



# **KHPA Testimony on SB 540 to the Senate Financial Institutions and Insurance Committee**

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# Objectives

- Background on Health Reform
- Description of SB 540
- Policy Recommendations
  - Young Adult Policies (YAPs)
  - Continuing eligible dependents through age 25
  - Health Insurance Clearinghouse for Small Businesses
  - Reinsurance Pool for Very Small Groups



# KHPA Reform Priorities

- **Promoting personal responsibility (P1)**
  - Responsible health behaviors
  - Informed purchase of health care services
  - Contributing to the cost of health insurance, based on ability to pay the cost of health insurance, based on ability to pay
- **Prevention and medical homes (P2)**
  - Focus on obesity, tobacco control, chronic disease management and incentives for primary care medical homes
- **Providing and protecting affordable health insurance (P3)**
  - Focus on small businesses, children, and the uninsured



# Priorities: Systems Reform and Better Health

<h2>Transforming Medical Care</h2>	<h2>Improving Public Health</h2>	<h2>Expanding Affordable Insurance</h2>
<ul style="list-style-type: none"> <li>•Transparency project: health care cost and quality</li> <li>•Health literacy</li> <li>•Medical home definition</li> <li>•Medicaid provider reimbursement</li> <li>•Community Health Record (HIE)</li> <li>•Form standardization</li> </ul>	<ul style="list-style-type: none"> <li>•Increase tobacco user fee</li> <li>•Statewide smoking ban</li> <li>•Partner with community organizations</li> <li>•Education Commissioner</li> <li>•Collect fitness data in schools</li> <li>•Promote healthy foods in schools</li> <li>•Increase physical fitness</li> <li>•Wellness for small businesses</li> <li>•Healthier food for state employees</li> <li>•Dental care for pregnant women</li> <li>•Tobacco cessation in Medicaid</li> <li>•Expand cancer screening</li> </ul>	<ul style="list-style-type: none"> <li>•Aggressive outreach and enrollment of eligible children (target population: 20,000)</li> <li>•Premium assistance for low income adults without children (target population: 39,000)</li> <li>•Small business initiatives (target population: 15,000 young adults and 12,000 employees of small businesses)</li> </ul>



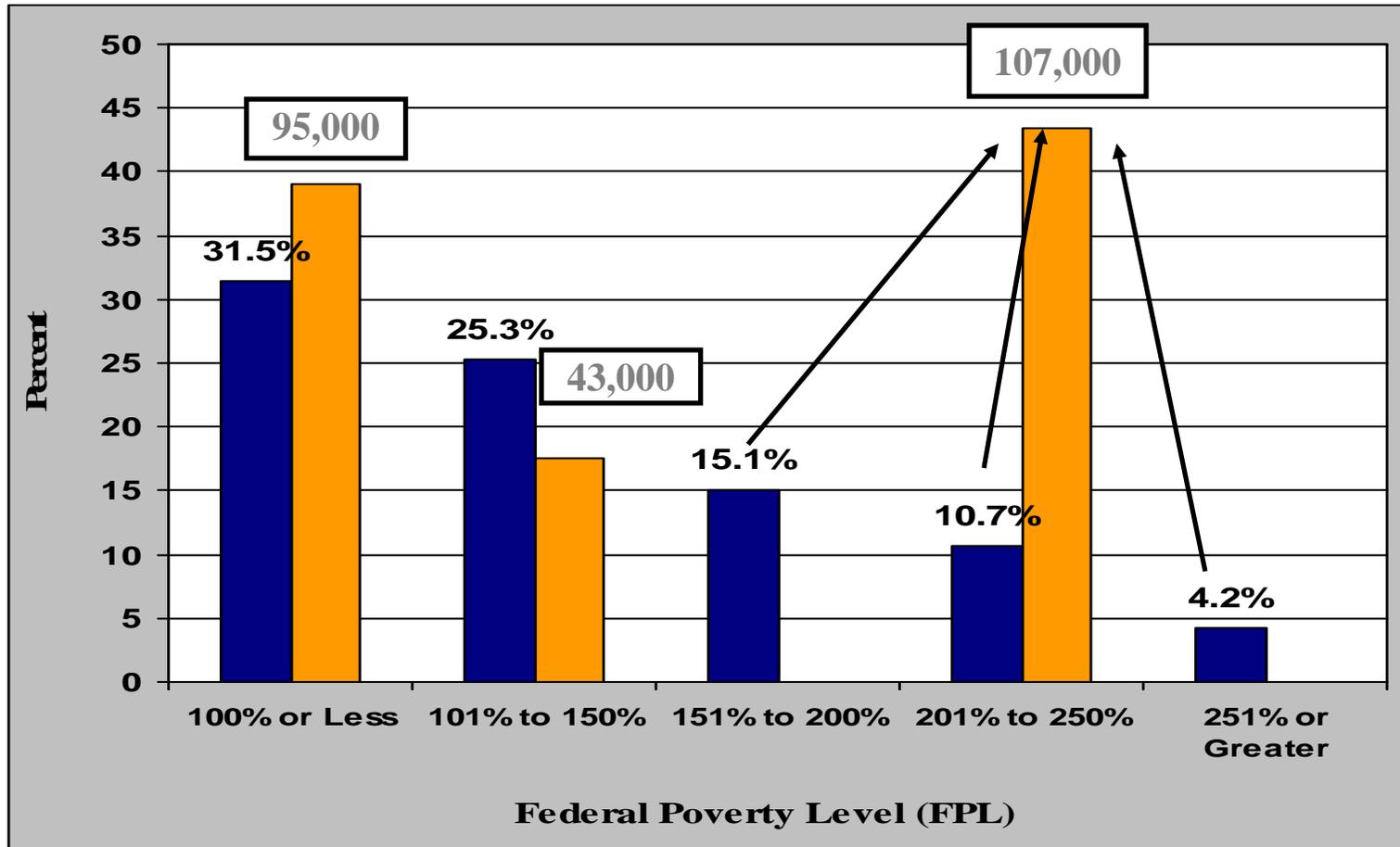
# Provide & Protect Affordable Health Insurance Policy Options (P3)

- **Premium Assistance *Expansion*:**
  - Increase private insurance coverage for low-income childless Kansans through premium assistance program expansion\* (**Kansas Healthy Choices**)
- **Increased Enrollment:**
  - Improve access to coverage for Kansas children, with specific targets for enrollment
- **Small Businesses:**
  - Increase affordable coverage for solo business owners and other small businesses

\* Please note that SB 111 Premium Assistance applies to low-income families only whereas the proposed expansion is to include low-income adults who do not have children (childless adults are currently not-eligible for medical assistance programs regardless of how poor they are).

# Lower Income = More Uninsured

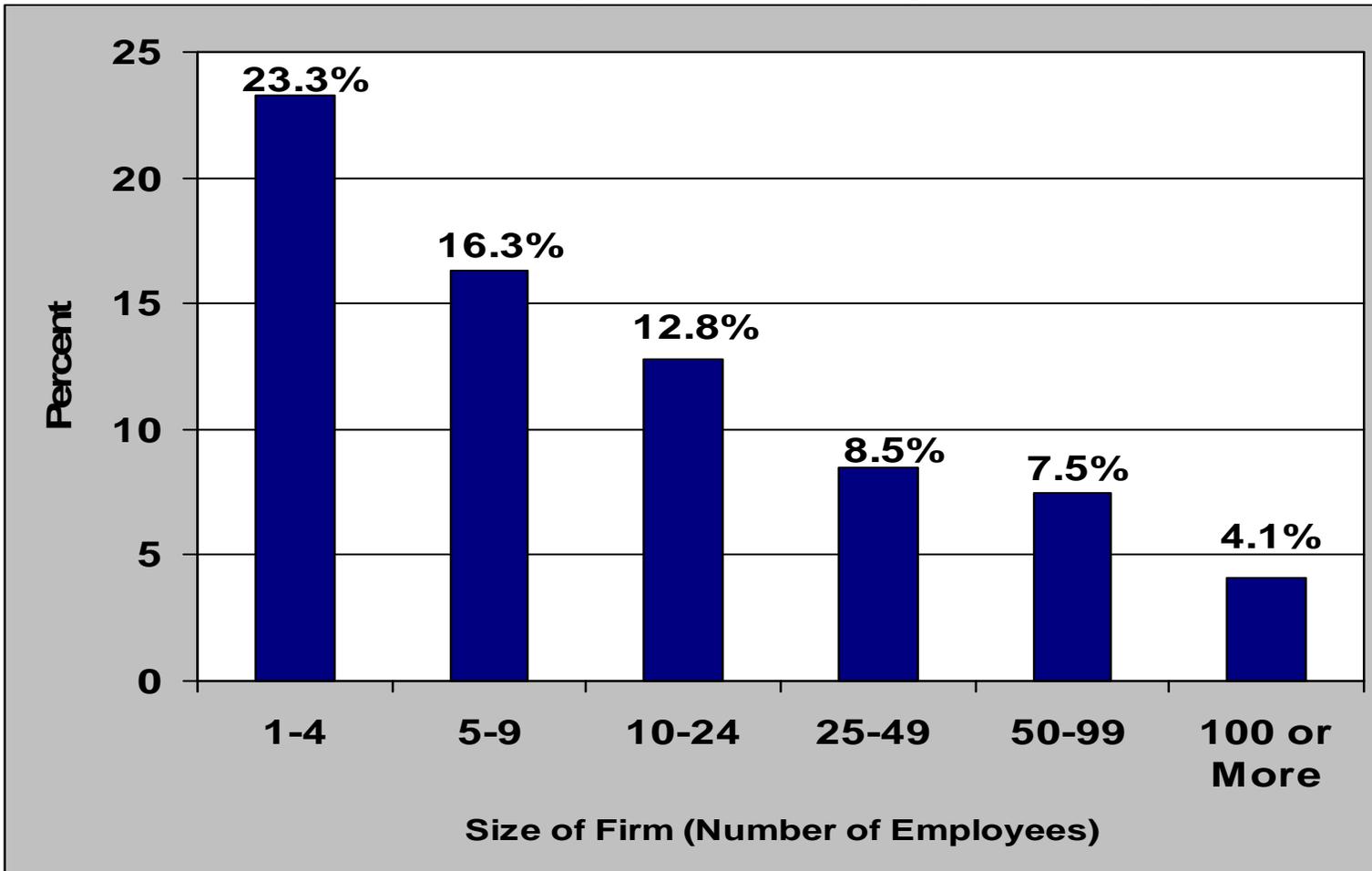
**Uninsured Kansans under Age 65 by Income and Distribution of Uninsured**



Sources: Kansas Health Insurance Study, 2001. Kansas Insurance Dept.

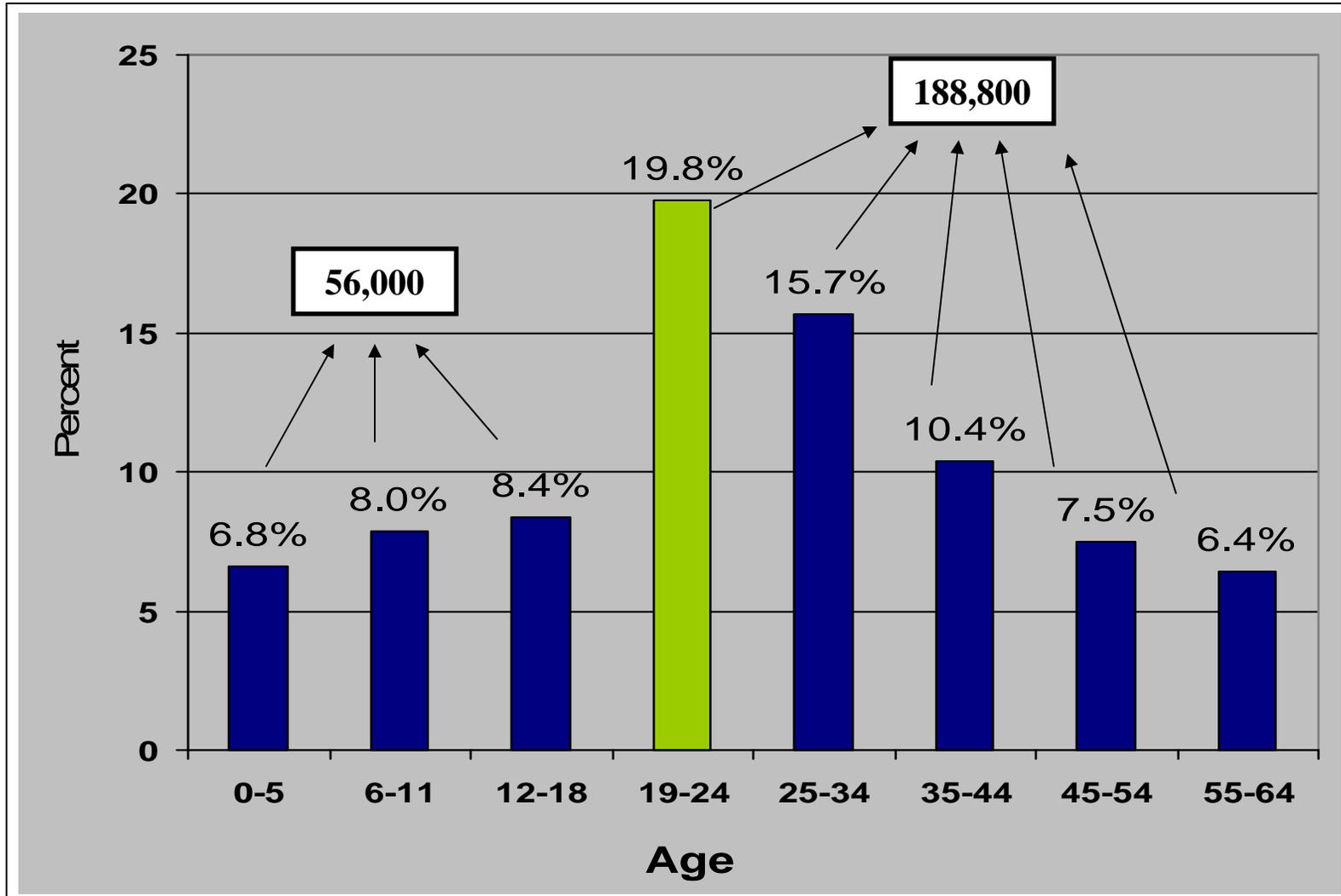
# Smaller Businesses Have Higher Rates of Uninsured

Uninsured Full-Time Employed Kansans (Age 18-64), By Firm Size



Source: Kansas Health Insurance Study, 2001. Kansas Insurance Dept.

# Highest Rates of Uninsured Among Young Adults





# Access to Health Insurance Among Young Adults

- **Lack of Coverage:**
  - Young adults (ages 19-29) are one of the largest segment of US population who are uninsured; nearly one in three are uninsured nationally
  - Increases in total uninsured in US largely due to rising rates of uninsured among young adults
- **Poor Health Care Access.**
  - Uninsured young adults face high out-of-pocket health care costs and more likely to:
    - not fill prescriptions
    - not have regular check-ups
    - skip follow-up treatments
    - not see a doctor when a health problem exists



# Increasing Age of Dependency

## State Laws That Increase Age That Young Adults Are Considered Dependents for Health Insurance Purposes (The Commonwealth Fund, 2007)

	Year Passed/Implemented	Age of Dependency	Applies to Non-Students
Colorado	2006	25	Y
Delaware	2006	24	Y
Idaho	2007	25	N
Indiana	2007	24	Y
Maine	2007	25	Y
Maryland	2007	25	Y
Massachusetts	2006	25	Y
Minnesota	2007	25	Y
New Hampshire	2007	26	Y
New Jersey	2006	30	Y
New Mexico	2005	25	Y
Rhode Island	2006	25	N
South Dakota	2005	24	N
Texas	2003	25	Y
Utah	1994	26	Y
Washington	2007	25	Y 10
West Virginia	2007	25	Y

# SB 540: Health Insurance Reforms

- **Section 1: Establishes Very Small Employer Group**
  - Defines & creates group for very small employers (max of 10 employees; includes sole proprietors)
- **Section 2: Creates Young Adult Policies**
  - Defines & creates a special group (young adults ages 18-25) with goal to create more affordable health insurance policies for this population
- **Sections 3-5: Increases Age of Dependents on Parent's Health Insurance –**
  - Allows dependents on parent's health insurance policy extended through age 25
- **Sections 6-9: Creates Kansas Small Business Health Policy Committee:**
  - Create committee to establish voluntary Health Insurance Clearinghouse for small businesses
- **Sections 10-11: Transfer Cafeteria Plan Promotion Program from Dept of Commerce to KHPA**
  - Kansas Small Business Health Policy Committee to direct cafeteria plan promotion



# Policy Options to Increase Affordable Coverage for Small Businesses

- Encourage utilization of **Section 125 Plans**
- Develop a “**Voluntary Health Insurance Clearinghouse**”
- **Define small group market and provide reinsurance:** obtain grant funding for further analysis
- **Young Adult Policies** - dependent coverage extension through age 25 and development of targeted young adult insurance products
- Pilot projects – support grant program in the Kansas Dept of Commerce for **small business health insurance innovations**



# Small Business Health Policy Committee

## Purpose:

- To ensure stakeholder input and refined health insurance modeling to design affordable health insurance options for small-business
- Reports to KHPA Board and Commissioner of Insurance

## Continue function:

- Replaces Business Health Policy Committee and Partnership
- Assign new tasks such as developing insurance clearinghouse to provide consumers with information about health insurance and Section 125 plans

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