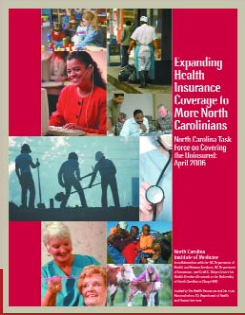



Fact Sheet

# Covering the Uninsured

## Expanding Health Insurance Coverage to More North Carolinians

April 2006

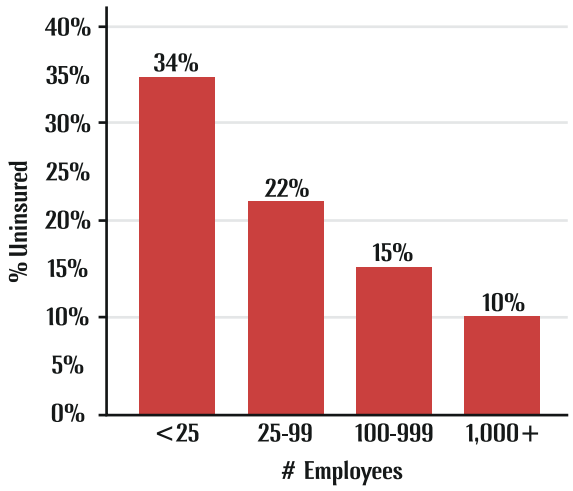
## Too Many North Carolinians Lack Health Insurance Coverage

*More than 1.3 million nonelderly people in the state lacked health insurance coverage in 2004, or more than one sixth of the state's population.*[1] The percentage of the state's population without health insurance is growing more rapidly in North Carolina than in most of the rest of the country.

In many ways, the uninsured are a microcosm of the state's population. They include workers and the unemployed; wealthy and low-income individuals; men, women, and children of all races, ethnicities, and ages. *However, the two groups most likely to lack coverage are those who have a connection to a small business with fewer than 25 employees and low-income individuals with incomes below 200% of the federal poverty guidelines (FPG). More than four fifths (83%) of the uninsured fall into one of these two groups.*[1]

A common misperception is that the majority of uninsured do not work full-time. In fact, 78% of the uninsured are full-time workers or in a family with full-time workers. *Half (50%) of the uninsured have a connection to a small business (either the employee or a family member of someone who works for a small firm).*[1]

Table 1
Uninsurance Rate by Firm Size, NC

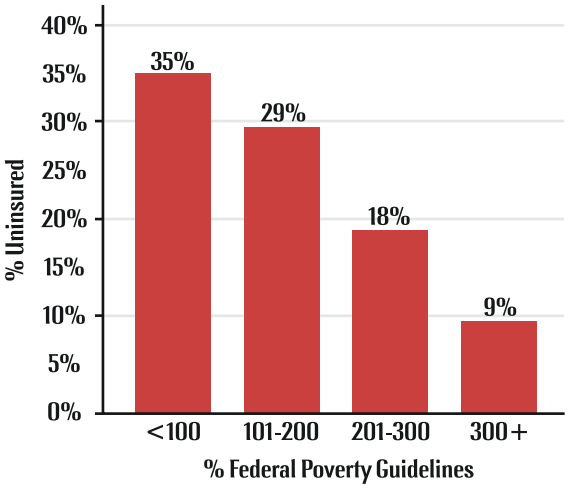



Source: Homes M. Analysis of US Census. Current Population Survey 2004-2005 (Calendar years 2003-2004). Cecil G. Sheps Center for Health Services Research, The Univeristy of North Carolina at Chapel Hill. 2005

Many of the working uninsured, particularly those who work for small firms, are not offered health insurance coverage through their jobs. As a consequence, employees who work in small firms are more likely to be uninsured than those who work for larger firms.

Low-income individuals are also more likely to be uninsured than those with higher incomes.[1,2] *Three-fifths (60%) of the uninsured in this state have incomes below 200% FPG, or $38,700 for a family of four.*

Table 2
Percent of People at Different Income Levels Who are Uninsured




Source: Homes M. Analysis of US Census. Current Population Survey 2004-2005 (Calendar years 2003-2004). Cecil G. Sheps Center for Health Services Research, The Univeristy of North Carolina at Chapel Hill. 2005

People lack health insurance coverage for a variety of reasons—but the primary reason is cost. *In a statewide survey in North Carolina, more than half of the uninsured (55%) said they could not afford insurance coverage.*[3] The average total cost for employer-based coverage in North Carolina was more than $3,400/year for employee coverage, or $8,400/year for a family in 2003.[4] Health insurance coverage is even more expensive for those who lack employer-sponsored insurance and have pre-existing health problems.

Most people are under the mistaken belief that people can get the healthcare they need, even if they don't have health insurance. It is true that people can access hospital emergency department care, but that is not the most appropriate nor is it the least costly way for people to receive care.[5] The NC Institute of Medicine recently completed a Task Force that examined the availability of safety net organizations that provide primary care services to the uninsured on a sliding scale basis, such as community and migrant health centers, free clinics, public health departments, or state-funded rural health clinics.[6] The Task Force found that these organizations are not available in every county, and even in counties where they are located, they often cannot meet all of the healthcare needs of the uninsured. *Statewide, only about 25% of the uninsured accessed primary care services through a safety net organization.*

*Lacking health insurance coverage makes it difficult for people to obtain needed healthcare.* Uninsured North Carolinians are less likely to have a regular doctor or get preventive care services. They are four times more likely than people with insurance to report that there were times in the last 12 months when they needed to see a doctor but couldn't because of costs (44% vs. 11% respectively).[3] In general, the uninsured use fewer healthcare services and delay care, which makes them more likely to be diagnosed with a serious health conditions—such as late stage cancer—or be hospitalized for conditions that could have been prevented if they received adequate primary care. In North Carolina, the uninsured are about 35% more likely to be hospitalized for preventable conditions than those with private insurance.

*Not only does lack of insurance coverage affect individuals and families without insurance coverage—it affects us all.* People in poor health are less likely to work or may work fewer hours. Children who are sick have more difficulty learning in school. Uninsured people who do obtain care are often faced with outstanding medical bills that can lead to personal bankruptcies or adversely affect their credit rating. And the growing numbers of uninsured are creating an economic strain on the healthcare institutions that care for all of us.

The NC Institute of Medicine Task Force on Covering the Uninsured explored ways to expand health insurance to more uninsured North Carolinians as part of a larger effort directed by the NC Department of Health and Human Services. The Task Force focused on three primary ways to expand coverage to the uninsured:

- Options to make health insurance coverage more affordable to small employers.
- Publicly-funded initiatives to develop low-cost limited benefit packages to low-income adults.
- A high-risk pool for individuals with pre-existing health conditions.

## References


1 Holmes M. Analysis of US Census. Current Population Survey 2004-2005 (Calendar years 2003-2004). Cecil G. Sheps Center for Health Services Research, The University of North Carolina at Chapel Hill. 2005.

2 The federal poverty guidelines (FPG) are set annually by the US Department of Health and Human Services. The 2005 federal poverty guidelines are:

| Family Size | 100% FPG/Year | 200% FPG/Year | 300% FPG/Year |
|---|---|---|---|
| 1 | $ 9,570 | $12,140 | $28,710 |
| 2 | $12,830 | $25,660 | $38,490 |
| 3 | $16,090 | $32,180 | $48,270 |
| 4 | $19,350 | $38,700 | $58,050 |
| Each add'l person | $ 3,260 | $ 6,520 | $9,780 |

3 Holmes M. Analysis of Behavioral Risk Factor Surveillance Survey, NC State Center for Health Statistics. 2005. Analysis using preliminary weights. Cecil G. Sheps Center for Health Services Research. The University of North Carolina at Chapel Hill. July 2005. Another third of the uninsured (32%) reported that they lacked access to employer sponsored insurance (they either were not offered insurance or were in between jobs). Only 3% of the respondents reported that they did not have insurance because they did not need it.

4 Holmes M. Analysis of Medical Expenditure Panel Survey-Insurance Component. 2002, 2003 (Tables II.C.1., II.D.1). Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends. Tables available at: http://www.meps.ahrq.gov/. Accessed February 1, 2006.

5 EMTALA, the Emergency Medical Treatment and Active Labor Act, requires hospitals that participate in Medicare to screen and stabilize anyone who requests treatment at the emergency room, regardless of ability to pay. 42 USC §1395dd.

6 North Carolina Institute of Medicine. North Carolina Healthcare Safety Net Task Force Report: April 2005. Durham, NC. April 2005 Available at: http://www.nciom.org. Accessed February 14, 2006.



This issue brief is one in a series, produced as part of North Carolina's "State Planning Grant" effort, led by the NC Department of Health and Human Services, to examine options to expand health insurance coverage to the uninsured. The State Planning Grant supported a Task Force on Covering the Uninsured, which brought together stakeholders from a variety of interest groups to examine these issues and develop a set of recommendations for improving healthcare coverage across the state. Collaborating organizations include: the NC Department of Insurance, Cecil G. Sheps Center for Health Services Research at The University of North Carolina at Chapel Hill, and North Carolina Institute of Medicine. The State Planning Grant was funded by the Health Resources and Services Administration of the US Department of Health and Human Services. For other issue briefs or a copy of the final report of the *NC IOM Task Force on Covering the Uninsured*, visit the NC IOM website at: http://www.nciom.org.



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