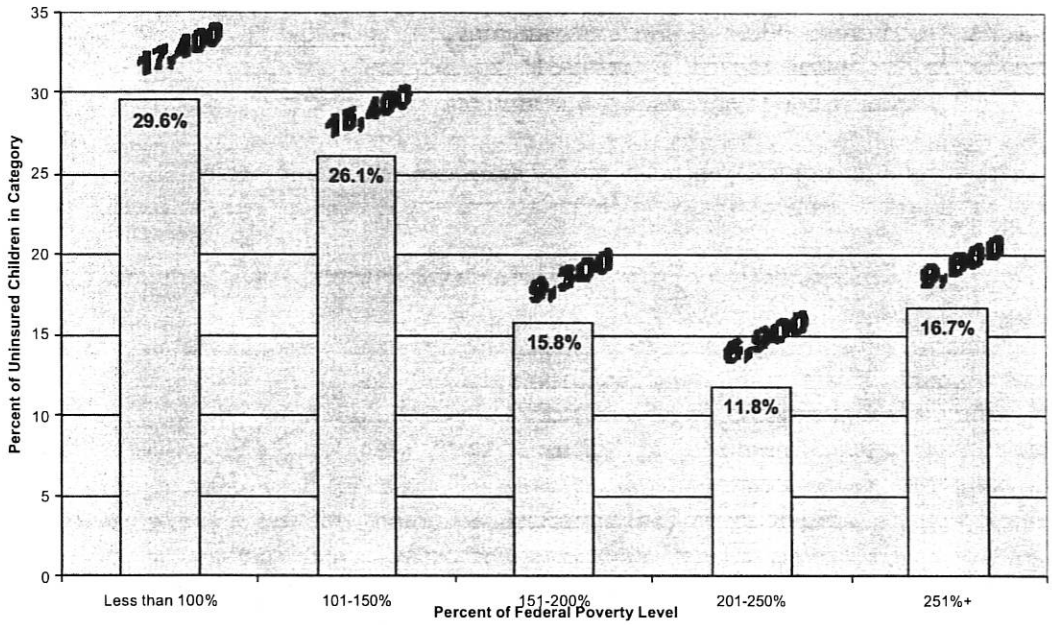
Distribution of Uninsured Working Adults (19-64) by Poverty Status



Source: Calculations by Abt Associates Inc. based on Kansas Health Insurance Survey, August 2001.

Chart B3

Distribution of Uninsured Children (0-18) by Poverty Status

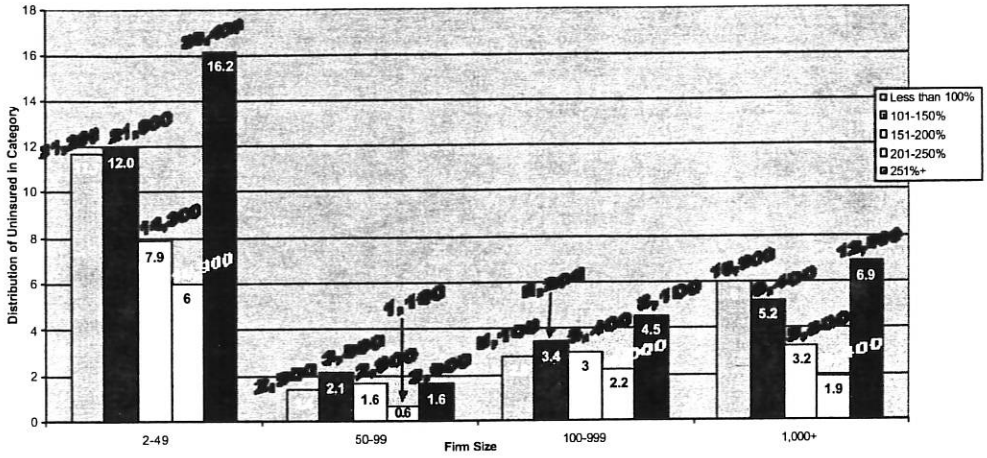


Source: Calculations by Abt Associates Inc. based on Kansas Health Insurance Survey, August 2001.

Finally the data support the fact that many low income uninsured families are affiliated with small businesses.

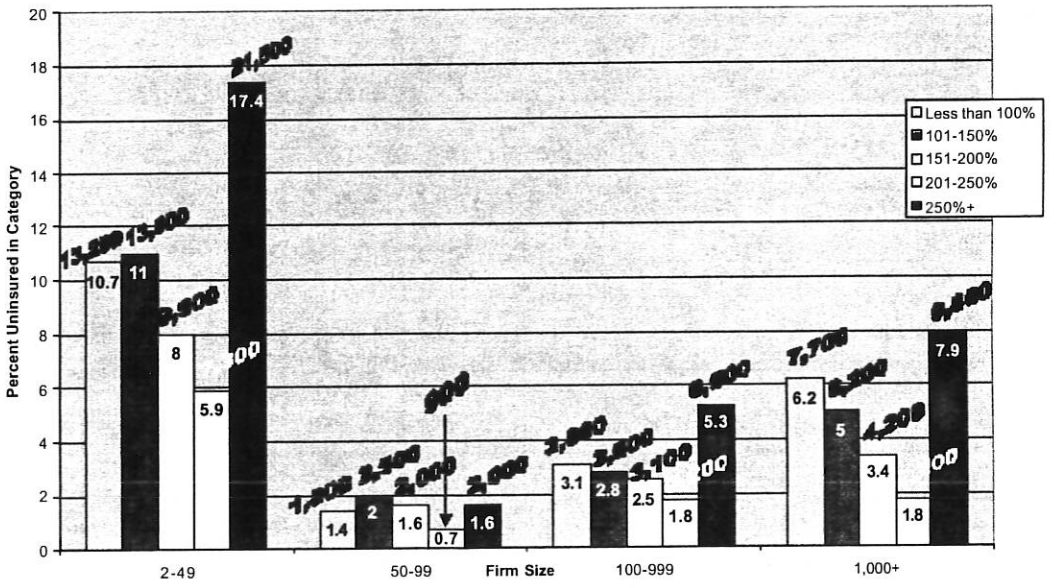
- ? Of the 77,700 uninsured low-income working adults half are employed by small firms
- ? Over half of uninsured children have parents who work for small employers

Chart B4
Distribution of Uninsured Working Kansas Adults (19-64) and Children (0-18) by Firm Size and Poverty Status



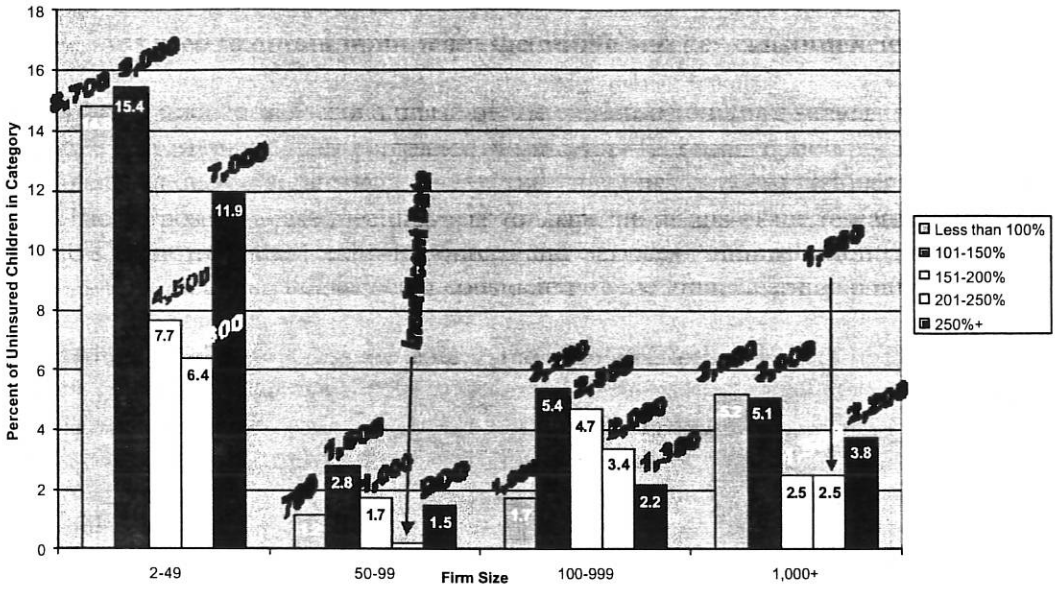
Source: Calculations by Abt Associates Inc. based on Kansas Health Insurance Survey, August 2001.

Chart B5
Distribution of Uninsured Working Kansas Adults (19-64) by Poverty Status and Firm Size



Source: Calculations by Abt Associates Inc. based on Kansas Health Insurance Survey, August 2001.

Chart B6
Distribution of Uninsured Kansas Children (0-18) with Working Adult in Household by Firm Size and Poverty Level



Source: Calculations by Abt Associates Inc. based on Kansas Health Insurance Survey, August 2001.

This information allowed the HRSA SPG Steering Committee to develop policy options targeted at specific groups of uninsured Kansans. Initially emphasis was placed on strategies for low-income workers and their dependents working for small firms, since they represent a significant number of the uninsured population in Kansas.

Section 4
Summary of Findings
Options for Expanding Coverage

Question 4.16 Expansion options currently being given strong consideration

The secondary data analysis and subsequent impact assessment has afforded the Steering Committee an opportunity to critically examine the potential utility of the various offerings on the options menu and subsequently modify those options and create new approaches to attempt to attain the grant goal of developing an array of targeted policies to collectively provide health insurance coverage for all uninsured Kansans. During the grant extension phase the preliminary ideas endorsed by the Steering Committee as potential candidates for inclusion in the strategic plan included: tax credits, subsidized employment-based coverage buy-in, reinsurance for small group market, enhanced Business Health Partnership, Medicaid and Healthwave enhancements to increase enrollments, Medicaid program expansions, facility-based health insurance coverage, state employee health plan expansions, and health insurance regulatory modifications. Over the past six months the secondary data analysis continues to support the feasibility of including many of these options but also apparent is the inability of these options to reach the ultimate goal. At this point in time the group is continuing to refine the options menu as new data related to impact and cost become available.

The first step chosen by the Steering Committee in developing the comprehensive plan was to maximize the use of current state policies that support or promote the number of Kansans who have access to health insurance through the employer-based coverage system. Under existing statute tax credits are available for small employers newly providing health insurance for their employees. Information gained through the qualitative employer focus groups indicated that many small employers were unaware of the existence of this option so the Steering Committee developed initiatives to:

- Make maximum use of the current tax credit for small businesses by publicizing it widely, coupled with expanded education about the tax credit and technical assistance to small employers who might like to meet the requirements for the credit.
- The Insurance Commissioner would work with the Budget Office to simplify the process for applying for and obtaining the credit. No new legislation would be required
- Target population: 49,000 adult workers in small businesses who are not offered health coverage; once dependents are added in, this strategy could address health insurance coverage needs of 25,800 dependents

A revamped tax credit was identified as a phase two option that would feasibly provide greater incentive not only for employers who were not offering health insurance to employees but would also be structured to reward small businesses when their low-income workers do enroll in the insurance plan they offer.

- This tax credit would be available for all small businesses that enroll 80% or more of their workers who are at 200% of poverty or less.
- The tax credit would be at the same level as the first year of the current one, up to $35/month, but would be calculated on the basis of total lives enrolled. That is, the employer would get a credit for dependents being enrolled in addition to workers. The tax credit would not decline over time, but would stay at that level for five years, if the 80% target continues to be met. In the interests of equity, this tax credit would be available to small businesses whether or not they have offered health insurance in the past, so long as they enroll at least 80% of their low-income workers.
- Target population: the 36,700 adult workers in small businesses who are uninsured and at or below 200% of poverty (of whom 27,700 are not currently offered insurance by their employer); once dependents are added in, this strategy could address health insurance coverage needs of 22,200 dependents (of whom 17,400 are not currently offered insurance by a parent/guardian's employer).

In addition to the tax credit, existing legislation has also established the Kansas Business Health Partnership (KBHP), a purchasing coalition required to offer at least two plans to all Kansas small businesses. Participating small firms and their employees will have a choice of two or more benefit plans that are standardized across all participating carriers. Administration of the program—enrollment, billing, heath plan payment, and customer service—will be centralized under the KBHP. In addition, the KBHP will assist with subsidies to be made available to low- and modest-wage small-firm workers and their families. As yet this initiative is not operational but the Steering Committee views it as a viable mechanism for expanding health insurance coverage both to the originally targeted population and additional pools of uninsured Kansans.

- According to the original implementation plan for the KBHP, there are some 33,000 small businesses in Kansas that do not now offer health coverage. Together, they employ 128,000 workers – 65,000 of whom are uninsured, of which 49,000 are not offered coverage.
- The initial goal set for the Health Partnership is to begin by enrolling 20,000 or more small-firm workers and their dependents within two years after enrollment commences, with at least half (10,000) of these enrollees low-income previously uninsured.
- Target population: the total group that could ultimately benefit from the Health Partnership is the 59,800 uninsured adults working for small employers, along with their 36,500 dependents.

The Steering Committee also considered ways of increasing the attractiveness of the KBHP option in later phases of the plan, developing an enhancement that would establish a program of State-subsidized reinsurance available to small businesses to reduce premiums and disperse experienced-based annual premium increases widely across all businesses buying into the insurance plans offered through the Kansas Business Health Partnership.

- ? The reinsurance would limit the exposure of the insurance plans by paying the costs of the most expensive individuals out of the statewide, subsidized reinsurance pool rather than the general insurance funds.
- ? It is expected that reinsurance paying for the approximately 1% of workers in small businesses with the highest costs would reduce premiums by 15%. This could be done by having the pool pay the issuing insurance carrier that part of any claim that exceeded an actuarially determined amount, selected to reach the 1%/15% targets. The reinsurance transaction does not involve any action by the policyholder, only between the primary insurer and the reinsurer.
- ? To reduce premiums, the reinsurance would be paid for out of general revenues.
- ? Target population: 10,000 uninsured workers and dependents in small businesses that purchase coverage through the Kansas Business Health Partnership. (Note: In its design, the Business Health Partnership also anticipates covering 10,000 already-insured lives, who would also get the benefits of reinsurance)
- ? Reinsurance would be available only to employers who enroll 100% of their workers to avoid adverse selection.

In addition to the tax credit and KBHP options, the Steering Committee developed a policy option that initially would take advantage of exiting Medicaid regulatory policy that allows State Medicaid agencies to pay premiums for employer health insurance for Medicaid eligible individuals and subsequently would be more expansive.

- ? Target population: The first step would be done without any general expansion of Medicaid. It would begin by providing the subsidy to enroll all currently uninsured workers into their employer's plan if they have a child who is already eligible for Medicaid under current Kansas law. At the same time, the child would be enrolled in the employer's plan, not the traditional Medicaid program. That means that the child would move from traditional Medicaid coverage if currently enrolled, or enroll directly into the employer's plan if currently Medicaid-eligible but not enrolled. Generally, this would apply to virtually all families with workers and children who have family incomes below the federal poverty level, and to many of the families with children who have family incomes up to 150% of the federal poverty level.
- ? The first target population includes 39,700 uninsured adult Kansas workers and uninsured Kansas children in households with employed adults, with family incomes at or below 100% of the FPL.
- ? The subsequent expansion target population includes 69,600 uninsured adult Kansas workers and uninsured Kansas children in households with employed adults, with family incomes at or between 101% and 200% of the FPL.

Secondary data analysis clearly indicated that a large proportion of uninsured Kansas children were living in families with household incomes within the eligibility range covered by Medicaid or HealthWave. Strategies that are designed for specific subgroups were suggested for plan inclusion to increase the take-up rates among eligible children.

- ? Target population: 40,000 uninsured children at or below 200% of poverty.

The Steering Committee also developed within the options menu expansion strategies that targeted specific subgroups of the Kansas uninsured population including:

- ? Enrollment of workers in selected industries into the Kansas state employees health plan with a
  Target population: Agriculture: 7,400 uninsured adult workers
  Public administration: 1,200 uninsured adult workers
  Social services: 3,400 uninsured adult workers
  Personal services: 10,300 uninsured adult workers
- ? Revise rules governing standard health insurance policies in Kansas to eliminate or reduce certain provisions that result in loss of coverage of lack of access to coverage for adult children of insured individuals by requiring that insurers allow children 19-24 to continue coverage under their parents' health insurance plan.
  Target population: 22,400 uninsured young adult Kansans (half the number of uninsured Kansans age 19-24).
- ? Another rules change under consideration would eliminate or shorten the initial waiting period for coverage that has reached 120 days or more in many health insurance plans.
- ? Establish on a pilot basis a health plan administered by facilities that currently serve a large population of uninsured patients. Under this strategy the state would provide funding and technical assistance to Community Health Centers, hospitals, or other facilities to establish health plans that would provide coverage for individuals who are currently uninsured or would choose to use the facilities. These would in essence be facility-based HMOs, and would provide services through their own health professionals and sufficient network providers to serve the enrolled population.
  Target population: A minimum of 2,500 to 5,000 combined Kansas who are uninsured, on Medicaid, on Medicare or private health insurance enrollees to reach a critical mass at one pilot site to make the option viable.

The final option under initial consideration by the Steering Committee was an expansion of Medicaid eligibility for adults with incomes at or below federal poverty level.

Target population: 33,400 uninsured adults 19-64 at or below 100% FPL.

The Kansas State Planning Grant project has now entered the third and final stage of data analysis. Once the Steering Committee developed the initial policy options menu with sufficient degree of detail we began consultation with Sherry Glied, an economist at Columbia University, who developed the cost estimating model used by the Commonwealth Fund to evaluate the impact of various national proposals to expand employment-based health insurance. Work has been ongoing over the last few months to determine the impact and cost of the options initially included in the options menu. Recently presented analysis indicates that of the 244,880 uninsured non-elderly Kansans the current options menu would potentially reach 145,347 uninsured Kansans, leaving 99,349 untargeted by the array of options. Characteristics of those uninsured Kansans untargeted include family incomes at or greater than 200% FPL, employed in medium or large firm, and the self-employed. Subsequently members of the Steering Committee

agreed that the current menu of options was too limited and that the final plan to the extent possible should include options targeting all Kansans without health insurance. It was recommended that an evaluation of the impact of additional options be undertaken, including a more expansive tax credit and buy-ins to Medicaid and the State Employee Health Plan. That work is currently underway.

Section 5
Summary of Findings:
Consensus Building Strategy

5.2 Methods used to obtain input from the public and key constituencies:

Phase Two: Although the second phase of the consensus building strategy is ongoing several of the primary tasks have been completed during this reporting period. The Kansas Insurance Department conducted eight public "town hall" meetings between October 1st and October 16th, 2001. The purpose of these meetings was to share the results of the research conducted through the state's grant from the Health Resources and Services Administration (HRSA) and to solicit responses to potential strategies being considered by the grant steering committee.

The meetings were held across the state in the following locations:

Garden City	Overland Park
Hays	Pittsburg
Kansas City	Topeka
Manhattan	Wichita

At the outset of the meetings Commissioner Kathleen Sebelius and Assistant Commissioner Matt All explained the project and described the research findings, providing much data that was specific to the region in which the meeting was held. Consultant Michael Bailit then facilitated the discussion with the meeting attendees and recorded all input. Region specific handouts on the health insurance status of residents in the region were distributed to all participants and can be found in Appendix II.

Six of the eight meetings attracted between 23 and 34 attendees (excluding Steering Committee members, Insurance Department staff, and University of Kansas project staff). The Overland Park meeting attracted a very small crowd, while 62 people attended the meeting in Wichita. Newspaper and television staff attended a few of the meetings, including those in Garden City, Hays, Kansas City, Pittsburg, and Wichita.

The composition of the attendees was varied. The three largest groups of attendees were employers and employer associations (23%), providers (e.g., clinics and hospitals) (19%), insurers and agents (15%), and consumers (15%). Some other observations about the attendees are listed below.

- ? At least half of the consumer attendees were retirees. They often spoke of financial problems the elderly have purchasing HMO and Medi-gap policies due to cost.
- ? Among the employers, the largest group was municipalities. The next largest groups were non-profit organizations and business associations, including chambers of commerce and others. Only six private small businesses attended the meetings. One large employer, with a Missouri plant, attended (Ford Motor Company).
- ? Over half of the insurance agents attendees were at one meeting – Wichita.
- ? Nine state representatives and senators attended one of the eight meetings.

Meeting attendee comments tended to fall into two general categories: a description of recent trends and experiences, and suggestions for the Steering Committee.

Recent Trends and Experiences

- More concern was expressed about the cost of health insurance than getting the uninsured insured. A significant number of meeting attendees spoke to problems they are currently experiencing with the cost of health insurance.
- Certain subpopulations are having a particularly hard time accessing health insurance. These include the poor elderly; early (pre-Medicare) retirees, persons with chronic health problems, and those who are Spanish-speaking.
- Some small employers experience inadequate availability of insurers due to insurers dropping small employers or insurers leaving the market altogether. Small employers also face a number of difficult insurer business terms. These include: a requirement from the insurer to enroll the entire employer group; large rate increases occur as a result of one large claim, and then the rates are never again adjusted back downward, causing an employer to need to change insurers, and pre-existing condition requirements.
- The poor face a number of challenges to accessing health care. These challenges include: a lack of available providers in the Medicaid and HealthWave programs due to the low fees paid by the programs; transportation is not available, including when someone needs specialty care from elsewhere in the state; children of illegal immigrants are unable to obtain any coverage and an illness thus places the family in jeopardy; translation services often are not available, and a lack of pharmacy coverage for the working poor is a problem.
- High deductible benefit plan designs are increasingly prevalent. Attendees indicated that many of those purchasing individual insurance can only buy a high deductible plan; insurance agents are advocating for high deductibles because they increase individual accountability and are less costly; and providers feel that high deductible benefit plan designs result in more bad debt for providers, since the deductibles don't always get paid.
- Southwestern Kansas believes that its problems are distinct, and also are acute and worsening. In addition, many felt that southwestern Kansas does not get enough attention from Topeka; the multi-cultural and immigrant characteristics presented challenges not experienced elsewhere in the state, and the Department's analysis of uninsurance rates in southwestern Kansas understated the extent of the problem.
- Kansas City is experiencing flight of doctors and hospitals out of the city to the surrounding suburbs, thus exacerbating existing access problems.

Strategies under Consideration by the Steering Committee

Meeting attendees also commented on the potential strategies being contemplated by the Steering Committee, and shared some ideas of their own. Different groups (e.g., providers, employers, agents, insurers, etc.) tended to gravitate more to some ideas than to others.

- Allow small employers to buy through a larger group. Many small businesses and business associations, including both public and private alike, gravitated towards

this idea. Some specifically referenced the Business Health Partnership, but most simply voiced general support for the concept. Municipalities and school districts further asked to be made part of the state employee pool.

? Use HealthWave and Medicaid to expand coverage to parents. This strategy was also very popular. Support was especially pronounced among providers and advocates, although others also supported the idea.

? Utilize a reinsurance pool to protect small employers from large rate increases. Employer representatives expressed some interest in this idea. It did not attract as much comment as the notion of pooling for rating purposes, however.

? Expand the employer tax credit. The tax credit idea did not attract a lot of discussion, but it did receive some favorable comment. Non-profit organizations were quick to note that they would receive no benefit through this strategy.

? Pursue the clinic-based model. Only a few meeting attendees mentioned the clinic-based strategy, and those that did expressed tentative interest. They often wanted additional information to know how it would operationally work. Those that did comment tended to be providers – hospitals and clinics.

In addition to the previous comments, the attendees also put forth some of their own ideas.

? Address cost, "the root of the problem. Many meeting attendees felt that the Steering Committee was wrong to focus on accessibility, when cost was the root problem. They urged the Steering Committee to developed strategies to contain cost growth. Many attributed the cost problem to the provider system, rather than to insurers.

? Support less rich benefit designs. Some meeting attendees, particularly the agents and insurers, felt the existing first dollar coverage was too rich and inflationary in design. They urged increased cost sharing to bring the end user "into the buying circle." Some insurance agents went further and advocated for partial self-insurance and for increased use of medical savings accounts (MSAs). Contrary to this position, it was also stated that the Steering Committee should examine the growing problem of underinsurance due to deteriorating coverage in policies.

? Offer tax credits to persons purchasing health insurance in the individual market. It was argued that individuals should be able to enjoy the same tax advantage as small businesses.

? Explain to employers who already offer insurance, or who are located in areas with low rates of uninsurance (e.g., Johnson County), how they will benefit from any increased state expenditures to make insurance more available. The chamber in Johnson County felt that employers who already offer insurance need to be educated as to the benefits to their businesses of having other businesses offer insurance.

? Expand small group reforms to employers with more than 50 employees. Small employers with more than 50 employees expressed frustration with the volatility that they experience in their rates.

? Create a community-based health plan by bringing local employers together with doctors and hospitals.

? Promote sliding scale employee contributions based upon employee income.

- ? Do a better job of disseminating educational information to employers and consumers. This strategy was raised at more than one meeting. It was felt that the state would need to do more than simply printing new materials. It was also felt that Spanish and Asian-speaking populations should be targets within any such campaign.
- ? Focus on particular subgroups with high levels of uninsurance. Taking note of the data findings, some meeting attendees suggested focused strategies directed at subgroups such as 18-25 year-olds, early retirees, recent college graduates, those offered insurance but opting not to take it, and industries with particularly high uninsurance rates.
- ? Actively recruit additional carriers to Kansas to serve the individual market.
- ? Look at the strategies being recommended and adopted by other states. Based on awareness that other states also received HRSA grants, it was suggested that the Steering Committee consider the strategies being contemplated by those other states prior to making any recommendations.
- ? Improve information dissemination regarding the HealthWave and Medicaid programs. Attendees at the Pittsburg meeting felt that aggressive outreach was responsible for the low insurance rate for children achieved in southeastern Kansas. They, and others, suggested strategies such as encouraging local boards of education to send Medicaid and HealthWave information home to parents (perhaps with the name of a PTA contact). A related suggestion was to expand the use of state eligibility workers on-site at provider facilities (e.g., clinics, hospitals).
- ? Improve Medicaid and HealthWave payment rates. It was stated many times that children with HealthWave and Medicaid do not necessarily have the access to health care that is presumed with such coverage. A number of meeting attendees recommended to improving payments rates to attract broader provider participation.
- ? Lobby for federal action. Meeting attendees suggested that the Steering Committee lobby Congress for action on a number of strategies, including: geographic variation in Medicare HMO rates (e.g., Wyandotte vs. Johnson counties); expanded use of HealthWave funds to cover parents, and regulation of drug companies to prohibit their practice of profit-taking in the U.S. market only.
- ? Collaborate with others when crafting solutions, including the various foundations across the state.
- ? Replicate the Health Access model used in Wichita.
- ? Develop a state plan to address the uninsured that is comparable to that developed by the state for highways.
- ? Collaborate with Missouri on strategies to address the needs of the uninsured living within the five-county Kansas City metropolitan area.
- ? Utilize a combination of strategies. No one approach will be sufficient.

Although Steering Committee members were frequently present at the public meetings the summary of reactions and suggestions across meetings were distributed to all members and the public input has been used as the group worked to craft the options menu.

The other primary activity included in the Phase Two consensus building strategy is provision of testimony to Kansas Legislative Committees and presentations to various stakeholder groups. The Insurance Commissioner and Assistant Commissioner as well as grant staff continue to make numerous presentations across the state to a wide variety of audiences.

Section 6
Lessons Learned and Recommendations to States

Question 6.9 How did your State's political and economic environment change during the course of your grant?

During the time from when Kansas was awarded the Fiscal Year 2000 HRSA State Planning Grant and now the state has suffered a severe economic downturn. At the beginning of the 2002 legislative session economic forecasts estimated a budget shortfall of $426 million causing the governor to offer a budget that he stated he could not accept and in his state of the state address offer tax revenue approaches to preserve critical programs. Without new sources of revenue severe cuts in all areas of government supported programs will be inevitable. Unfortunately during the course of the legislative session the economic forecasts have worsened and the early March revenue projections indicate that the state will be almost $680 million short of the amount needed to meet its current obligations. This is almost 60% more than the shortage originally predicted.

The political climate is much the same as when the State Planning Grant was initiated except for the fact that an election year is up-coming and preparations for re-election and election to new offices is well underway. The current governor is completing his second term in office, the maximum allowed under Kansas law and several candidates have announced intentions to run for that and other state-wide offices.

Question 6.10 How did your project goals change during the grant period?

The goals have remained consistent throughout the grant period but the timeframe to initiate action has changed due to the economic and political environments. At a time when discussion is focused upon the maintenance of critical programs for vulnerable citizens there is little likelihood that expensive new initiatives will be well received by policymakers. Members of the Steering Committee are firmly committed to the importance of having affordable health insurance available to all Kansans but the current climate does not afford the best forum for serious discussion of this policy issue.

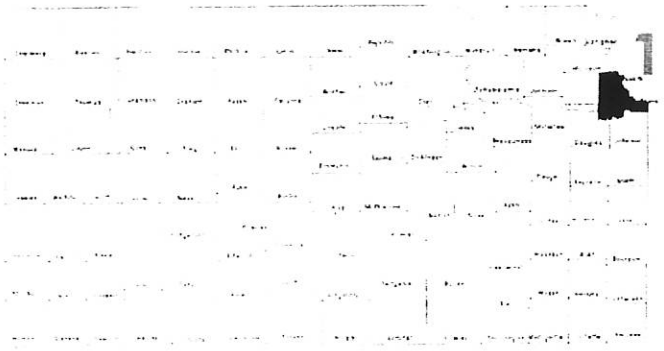
Question 6.11 What will be the next steps of this effort once the grant comes to a a close?

There is continued interest in getting the issue onto the political agenda and this endeavor will begin with the previously mentioned future dissemination conference with statewide representation of a broad array of community leaders and stakeholders to discuss the issue of the uninsured in Kansas and strategize about ways to promote action in dealing with this problem, highlighting the work and products developed through the State Planning grant.

Appendix II
Links to Research Findings and Methodology

Regional Profiles were prepared prior to the public meetings in order to present the variation in uninsured patterns that exist in the ten regions of Kansas so that residents would gain a better understanding of the issue for the state as a whole and the specific region in which they reside.

Region 1: Leavenworth and Wyandotte Counties



Region 1 includes Leavenworth and Wyandotte Counties, traditional transportation hubs for Kansas, via river barges, railroad and trucking. This predominantly urban Region has a total population of 226,573, and is located in the Metropolitan Kansas City area. The population is relatively young. The percentage of residents over age 65 is the second lowest in the State, and the percentage under 18 is the third highest. The share of White, Non-Hispanic residents is the lowest in the State, as African Americans constitute 22.9% of the population and Hispanics constitute 12.3%. The population density is 369 per square mile.

Leavenworth and Wyandotte Counties have the second highest share of residents without health insurance in Kansas: 16.4% of residents under age 65 lack coverage. This pattern holds for both adults and children: 17.4% of adults and 14.4% of children do not have insurance. The percentage of uninsured children is higher than the State average of 7.8% even though public insurance plans (Medicaid, SCHIP, or HealthWave) cover more than one of every five children in the Region.

Total employment is 125,813. The unemployment rate is 6.5%, the highest of all ten Regions in the State. Even though two out of three businesses are small, the Region has the highest share of medium-sized businesses (10-49 employees) and large businesses (50 or more employees) in the State. Farm employment is only 1.3%, well below the statewide average of 4.6%. The Region has the largest number of manufacturing firms in the State and has an above-average share (5%) of transportation and warehousing firms. Major employers (over 500 employees) located in the Region include U.S. Federal Government, University of Kansas Medical Center, General Motors Corporation, BNSF Railway and Associate Wholesale Grocers. Otherwise, the industry profile is generally comparable to the rest of the State, with retail trade, services and construction making up the majority of businesses.

Average household income in Leavenworth and Wyandotte Counties is the second lowest in the State. There are 35,159 people (15.7% of the population) in these counties below the Federal Poverty Level. The poverty rate is the highest in Kansas, overall and for those under age 18.

There are 877 physicians in Region 1, meaning that the number of physicians per thousand residents is the highest in Kansas. This is somewhat misleading, because the total includes physicians from the University of Kansas Medical Center, many of who are specialists who serve patients from across the State. The two counties have the fewest pharmacists and registered nurses per thousand residents in the State and rank near the bottom in dentists per thousand. The Kansas Department of Health and Environment has identified Leavenworth County as Critically Underserved; it has not so designated Wyandotte County.

There are 926 staffed hospital beds in Region 1, giving it 4.1 staffed beds per thousand residents. This is equal to the Kansas average.

Region 2: Johnson County

Region 2 is Johnson County, the second most populous county in Kansas, with a total population of 451,086 and a population density of 946 per square mile. The share of the population over age 65 is the lowest in the State, and the share under age 19 is near the State average. The share of the population identifying themselves as Blacks or as being of Hispanic ethnicity is below the State average.

Johnson County has the lowest proportion of residents under age 65 without health insurance in Kansas: 5.4% lack coverage. The pattern is slightly different for adults and children. No Region approached Johnson County's 5.7% rate for adults, but two Regions have smaller shares of children without insurance than Johnson County's 5.1%. Part of the reason appears to be that public insurance plans (Medicaid, SCHIP, or HealthWave) covers only about one of every 20 children in Johnson County.

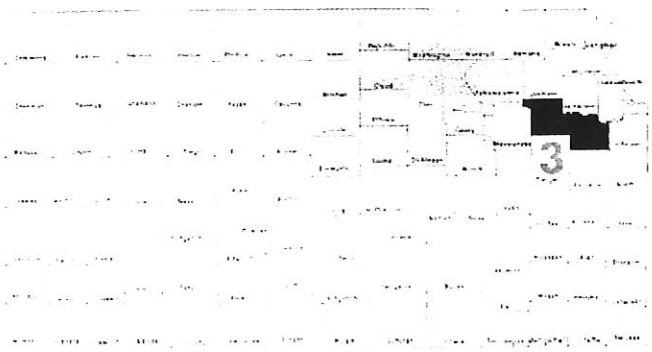
Johnson County has the largest number of businesses and employees in Kansas, with over twenty percent of the State totals for both. Total employment is 355,367. The unemployment rate is 2.5%, the lowest in the State. Although only 6.8% of the business establishments have 50 or more employees, this ties Johnson County with Leavenworth and Wyandotte Counties for the highest percentage in Kansas. Johnson County has the State's highest proportion of professional/technical services firms (13.8%) and wholesale trade firms (9.4%) and has above-average proportions of finance and insurance firms (8.8%), administrative firms (6.3%), information firms (2.8%), and management firms (1.3%). Major employers (over 500 employees) located in the Region include Sprint/United Management, United Parcel Service, AlliedSignal Avionics, Applebee's International, Yellow Corp., Pioneer Industries and Shawnee Mission-Saint Luke's Medical Center. Otherwise, the industry profile is generally comparable to the State, with retail trade, services and construction making up the majority of businesses.

This affluent urban county is located in the Metropolitan Kansas City area. Average household income in Johnson County is $104,792, the highest in the State. The share of the population below the poverty level (3.9% of the population) is the lowest in the State.

Johnson County has the highest or second highest number of physicians, registered nurses, dentists, and pharmacists per thousand residents in Kansas. Johnson County is not considered Medically Underserved.

There are 1,099 staffed hospital beds in Johnson County, giving it 2.4 beds per thousand residents. This is the smallest number of beds per thousand in Kansas, although there are a substantial number of hospital beds adjacent to this county.

Region 3: Douglas and Shawnee Counties



Region 3 includes Douglas and Shawnee Counties, with two cities that are 5,000 or greater in population (Topeka and Lawrence). This Region is generally urban, located immediately west of the Metropolitan Kansas City area, along Interstate 70. The total population is 269,833 and the population density is 268 per square mile. Demographically, these counties have the highest proportion of working age adults in the State. The proportion of children is the lowest of any Region, and the proportion of those over 65 is below the statewide average. A majority of the residents (84.1%) identify themselves as Whites; 7.3% identify themselves as Blacks; 5.8% identify themselves as being of Hispanic ethnicity.

Douglas and Shawnee Counties have a slightly lower than average share of residents under age 65 without health insurance; 9.3% lack coverage. The proportions of adults and children without coverage were both lower than the average for the state: 10.7% of adults and 6.2% of children were uninsured. Extensive enrollment in public insurance plans is a factor in the low percentage of uninsured children. Medicaid, SCHIP, or HealthWave cover nearly one of every six children in Douglas and Shawnee Counties, even though the share of children with private coverage is slightly higher than average.

Total employment is 183,794. The unemployment rate is 4.0%, which is below the average for Kansas. Most businesses are small; 71.5% have nine or fewer employees. Only 5.5% of the business establishments in the area have 50 or more employees. Even so, the proportion of medium and large businesses, which are far more likely to offer health insurance benefits, is well above the state average.

In Douglas and Shawnee Counties 83.5%of employees are offered coverage, which is above the average for Kansas. The distribution of firms contributes to this above-average rate. Only 1.0% of workers work on farms, which seldom offer health insurance benefits. The proportions of professional and technical services firms (9.7%) and education organizations (1.2%) are noticeably higher than average, and the proportion of hotel and food service (8.6%) and administrative businesses (5.2%) are slightly higher than average. Major employers (over 500 employees) located in the Region include State of Kansas, University of Kansas, U.S. Federal Government, Goodyear Tire & Rubber, Blue Cross Blue Shield of Kansas, Stormont-Vail Regional Health Center, Hallmark Cards, Jostens, and Hill's Pet Nutrition. Otherwise, the industry profile is generally comparable to the State of Kansas, with retail trade, services and construction making up the majority of businesses.

Average household income in Douglas and Shawnee is $61,797, slightly below the average for Kansas. There are 27,016 people (10.4% of the population) in these counties below the Federal Poverty Level. The poverty rates for adults and children are below the State average.

The number of physicians, registered nurses, dentists, and pharmacists per thousand residents is comparable to the statewide average. Neither county has been designated Underserved or Critically Underserved.

There are 1,386 staffed hospital beds in Region 3, giving the Region 5.1 staffed beds per thousand residents. This is above the Kansas average.

Region 4: Northeast

Region 4 includes Atchison, Brown, Doniphan, Franklin, Jackson, Jefferson, Marshall, Miami, Nemaha, Osage, Pottawatomie, and Wabaunsee Counties. The total population is 183,453. This Region ranks 8th in the proportion of adults aged 18-64, as fairly large proportions of the population are under age 18 (27.4%) or over age 64 (15.4%).

Region 4 has the second highest share of residents who identify themselves as White, Non-Hispanics. Only 1.3% of residents identify themselves as Blacks and only 1.7% identify themselves as being of Hispanic ethnicity. This Region is best described as being rural. The population density is 24 per square mile.

The Northeast Counties have the second lowest share of residents without health insurance in Kansas: 6.7% of residents under age 65 lack coverage. This pattern held for both adults and children: 8.5% of adults and 2.6% of children did not have insurance. Extensive enrollment in public insurance plans contributed to this high level of coverage for children. Medicaid, SCHIP, or HealthWave cover nearly one of seven children, even though the percentage with private coverage is slightly higher than average.

Total employment is 96,873; the unemployment rate is 4.0%. One of eight employees is engaged in farm work. This is the second highest proportion of farm workers in Kansas. Four of five businesses have nine or fewer employees, meaning that the proportion of small businesses is the second highest in the State. The Region has the highest proportion of construction firms in the State (13.6%) and has above-average proportions of transportation and warehousing firms (5.3%). None of Kansas' major employers (over 500 employees) are located in this Region. Otherwise, the industry profile is generally comparable to the rest of the State, with retail trade, services, and construction making up the majority of businesses.

This distribution of firms contributes to 79.2% of employees being offered coverage by their employer. This is slightly below average for Kansas.

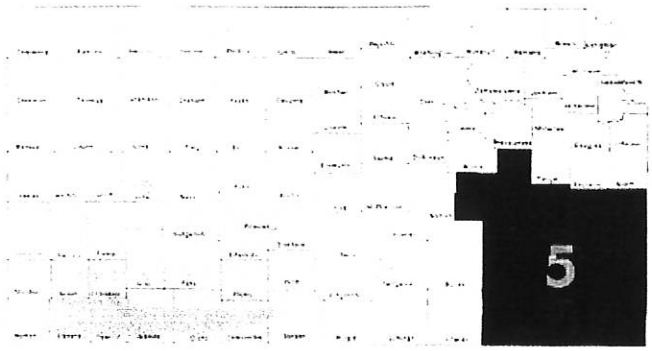
Average household income in the Northeast Region is $57,967, somewhat below the average for Kansas. There are 19,153 people in these counties below the Federal Poverty Level. For both children and adults, this falls below the average poverty rate for the State.

Relatively few health care professionals practice in this Region. The Region ranks 10th in physicians per thousand residents, 10th in dentists per thousand residents, 8th in nurses per thousand residents, and 7th in pharmacists per thousand residents. Of the Region's 12 counties, two have been designated as Underserved and five have been designated as Critically Underserved.

There are 633 staffed hospital beds in Region 4, giving the Region 3.5 staffed beds per thousand residents, below the State average.

Region 5: Southeast

Region 5, the Region of the Chautauqua Hills, Osage Cuestas, and Cherokee Lowlands, occupies nearly all of eastern Kansas south of the Kansas River. It includes Allen, Anderson, Bourbon, Chase, Chautauqua, Cherokee, Coffey, Crawford, Elk, Greenwood, Labette, Linn, Lyon, Montgomery, Neosho, Wilson, and Woodson Counties.



The total population is 261,618, and it is relatively old. Only the Northwest Region has a higher proportion of residents over age 64, and the proportion of children is below the State average. The Region is not particularly ethnically diverse either. The proportions that describe themselves as Black or being of Hispanic origin are both below the average for the State. This Region is best described as being rural. The population density is 24 per square mile.

Region 5 has a higher than average uninsurance rate: 12.8% of residents under age 65 lack coverage. This pattern held for both adults and children: 14.3% of adults and 9.8% of children did not have insurance. The percentage of uninsured children is higher than the State average of 7.8%, even though public insurance plans (Medicaid, SCHIP, or HealthWave) cover just over one of every five children in the Region.

Total employment is 155,399, with about a twelfth on farms. About three-quarters of the businesses in the Region have nine or fewer employees. The unemployment rate is 5.1%. The Region has the highest proportion of hotel or food services firms (9.0%) and health and social services organizations (10.3%) in Kansas. It also has an above-average proportion of mining firms (2.2%). Day & Zimmerman, Cessna and IBP Meat Packing are the major employers (over 500 employees) located in this Region. Otherwise, the industry profile is generally comparable to the rest of Kansas, with retail trade, services, and construction making up the majority of businesses.

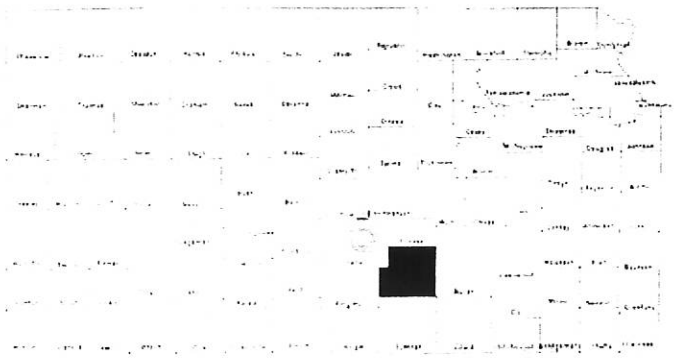
This distribution of firms contributes to 77.5% of employees being offered coverage by their employer. This is the third lowest percentage in Kansas.

Average household income in the Southeast is $50,367, the lowest of any Region in Kansas. There are 39,430 people (15.2% of the population) in these counties below the Federal Poverty Level. For both children and adults, poverty rates are the second highest in the State.

This Region's supply of health care professionals is generally below the average for the State. The Region ranks 7th in physicians per thousand residents and 8th in dentists per thousand residents. Of the Region's 17 counties, eight have been designated as Critically Underserved.

There are 1,185 staffed hospital beds in Region 5, giving it 4.5 staffed beds per thousand residents, above the Kansas average.

Region 6: Sedgwick County



Sedgwick County has a total population is 452,869 and is relatively young. The County ranks 2nd in the proportion under age 18 and 8th in the proportion over age 64. The population is relatively diverse. Above average proportions of the population describe identify themselves as Blacks or as being of Hispanic ethnicity, and the County ranks 9th in the proportion of residents who identify themselves as White, Non-Hispanic. Sedgwick County is best described as being urban. The population density is 453 per square mile. Only Johnson County has a higher density.

Sedgwick County has a higher than average share of residents with no health insurance: 11.5% of residents under age 65 lack coverage. This pattern held for both adults and children: 13.3% of adults and 8.1% of children did not have insurance. Public insurance plans (Medicaid, SCHIP, or HealthWave) cover more than one of every eight children.

Total employment is 314,648. The unemployment rate is 4.5%. Only 0.6% of workers work on farms. This is the second-lowest percentage in the State. Even though Sedgwick County has the State's second-lowest percentage of small businesses, most businesses are small; 68.8% have nine or fewer employees. Only 6.3% of the business establishments in the area have 50 or more employees. Sedgwick County also has the highest proportion of manufacturing firms in the state (17.7%). Even so, the industry profile is generally comparable to the State of Kansas, with retail trade, services, and construction making up the majority of businesses. Boeing, Cessna Aircraft, Raytheon Aircraft, Koch Industries, Bombadier Learjet, Coleman, Evcon Industries, Via Christi Regional Medical Center, and Wesley Medical Center are the major employers (over 500 employees) located in this Region.

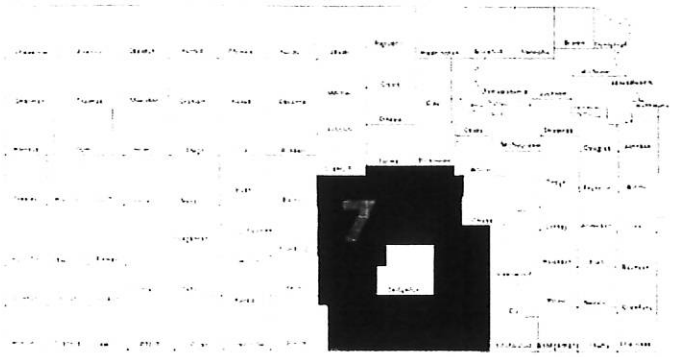
This distribution of firms contributes to 83.9%of employees being offered coverage by their employer. This is the second-highest percentage in Kansas.

Average household income in Sedgwick County is $70,248, well above average. Yet, for both children and adults, poverty rates are comparable to those for Kansas as a whole. There are 51,362 people (12.0% of the population) below the Federal Poverty Level.

Health care professionals of all types appear to be plentiful. No part of Sedgwick County has been designated as Underserved.

There are 1,887 staffed hospital beds in Region 6, giving the Region 4.2 staffed beds per thousand residents, which is slightly above the State average.

Region 7: South Central



Region 7, known as the South Central Region, is located in the Arkansas River Lowlands, Wellington-McPherson Lowlands, and southern Flint Hills of Kansas. It includes Butler, Cowley, Harper, Harvey, Kingman, Marion, McPherson, Reno, Rice, and Sumner Counties. The total population is 288,263. These counties rank near the top in the proportion over age 64; near the middle in the proportion under age 18; and near the bottom in the proportion between 18 and 64. Below average shares of the population identify themselves as Blacks or Hispanics. This Region is best described as being rural. The population density is 30 per square mile.

Region 7 has a slightly higher than average uninsurance rate: 10.9% of residents under age 65 lack coverage. The pattern is slightly different for adults and children. The proportion of adults without coverage (12.4%) is higher than average, while the proportion of children without coverage (7.7%) is slightly below average. Both private and public insurance coverage for children were above average. Medicaid, SCHIP, or HealthWave cover more than one of every six children in the Region.

Total employment is 159,416. The unemployment rate is 4.0%. Only 7.3% of workers work on farms. Most businesses are small; 76.2% have nine or fewer employees. Only 4.2% of the business establishments in the area have 50 or more employees. The industry profile is generally comparable to the State of Kansas, with retail trade, services, and construction making up the majority of businesses. The Region also has higher percentages in the sector of other services (13.5%). Hay & Forage Industries, General Electric and Dillon Companies are the major employers (over 500 employees) located in this Region.

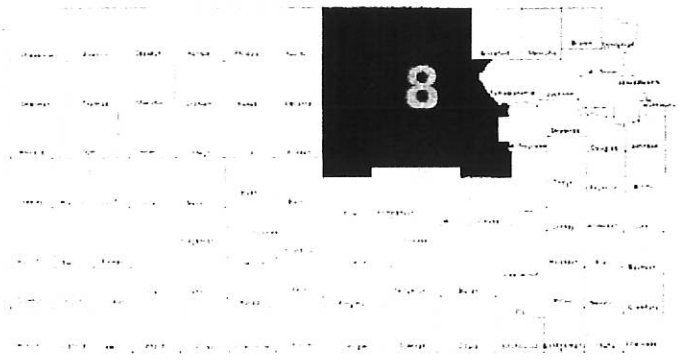
In most respects, the distribution of employment in Region 7 is typical of Kansas. Not surprisingly, 80.5% of employees are offered insurance benefits, almost exactly the statewide average.

Average household income is $61,995, slightly below the average for the State. Even so, the poverty rates for children and adults are below average for Kansas. There are 28,879 people (10.1% of the population) in these counties below the Federal Poverty Level.

Only a limited number of physicians practice in this Region, as it ranks 8th in physicians per thousand residents. Other professionals are more plentiful. Of the Region's 10 counties, three have been designated as Critically Underserved.

There are 931 staffed hospital beds in Region 7, giving the Region 3.2 staffed beds per thousand residents, which is below the average for Kansas.

Region 8: North Central



Region 8, located in the Region known as the Smoky Hills and northern Flint Hills, occupies the north-central part of the State. It includes Clay, Cloud, Dickinson, Ellsworth, Geary, Jewell, Lincoln, Mitchell, Morris, Ottawa, Republic, Riley, Saline, and Washington Counties. The total population is 228,232. The population is older than average because the Region ranks 9th in the population share of children. Compared to the State averages, a relatively high proportion of the residents identify themselves as Blacks and a relatively low proportion identify themselves as being of Hispanic ethnicity. This Region is best described as being rural. The population density is 23 per square mile.

The North Central Counties have a slightly lower than average uninsurance rate: 9.9% of residents under age 65 lack coverage. Both adults and children are less likely than average to be uninsured; 11.0% of adults and 6.9% of children did not have insurance. The sources of coverage for residents of the North Central Counties were quite atypical. Employment based coverage is the lowest in the State; individually purchased coverage is the second highest in the State; and military coverage (active duty, CHAMPUS, and VA) is the highest in the State.

Total employment is 150,446. The unemployment rate is 3.5%. Only 6.6% of workers work on farms. Most businesses are small; 74.8% have nine or fewer employees. Only 4.0% of the business establishments in the area have 50 or more employees. Proportionately, the industry profile is generally comparable to the rest of Kansas, with retail trade, services, and construction making up the majority of businesses. Schwan's Sales Enterprises, Kansas State University and U.S. Federal Government are the major employers (over 500 employees) located in this Region.

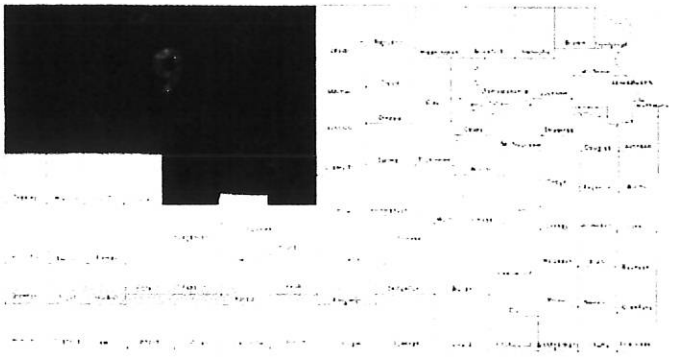
Although there are slightly fewer medium and large firms than average, the distribution of employment in Region 8 is fairly typical of Kansas. At 78.0%, the percentage of employees who are offered insurance benefits is also quite close to the statewide average of 80.6%.

At $59,077, this Region's average household income falls below the average for the State. There are 27,231 people (11.5% of the population) in these counties below the Federal Poverty Level. Poverty rates are above average for children and adults.

In Region 8 the number of physicians per thousand residents is 1.3, well below the rate for Kansas as a whole. The Region also ranks below the mean in registered nurses, dentists, and pharmacists per thousand residents. Of the Region's 14 counties, four have been designated as Underserved and five have been designated as Critically Underserved.

There are 917 staffed hospital beds in Region 8, giving the Region 4.0 staffed beds per thousand residents, slightly below the State average.

Region 9: Northwest



Region 9 is located in the northern tier of the High Plains of Kansas, which cover most of the western one-third of the State. This Region is characterized by vast flatlands and gently rolling hills. It includes Barton, Cheyenne, Decatur, Ellis, Gove, Graham, Logan, Morton, Ness, Norton, Osborne, Phillips, Rawlins, Rooks, Rush, Russell, Sheridan, Sherman, Smith, Thomas, Trego, and Wallace Counties. The total population is 138,198. The population is relatively old. The Region has the State's highest proportion of adults over age 64 and one of the lowest proportions of children.

The Region has limited ethnic and racial diversity. It has the State's highest proportion of residents who identify themselves as White Non-Hispanics and the lowest proportion who identify themselves as Blacks. This Region is best described as being frontier. The population density is 7 per square mile.

Region 9 has a lower than average uninsurance rate: 9.4% of residents under age 65 lack coverage. This figure combines below-average uninsurance rates for adults and the State's second-lowest uninsurance rates for children; 11.3% of adults and 4.8% of children did not have insurance. Both public and individually purchased insurance plans were important in covering children in the Northwest Counties. Medicaid, SCHIP, or HealthWave cover nearly one of every six children; individually purchased insurance covers nearly one of every five children.

Total employment is 98,789. The unemployment rate is 2.6%. Although only 13.2% of workers work on farms, this represents the highest percentage in the State. Most businesses are small; 81.7% have nine or fewer employees. Only 2.5% of the business establishments in the area have 50 or more employees. The Region has the State's lowest proportion of large firms. No employers with over 500 employees are located in this Region. This Region also has the largest number of mining firms in the state. Otherwise, the industry profile is generally comparable to the State of Kansas, with retail trade, services, and construction making up the majority of businesses.

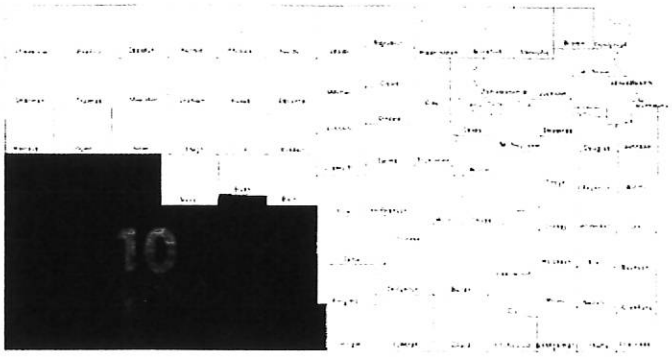
This weighting toward small firms, toward agriculture, and toward mining helps explain why Region 9 has the State's lowest percentage of employees who are offered insurance benefits, 68.1%. This is largely offset by the State's highest percentage of individually purchased insurance.

Average household income in the Northwest Region is $57,299, well below the State average. There are 16,574 people (11.8% of the population) in these counties below the Federal Poverty Level, and the poverty rates for children and adults are higher than the State average.
There are 249 physicians in Region 9, meaning that the number of physicians per thousand residents is comparable to the rate for Kansas as a whole. The number of other health care professionals is also quite comparable to the number per thousand for the rest of the State. Of the

Region's 22 counties, four have been designated as Underserved and 10 have been designated as Critically Underserved.

There are 946 staffed hospital beds in Region 9, giving the Region 6.8 staffed beds per thousand residents, which is well above the State average.

Region 10: Southwest



Region 10 is located in the southern tier of the High Plains of Kansas, an area that covers most of the western third of the State. This area is characterized by its vast flatlands and gently rolling hills. Region 10 includes Barber, Clark, Comanche, Edwards, Finney, Ford, Grant, Gray, Greeley, Hamilton, Haskell, Hodgeman, Kearny, Kiowa, Lane, Meade, Pawnee, Pratt, Scott, Seward, Stafford, Stanton, Stevens, and Wichita Counties. The total population is 188,293, and the population is younger than average. Region 10 has the State's highest proportion of children.

This Region has become increasingly diverse. Although few residents identify themselves as Blacks, 26.9% identify themselves as being of Hispanic ethnicity, the highest proportion in Kansas. The population density, best described as being Frontier, is 9 per square mile.

Region 10 has the State's highest percentage of residents under age 65 with no health insurance: 16.8% lack coverage. This outcome combined the State's highest uninsurance rate for adults (19.6%) with the State's second-highest uninsurance rate for children (11.9%). The percentage of children without coverage might also have been the highest in Kansas if public insurance plans (Medicaid, SCHIP, or HealthWave) did not cover nearly one of every four children in the Southwest.

Total employment is 121,748. The unemployment rate is 2.6%. Although only 12.7% of workers work on farms, this is the third highest percentage in the State. Most businesses are small; 79.6% have nine or fewer employees. Only 2.8% of the business establishments in the area have 50 or more employees. This Region has the largest number of agricultural support firms and utility firms in the state, but these represent a small proportion of the businesses in the Region. Excel Corporation, Farmland National Beef Packing, IBP Meat Packing, National Beef, and Conagra are the major employers (over 500 employees) located in this Region. Even though the Region has the State's highest proportion of agricultural support firms, the State's highest proportion of transportation and warehousing firms, and a low proportion of technical and professional services firms, the industry profile is generally comparable to the rest of Kansas, with retail trade, services, and construction making up the majority of businesses. Still, this weighting toward small firms and agriculture helps explain why Region 10 has the State's second-lowest percentage of employees who are offered insurance benefits, 72.5%.
Average household income in Region 10 is $65,349, which is slightly above the average for the State. There are 20,701 people (11.7% of the population) below the Federal Poverty Level. Although the overall poverty rate is quite similar to the State average, the poverty rate for children is somewhat below average.

There are 182 physicians in Region 10, meaning that the number of physicians per thousand residents is well below the rate of 2.07 for Kansas as a whole. The Region ranks 9th in dentists, registered nurses, and pharmacists per thousand residents. Of the Region's 24 counties, two have been designated as Underserved and 11 have been designated as Critically Underserved.

There are 1,055 staffed hospital beds in Region 10, giving the Region 5.6 staffed beds per thousand residents, well above the State average.

Testimony Joint Session
House Health & Human Services Committee and
Senate Public Health Committee

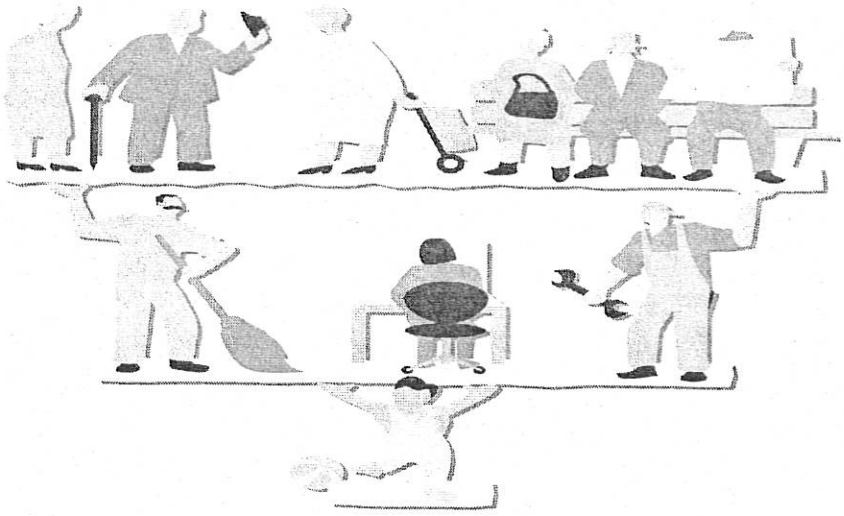
February 10, 2003

KANSAS STATE PLANNING GRANT
FINDING AND FILLING THE GAPS

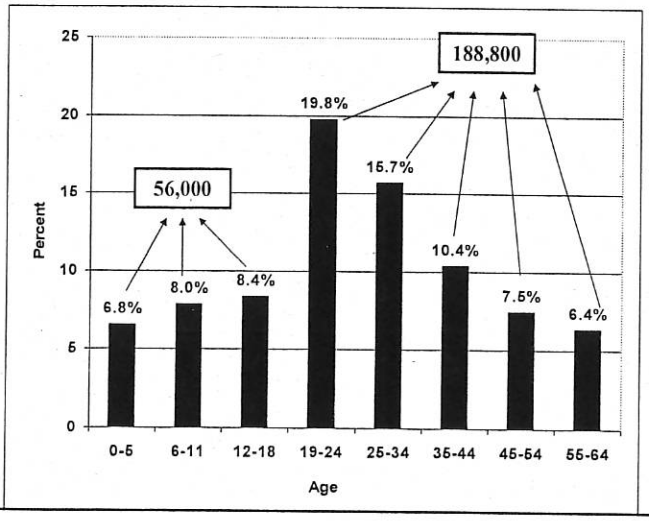
Barbara Langner

Senate Public Health & Welfare Committee
Date: February 10, 2003
Attachment 2-9

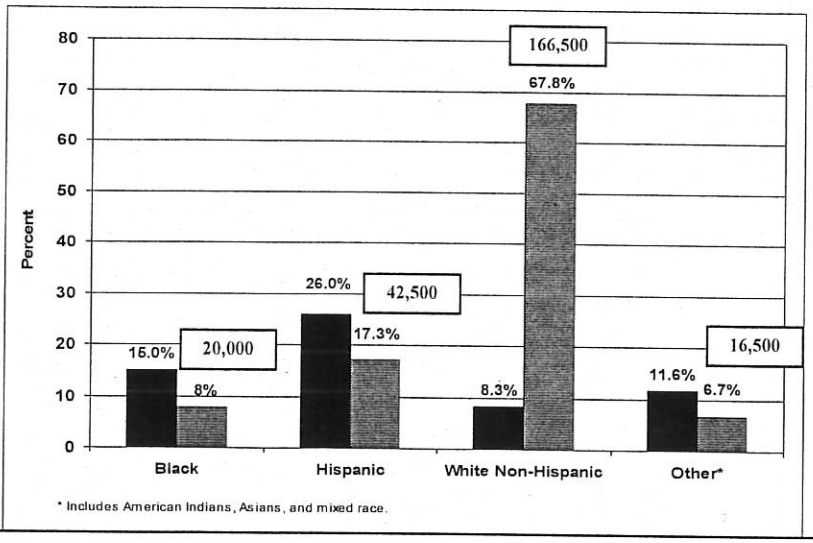
THE UNINSURED POPULATION



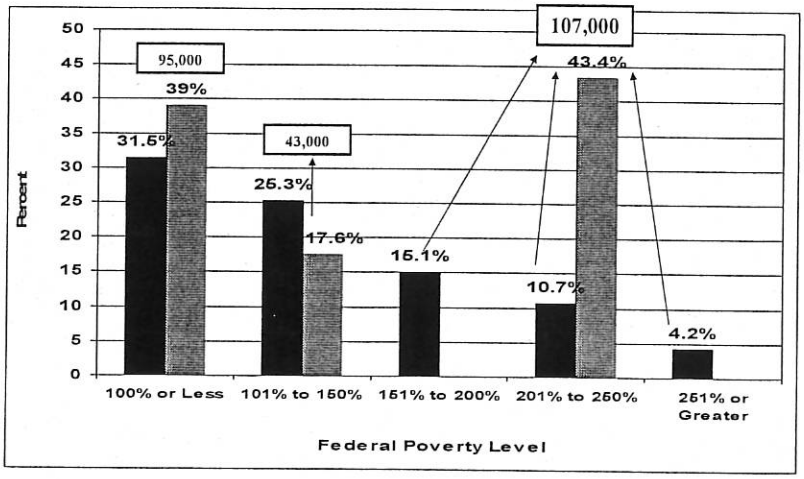
Uninsured Kansans under Age 65 by Specific Age Category



Uninsured Kansans under Age 65 by Race and Ethnicity, Distribution and Population Size

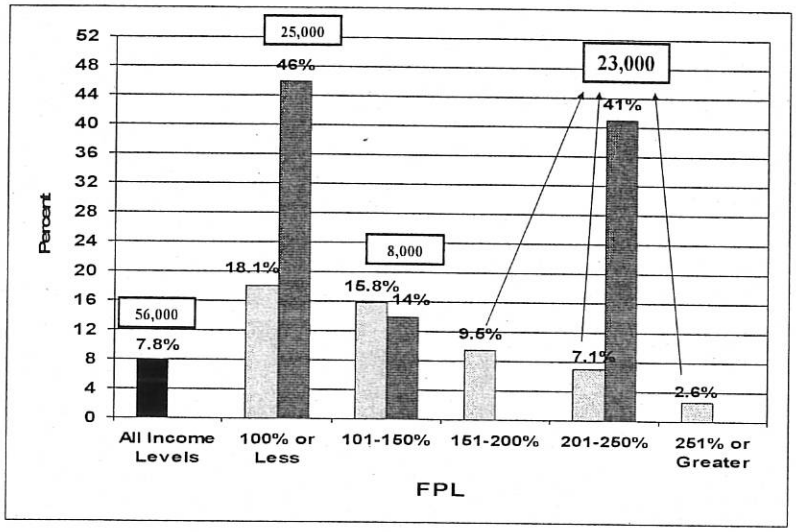


Uninsured Kansans under Age 65 by Income as a Percent of FPL, and Distribution of Uninsured

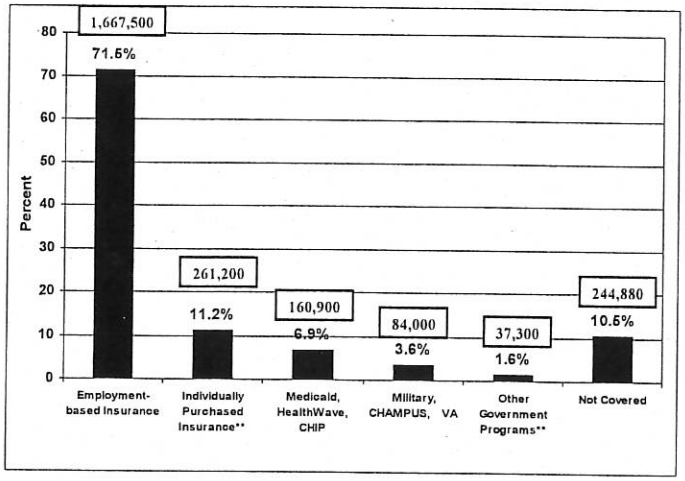


2-3

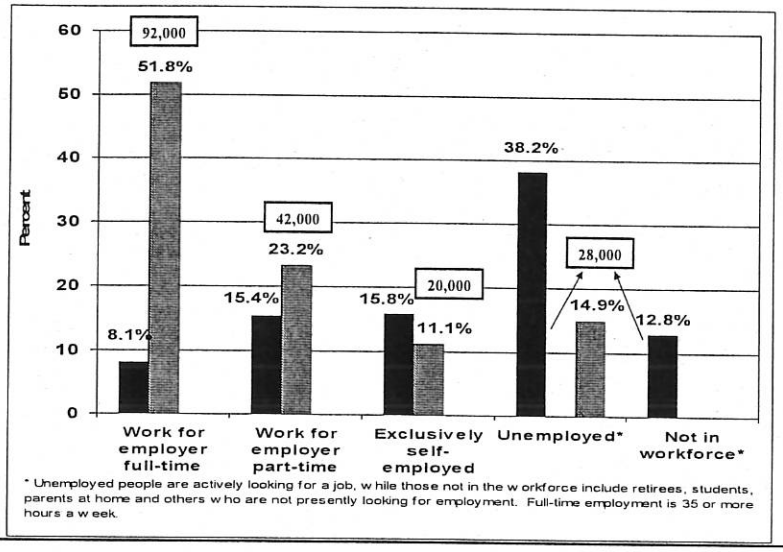
Uninsured Kansas Children 65 by Income as a Percent of FPL, and Distribution of Uninsured



Kansans under Age 65 by Source of Health Insurance, with Population Size

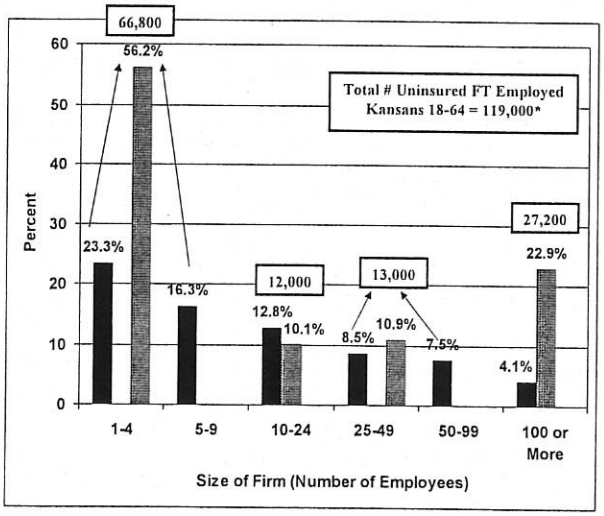


Uninsured Kansans Age 18-64 by Employment Status and Distribution of Uninsured

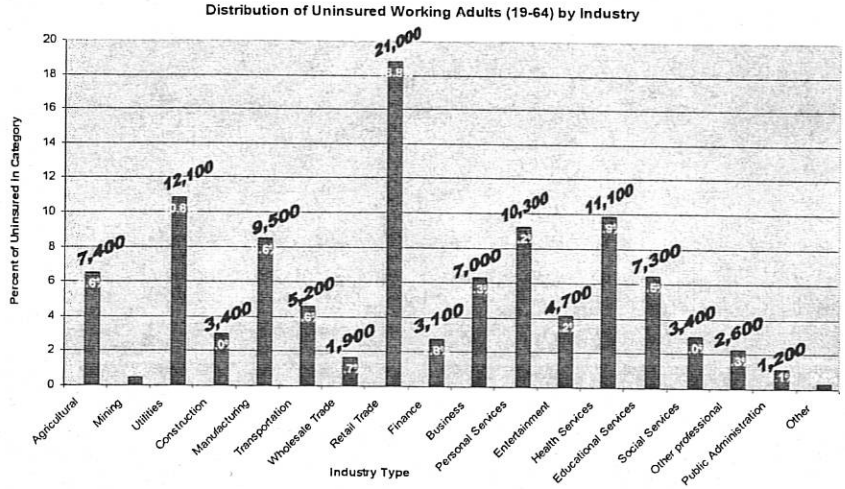


* Unemployed people are actively looking for a job, while those not in the workforce include retirees, students, parents at home and others who are not presently looking for employment. Full-time employment is 35 or more hours a week.

Uninsured Full-Time Employed Kansans Age 18-64 by Size of Firm

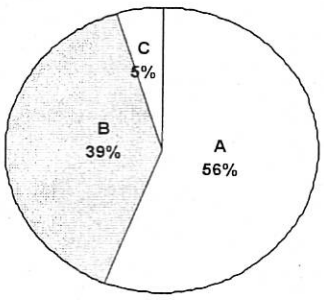


Uninsured Working Adults by Industry Type



Source: Calculations by Abt Associates Inc. based on Kansas Health Insurance Survey, August 2001.

Most Uninsured Kansans have a Linkage to the Workforce



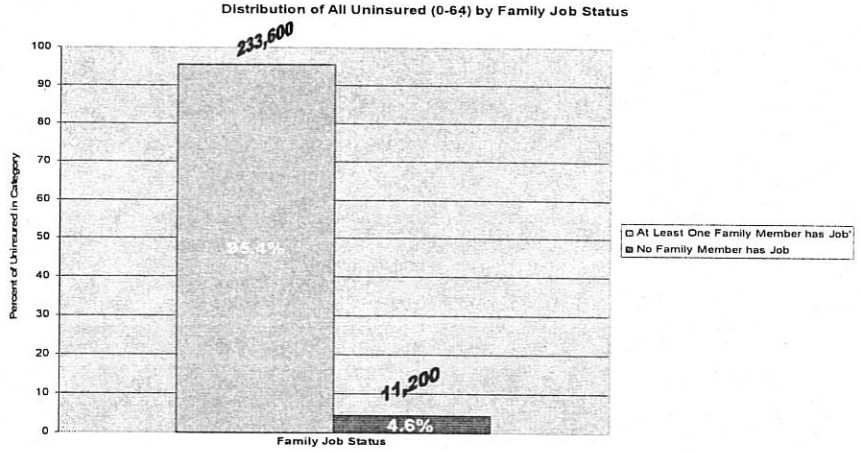
A: Uninsured Working Families with No Access to Employer-Sponsored Health Insurance

B: Uninsured in Working Families with a Worker who is Offered Health Coverage, But Declines

C: Uninsured Families With no Link to Employer Coverage

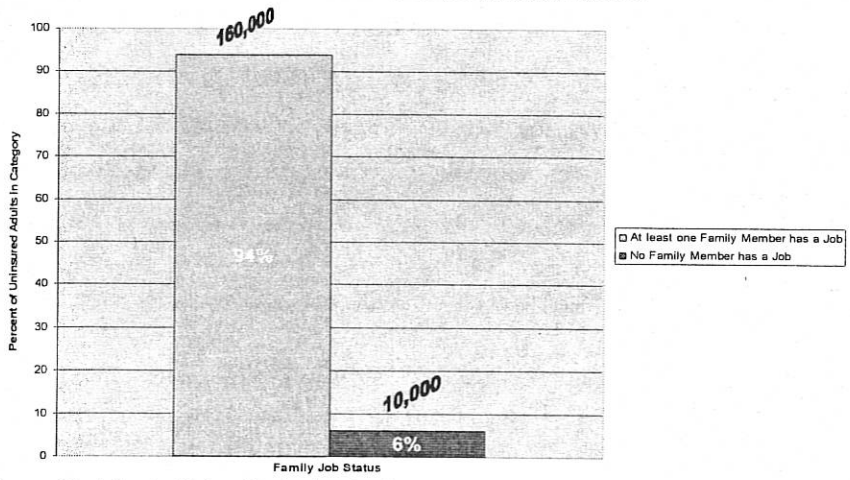
2-6

UNINSURED with TIES to the WORKFORCE



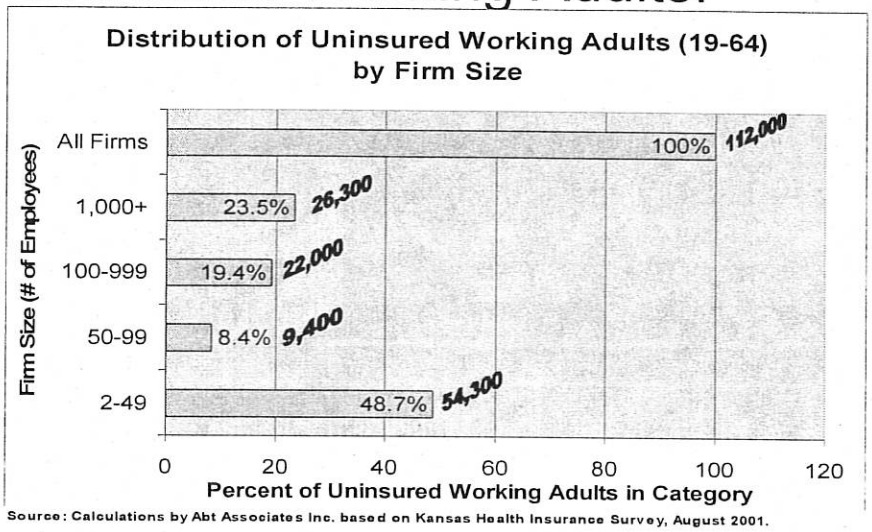
Source: Calculations by Abt Associates Inc. based on Kansas Health Insurance Survey, August 2001.

UNINSURED ADULTS with TIES to the WORKFORCE



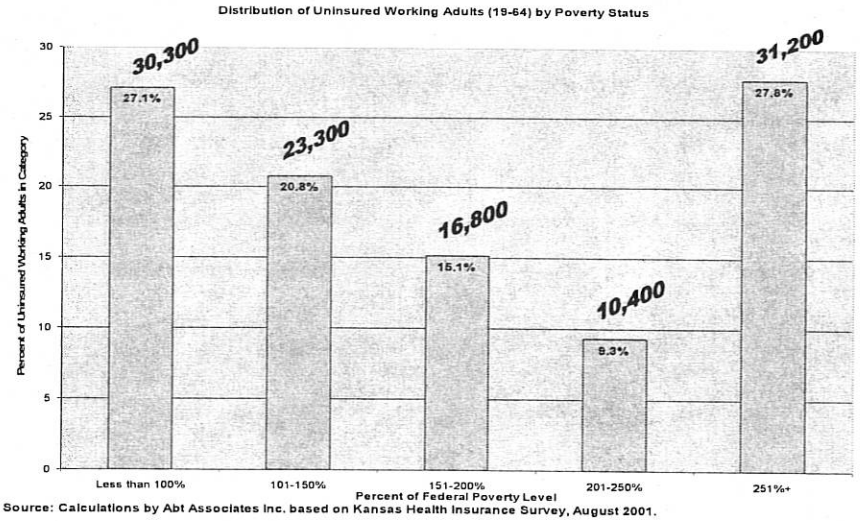
Source: Calculations by Abt Associates Inc. based on Kansas Health Insurance Survey, August 2001.

Uninsured Working Adults:



Source: Calculations by Abt Associates Inc. based on Kansas Health Insurance Survey, August 2001.

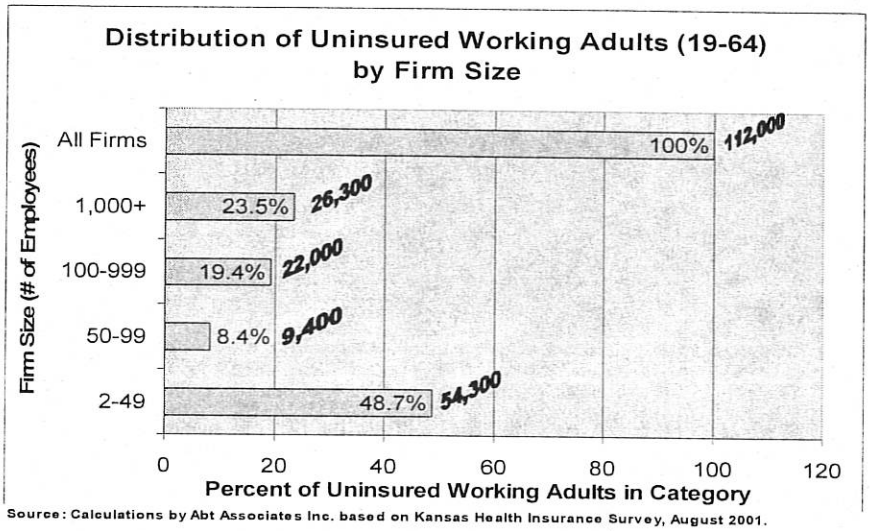
Uninsured Working Adults by Income Level



Source: Calculations by Abt Associates Inc. based on Kansas Health Insurance Survey, August 2001.

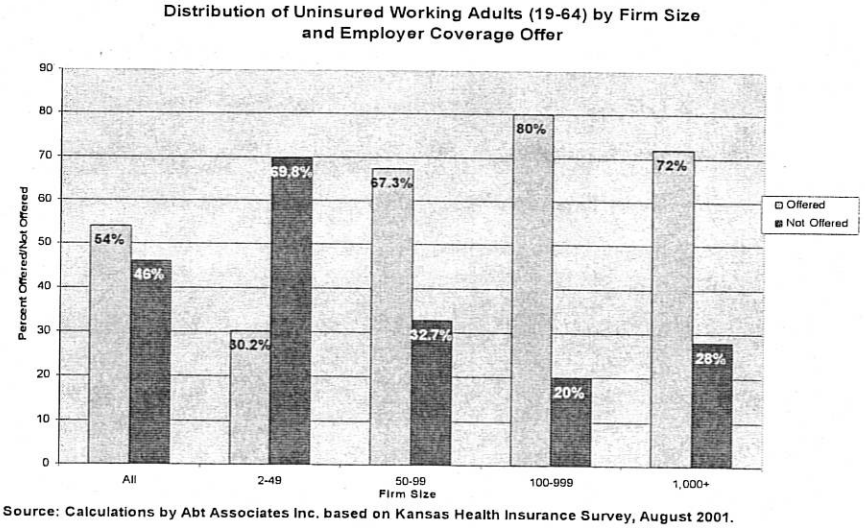
2-8

Uninsured Working Adults by Firm



Source: Calculations by Abt Associates Inc. based on Kansas Health Insurance Survey, August 2001.

Uninsured Working Adults: Employer-Based Health Insurance Coverage Offers



Source: Calculations by Abt Associates Inc. based on Kansas Health Insurance Survey, August 2001.

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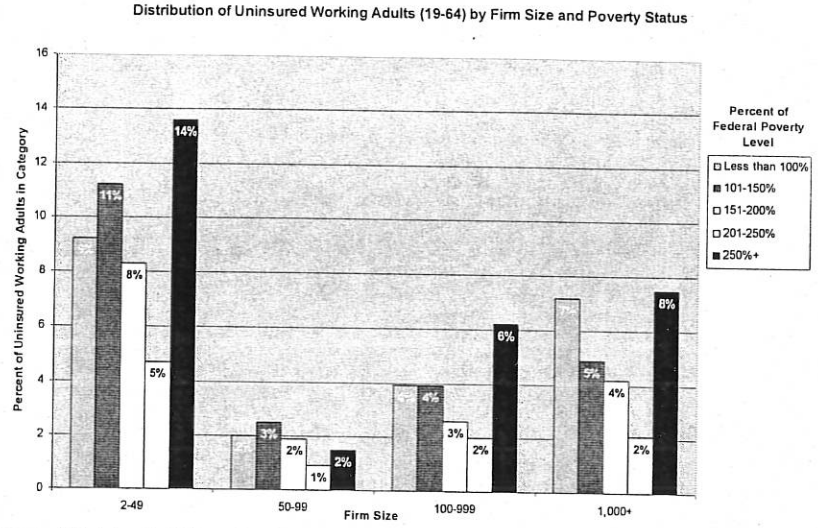
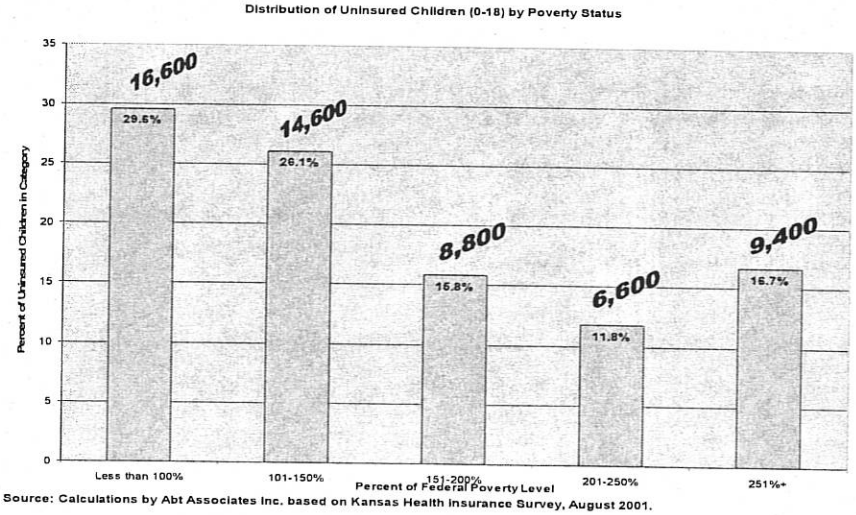
Uninsured Working Adults by Firm Size



Source: Calculations by Abt Associates Inc. based on Kansas Health Insurance Survey, August 2001.

Uninsured Children by Income Level

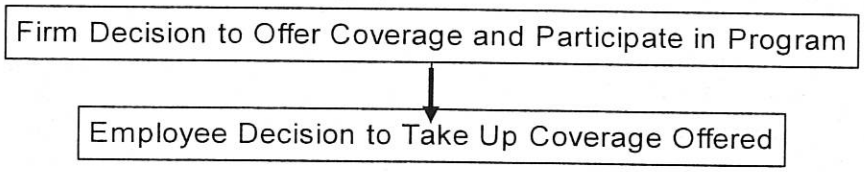


Source: Calculations by Abt Associates Inc. based on Kansas Health Insurance Survey, August 2001.

Insurance Decision Model

- Based on individual choice
- Each Kansan faces an initial price (e.g. non-group premium for uninsured people without an offer of employer-sponsored coverage)
- Insurance expansion options give targeted Kansans a new coverage option with a new price

Costing Model -- Employment-Based Expansion



2-11

Initial Health Insurance Options Menu—Private Sector

- Kansas Small Employer Health Insurance Tax Credit—Phases I and II
- Kansas Business Health Partnership---Phase I: Implementation Current Statute

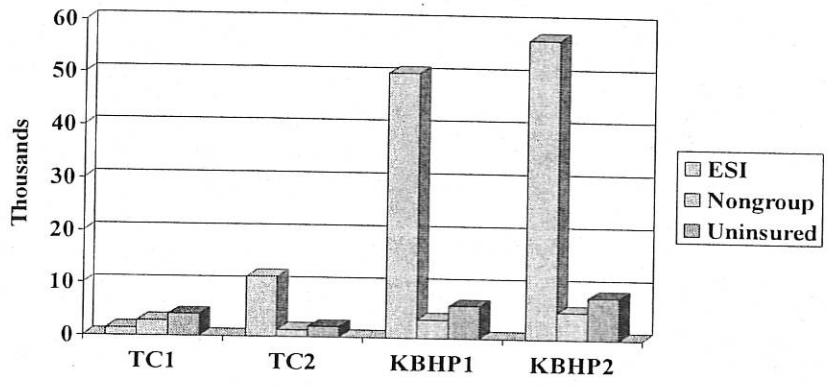
  Phase II: State-subsidized Reinsurance
- Subsidize Purchase of Employer-based Coverage for Public Program Eligibles
- Include 19-24 aged Children as Family Plan Eligibles

Initial Health Insurance Options Menu: Public Sector

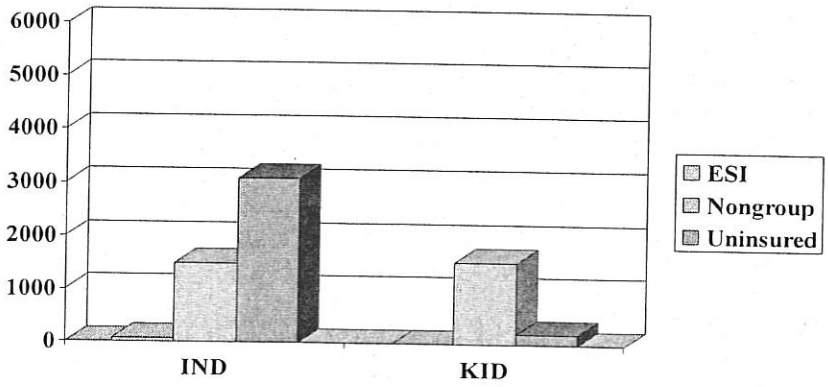
- Maximize Enrollment of Public Program Eligibles
- Expand Eligibility in Public Programs to all Kansans with Family Incomes Below the Federal Poverty Level
- Expand State Employee Health Plan Eligibility to Employees of Select Industry Types

2-12

Take-Up of Employer-based Options by Current Insurance Status

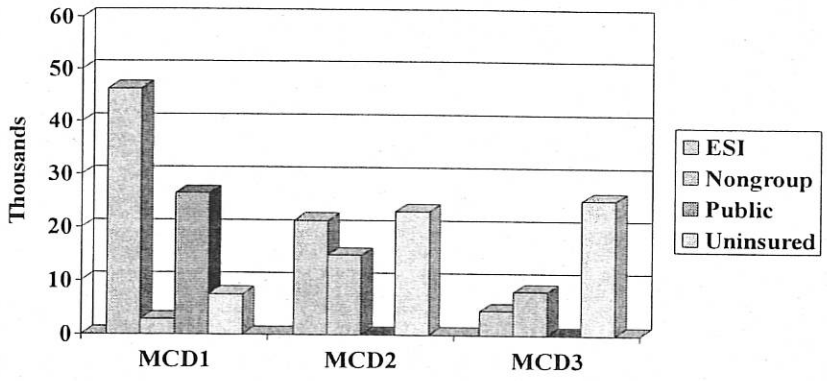


Take-up of Other Options by Current Insurance Status

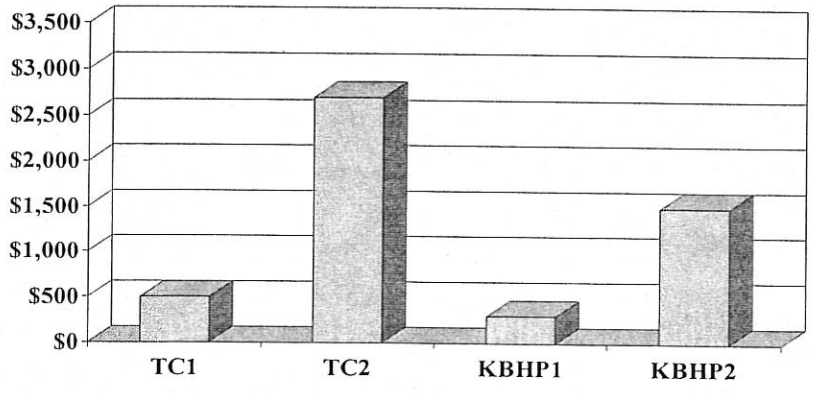


2-13

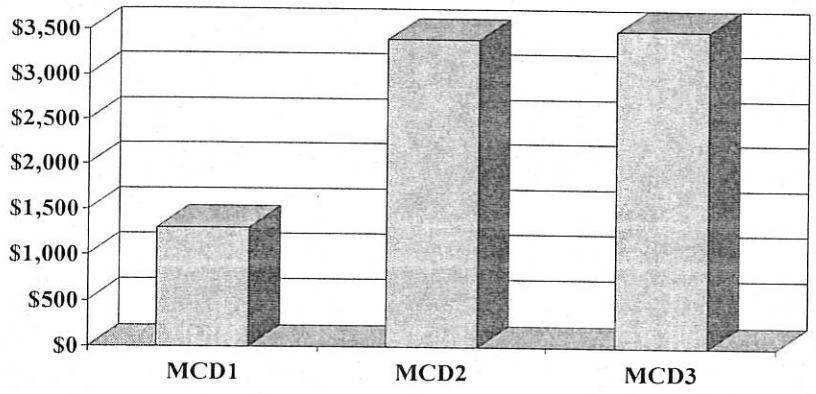
Take-up of Medicaid Options by Current Insurance Status



Cost Per Newly Insured Person – Employer-based Options



Cost Per Newly Insured – Medicaid Options



Cost/Coverage Tradeoff