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
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
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)
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
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

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

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

<table>
<thead>
<tr>
<th>Individual Market</th>
<th>Status Quo Population</th>
<th>PA &amp; CT Entry - 100% participation</th>
<th>% Change</th>
<th>PA &amp; CT Entry - 25% participation</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Pay - HSA</td>
<td>0</td>
<td>49,662</td>
<td>N/A</td>
<td>65,036</td>
<td>N/A</td>
</tr>
<tr>
<td>Direct Pay - PPO High</td>
<td>16,939</td>
<td>464,498</td>
<td>2642%</td>
<td>208,108</td>
<td>1129%</td>
</tr>
<tr>
<td>Direct Pay - PPO Low</td>
<td>9,658</td>
<td>9,108</td>
<td>-6%</td>
<td>15,828</td>
<td>64%</td>
</tr>
<tr>
<td>Direct Pay - PPO Medium</td>
<td>7,649</td>
<td>54,511</td>
<td>613%</td>
<td>106,874</td>
<td>1297%</td>
</tr>
<tr>
<td>Uninsured</td>
<td>2,107,530</td>
<td>1,563,997</td>
<td>-26%</td>
<td>1,745,930</td>
<td>-17%</td>
</tr>
</tbody>
</table>

| 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 ¼ buy CT,PA
## What is the Impact of Reducing the Number of Mandates in New York?

### New York Health Insurance Reform Options
### 2009 Estimates

<table>
<thead>
<tr>
<th>Individual Market</th>
<th>Status Quo Population</th>
<th>Mandate-Lite Plan 20 Mandates</th>
<th>% Change</th>
<th>Mandate-Lite Plan 40 Mandates</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Pay - HSA</td>
<td>0</td>
<td>15,515</td>
<td>N/A</td>
<td>28,141</td>
<td>N/A</td>
</tr>
<tr>
<td>Direct Pay - PPO High</td>
<td>16,939</td>
<td>53,343</td>
<td>215%</td>
<td>152,665</td>
<td>801%</td>
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<tr>
<td>Direct Pay - PPO Low</td>
<td>9,658</td>
<td>12,041</td>
<td>25%</td>
<td>13,799</td>
<td>43%</td>
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<tr>
<td>Direct Pay - PPO Medium</td>
<td>7,649</td>
<td>15,885</td>
<td>108%</td>
<td>29,887</td>
<td>291%</td>
</tr>
<tr>
<td>Uninsured</td>
<td>2,107,530</td>
<td>2,044,992</td>
<td>-3%</td>
<td>1,917,284</td>
<td>-9%</td>
</tr>
</tbody>
</table>

### 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.