

The Uninsured in the District of Columbia

Randall R. Bovbjerg & Barbara A. Ormond

The Urban Institute¹

Expanding health insurance is a major District government priority. One manifestation of this priority has been funding analyses under the State Planning Grant (SPG) won by DC's Department of Health in conjunction with The Urban Institute. We are the co-Principal Investigators on this HRSA-funded project. The PI is Brenda Kelly of DC-DOH.

The reason for promoting insurance is that people with health coverage have better access to medical care, are demonstrably healthier, and likely more productive as well. Provision of coverage improves access more than does subsidizing institutions to provide safety-net care to the uninsured.² Today's testimony comes from SPG work, much of it done for DOH's Health Care Coverage Advisory Panel; a current and a past Panel member are also testifying today.

One major source of information on the uninsured in the District is our report of October 2005.³ The report assesses the rate of uninsurance (which differs somewhat by survey), who lacks health insurance, which populations are most at risk of uninsurance, and the costs of being uninsured. It focused on working-age adults, 19-64, who are most at risk of uninsurance. Younger Americans are better covered--through families' private insurance, Medicaid, and the State Children's Health Insurance program (CHIP), the last known as Healthy Families in DC. From age 65 of course, almost everyone is eligible for Medicare.

The report sought to improve understanding of the city's uninsured at a time when District policymakers have been considering various options to help. In June 2005, legislation was proposed to require universal health care coverage in the District. In October, the city made the first \$1 million in grants to expand clinic capacity under its 10-year Medical Homes initiative. And \$200 million in city funding for a new hospital is also on the table. This hearing is further evidence that DOH was prescient in launching the project.

Some of the report's key statistics include:

- About 17 percent of District adults have no health insurance--some 50,000 people at any one time and 75,000 at some time during the year. (Estimates vary among different surveys, and some of the uninsured have a form of coverage through the Alliance, discussed below.)
- Men are three times more likely than women to be uninsured.
- African Americans, 58 percent of District residents, are two-and-a-half times more likely to be uninsured than whites; Latinos, 9 percent of the population, are eight times more likely.

¹ We are both researchers in the Health Policy Center of the Urban Institute. This testimony draws upon work done for the State Planning Grant that DC-DOH received from the Health Resources and Services Administration. Our testimony is not funded by that grant, and the views expressed are ours and do not necessarily represent those of the Urban Institute, its board of trustees, or its sponsors.

² See, e.g., Hadley, Jack and Peter Cunningham. 2004. "Availability of Safety-Net Providers and Access to Care of Uninsured Persons," *Health Services Research*, 39(5):1527-1546; see also the DOH/SPG Advisory Panel's "Statement of Principles on Expanding Health Coverage and Safety Net Protection," accessible at <http://www.dcpca.org/index.php?option=com_content&task=view&id=81&Itemid=79>.

³ See *Insurance and Uninsurance in the District of Columbia: Starting with the Numbers*, prepared by Jennifer King and the State Planning Grant Team, accessible at <<http://www.urban.org/url.cfm?id=311234>>; the full team is listed at the end of this testimony.

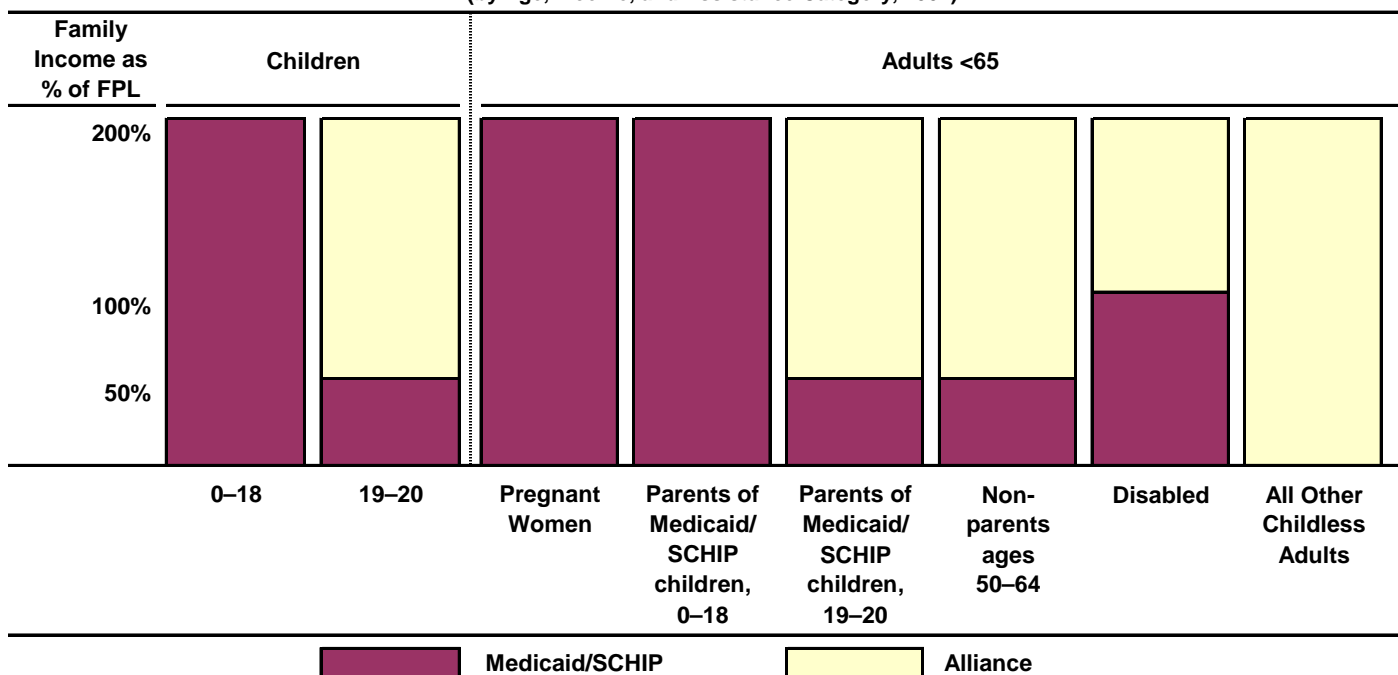
- The annual cost of health care for the uninsured is estimated at just over \$120 million, about one third each from the uninsured themselves, from non-insurance funding, and from medical providers' uncompensated care (some of which is offset by Disproportionate Share Hospital, or DSH, allowances or other public funds). If health care coverage were universal, the cost would increase by about half, but the out-of-pocket cost to the formerly uninsured would be halved, and uncompensated care would decrease dramatically.
- Fifty-four percent of uninsured adults are employed, and 22 percent are temporarily unemployed; only 23 percent are non-workers.
- Twenty-eight percent of uninsured adults have family incomes below the federal poverty level; 6 percent have incomes at least four times the poverty level.
- Residents of Southeast Washington make up 23 percent of uninsured adults but only 19 percent of the population; 47 percent of the uninsured live in Northwest D.C. versus 54 percent of population.

Additional insight is available from SPG analyses not presented in that report. Four key charts are discussed here.

The first chart shows how the District's expansions of public program makes every resident with family income below 200 percent of the federal poverty level (FPL) eligible for some form of medical assistance (Exhibit 1). Medicaid covers the traditional categories to the FPLs indicated, in recent years augmented by SCHIP, which is operated as a Medicaid expansion. Since it closed its public hospital in 2001, the District has also run an innovative, insurance-like program known as the Alliance. It fills in gaps for people up to 200% of FPL for those with incomes above the applicable Medicaid ceiling and those who are categorically ineligible for Medicaid, such as childless adults.

Not everyone eligible actually applies, however, and the Alliance has to date had a budget limit that would not permit it to cover everyone if they did apply.

Exhibit 1: District of Columbia, Eligibility for Medicaid/SCHIP, DC Alliance
(by Age, Income, and Assistance Category, 2004)



Source: D.C. Medical Assistance Program, personal communication, 2004.

Note: FPL = federal poverty level. SCHIP = State Children's Health Insurance Program [in DC, Healthy Families]. As of July 2004, D.C. Medicaid served approximately 137,000 persons, of whom 4,000 were in long-term care.

The next chart shows how the District's health insurance glass is part full and part empty (Exhibit 2). It illustrates coverage gaps for all residents below age 65 by family income and by eligibility category (left two columns) and by work status (next three columns).

Exhibit 2: Target Populations for Expansion of Health Coverage

Number of Uninsured District Residents Aged 0-64 by Family Income, Eligibility Category and Work Status						
Family Income (% FPL)	Program Eligibility Category		Work Status			Total uninsured
	Children & parents	non-Parents	full time, full year	part time	no worker	
0-99	10,694	20,882	3,396	9,854	18,326	31,576
100-199	5,089	13,361	10,953	6,464	1,032	18,450
200-299	(not applicable)		10,251	3,145	--*	9,711
300-399			4,735			
400+			8,585	658	--*	9,243
TOTAL UNINSURED						73,714

Source: Projected from 3 yrs of CPS data, 2001-03. Note: -- indicates insufficient data.

15,783	34,243	13,396	63,422
Medicaid target	Alliance target	Subsidy target	Total target of uninsured

About 50,000 people lacked health insurance in the early 2000s, according to the federal Current Population Survey (CPS), a standard source of data. About 16,000 were children and parents under 200 percent of FPL, who are targeted by Medicaid (left column). More than twice this number were non-parents under 200 percent of FPL--those targeted by the Alliance--about 34,000 people (next column). It is not reliably known just what share of these are actually in the Alliance, which is believed not to be captured as "insurance" coverage in the CPS, but up to half of the 50,000 may be. The good news here is that the number of uninsured is not large. The less-than-good news is that these data also show that the biggest gap in DC insurance coverage is in the safety net of public programs meant to cover those with incomes below 200 percent of FPL.

The same uninsured people are shown in the next columns of Exhibit 2 (past the first double bar). Here, they are re-categorized by their work status. Most of the uninsured are in families with a full time or part time worker. Those between 200 and 400 percent of FPL were considered by the SPG as potential candidates to receive some form of new subsidy to encourage purchase of coverage--about 13,000 people. (The data lack sufficient sample size to estimate the number of no-worker families above 200 percent of FPL; the numbers are likely small.)

The third chart compares those without insurance coverage to those with coverage, again by income level and work status (Exhibit 3). Again, it shows some good news. Among all DC residents below age 65, those with insurance outnumber those without coverage by over 5 to 1. Among those with incomes of 200 to 400 percent of FPL and not already receiving public help--potential candidates for subsidy--the ratio is 6 to 1. On the other hand, any new subsidy targeted only by income levels (200-400 percent of FPL) will apply to some 82,000 people already covering themselves through private insurance as well as the uninsured group of only 13,000.

Exhibit 3: Populations Targeted for Expansion and Potential Crowd-Out of Private Dollars by New Public Subsidy

Number of <u>UN</u> insured (residents 0-64 by income and work status)				Number of <u>IN</u> sured (residents 0-64 by income and insurance)			
Family Income (% FPL)	Work Status			Total uninsured	Source of Insurance		Total insured
	full time, full year	part time	no worker		Medicaid, other public	Private	
0-99	3,396	9,854	18,326	31,576	63,690	24,376	88,066
100-199	10,953	6,464	1,032	18,450	26,267	29,503	55,770
200-299	10,251	3,145	--*	9,711	6,632	41,932	48,564
300-399				4,735	3,202	40,864	44,066
400+	8,585	658	--*	9,243	5,838	166,836	172,675
TOTAL UNINSURED				73,714	TOTAL INSURED		409,141

Source: same as Exhibit 2

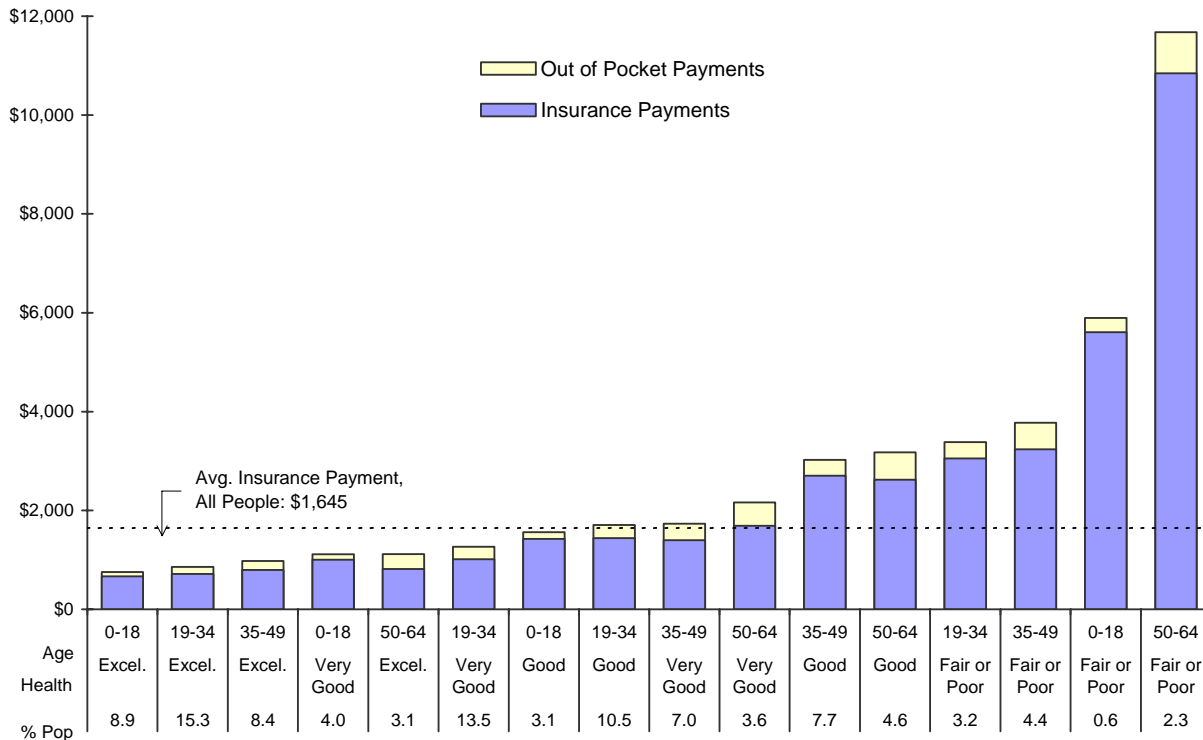
13,396
Subsidy target

82,796
Potential crowd-out
(some displacement of private dollars)

Such new aid can be expected to displace some amount of current self-help, so that not all of the new public resources go to increase access to health care--a phenomenon often called “crowd out”--unless specific steps are taken to reduce such displacement.

Fourth, the uninsured also differ in age, health status and other characteristics related to

Exhibit 4: Predicted Medical Spending (in 2004 \$s) by Age and Health, if the Uninsured* were Fully Insured



* Uninsured for 6 or more months

Source: Urban Institute tabulations from statistical models estimated with 2000-2002 Medical Expenditure Panel Survey data, re-weighted to reflect D.C. population

health spending (Exhibit 4). The average level of medical spending per person would be some \$1,700 a year if the entire population of today's uninsured were given coverage similar to that now obtained by those of comparable incomes. However, the range in spending by type of enrollee would be substantial, as the exhibit shows.

Those under age 19 who describe themselves as in excellent health would account for less than half that amount, while those aged 50-64 in fair or poor health would be at seven times the average. The policy implication is that how much a new insurance subsidy will cost depends upon which people sign up for it.

Thank you for the opportunity to testify today. The names of the rest of the current SPG project team and Advisory Panel follow, for the information of the Subcommittee on the District of Columbia.

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**District of Columbia
State Planning Grant Team**

Gregg A. Pane, MD, Director
District of Columbia Department of Health

**DEPARTMENT OF HEALTH
Office of Policy, Planning and Research**

Brenda Kelly, Senior Deputy Director, SPG Principal Investigator
Heather Reffett, SPG Project Director
Rozsalind Brown
Thomas McQueen
Amha Selassie

**THE URBAN INSTITUTE
Health Policy Center**

Randall R. Bovbjerg, Co-Principal Investigator
Barbara A. Ormond, Co-Principal Investigator
Pablo Aliaga
Althea Swett

Schreiber Consulting
Hanita Schreiber

AcademyHealth
Alice Burton, Director, State Health Policy Group
Donald Cohn

**State Planning Grant
Health Care Coverage Advisory Panel**

Panel Chair

Bailus Walker, Jr., Ph.D., MPH, *Howard University College of Medicine*

Panel Members

Lewis M. Anthony
*Metropolitan Wesley African Methodist
Episcopal Zion Church*

Sharon Baskerville
DC Primary Care Association

Robert Beasley
*District of Columbia Government
Office of City Planning*

Larry Berman
DC Insurance Federation

Lynne Breaux
*Restaurant Association Metropolitan
Washington*

Cynthia Brock-Smith
DC Chamber of Commerce

David A. Catania
Councilmember, District of Columbia

Natwar M. Gandhi
*District of Columbia Government
Office of the Chief Financial Officer*

Yvonne D. Gilchrist
*District of Columbia Government
Department of Human Services*

Thomas E. Hampton
*District of Columbia Government
Department of Insurance, Securities and
Banking*

Julie Hatton
CareFirst Blue Cross and Blue Shield

Alethia Jackson
America's Health Insurance Plans

Kristin Jerger
Council of Latino Agencies

Samuel Jordan
Health Care Now!

Gina Lagomarsino
*District of Columbia Government
Office of the City Administrator*

Marsha Lillie-Blanton
The Henry J. Kaiser Family Foundation

Dana Jones
United Planning Organization

Robert A. Malson
DC Hospital Association

Sue Marshall
*The Community Partnership for the
Prevention of Homelessness*

Robert T. Maruca
*District of Columbia Government
Medical Assistance Administration*

Wilhelmine Miller
Institute of Medicine

Emil Parker
*District of Columbia Government
Health Care Safety Net Administration*

Henry W. Williams, Jr.
*Howard University College of Medicine
& Medical Society of DC*

Joslyn N. Williams
AFL-CIO Washington DC Metro Council