

Estimating the Impact Policies to Expand Private Coverage for New York's Non-Poor Uninsured

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Presentation Overview

- Scenarios Modeled
 - Simulation Approach – The Arcola Model
 - Health Plan Choices in Simulation
 - Results
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Scenarios Modeled

- Removing restrictions on underwriting
 - community rating
 - guaranteed issue
 - Allowing Health Savings Accounts into the market
 - Currently, these high-deductible savings plans may not be sold in the New York State individual market.
 - Allowing the purchase of policies issued by insurers based in and regulated by neighboring states.
 - Allow the sale of “mandate lite” plans
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Micro-simulation Used - ARCOLA

- ❑ ARCOLA (Adjusted Risk Choice & Outcomes Legislative Assessment)
 - ❑ ARCOLA is a micro-simulation model designed to estimate the impact of health policy proposals at the federal and state level
 - ❑ Model first used by the Office of the Assistant Secretary of Planning and Evaluation (OASPE) of the Department of Health and Human Services (DHHS)
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ARCOLA's strengths & weaknesses

Strengths

- ❑ Peer-reviewed in Health Affairs
- ❑ Can be used for federal & state estimates
- ❑ Is based on a microeconomic model of health insurance demand published in three journals
- ❑ Is supported by consumer driven health plan choice, cost & use

Weaknesses

- ❑ Needs survey data from a state to make estimates – Zogby provided data for this analysis
 - ❑ Has not been bench-tested with Urban or Columbia University models with state data
 - ❑ Works only through price effects, but that is the dominant factor affecting insurance choice
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Plan Choices in the Simulation

- Direct Pay Low PPO

- restrictive network
- high co-pay
- 15 percent coinsurance

- Direct Pay Medium PPO

- Lower co-pay and coinsurance than the Low PPO

- Direct Pay High PPO

- lowest co-pay
- no coinsurance

- HSA

- High deductible , low account contribution

What is the Impact of Eliminating Community Rating (CR) and Guaranteed Issue (GI) and Introducing Health Savings Accounts?

New York Health Insurance Reform Options 2009 Estimates

Individual Market	Baseline Population	Rx New York No GI	% Change	Rx New York No CR & GI	% Change	Rx New York No CR & GI & HSAs	% Change
Direct Pay - HSA	0	0	N/A	0	N/A	35,383	N/A
Direct Pay - PPO High	16,939	365,817	2060%	766,953	4428%	741,572	4278%
Direct Pay - PPO Low	9,658	8,903	-8%	5,914	-39%	5,648	-42%
Direct Pay - PPO Medium	7,649	31,172	308%	35,786	368%	34,259	348%
Uninsured	2,107,530	1,735,884	-18%	1,333,122	-37%	1,324,915	-37%
Total Direct Pay	34,246	405,891		808,653		816,861	
Total Population	2,141,776	2,141,776		2,141,776		2,141,776	

The combined effect of No CR & GI is a 37% reduction in the Number of uninsured in NYS.

What is the Impact of Interstate Market Competition?

New York Health Insurance Reform Options 2009 Estimates

Individual Market	Status Quo Population	PA & CT Entry - 100% participation	% Change	PA & CT Entry - 25% participation	% Change
Direct Pay - HSA	0	49,662	N/A	65,036	N/A
Direct Pay - PPO High	16,939	464,498	2642%	208,108	1129%
Direct Pay - PPO Low	9,658	9,108	-6%	15,828	64%
Direct Pay - PPO Medium	7,649	54,511	613%	106,874	1297%
Uninsured	2,107,530	1,563,997	-26%	1,745,930	-17%
Total Direct Pay	34,246	577,778		395,846	
Total Population	2,141,776	2,141,776		2,141,776	

If everyone took advantage of lower premiums, there would be a 26% reduction. A 17% reduction if 1/4 buy CT,PA

What is the Impact of Reducing the Number of Mandates in New York?

New York Health Insurance Reform Options 2009 Estimates

Individual Market	Status Quo Population	Mandate-Lite Plan 20 Mandates	% Change	Mandate-Lite Plan 40 Mandates	% Change
Direct Pay - HSA	0	15,515	N/A	28,141	N/A
Direct Pay - PPO High	16,939	53,343	215%	152,665	801%
Direct Pay - PPO Low	9,658	12,041	25%	13,799	43%
Direct Pay - PPO Medium	7,649	15,885	108%	29,887	291%
Uninsured	2,107,530	2,044,992	-3%	1,917,284	-9%
Total Direct Pay	34,246	96,783		224,492	
Total Population	2,141,776	2,141,776		2,141,776	

If 20 mandates were removed, the impact would be a 3% reduction in the uninsured, 9% reduction if 40 mandates removed.

Summary of Simulation Results

- ❑ Removing Community Rating & Guaranteed Issue has the greatest impact on reducing the number of uninsured.
 - ❑ Introducing HSAs into the market reduces the uninsured, but does not have nearly the impact of removing CR & GI.
 - ❑ Letting New Yorkers purchase insurance across state lines can lead to up a 26% reduction in the uninsured.
 - ❑ Reducing the number of mandates will have an impact, but not as great as interstate competition or the removal of CR & GI.
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