Overview of the Uninsured in North Carolina

The lack of health insurance coverage is the foremost barrier to accessing health care services. Nearly one-fifth of the non-elderly population in North Carolina, more than 1.5 million people, lacked health insurance coverage in 2006-2007.[a] North Carolina has seen a more rapid increase in the percent uninsured than most of the rest of the country. Between 1999-2000 and 2006-2007, North Carolina experienced a 29% increase in the percent uninsured compared to a 12% increase nationally. Most of the reason for the large growth in the uninsured is the larger than average drop in employer-sponsored insurance (ESI). Between 1999-2000 and 2006-2007, North Carolina saw a 12.5% decrease in ESI, almost twice the national average decrease of 6.8%. The decline in ESI is due to both a decrease in the proportion of businesses—especially small employers—that offer coverage and the decline in the number of employees who can afford coverage for themselves or their families when offered.

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Unfortunately, working full-time no longer guarantees health insurance coverage. The vast majority of the uninsured in the state (77%) live in a family where one or more persons work full-time. Most of the uninsured have low incomes, with family incomes less than 200% of the federal poverty guidelines (FPG) ($42,400/year for a family of four in 2008), or their only connection to the workforce is through a small employer with 25 or fewer employees. Approximately four-fifths (79%) of individuals without coverage in North Carolina fall into one or more of three groups:

- Children in families with incomes below 200% FPG (14% of all non-elderly uninsured or 209,000 people),
- Adults with incomes below 200% FPG (46% of all non-elderly uninsured or 705,000 people), or
- Persons in a family with at least one full-time employee of a small employer (36% of all non-elderly uninsured or 555,000 people).

The chief reason people lack coverage is cost. In 2006, the average annual total premium cost for individual coverage through an employer in North Carolina was $4,027.[1] Cost for family coverage, on average, was $10,950. The high premium cost is also the primary reason why some employers fail to offer coverage.[2] Between 2000 and 2006, the cost to employers increased by more than 50% for individual coverage and by nearly 66% for family coverage in North Carolina.[1,3] Research has demonstrated that increases in health insurance premiums have been the primary reason for the national decline in ESI.[4]

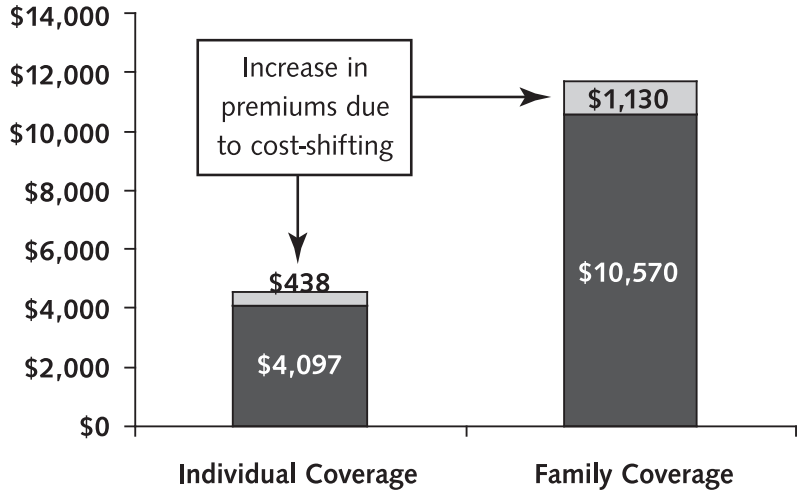
a Unless otherwise noted, all data on the uninsured are based on North Carolina Institute of Medicine analysis of the Current Population Survey's Annual Social and Economic Supplement, published by the US Census Bureau.

Lack of insurance coverage translates into access barriers. In a statewide survey of adults, nearly half of the uninsured in North Carolina reported forgoing necessary care due to cost, compared to 10% of individuals with insurance coverage.[5] Lack of coverage also adversely affects health as the uninsured are less likely to get preventive screenings or ongoing care for chronic conditions. Consequently, the uninsured have a greater likelihood than people with coverage of being diagnosed with severe health conditions (such as late stage cancer), being hospitalized for preventable health problems, or dying prematurely. In fact, adults who lack insurance coverage are 25% more likely to die prematurely than adults with insurance coverage.[6] The lack of health insurance also affects the productivity of workers and students. Workers in poor health are more likely to miss work and students in poor health have more difficulty learning in school.[7]

The rising number of uninsured also creates an economic strain on health care institutions caring for both insured and uninsured patients. In 2005, the cost of unpaid out-of-pocket costs of care for the uninsured in North Carolina was $1.3 billion, and by 2010 it is estimated that the cost will reach nearly $2 billion.

The rising number of uninsured also creates an economic strain on health care institutions caring for both insured and uninsured patients. In 2005, the cost of unpaid out-of-pocket costs of care for the uninsured in North Carolina was $1.3 billion, and by 2010 it is estimated that the cost will reach nearly $2 billion.[8] Nearly 60% of the costs of services received by the uninsured are borne by paying patients through increases in the prices they (or their insurance company) pay for services.[9] The cost of care for the uninsured is eventually borne in part by all North Carolinians through taxes and higher insurance premiums. As a result of compensating for the cost of health care for the uninsured, premiums for private employer-sponsored individual coverage in North Carolina cost an additional $438 (2005) and family premiums cost an additional $1,130.[8] This additional premium cost was more pronounced in North Carolina than the nation, which had an average additional premium cost of $341 for individuals and $922 for families.[8] (See Figure 1.1.)

Figure 1.1
Premium Increases Due to Care for the Uninsured (North Carolina, 2005)



Source: Families USA. Paying a premium: the added cost of care for the uninsured. http://www.familiesusa.org/assets/pdfs/Paying_a_Premium_rev_July_13731e.pdf. Published June 1005. Accessed November 19, 2008.

The lack of health insurance coverage is not the only access barrier that North Carolinians face in obtaining needed health services. Practitioner supply is also a problem, one which is likely to worsen over time. Trends indicate a decreasing supply of practitioners compared to the population and demand for services. This is compounded by an aging population and an aging health care workforce. People use more health care services as they age. Further, more practitioners are likely to retire as the workforce ages. As a result, it is probable that North Carolina will experience a practitioner shortage in the next decade, especially in primary care.[10] Rural and currently underserved areas are predicted to have the greatest shortages.[10] If there are insufficient numbers of health care practitioners available, access to health care services is limited, even for those who have health insurance coverage.

Health Access Study Group

The North Carolina General Assembly asked the North Carolina Institute of Medicine (NCIOM) to convene a Study Group *to study and recommend options to expand access to appropriate and affordable health care* in North Carolina.[b] The Study Group was co-chaired by Representative Hugh Holliman, District 81, North Carolina House of Representatives; Senator Tony Rand, District 19, North Carolina Senate; and L. Allen Dobson Jr, MD, FAAFP, Vice President, Clinical Practice Development, Carolinas HealthCare System. It included 38 additional Study Group and Steering Committee members.

If there are insufficient numbers of health care practitioners available, access to health care services is limited, even for those who have health insurance coverage.

In examining options to expand access to appropriate and affordable health care in North Carolina, the NCIOM was instructed to review:

1. Previous studies by the NCIOM,
2. Relevant current studies by the NCIOM,
3. Successful efforts in other states to improve access to and affordability of health care, and
4. Analysis of relevant federal initiatives.

The authorizing legislation directed the NCIOM to seek the advice and consultation of state and national experts in health care economics, health care systems development, health care delivery, health care access, indigent health care, medical education, health care finance, and other relevant areas of expertise. The NCIOM was required to report back its recommendations to the North Carolina General Assembly no later than January 15, 2009.

The Study Group met a total of five times between September 2008 and January 2009. A complete list of topics and Study Group meeting agendas is included in Appendix A.

b Section 31 of Session Law 2008-181.

Report Structure and Future Study

The report of the North Carolina Institute of Medicine's Health Access Study Group includes nine chapters. Chapter 2 includes more complete information about the uninsured, as well as the major factors contributing to escalating health care costs. Chapter 3 provides information on current innovative initiatives in North Carolina, including Community Care of North Carolina (CCNC) networks for the Medicaid program and the North Carolina Healthcare Quality Alliance. Any efforts to expand access to affordable coverage must be built on the strengths of the current health care delivery system. Chapter 4 focuses on options to expand health insurance coverage to uninsured children, starting with suggestions on how to enroll children who are eligible, but not yet enrolled in publicly available health insurance programs. Chapter 5 focuses on options to expand coverage to low-income adults, building on the state's successful CCNC Medicaid infrastructure. In Chapter 6, the Health Access Study Group identifies options to expand coverage to small employers, as they are the employer group least able to afford or offer coverage. Chapter 7 explores options to strengthen the health care safety net—those organizations with a mission to serve the uninsured. Until we have a financing system that provides health insurance coverage to all, the capacity of these safety net organizations to provide services to the uninsured will need to be strengthened. Chapter 8 examines the health care workforce. Insurance coverage provides an important financing mechanism to help individuals pay for needed services. However, health insurance per se is not sufficient to ensure access to care. North Carolina needs an adequate supply of health care professionals, located throughout the state, to provide the needed health care services. Chapter 9 includes a summary of the Study Group's recommendations, along with a phase-in plan to provide coverage to more of the uninsured.

The longer term goal is to develop public and private approaches that will make health insurance coverage affordable, and to couple it with a mandate to require people to have insurance coverage.

The North Carolina General Assembly asked the North Carolina Institute of Medicine (NCIOM) to convene the Health Access Study Group to explore options to expand access to affordable health care and to report findings to the 2009 Session of the North Carolina General Assembly. North Carolina will be unable to ensure access to affordable health care absent some form of universal coverage, either at the state or federal level. Without a comprehensive plan for universal coverage at the national level, North Carolina can begin to address this problem by expanding existing programs and developing new options to phase-in coverage to more people. The longer term goal is to develop public and private approaches that will make health insurance coverage affordable, and to couple it with a mandate to require people to have insurance coverage.

Because of the limited amount of time given for this study, the Health Access Study Group did not have the time to fully explore all options to achieve universal coverage, reduce escalating health costs, or ensure an adequate supply of health care providers. Additionally, the NCIOM was unable to fully cost-out all the different expansion options. The NCIOM is obtaining actuarial cost estimates of the different coverage options recommended in this report, but these actuarial estimates were not available at the time this report was being written. The estimates will be presented to the North Carolina General Assembly in a separate report.

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