

'Non-poor' uninsured: an opportunity for health insurers?

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Recent growth in the number of moderate and higher-income Americans who lack health insurance underscores the need for a segmented approach to expanding health insurance coverage in the U.S.

This development also presents opportunities for the nation's private insurers and health plans to launch initiatives that could enroll millions of non-poor uninsured people, a new study finds.

"People who lack health insurance are a diverse group and getting more so all the time," said Nancy Chockley, president of the National Institute for Health Care Management (NIHCM) Foundation. "There are a lot more middle and even high income people who do not have coverage. Solutions to this vexing social problem must be conceived and designed with these shifts in mind. A one-size-fits-all answer does not exist."

The study, conducted by the non-profit NIHCM Foundation and funded by the Robert Wood Johnson Foundation, examines 13 private health plan initiatives designed to attract uninsured people.

Of the approximately 41 million Americans who lacked health insurance in 2001:

- Over 14 million were eligible for public insurance programs (such as Medicaid and the Children's Health Insurance Program) but not enrolled. Getting people enrolled is the biggest challenge for this group as they are eligible for practically free comprehensive coverage but do not take advantage of it.

- About 9 million were low-income Americans, making less than 200% of the federal poverty level, who were not eligible for public programs. Affordability is the biggest issue for this group. Suggested solutions for these low wage workers include tax credits and employer premium subsidies for the purchase of private health insurance. Others suggest the expansion of public programs to cover this group.

- Nearly 18 million were Americans with incomes above 200% of the federal poverty level, including 11.4 million whose incomes exceeded 300% of the federal poverty level (\$54,300 for a family of four). Many could afford to buy health insurance but do not. Getting more people in this group to obtain coverage at work or buy it on their own is newly viewed as an important avenue to reduce the number of uninsured Americans.

This latter group has grown steadily in recent years. In 2001, for example, 800,000 of the 1.4 million people added to the ranks of the uninsured lived in households with income of \$75,000 or greater, according to the U.S. Census.

The study's probe of 13 initiatives yielded mixed results. Six of the health plan initiatives met enrollment targets, with 25% to 100% of enrollees having been previously uninsured. One plan had substantial enrollment. Five of the initiatives did not reach enrollment targets but did reduce the number of uninsured modestly. Two initiatives were being relaunched due to initial marketing difficulties.

Successful initiatives were characterized by aggressive marketing to the target population, affordable coverage choices and flexible product design. Keeping prices around \$100 to \$150 for an individual policy and no more than \$250 to \$300 a month for family coverage was seen as key.

Past efforts by health plans to reach the uninsured tended to target low-income Americans in the individual market by offering coverage subsidized by the health plan. Insurers and health plans worked closely with public programs to provide coverage to people who, for example, were transitioning from Medicaid and SCHIP to private coverage. More recent private efforts to reduce the number of uninsured have tended to view the moderate to high-income uninsured as a business opportunity. These innovative programs target the small group market, and to a more limited degree the individual market with specially designed products. Product innovations included allowing young adults to remain on their parent's policy and rate guarantees for older insureds.

The study, *The Uninsured: A Study of Health Plan Initiatives and the Lessons Learned*, is available at www.nihcm.org and at www.rwjf.org. □