

MINUTES OF THE SENATE HEALTH CARE STRATEGIES COMMITTEE

The meeting was called to order by Chairman Susan Wagle at 1:30 P.M. on January 27, 2005 in Room 231-N of the Capitol.

Committee members absent:

Committee staff present: Ms. Emalene Correll, Kansas Legislative Research Department  
Ms. Terri Weber, Kansas Legislative Research Department  
Mr. Jim Wilson, Revisor of Statutes Office  
Ms. Margaret Cianciarulo, Committee Secretary

Conferees appearing before the committee: Ms. Barbara Langner, R.N., Ph.D., Project Director,  
State Planning Grant

**Presentation on Uninsured Kansans:**

Upon calling the meeting to order, Chairperson Wagle announced there would be a presentation from Ms. Barbara Langner, Project Director, from the State Planning Grant, who gave a demographic profile of uninsured Kansans. A copy of her power point presentation and a handout entitled "Small Business Health Insurance survey Findings are (Attachment 1) attached hereto and incorporated into the Minutes as referenced. She also provided two booklets, "VOICES OF THE UNINSURED: Kansans Tell Their Stories and Offer Solutions," and "FINDING AND FILLING the GAPS: Developing a Strategic Plan to Cover All Kansans." Both have been filed in Chairperson Wagle's office. Highlights of Ms. Langner's presentation included: a history of the HRSA Stage Planning Grants, its purpose and objectives, the survey, its process & a breakdown of the survey (ex. Employee based insured & uninsured, uninsured by region & by age, race & ethnicity, the uninsured full & part time employees, the health status, information on respondents who delayed or are not obtaining insurance by income level & size of firm.)

Ms. Langner then stood for questions and comments which came from Senators Wagle, Barnett and Journey and Ms. Correll including: do we have an information deficit that these people do not know they are eligible, did you find a group who voluntarily chose not to have it, is the report stating that there is not a lot of support for subsidies from the small businesses but did want tax credits, does not look like a lot of support for the expansion of Medicaid but strong support of HSAs, is this the 2004 supplemental grant information, and how many did you survey?

As there were no further questions or discussions, Chairperson Wagle thanked Ms. Langner for her presentation.

**Adjournment**

As there was no further business, the meeting was adjourned. The time was 2:30 p.m.

The next meeting is scheduled for February 2, 2005.

GUEST LIST

DATE: January 27, 2005

38 in  
attch

NAME	REPRESENTING
<del>Sister Therese Banzett</del>	Ks. Cath. Conference
Paul Johnson	PACK
JARED HOLBOYD	SRS / Medicaid
Ira Stamm	self
Dian Murray	Federico Consulting
Janet Forbes	KID
Mike Reecht	Geckes Braden
Lucas Bell	Kearney and Associates
Chris Fields	Sen. Brungardt
Cindy Lash	Post Audit
Garnie Ann Power	KATHP
Robert Day	Gov. office of Health Planning
Jennifer Schumard	KACIL
Jesie Torres	SILCK



# Uninsured Kansans: A Demographic Profile

Testimony to the Senate  
Health Care Strategies Committee  
by Barb Langner  
January 27, 2005

*Senate Health Care Strategies Committee  
Date: January 27, 2005  
Attachment 1*



# Research Grants Support

- 2000 State Planning Grant awarded to the Kansas Insurance Department
- 2003 State Planning Grant Supplement to KID
- 2004 Commonwealth Fund/Sunflower Foundation/United Methodist Health Ministries Fund to KUMC
- 2004 State Planning Grant Pilot Project to KID



# HRSA State Planning Grants

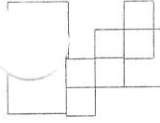
- Program funded over five years 46 states, 4 territories, and the District of Columbia
- In 2004 8 states and 1 territory were awarded Pilot grant funds—CT, DE, GA, IL, IN, KS, OK, WV, and the Virgin Islands



---

## Round One: Eleven States Awarded One Year Grants Totaling \$13.6 million

- Conduct Studies to Better Identify the Characteristics of Uninsured Citizens in the State
- Use that Data to Determine the Most Effective Methods to Provide Them with High-quality, Affordable Health Insurance



# PROJECT OBJECTIVES

5-1

- Identify policy-significant characteristics of uninsured Kansans
- Use this information to develop alternative strategies for access to affordable health coverage
- Assess which of these strategies are most likely to be effective among which subpopulations of the uninsured
- Estimate likely enrollment and public costs under alternative strategies



---

---

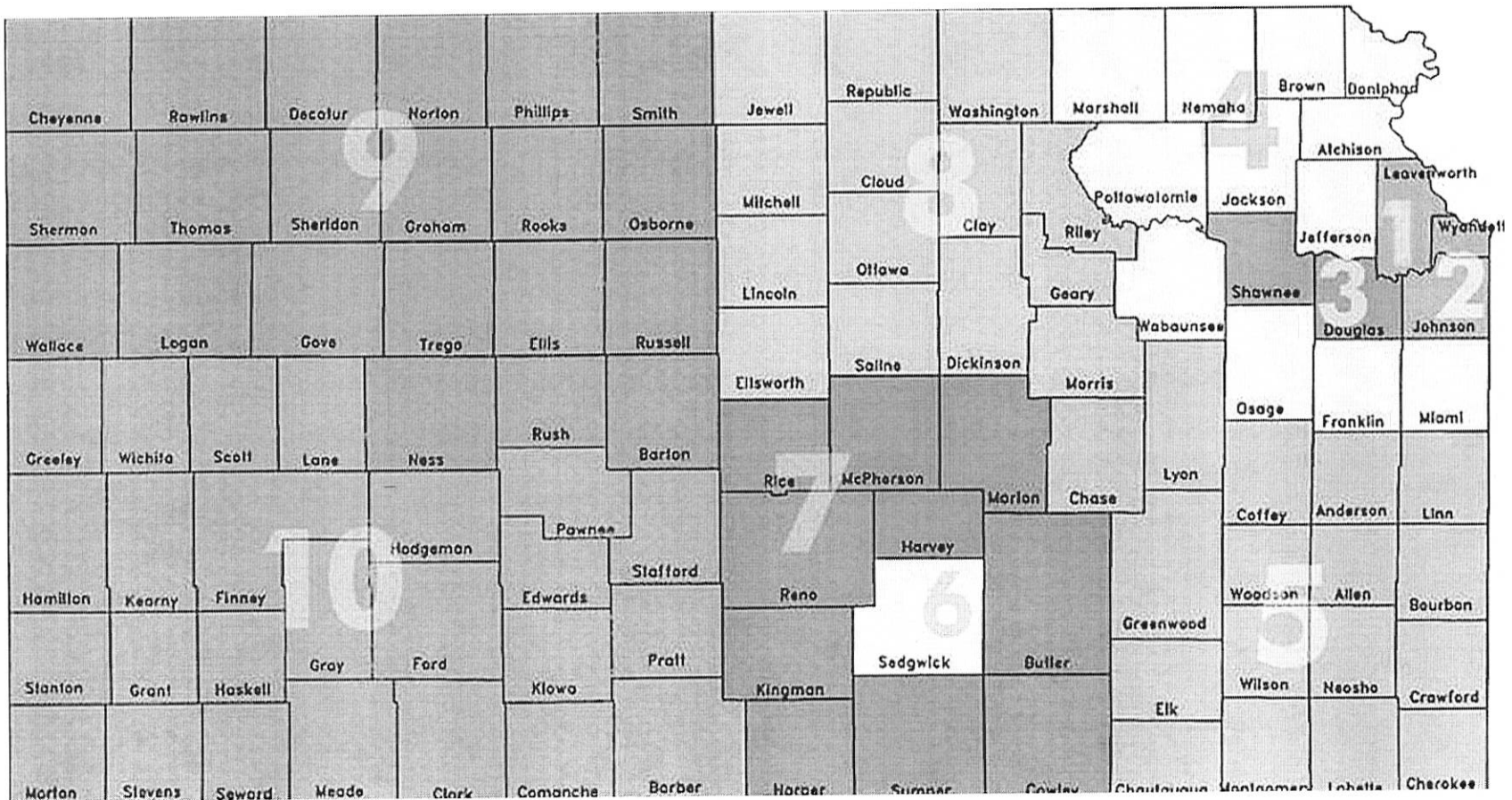
# Sample Design

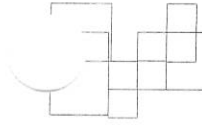
- Target: 8,000 interviews
- State divided into 10 regions
- Oversampled for Blacks, Hispanics, low-income households
- $\pm .6$  percentage points at the 95% confidence interval for statewide estimates



# SPG Regions in Kansas

17



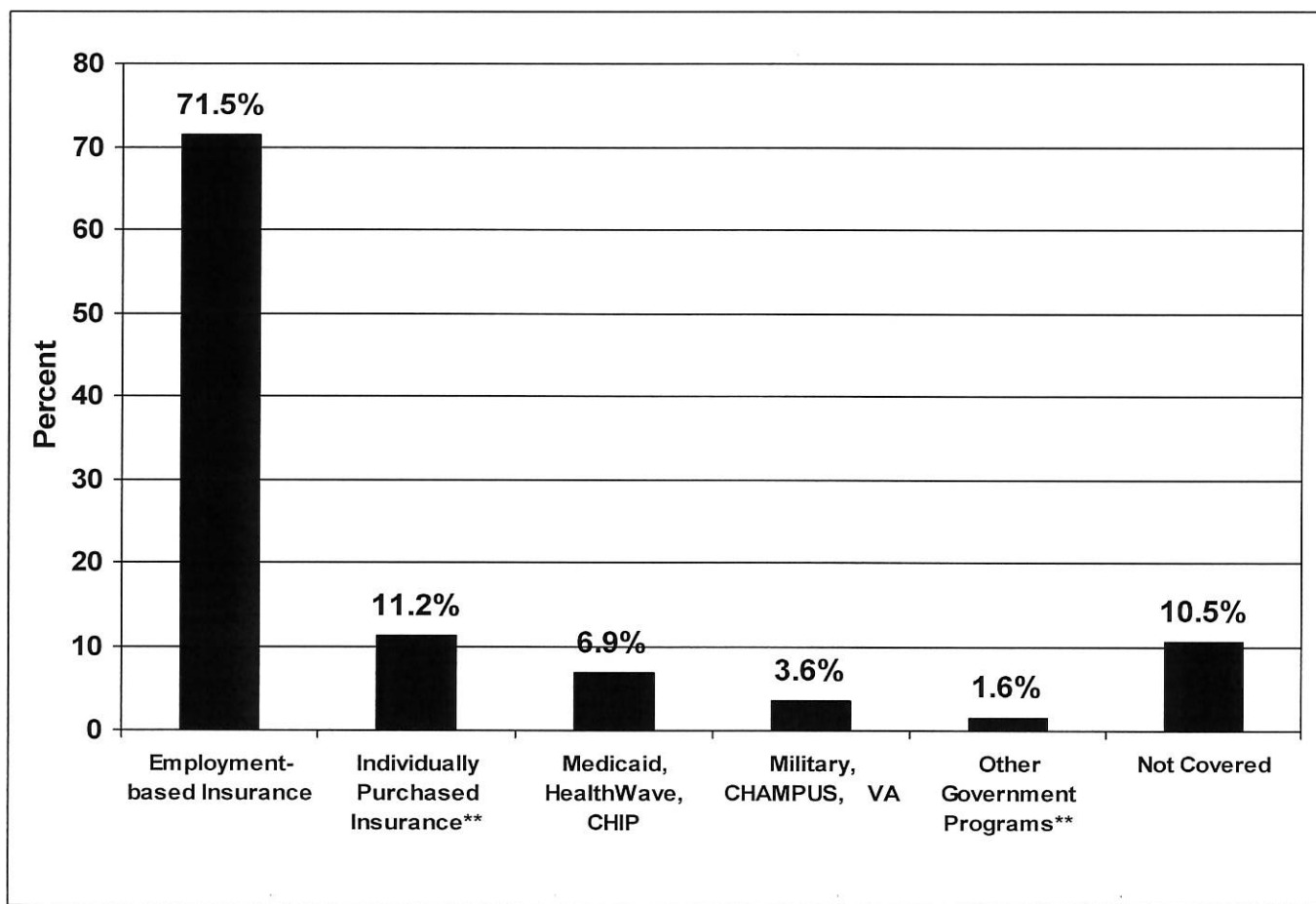


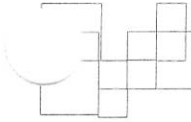
# The Survey Process

- Conducted from March-June 2001
- Interviewed 8,004 households
- Data on 22,694 individuals
- Completed interviews in every county in the state
- Conducted in both English and Spanish

# Kansans under Age 65 by Source of Health Insurance

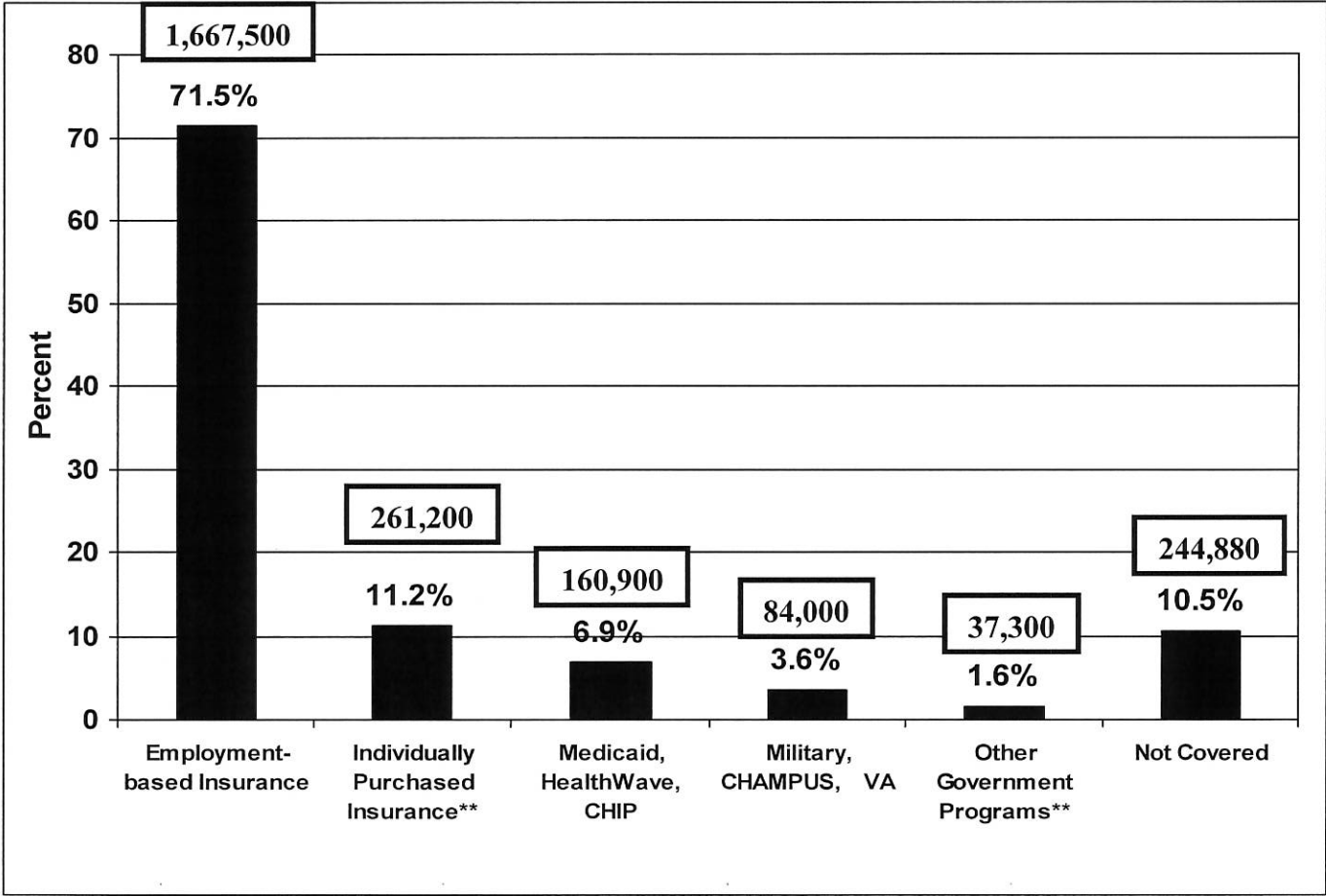
6-1

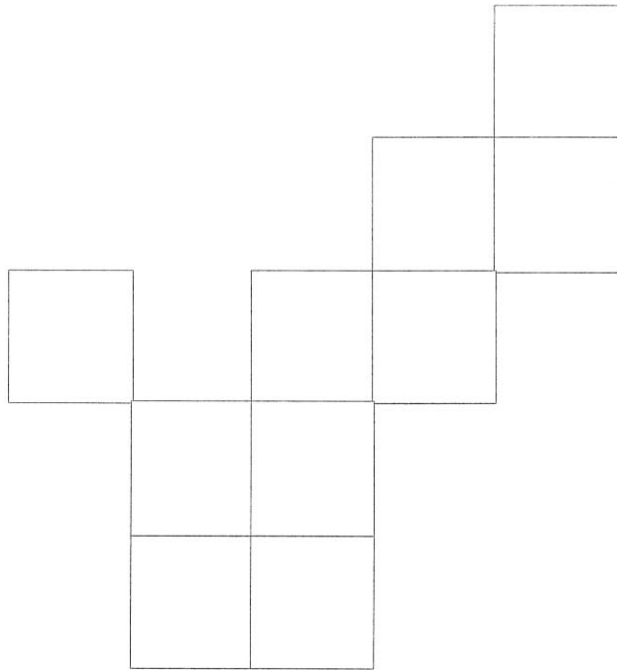




# Kansans under Age 65 by Source of Health Insurance, with Population Size

1-10



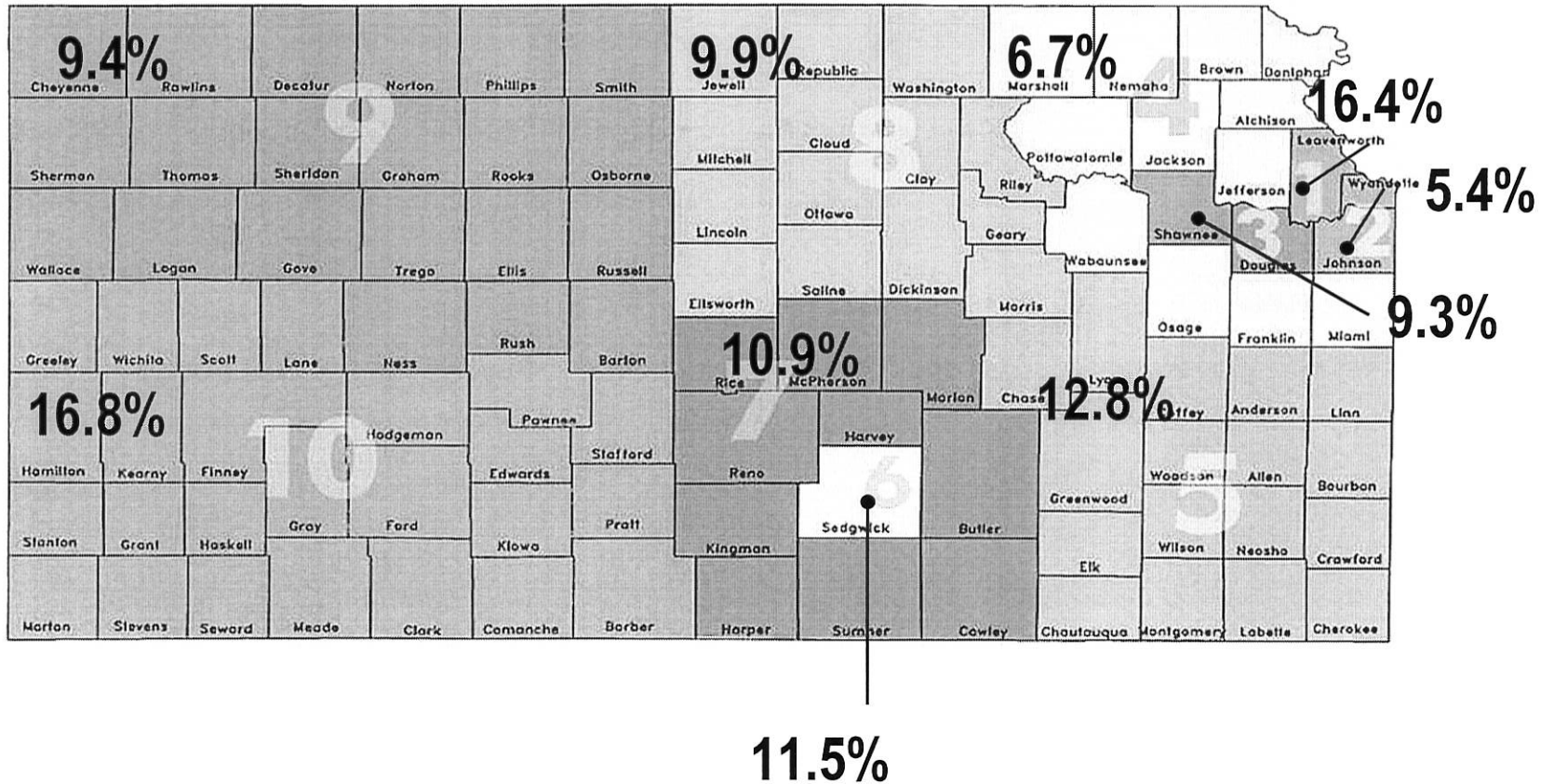


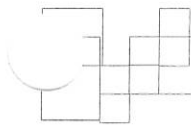
Percent of Kansas  
Residents Who Do Not  
Have Health Insurance:

10.5%

244,880 Kansans  
under Age 65

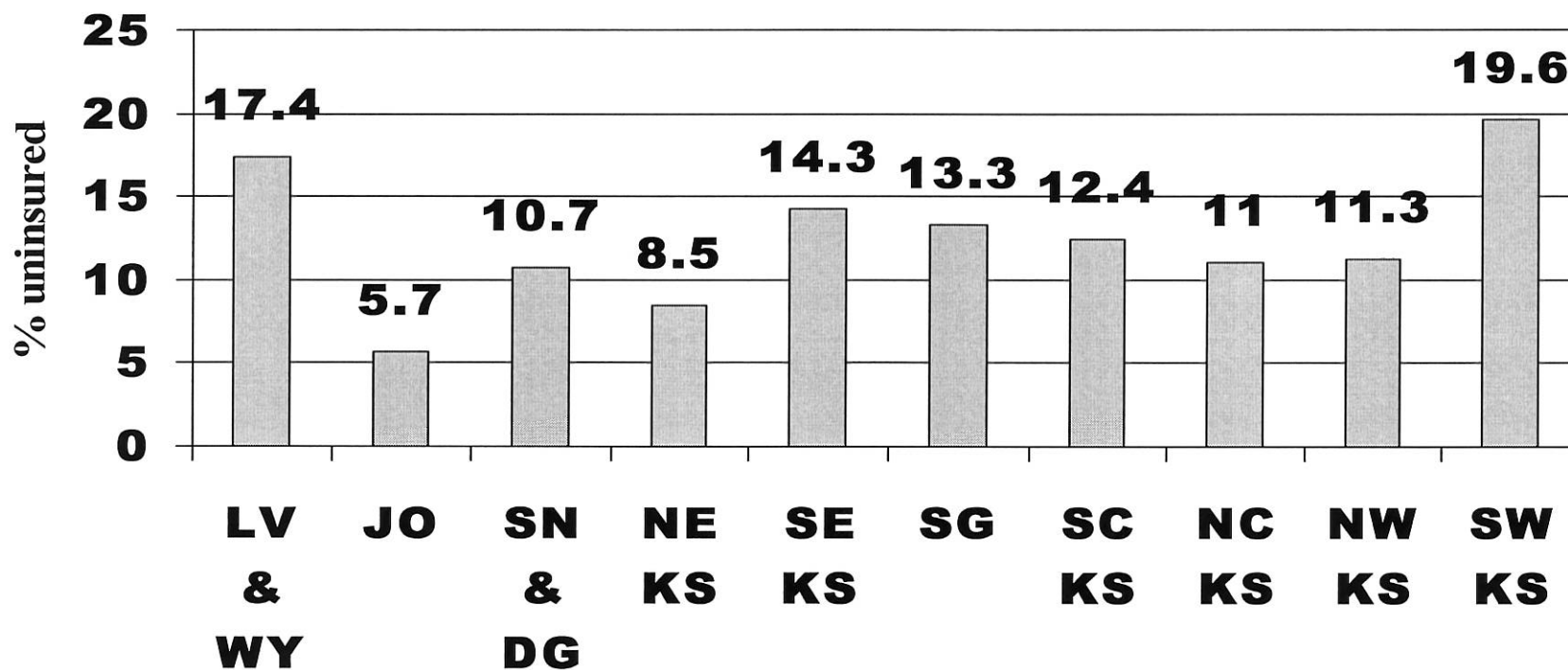
# Uninsured Kansans under Age 65 by Region





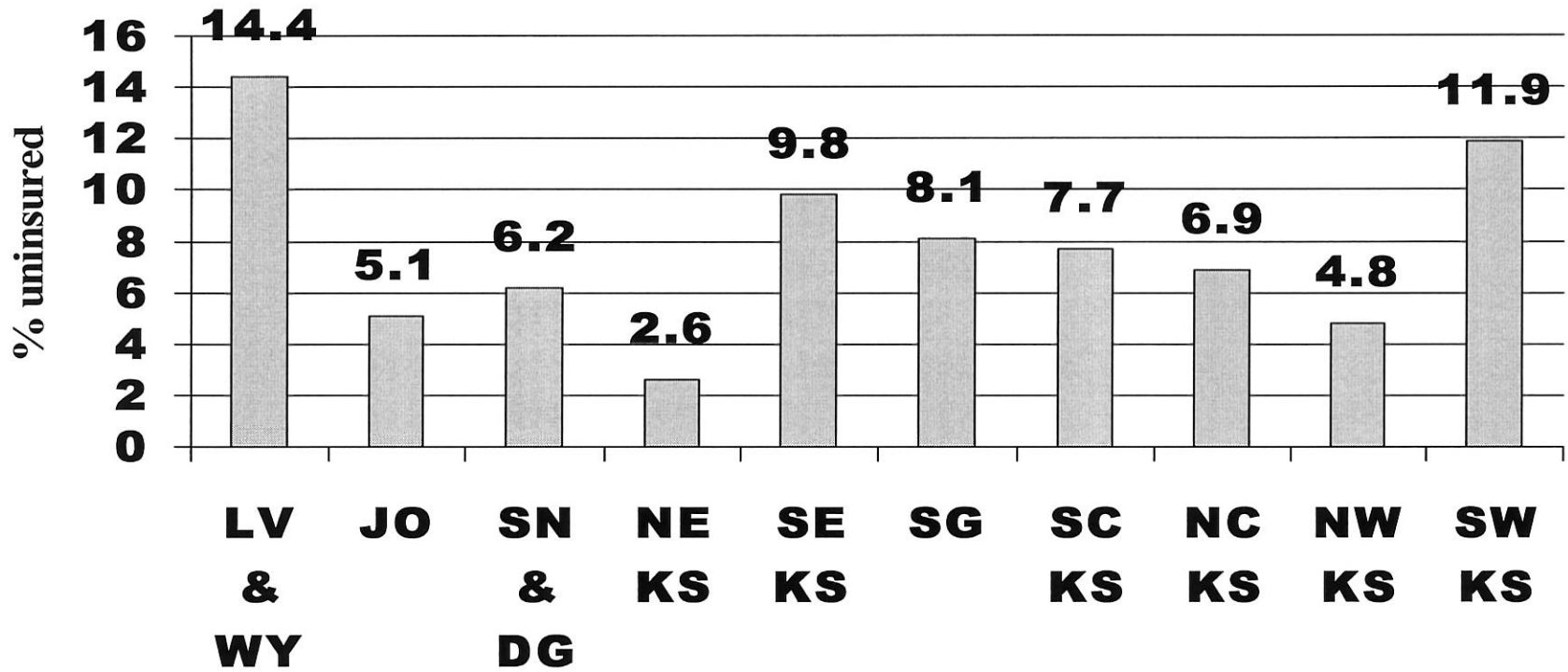
# Uninsured Adults by Region

1-13



# Uninsured Children by Region

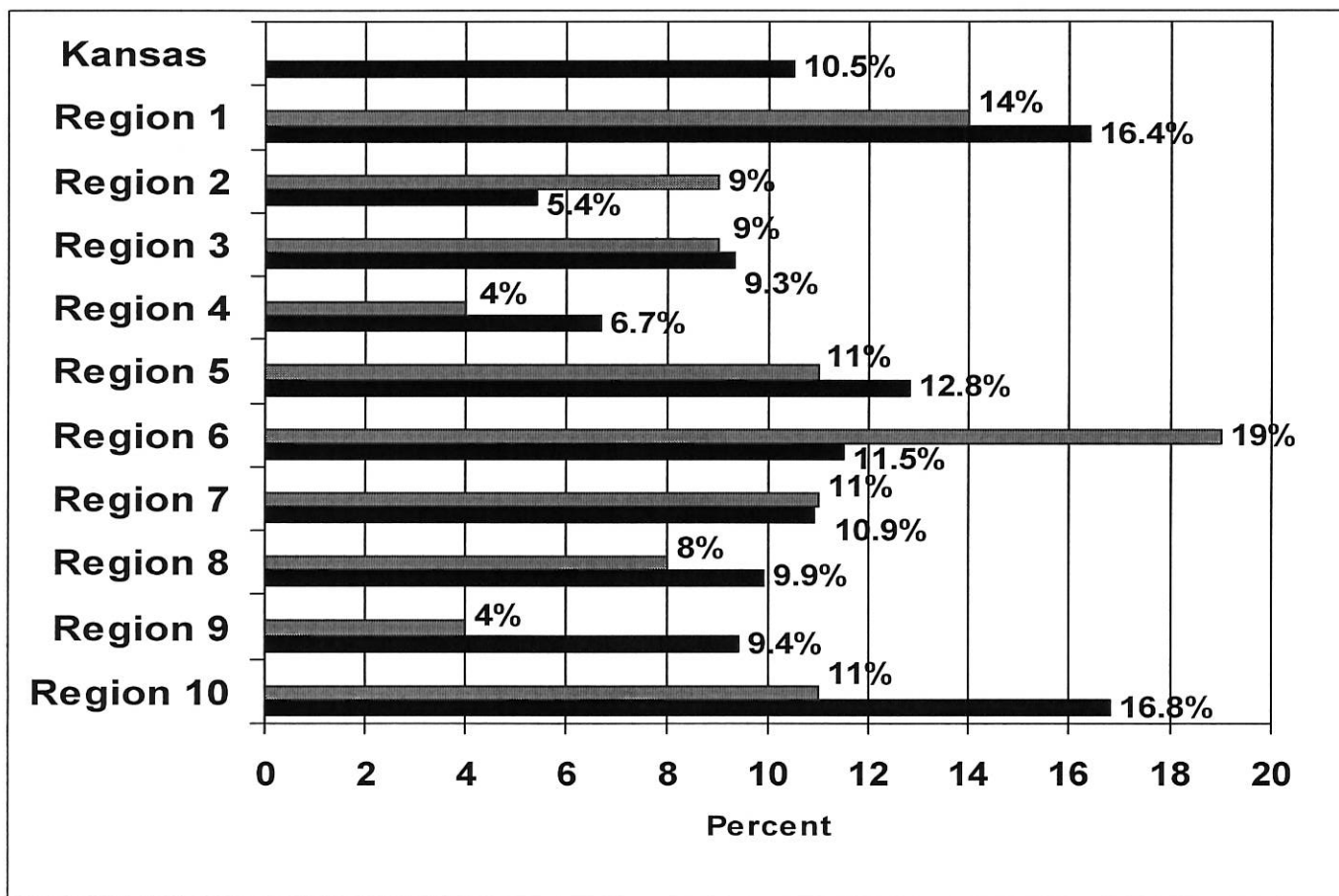
1-14





# Uninsured Kansans under Age 65, Statewide and by Region, Percent of Total # of Uninsured Kansans in Each Region

1-15



◇ = Percent of Region's Population that is Uninsured

◇ = Percent of all Uninsured Kansans who Live in Region

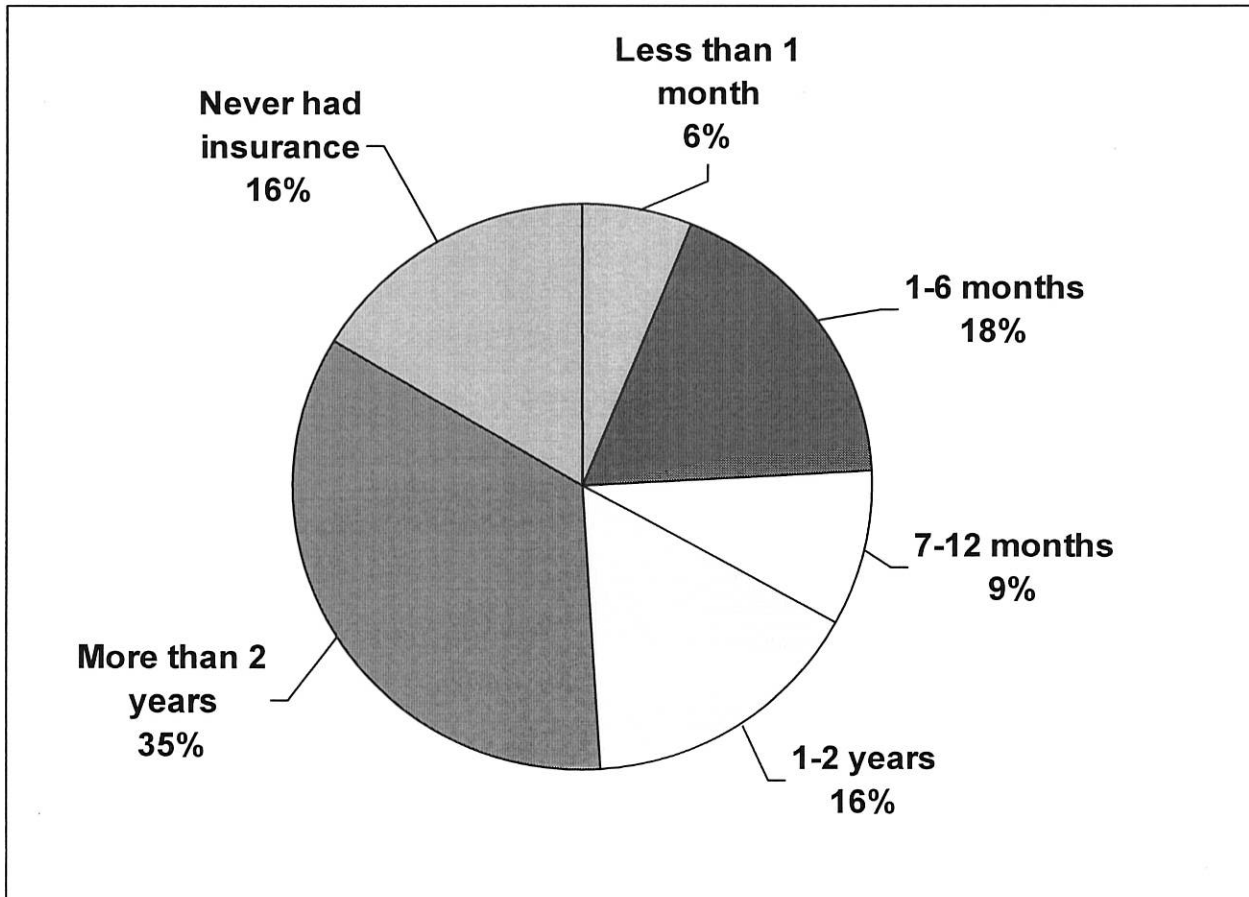


# Uninsured Kansans Statewide and By Region, with Population Estimates

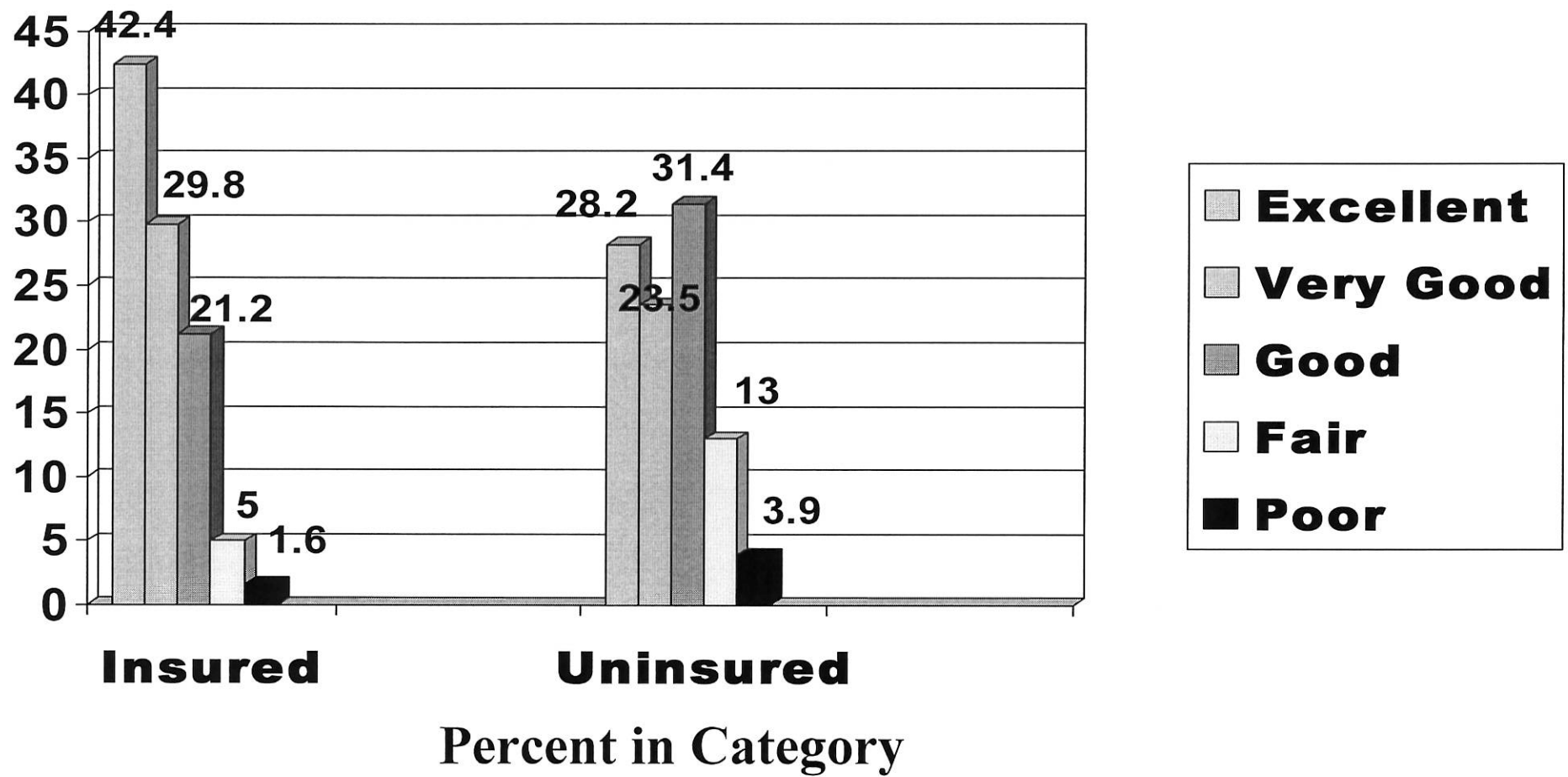
1-16

	<b>Percent of Region's Population that is Uninsured</b>	<b>Number of Uninsured People in Region*</b>	<b>Percent of all Uninsured Kansans who Live in Region*</b>
<b>Kansas</b>	<b>10.5%</b>	<b>244,880</b>	<b>100%</b>
Region 1	16.4%	33,011	14%
Region 2	5.4%	21,925	9%
Region 3	9.3%	22,186	9%
Region 4	6.7%	10,402	4%
Region 5	12.8%	27,790	11%
Region 6	11.5%	46,149	19%
Region 7	10.9%	26,354	11%
Region 8	9.9%	19,347	8%
Region 9	9.4%	10,437	4%
Region 10	16.8%	27,623	11%

# Length of Time Without Health Coverage, Uninsured Kansans under Age 65

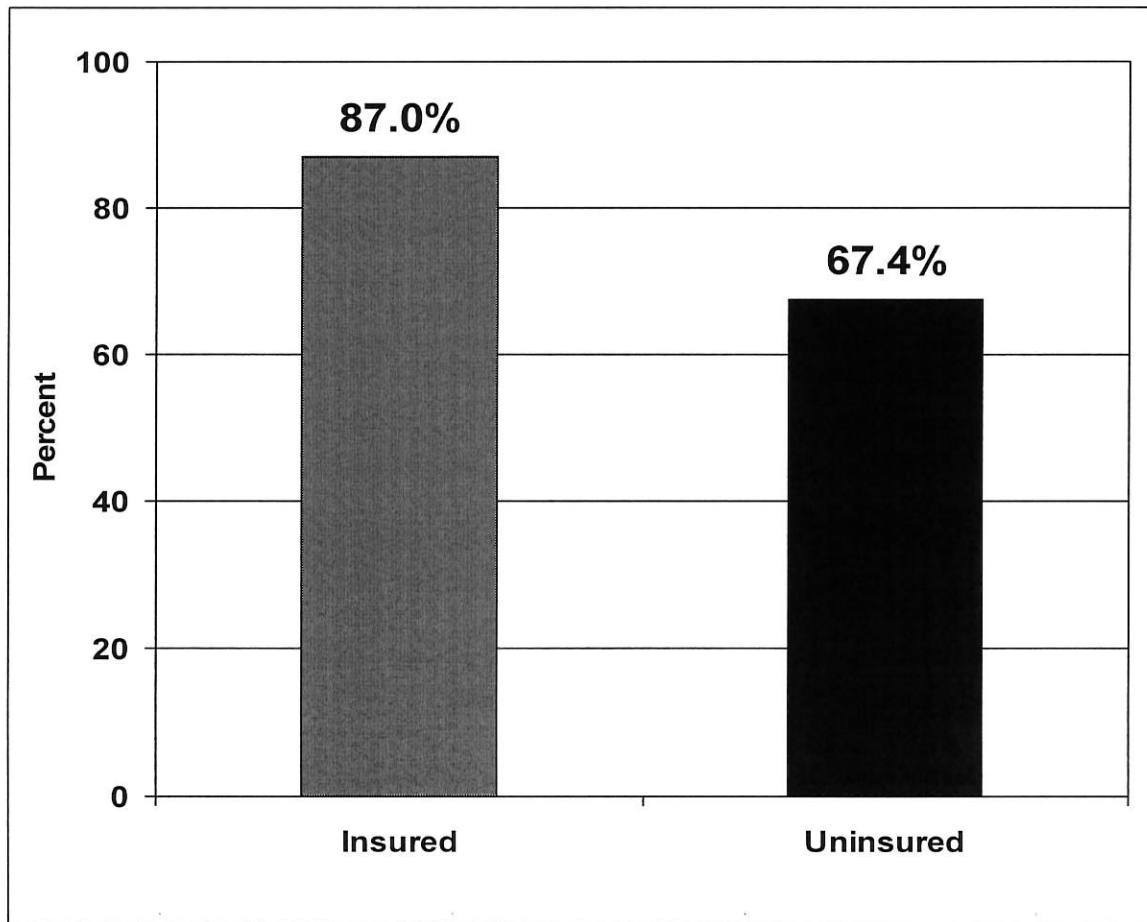


# Health Status



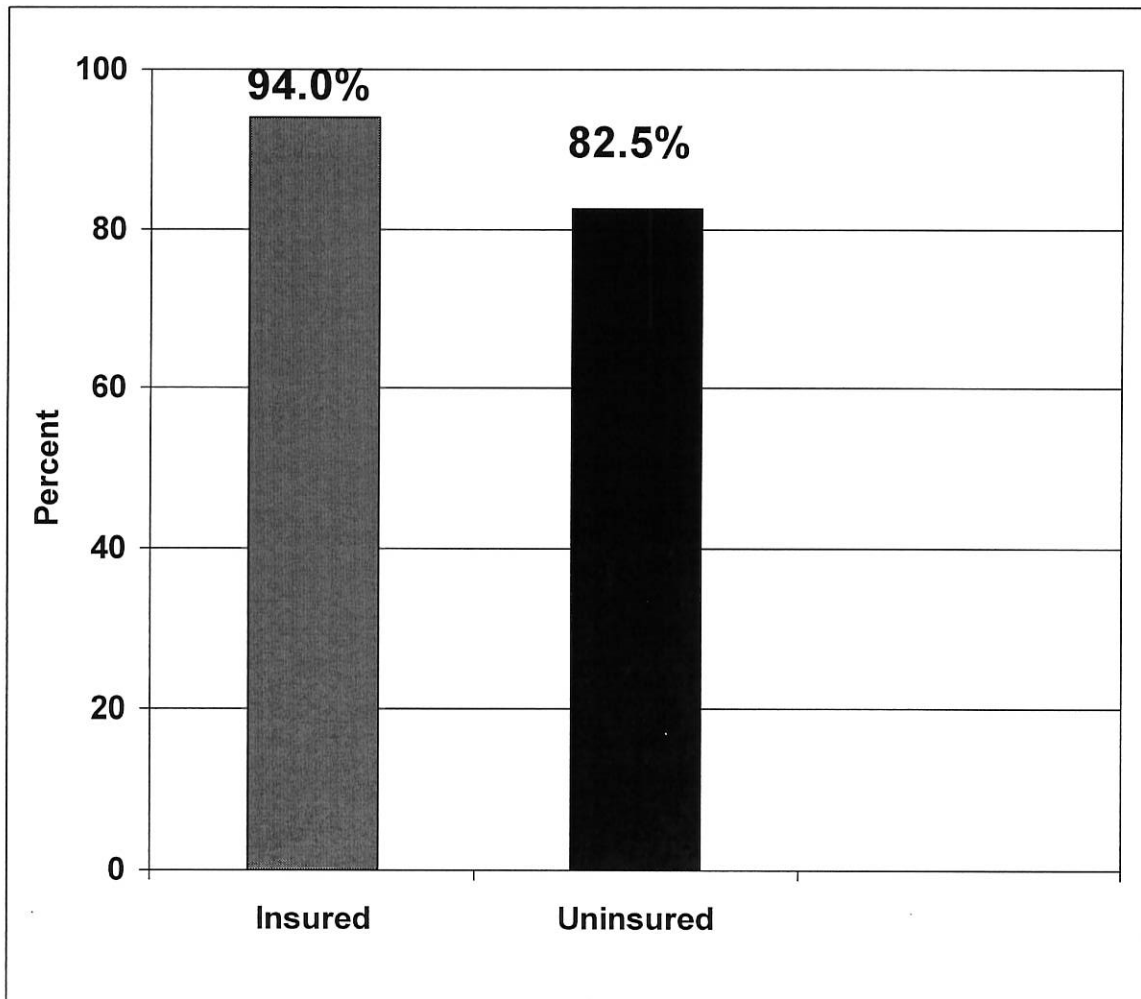
# Percent of Respondents Age 18-64 with a Usual Source of Health Care by Insurance Status

1-19



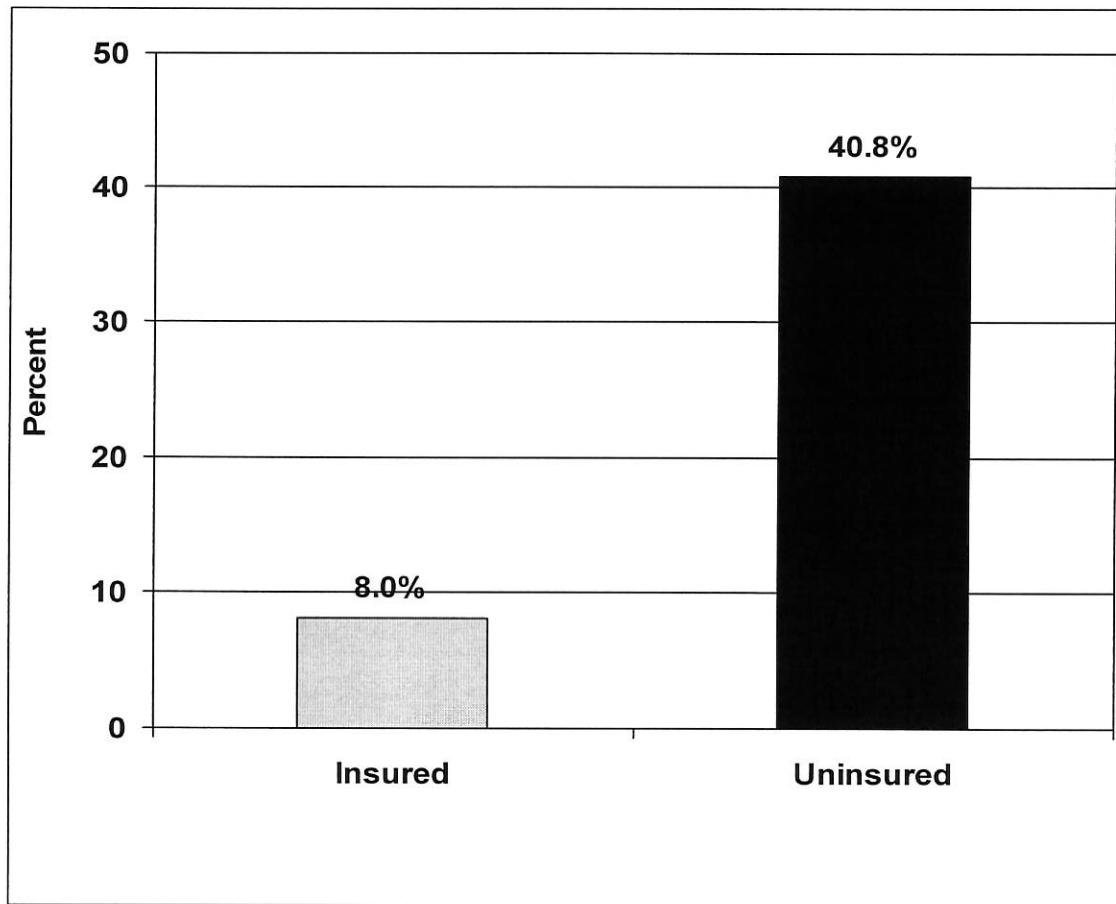
# Percent of Children under Age 19 with a Usual Source of Health Care by Insurance Status

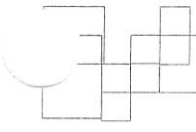
1-20



# Percent of Respondents Delaying or Not Obtaining Needed Medical Care Within the Last 12 Months Because of Cost, by Insurance Status

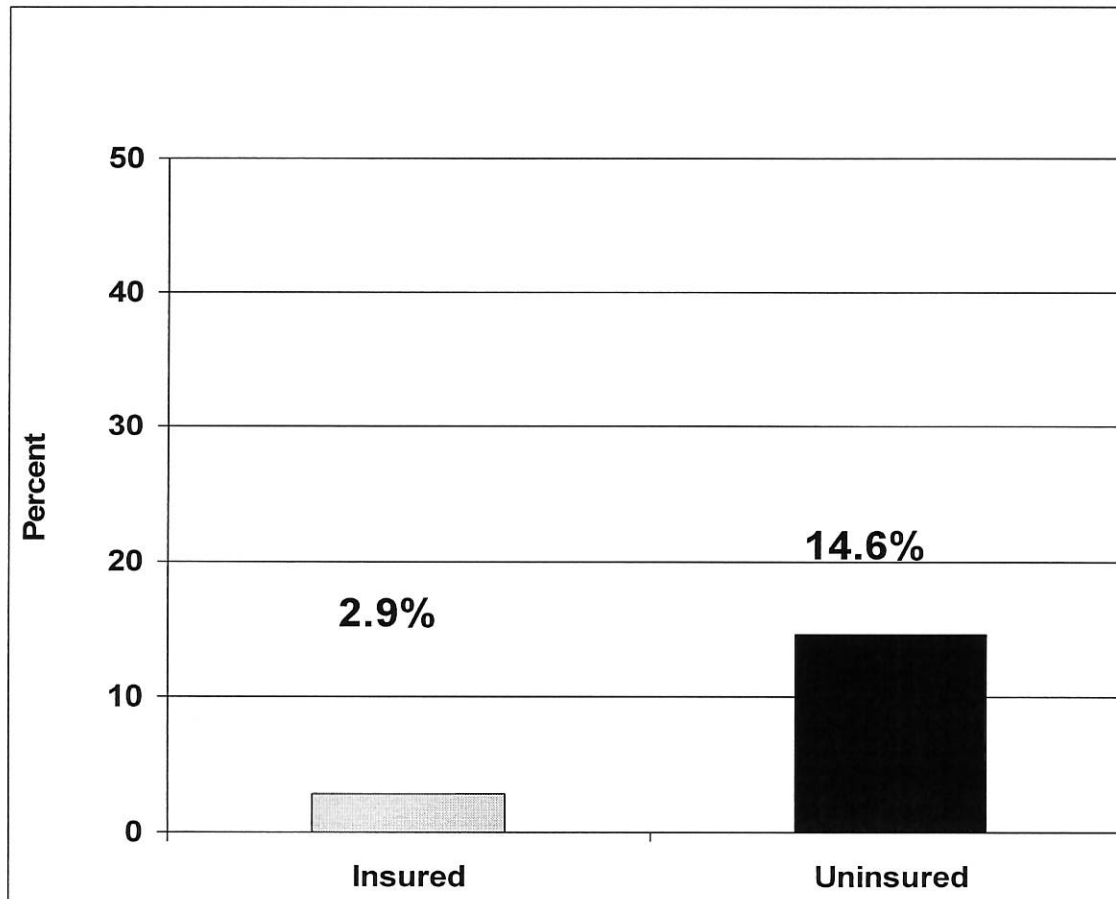
1-21



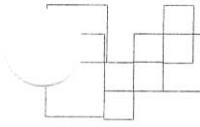


# Percent of Children Delaying or Not Obtaining Needed Medical Care Within the Last 12 Months Because of Cost, by Insurance Status

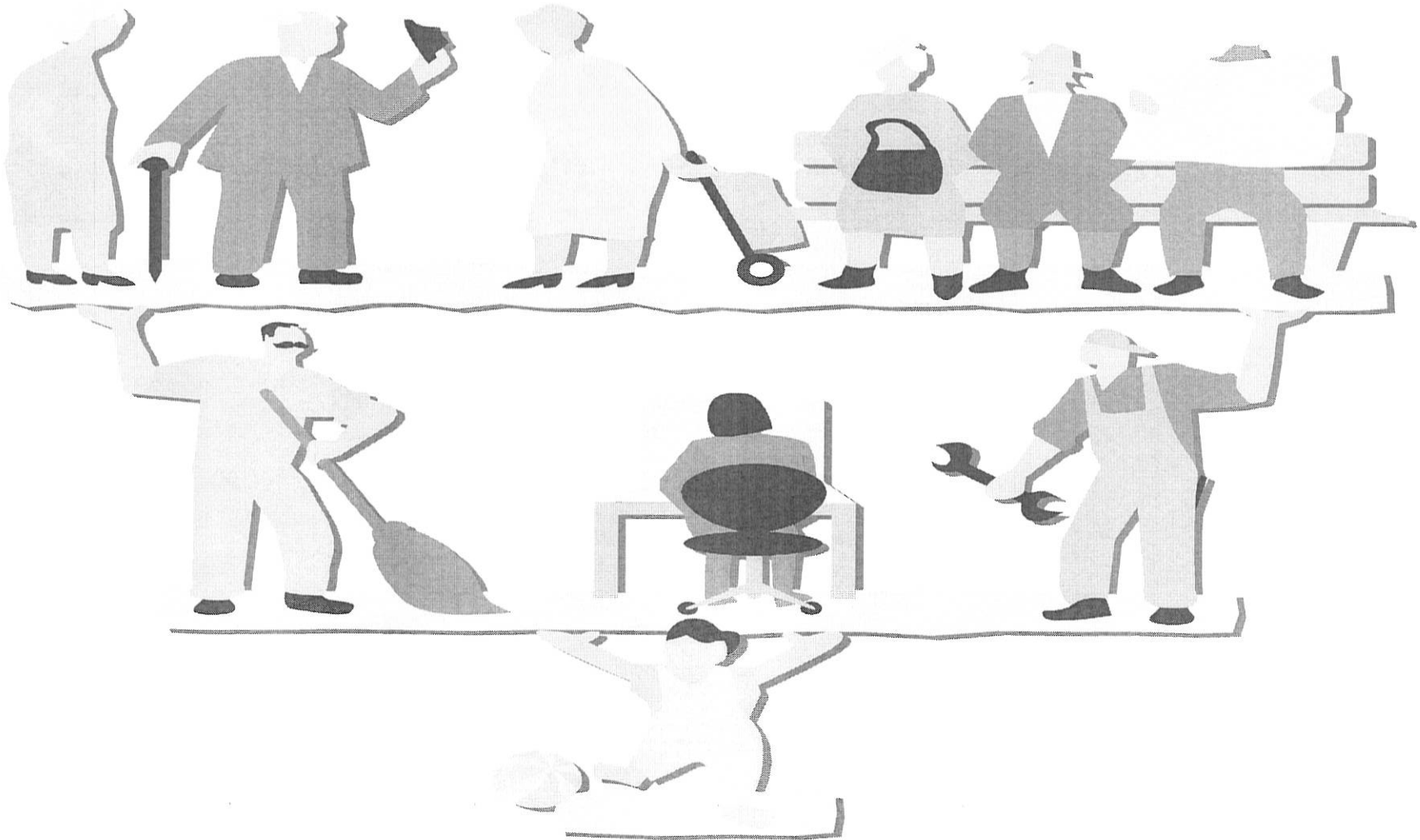
22-1





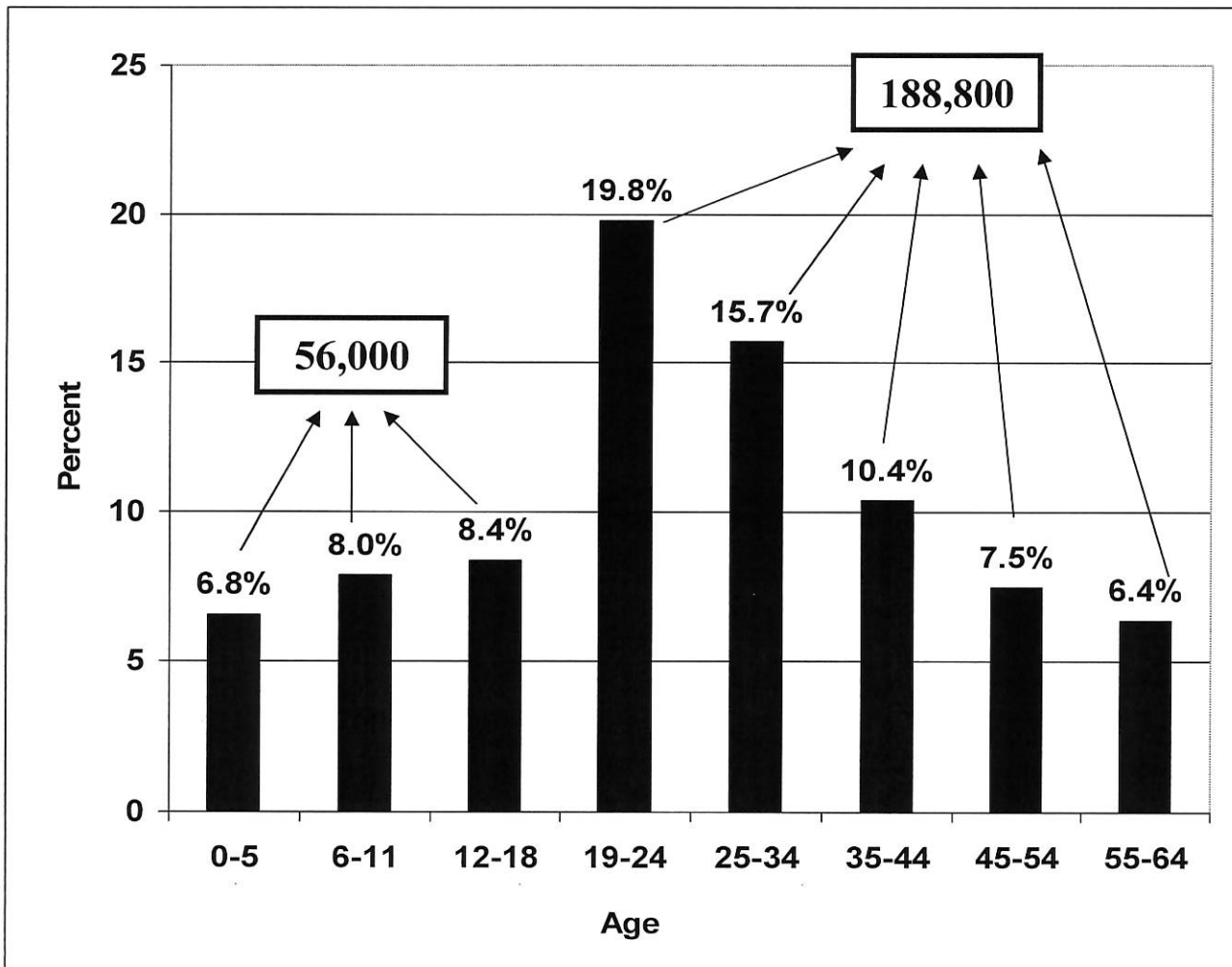


# THE UNINSURED POPULATION



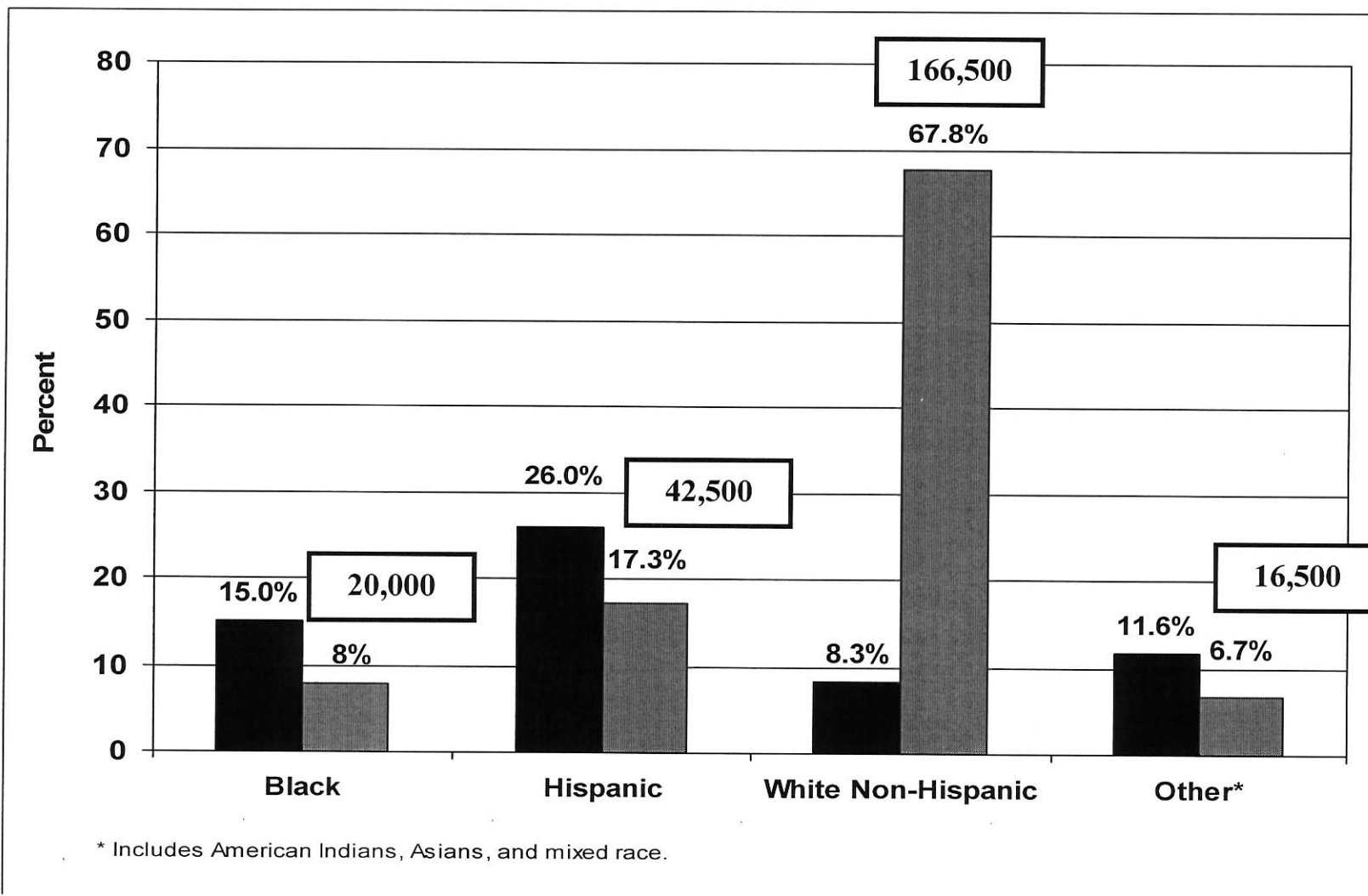
# Uninsured Kansans under Age 65 by Specific Age Category

1-24



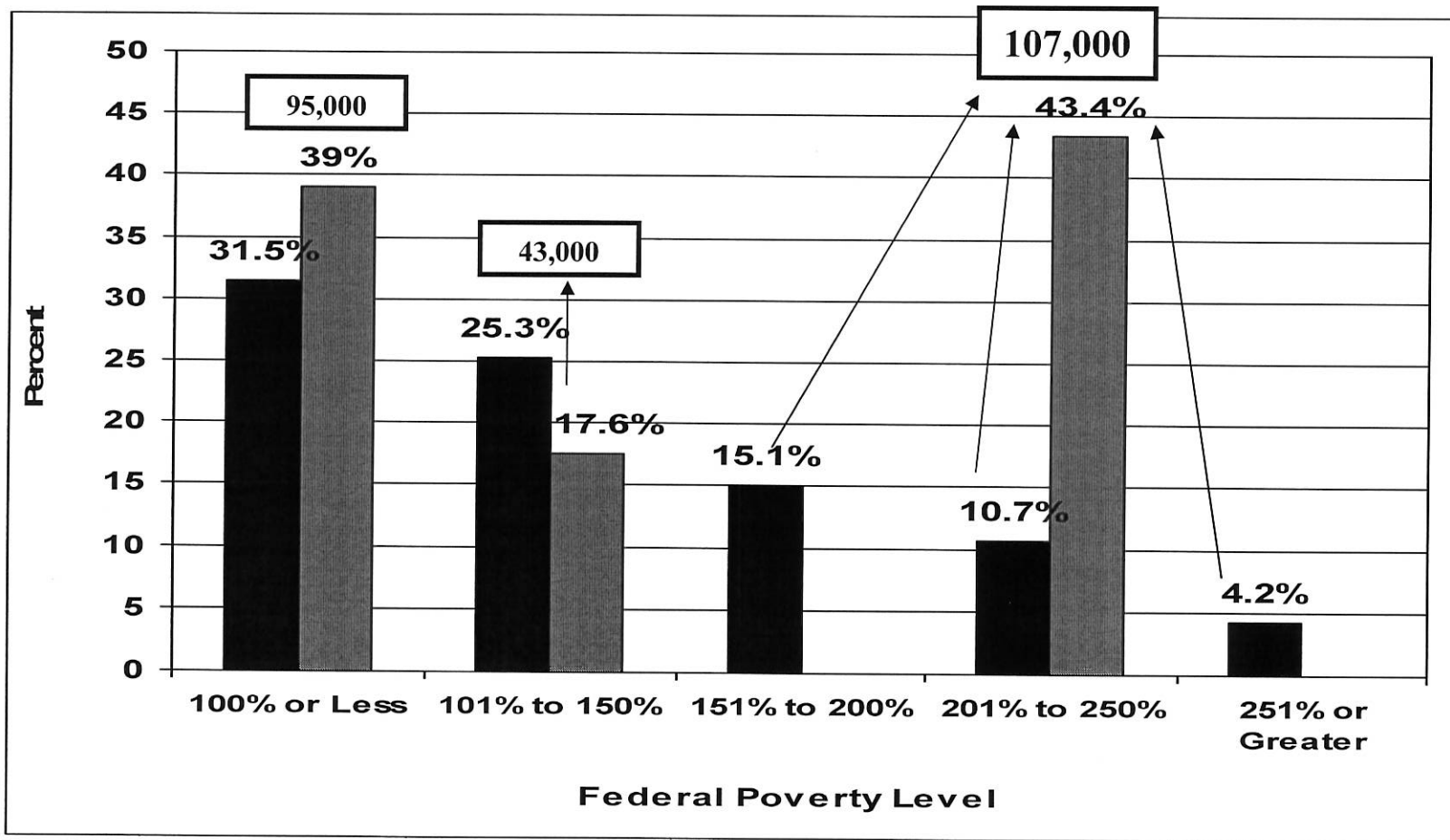
# Uninsured Kansans under Age 65 by Race and Ethnicity, Distribution and Population Size

1-25



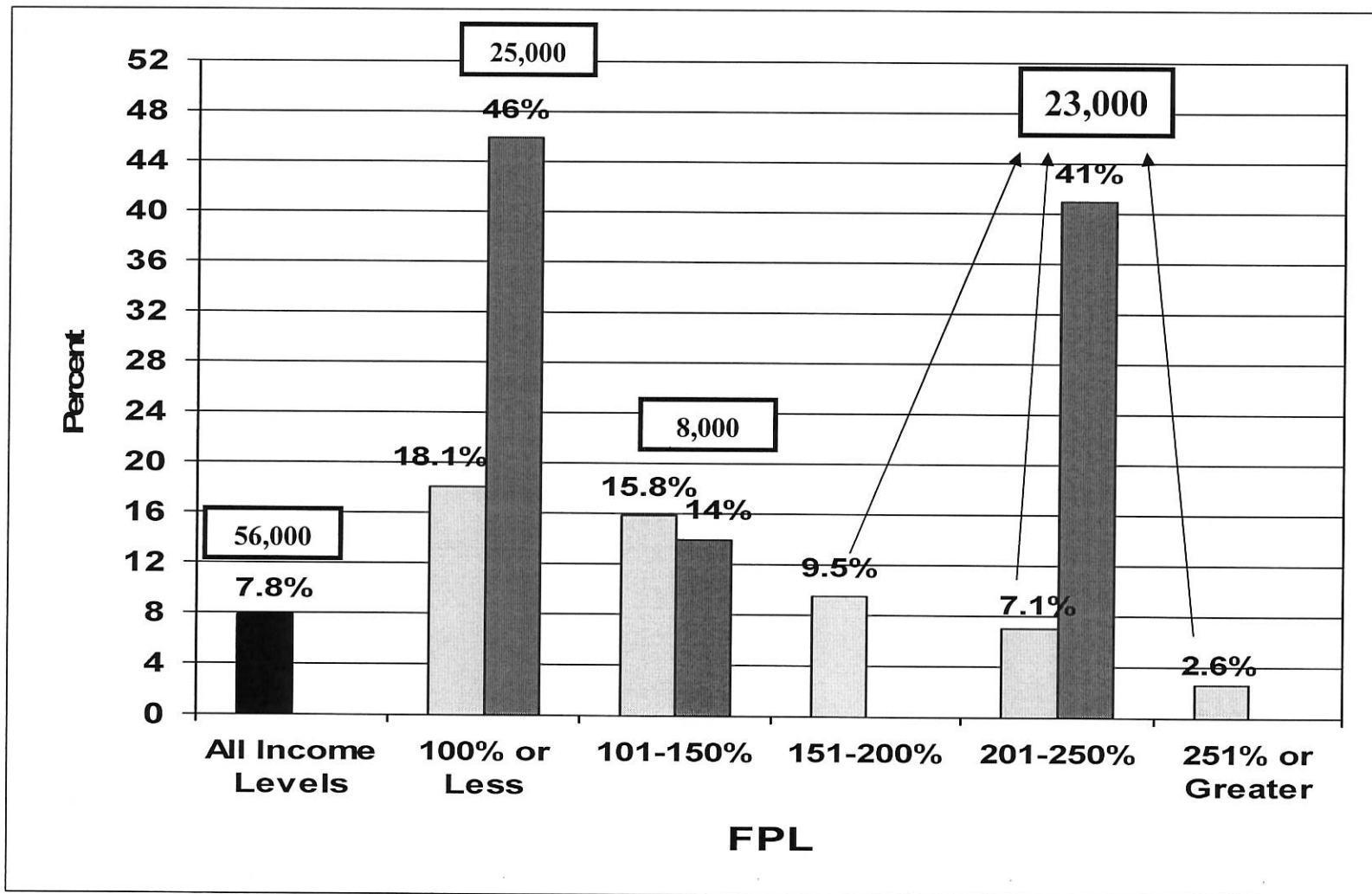
# Uninsured Kansans under Age 65 by Income as a Percent of FPL, and Distribution of Uninsured

1-26



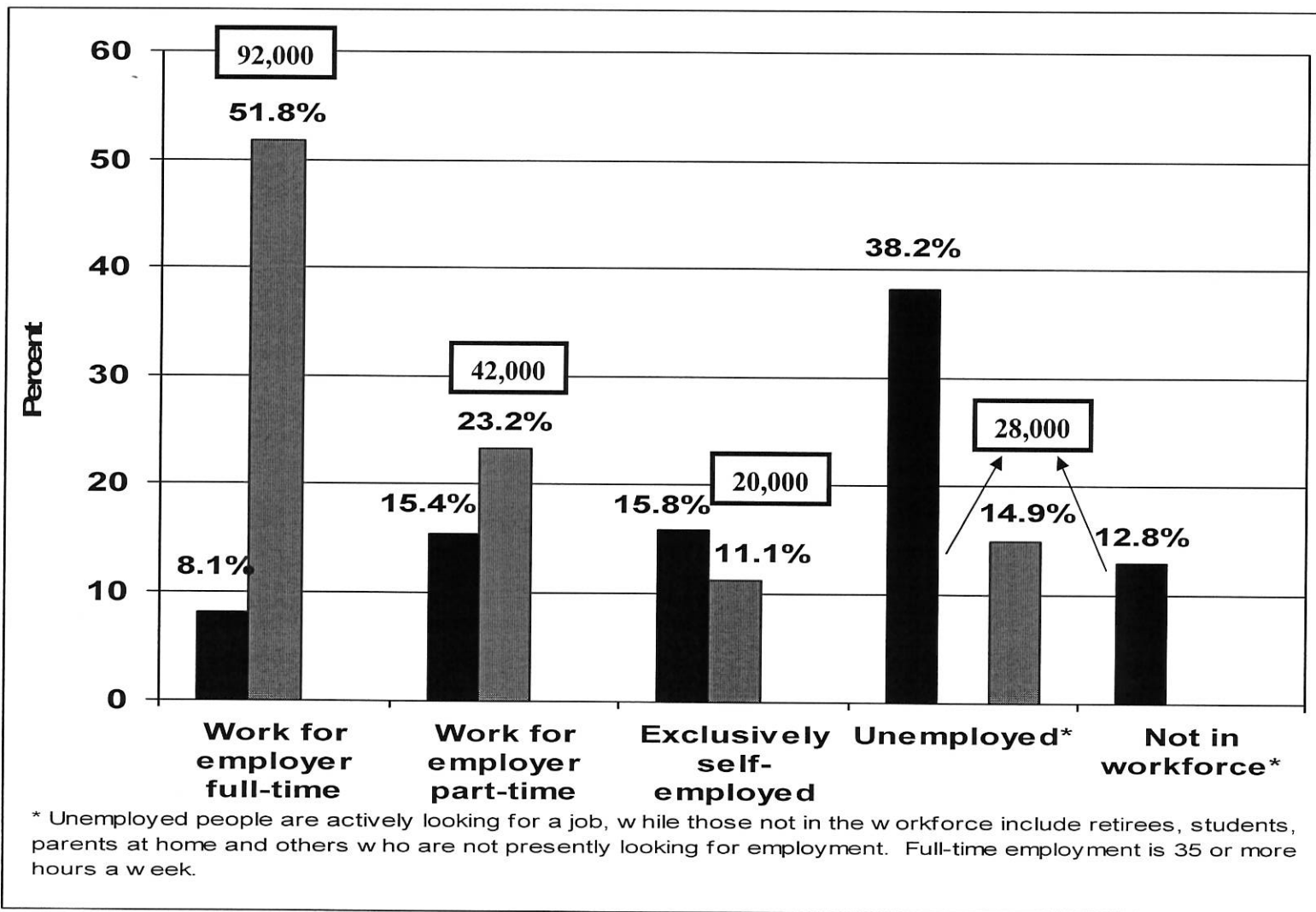
# Uninsured Kansas Children 65 by Income as a Percent of FPL, and Distribution of Uninsured

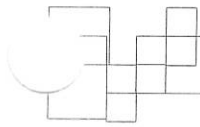
1-27



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

1.28

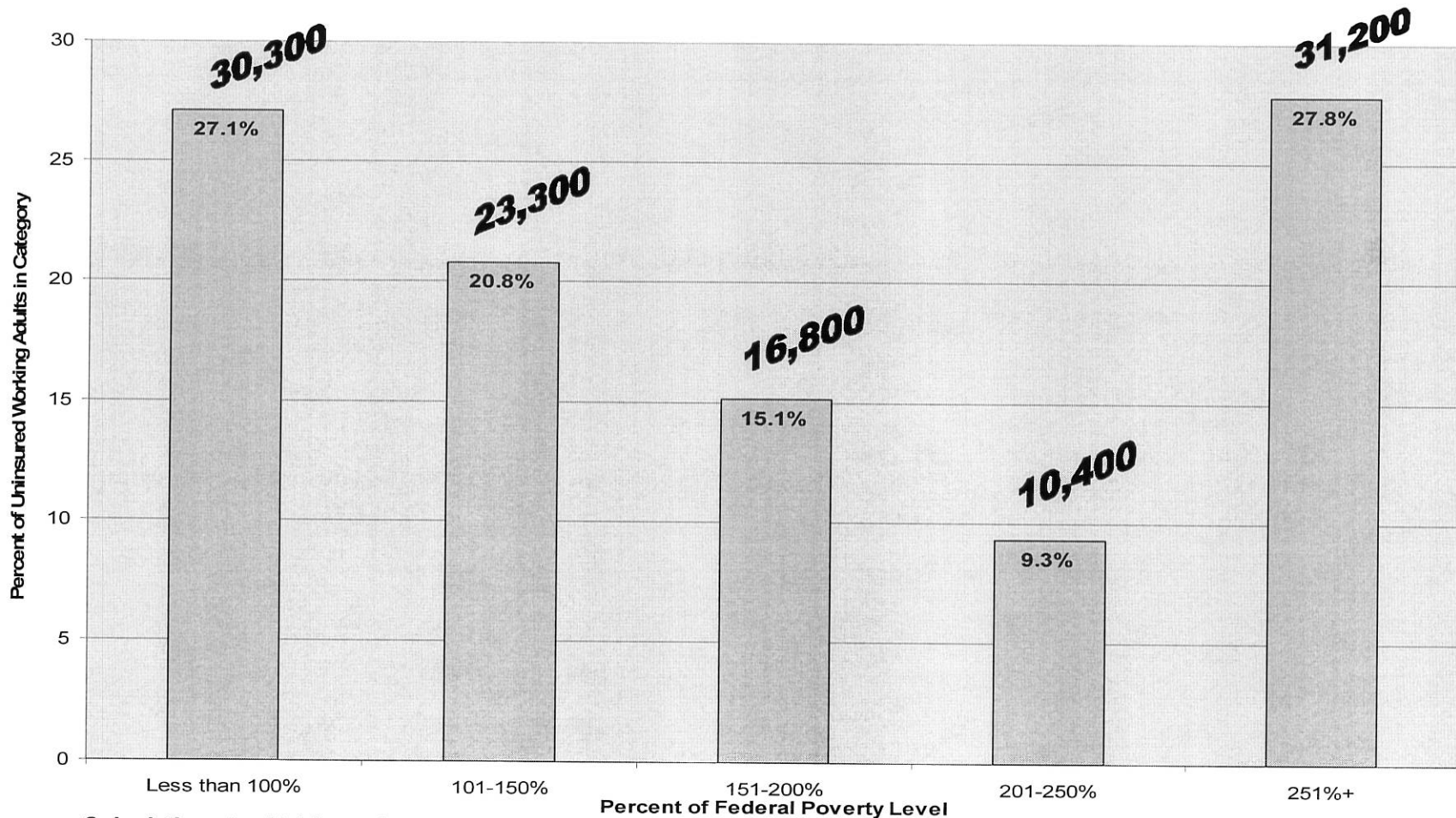




# Uninsured Working Adults by Income Level

1-29

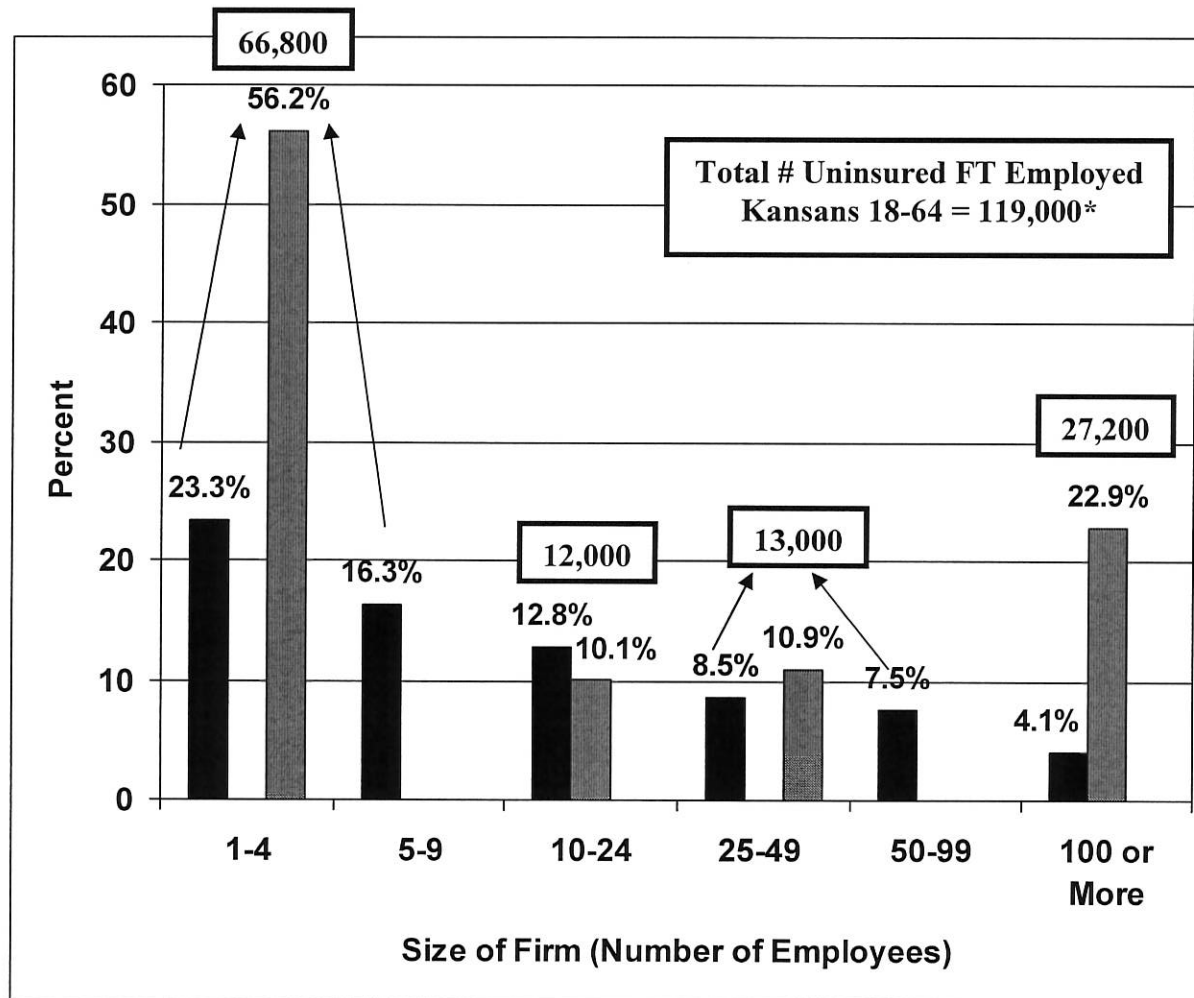
Distribution of Uninsured Working Adults (19-64) by Poverty Status



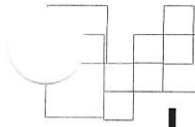
Source: Calculations by Abt Associates Inc. based on Kansas Health Insurance Survey, August 2001.

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

1-30

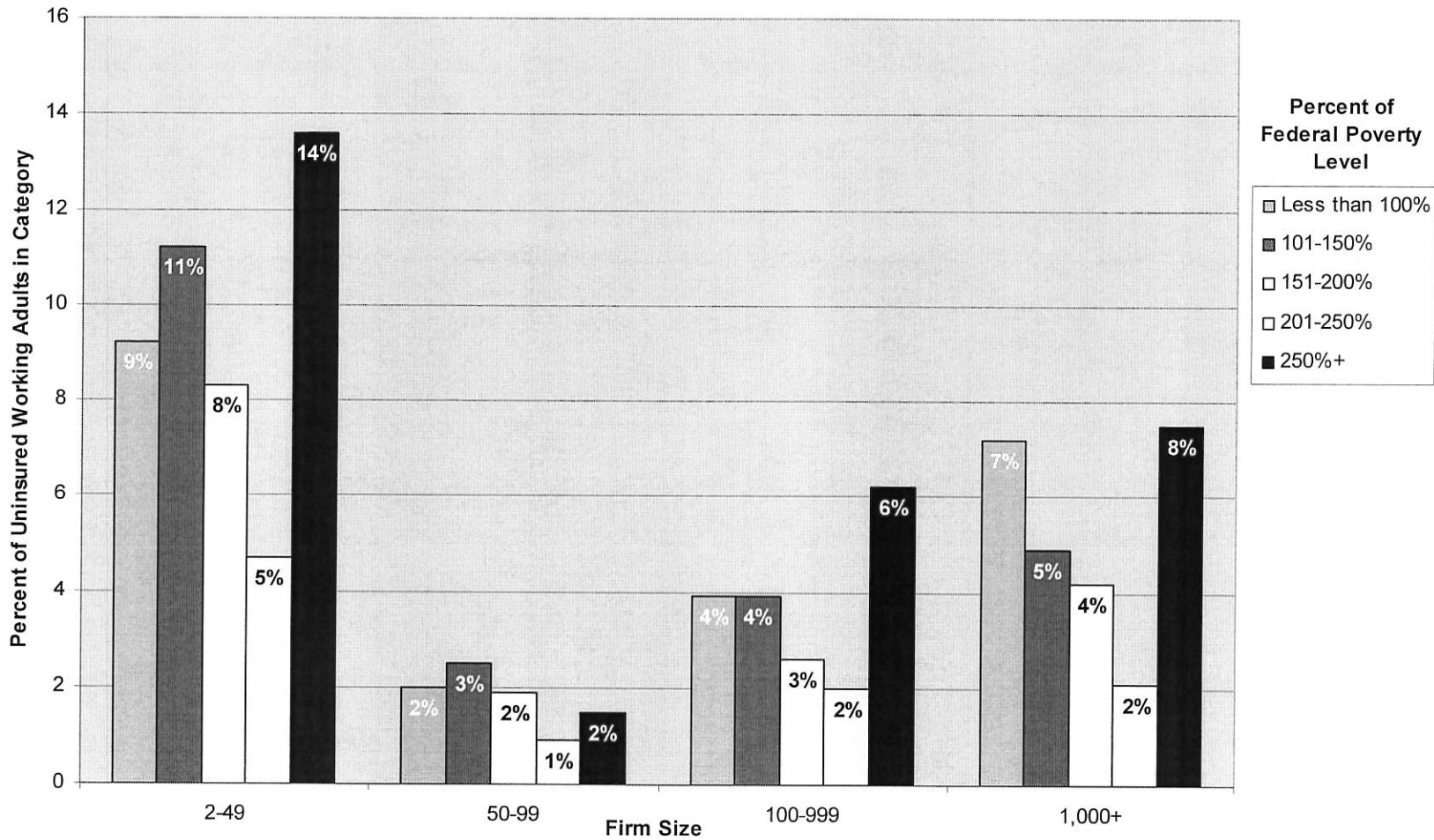






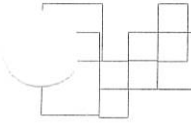
# Uninsured Working Adults by Firm Size

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



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

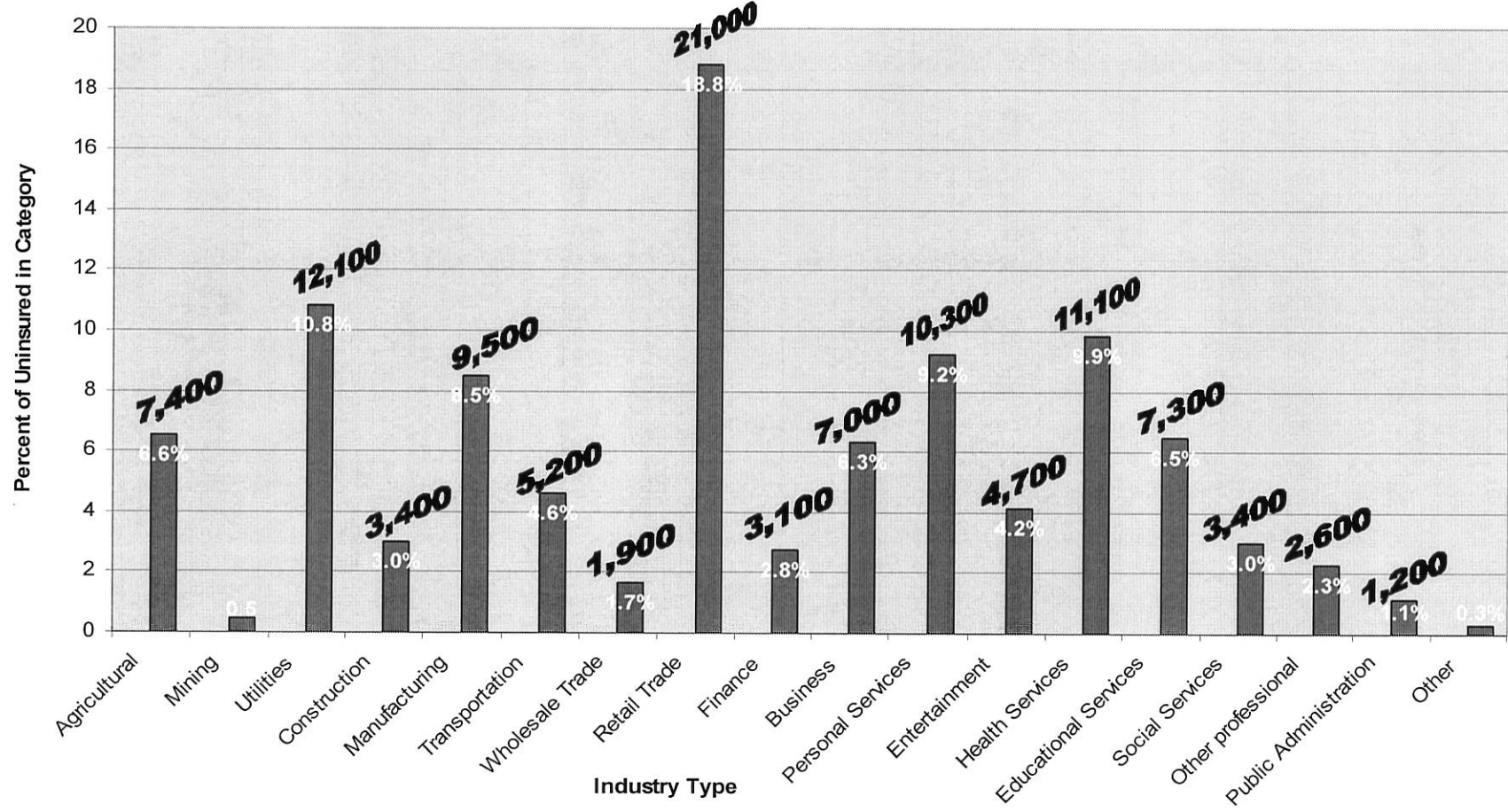
131



# Uninsured Working Adults by Industry Type

1-37

Distribution of Uninsured Working Adults (19-64) by Industry

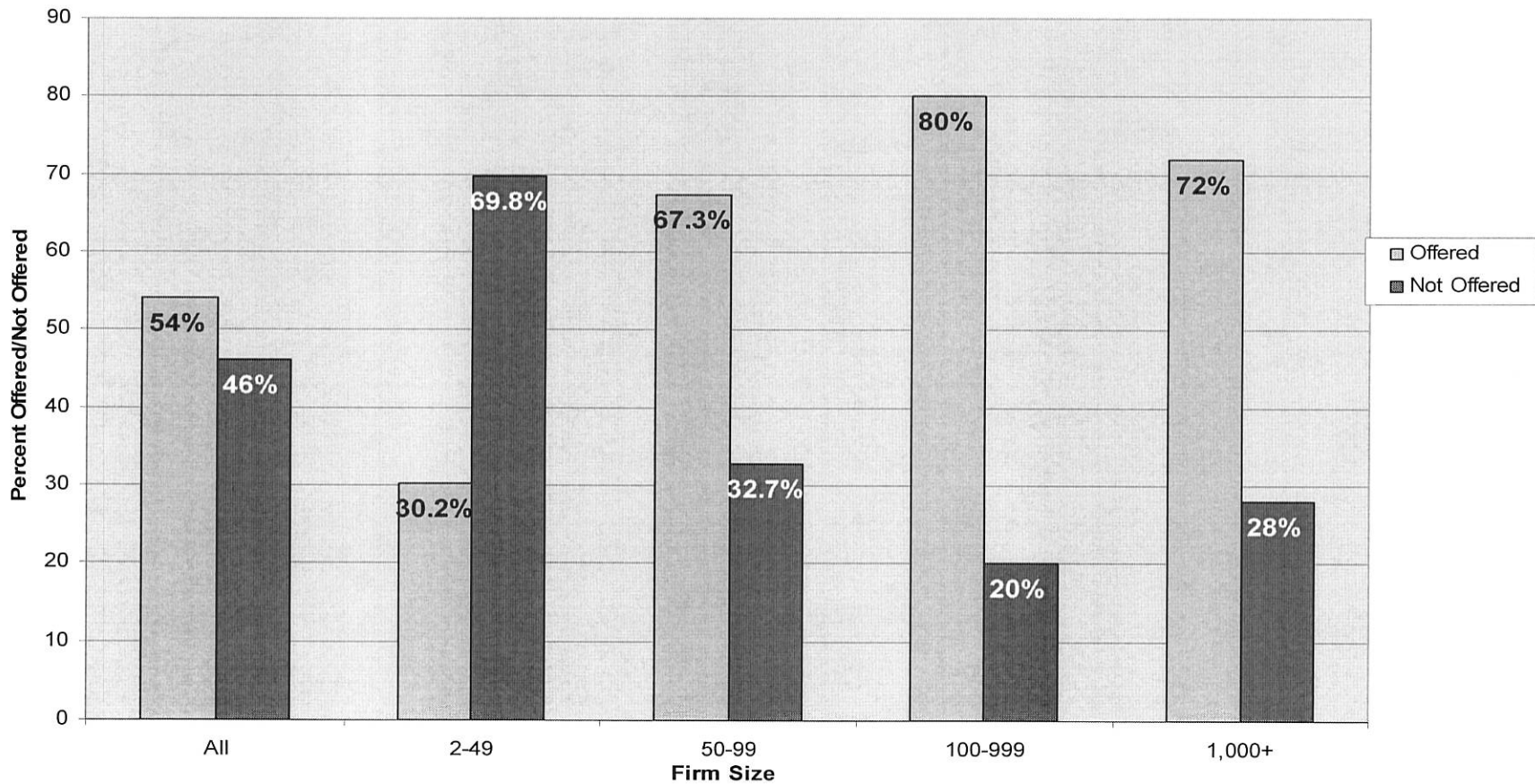


Source: Calculations by Abt Associates Inc. based on Kansas Health Insurance Survey, August 2001.

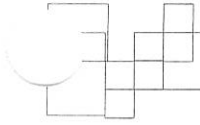
# Uninsured Working Adults: Employer-Based Health Insurance Coverage Offers

Distribution of Uninsured Working Adults (19-64) by Firm Size and Employer Coverage Offer

1-33

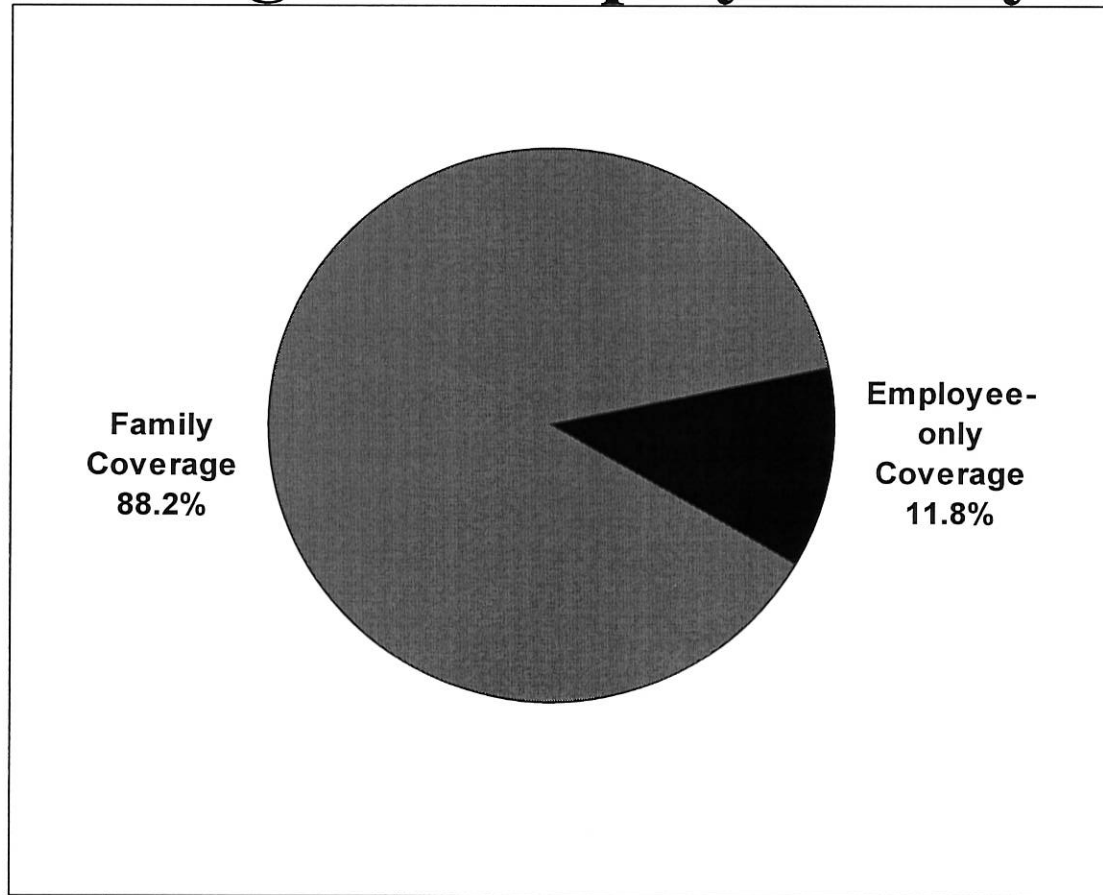


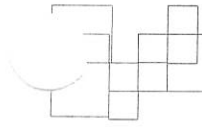
Source: Calculations by Abt Associates Inc. based on Kansas Health Insurance Survey, August 2001.



# Offers of Employment-Based Health Insurance Coverage: Family Coverage vs. Employee-Only Coverage

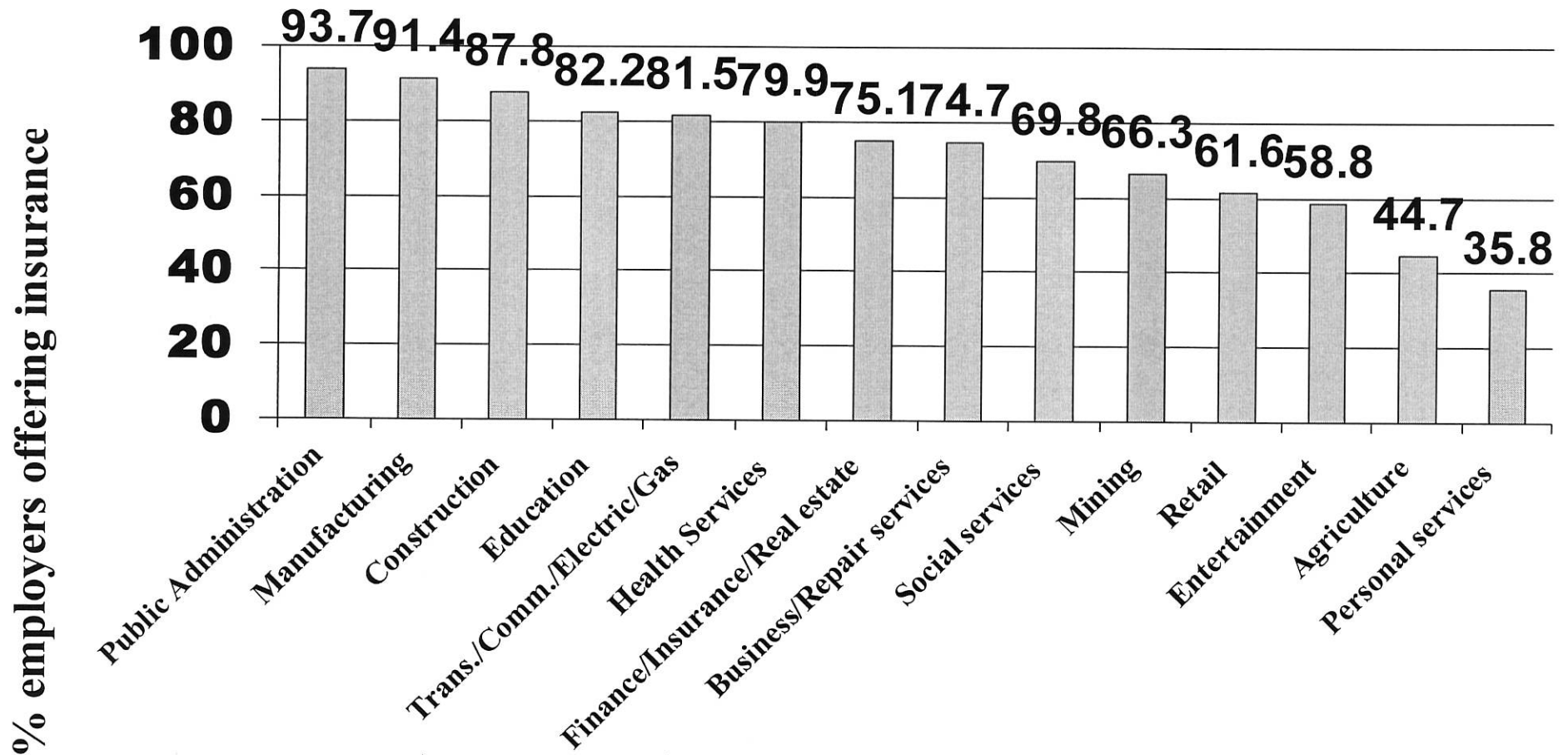
1-34





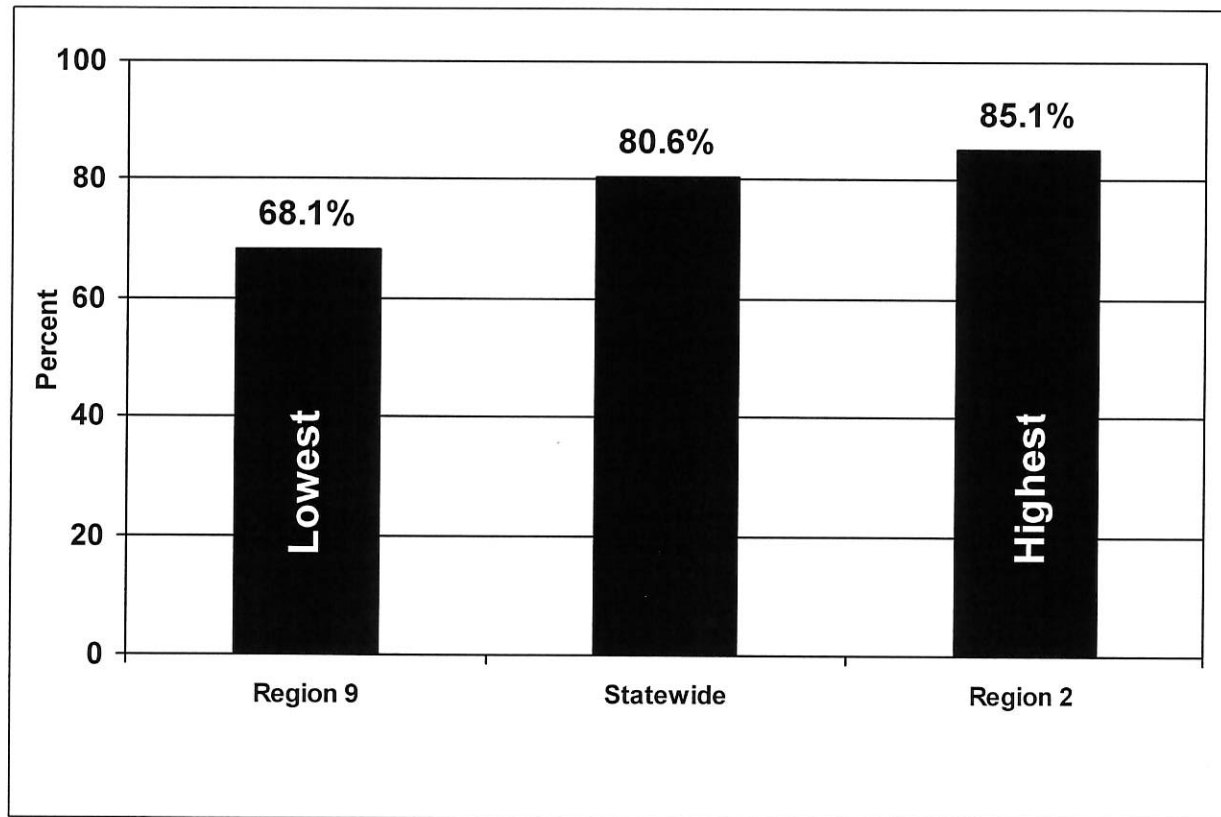
# Health Insurance Offers by Firm Type

1-35



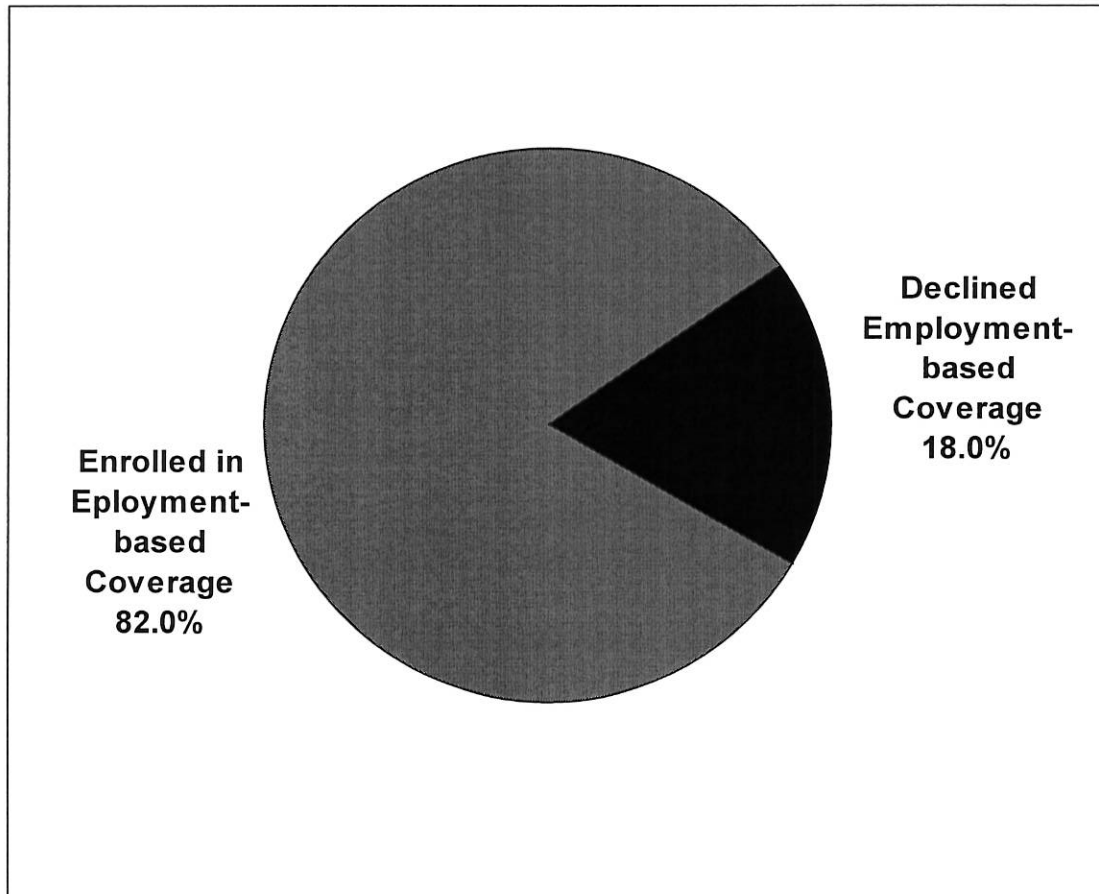
# Percent of Employed Kansans Age 18-64 Who Report that Their Employer Offers Health Insurance Coverage

1-36



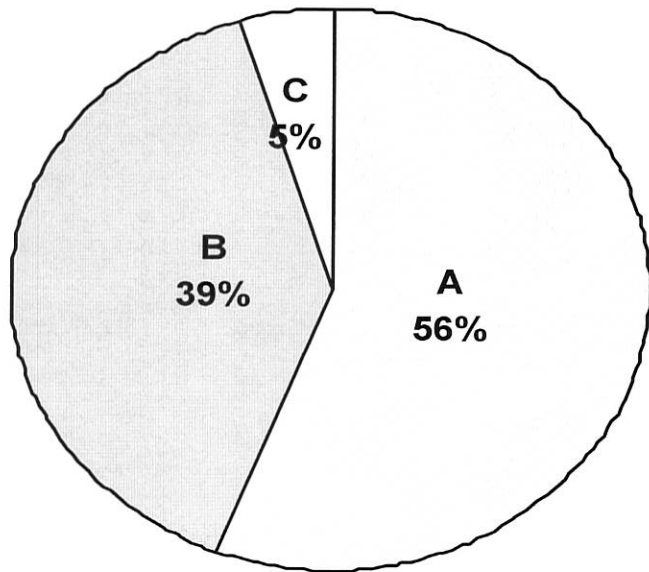
# Enrollment of Employed Kansans Age 18-64 Who Are Eligible for Employment-Based Insurance

1-37



# Most Uninsured Kansans have a Linkage to the Workforce

1-38

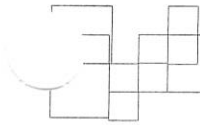


A: Uninsured Working Families with No Access to Employer-Sponsored Health Insurance

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

C: Uninsured Families With no Link to Employer Coverage

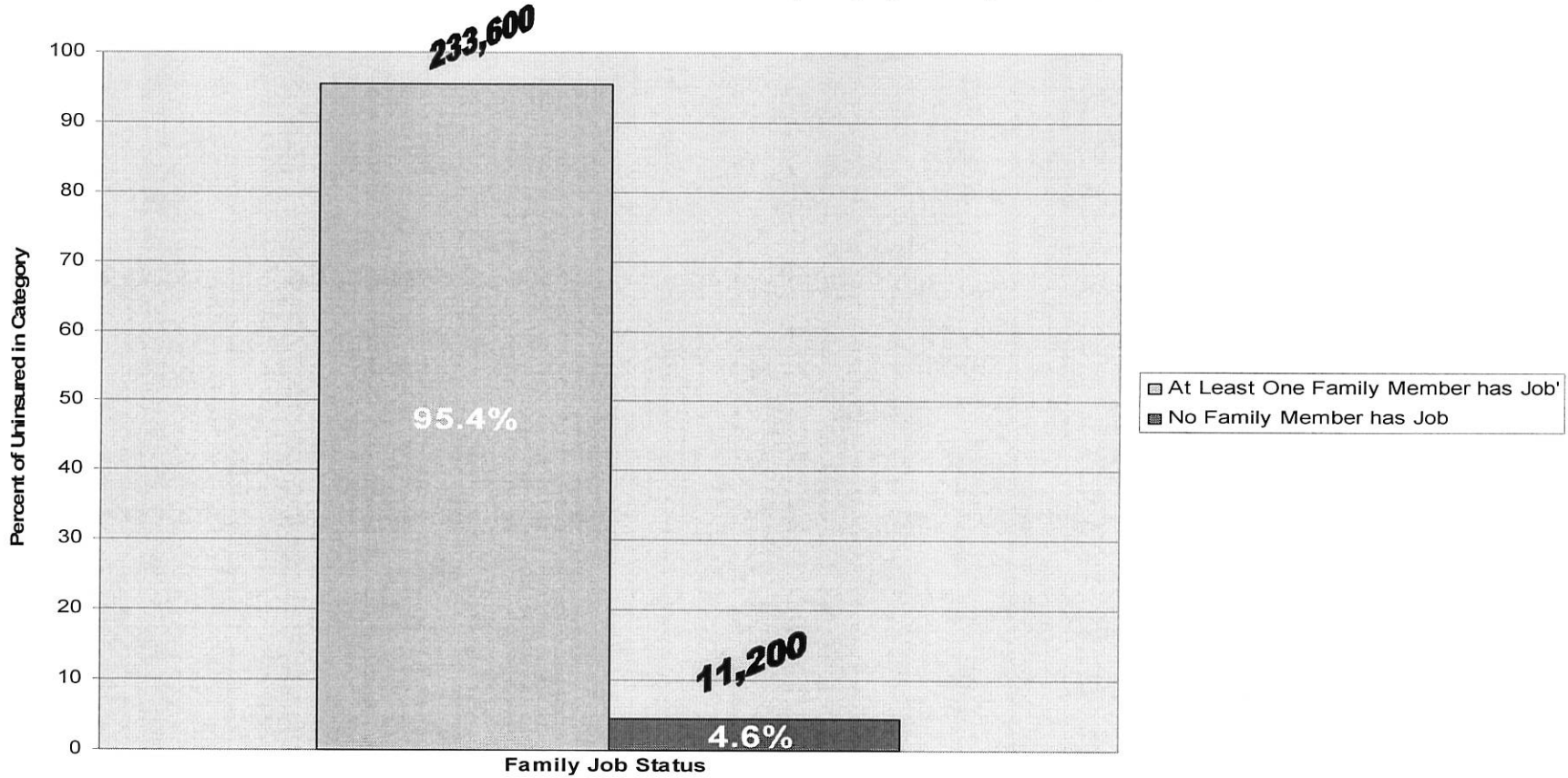




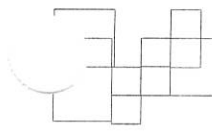
# UNINSURED with TIES to the WORKFORCE

1-39

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



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



# Small Business Health Insurance Survey Findings

1-46

	<b>Offered</b>	<b>Did Not Offer</b>
# Employees *	15.3	7.8
Avg FT Salary *	\$26,788	\$22,549
Avg Age Employee	41.1	41.2
Female %	45.3	44.1
Hispanic %	4.5	7.3
African-American %	2.4	2.5
Short-term %	25.0	31.2
College Req. % *	27.4	9.4
HS not Req. % *	9.2	20.6

## Small Business Health Insurance Survey Findings

**Summary of findings:** Although nearly 70 percent now offer health insurance to their employees, Kansas small businesses face the same concerns as small businesses in other states. More than a fifth of the firms in a recent survey of Kansas small businesses were considering dropping coverage, and nearly three-fifths were planning to increase employee contributions. Among Kansas small businesses that did not offer health insurance benefits, cost was by far the most important reason. Fortunately, a majority of Kansas small businesses support a number of policy options that might make health insurance more affordable. Options with significant support include insurance purchasing pools, joining the State Employees' health plan, health savings accounts, tax credits, Medicaid buy-in for children, and subsidies for low income workers.

**Survey Description:** In 2000, the former Insurance Commissioner Kathleen Sebelius commissioned a study of the uninsured in Kansas. The resulting Kansas Health Insurance Survey revealed that 10.5 percent of Kansans under the age of 65 were uninsured. Over 95 percent of the uninsured lived in a household with a linkage to the workforce: being either the worker; the spouse of a worker; or the dependent of a worker. In addition, over half of the uninsured worked full time and more than 54,000 workers were in firms with less than 50 employees. The concentration of the uninsured in small firms highlighted the need to gain additional information about this sector. As a result, Kansas Insurance Commissioner Sandy Praeger authorized this study.

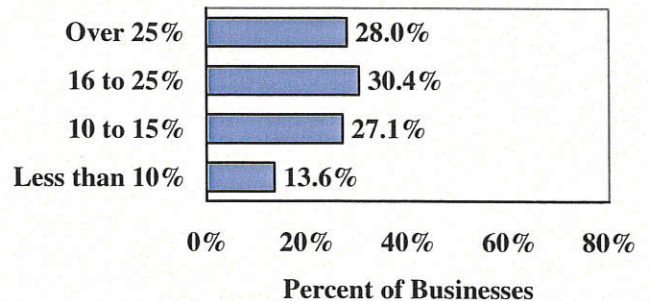
### **Characteristics of All Survey Respondents**

Representative survey. Kansas small businesses that participated in this survey were representative of other small businesses throughout the United States. Kansas firms averaged just under 13 employees each, with half of the firms having eight or fewer employees. Of these firms, 69 percent offered full-time employees health insurance while an additional seven percent offered part-time employees health insurance. These data dovetail with recent national data which show that approximately three-quarters of all firms in rural areas have fewer than 20 employees and 64 percent of small businesses nationwide offered their employees health insurance<sup>1</sup>.

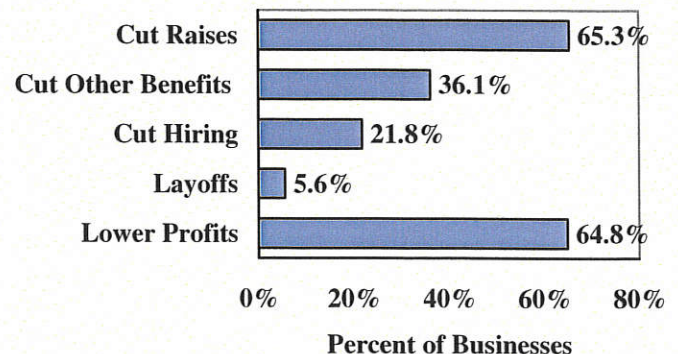
Rising cost of health insurance. At a national level, the falling number of small employers that offer health insurance coverage is largely due to its rising cost. Kansas employers in our survey reported that insurance premiums increased substantially last year. Over thirty percent of the firms reported that their

premiums rose by 16-25 percent, and 28 percent reported that their premiums rose over 25 percent (Figure 1). Due to these rising costs, 58 percent of firms said that increases in employee contributions for health insurance were somewhat or very likely. In addition, 21 percent said that they were somewhat or very likely to stop offering health insurance to employees.

**Figure 1. Health Insurance Cost Increases Next Year**



**Figure 2. Responses to Rising Cost of Health Insurance**



Impact on business. The firms in our survey indicated that rising health insurance costs had significant business effects. Sixty-five percent said that they reduced raises or bonuses as a result; 36 percent reduced other benefits; 22 percent reduced hiring; and six percent laid off workers (Figure 2).

### Differences between Firms That Did and Did Not Offer Health Insurance

Number of employees, wages, and education. There were some important differences between Kansas firms that did and did not offer health insurance to their employees. Firms that offered health insurance averaged nearly twice as many employees as those that did not. Firms that offered health insurance also offered wages that were over \$4,000 higher. In terms of education, firms that offered health insurance were more likely to report that jobs in their firm required at least a high school degree and more employees had a college degree or post-baccalaureate degree (Figure 3).

Urban and Rural Differences. Firms in more urban counties (Douglas, Johnson, Leavenworth, Sedgwick, Shawnee, and Wyandotte) were more likely to offer full-time employees health insurance than firms elsewhere. Seventy-eight percent of the firms in these six counties offered coverage to full-time employees; 63 percent of firms in other counties did so. There were no meaningful differences in the proportions of firms offering coverage to part-time workers or to family members. Firms in the more urban counties were not appreciably larger than firms elsewhere, but did offer larger salaries (\$27,620 versus \$24,007).

Age, ethnicity, and gender. Other demographic differences were not found to be statistically significant based on the survey. The average age of employees was comparable in both groups of firms. However, firms that offered health insurance had fewer employees with less than two years with the firm. There was a nine percent chance that this difference was due to chance. Firms that offered health insurance and firms that did not had similar percentages of female and African-American employees. Firms that did not offer health insurance tended to have a higher percentage of Hispanic employees, although there was a 16 percent probability that this was due to chance.

**Figure 3: Firms that Did and Did Not Offer Health Insurance**

	Did	Did Not
Number of Employees *	15.3	7.8
Average Full-time Salary *	\$26,788	\$22,549
Average Age of Employees	41.1	41.2
Female %	45.3	44.1
Hispanic %	4.5	7.3
African-American %	2.4	2.5
Short-term Employees %	25.0	31.2
Requiring College or Above % *	27.4	9.4
Not Requiring High School % *	9.2	20.6

\* Statistically significant difference

### Small Firms Not Offering Health Insurance

Reasons for not offering. Cost was the main reason for not offering health insurance. Sixty-six percent of small firms that did not offer health insurance cited this as the main reason why. Although 21 percent said that their employees get coverage from other sources, 61 percent of these firms knew that some of their employees lacked any health insurance coverage whatsoever. Most other firms focused on the preferences of their employees as to the reason they did not provide health insurance. Nine percent said that employees preferred higher wages; three percent said that a majority of employees could not afford the premium. Only one percent said that too much paperwork was the main barrier to offering coverage.

Support for employer provided health insurance. Interestingly, small firms that did not offer health insurance generally supported the premise that employers should offer it. Sixty-eight percent said that employers should offer health insurance. While this is more than a two-thirds majority, this is significantly less than the 91 percent agreement among small firms that offered health insurance.

Employer potential cost sharing. Small firms that did not offer health insurance were willing to pay only modest amounts for employee coverage. A third were not willing to pay anything; 36 percent were willing to pay less than \$100 per month; and only 2 percent were willing to pay more than \$300 per month. None expressed a willingness to pay more than \$400 per

month. Should these employer decide to offer health insurance, employer contributions of this size would likely mean high premiums for employees.

### Firms Offering Health Insurance

Eligibility. Most firms limited health insurance eligibility to full-time employees, but 14 percent reported that all employees were eligible. Sixty-four percent of employees signed up for health insurance when offered. (This may slightly understate the acceptance rate, because not all employees were eligible.)

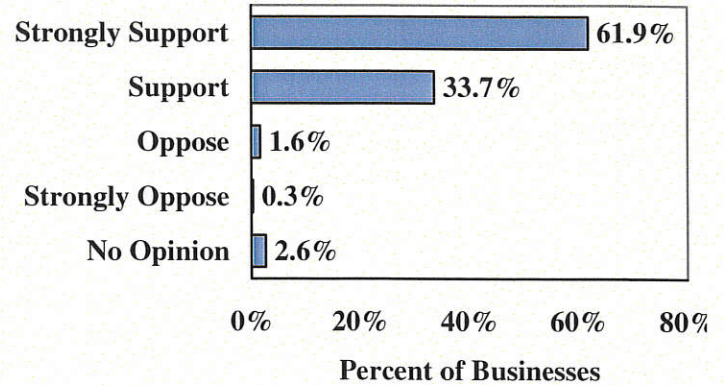
Employer contributions for employees. Employers that offered employee coverage covered most of its cost. Just over half (51.4 percent) paid the entire premium, and nearly 95 percent paid more than \$100 per month for employees. Accordingly, employee contributions were usually modest. Seventy-five percent of the firms reported that employees paid \$100 or less per month for their coverage.

Employer contributions for family coverage. Eighty-nine percent of the firms that offered health insurance to their employees also offered family coverage, but employer contributions for these plans were smaller. Thirty-eight percent of firms made no contribution to family coverage, and an additional seven percent contributed less than \$100 per month. Only 25 percent of the firms paid more than \$300 per month for family coverage.

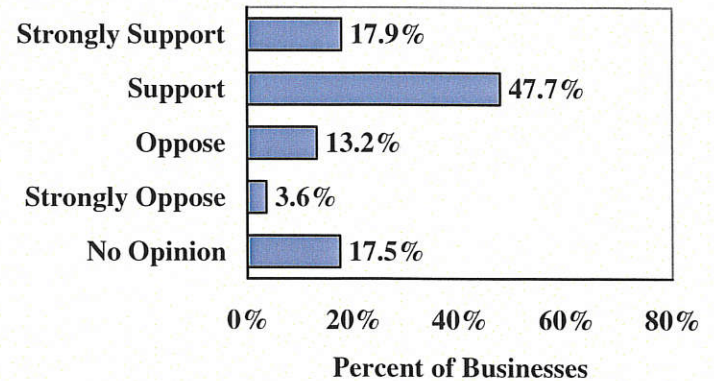
### Support for Health Insurance Expansion Options

Support for insurance pools, health savings accounts, and Medicaid buy-in for kids. At almost 96 percent, support for small business pools was overwhelming (Figure 5). Nearly sixty-six percent of the firms supported health savings accounts (Figure 6) and more than 64 percent supported a Medicaid buy-in for children (Figure 7). The responses of firms that offered insurance and firms that did not were essentially the same for these three options.

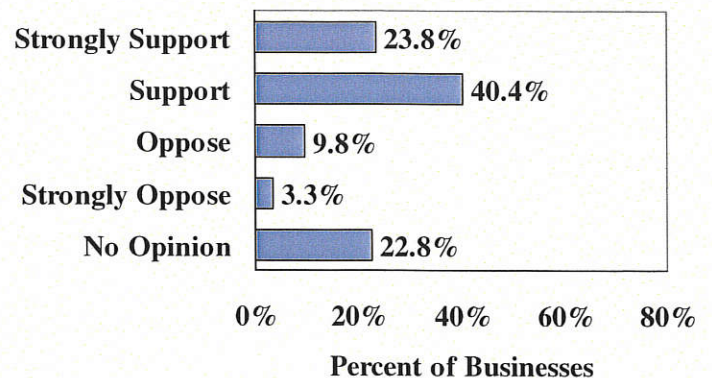
**Figure 5. Support for Small Business Pools**



**Figure 6. Support for Health Savings Accounts**



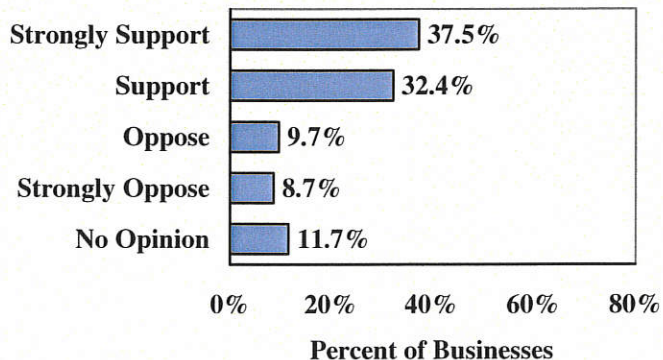
**Figure 7. Support for Medicaid Buy-in for Children**



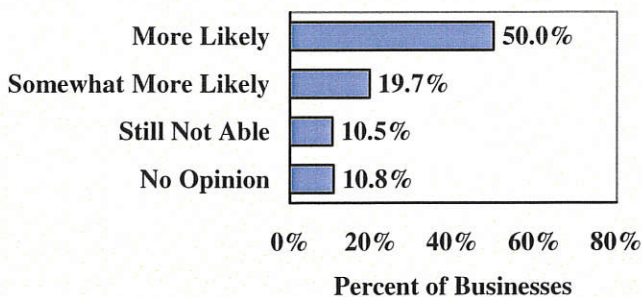
Support for state government plan buy-in. Nearly seventy percent of firms favored letting small businesses buy into a state government insurance plans (Figure 8). Seventy-six percent of firms not

Offering health insurance and 67 percent of firms offering health insurance favored this option. Over 69 percent of respondents also stated that they were more likely to offer health insurance if the government provided tax credits to help them do so (Figure 9).

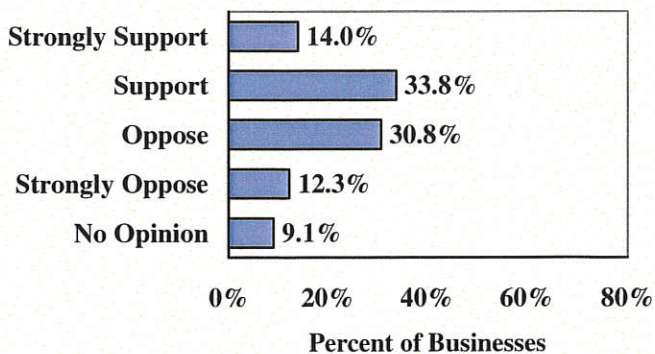
**Figure 8. Support for Joining State Employee Plan**



**Figure 9. Effect of Tax Credits on Offering Health Insurance**

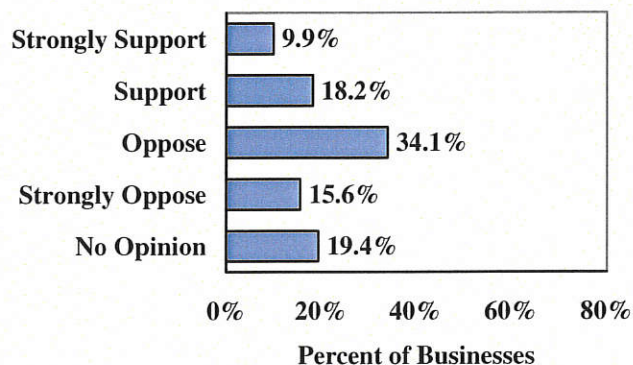


**Figure 10. Support for Subsidies for Low-income Workers**



Moderate support for low-income worker subsidies; less for Medicaid buy-in for parents. Nearly half of firms favored subsidies for low-income workers (Figure 10). However, only 28.1 percent favored expansion of Medicaid to parents of eligible children. The responses of both groups of firms were quite similar (Figure 11).

**Figure 11. Making Parents of Medicaid-eligible Children Eligible**



**Conclusion:**

Most Kansas small businesses wanted to offer health insurance to their employees, but the cost of doing so deterred a majority of them. In addition, those firms that offered health insurance felt increasingly pressured by higher costs. A majority intended to increase employee contributions next year, and a substantial number were considering dropping employee coverage.

Respondents supported a number of ways of addressing this issue. They overwhelmingly supported creation of insurance purchasing pools, broadening access to health savings accounts, and allowing non-eligible children to buy into Medicaid. There was also support for allowing small businesses to join the state employee plan and for providing subsidies for low income workers.

<sup>1</sup> Kaiser Family Foundation Employer Health Benefits 2003 Annual Survey

Acknowledgements: This study was funded by HRSA Grant # P090A000155-01-05 to the Kansas Department of Insurance; Principal Investigator: Barbara Langner, PhD, RN. Report Authors: Marcia Nielsen, PhD, MPH; Robert Lee, PhD; Barbara Langner, PhD, RN.