

# COVERING CAROLINA



**Affordable, quality health care for all**



## MAKING HEALTH CARE COVERAGE AFFORDABLE AND ACCESSIBLE

Reducing the number of uninsured South Carolinians is the South Carolina Hospital Association's top priority for 2007–08. Nearly one in six South Carolinians have no health care coverage. The size of our uninsured population helps push South Carolina to the bottom of health status rankings in too many categories and hampers the state's economic development. SCHA and other stakeholders—businesses, insurers, health care providers and voters—agree action is needed **now** to make health insurance more affordable and accessible.

Even families who have health insurance coverage are hurt by the growing number of uninsured. Access to health care is compromised for everyone. The uninsured contribute to the overcrowding in hospital emergency departments because they cannot access primary and preventive care.

Those with coverage pay more for health care—and for insurance premiums—to help offset providers' losses on those with no coverage. In 2005, American families paid an average \$922 in health care premiums each year to help cover the cost of caring for uninsured patients. That surcharge grows each year. As the cost of insurance continues to increase, more employers drop their coverage, which leads to more uninsured persons.

The vast majority of the uninsured are workers and their dependents. In fact, 103,000 uninsured South Carolinians are under 18. Many of their parents work for small employers or are self-employed—and they cannot afford health insurance premiums. This situation hampers South Carolina's efforts to educate all of our children because unaddressed health problems are barriers to learning.

# Fast Facts about South Carolina's Uninsured

- Nearly 700,000 South Carolinians, including 100,000 children, are uninsured.
- Nearly half of adult South Carolinians living in poverty are uninsured. Poverty for a family of four is defined as an annual income of \$20,650 or less.
- Eight of 10 uninsured persons live with a household where at least one member works.
- Two-thirds of uninsured South Carolinians live on less than 200 percent of poverty or \$41,300 per year for a family of four.
- Only 55 percent of private employers in South Carolina offer health insurance to their employees.
- The total premium for family coverage in South Carolina is about \$10,000 per year.
- Nationally, employee spending for health care coverage rose 143 percent between 2000 and 2005.
- Last year South Carolina hospitals provided \$622 million in uncovered care.



## TOO MANY SOUTH CAROLINIANS LACK HEALTH INSURANCE COVERAGE

Nearly 700,000 nonelderly South Carolinians, including 103,000 children, have no health insurance coverage. The state's uninsured population includes workers and the unemployed; individuals at all income levels; men, women and children of all races and ages.

A common misperception is that most uninsured persons do not work full-time. In truth, eight of 10 uninsured South Carolinians are workers or live with a worker.

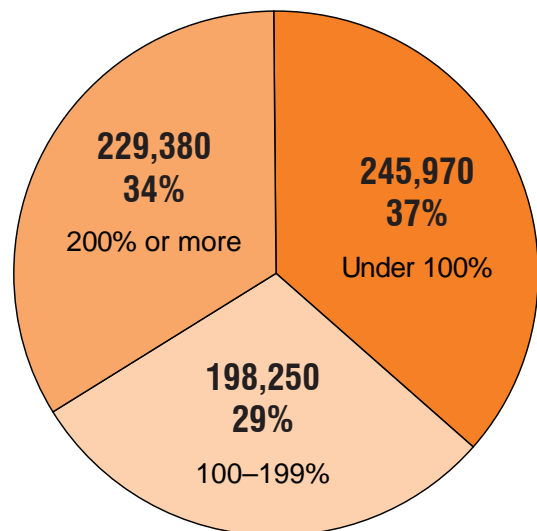
Only half of South Carolinians are insured through the workplace, four percent purchase individual coverage outside the workplace, and 30 percent rely on Medicaid, Medicare or some other public program for help with health care bills. The remaining 16 percent have no coverage.

Many of the working uninsured, particularly those who work for small firms, are not offered health insurance coverage through their jobs. While only five percent of firms with 50 or more employees do not offer health insurance coverage, 60 percent of firms with fewer than 50 employees do not offer workers health benefits. In some cases, the employee may have health insurance but be unable to afford to pay the premium to cover his or her dependents. The average total cost for employer-based coverage in South Carolina is \$831 per month for family coverage and \$314 per month for single coverage. Nationally, employee spending for health care coverage increased 143 percent between 2000 and 2005.

It's no surprise that low-income persons are more likely to be uninsured. Two-thirds of the uninsured have incomes below 200 percent of the Federal Poverty Level (FPL) or \$41,300 per year for a family of four.

While some assume that Medicaid covers persons who are this poor, South Carolina's Medicaid program covers children only at 150 percent of poverty. Childless, nonelderly, non-disabled adults cannot qualify for any assistance, no matter how poor they are.

### SOUTH CAROLINA: NONELDERLY (0-64) UNINSURED BY FEDERAL POVERTY LEVEL (FPL)



Source: Kaiser Family Foundation 2005



## WHY YOU SHOULD CARE

**Even if you are fully covered, the quality of your health care and how much you pay for it are impacted when others lack health care insurance.**

When uninsured South Carolinians are sick, they turn to the hospital emergency room for help because they cannot afford to pay for a visit to a physician's office or clinic, and hospitals are required by federal law to treat anyone whose care is medically necessary.

Twenty percent of those without coverage rely on the hospital emergency room for general or routine health care. In contrast, only three percent of persons with insurance coverage use the ER for basic care. Using hospital emergency rooms for non-critical care takes time and resources that doctors, nurses and other health care professionals could use to care for patients who need urgent, life-saving care. The result is longer waits for everyone needing to be seen in the emergency room.

When an ER patient is very sick, he or she is admitted to the hospital for more intense care. Of course not all indigent patients are admitted through the emergency room. Many are referred by a physician. However, uninsured persons are 30 to 50 times more likely to be hospitalized for an avoidable health problem, and the average cost per stay for an avoidable condition is \$3300.

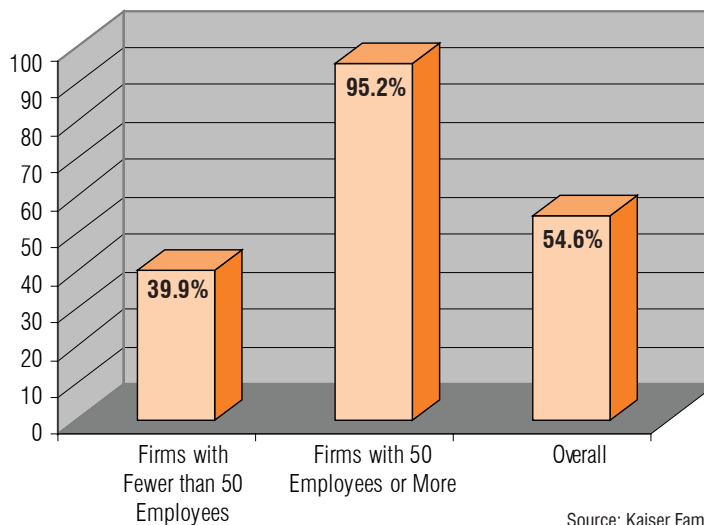
South Carolina hospitals spent \$662 million last year caring for patients who have no health insurance. As the state's safety

net providers, South Carolina hospitals are reimbursed \$310 million through the Medicaid Disproportionate Share Hospital Program. The remaining \$352 million in unpaid costs are shifted to South Carolinians who have health insurance and South Carolina employers who offer health insurance coverage to their employees. The average American family pays about \$922 more per year in premiums to help cover the care provided to persons who do not have insurance.

Currently only 55 percent of private employers in South Carolina offer health insurance coverage to workers. As employers see their health care premiums continuing to rise, some have to choose between cutting jobs, cutting benefits or even dropping employee coverage. Even if you who have private coverage, there is no guarantee that your coverage will be there when you need it.

Nearly 70 percent of uninsured South Carolinians live in households where at least one person works full time. Nearly 60 percent of South Carolina's uninsured are white; 33 percent are black. According to the U.S. Census Bureau, between 2004 and 2005, households earning more than \$75,000 accounted for 68 percent of the increase in the number of uninsured Americans. In a recent public opinion poll, 85 percent of South Carolinians earning \$75,000 per year or more said they believe that our health care system is broken and needs to be changed.

## **SOUTH CAROLINA: PRIVATE FIRMS THAT OFFER HEALTH INSURANCE TO EMPLOYEES**



## **THE BUSINESS CASE FOR COVERING CAROLINA**

Health insurance is associated with better health and a more productive and well educated workforce. Sick employees are not as productive as they could be. It is estimated that between 65 and 130 billion dollars worth of American productivity is lost each year due to the uninsured problem.

Also children with health problems have more trouble learning than children who feel well. South Carolina can't attract new businesses to our state if we can't provide well-educated, healthy workers, and South Carolinians can't pull themselves out of poverty if they can't find good jobs.

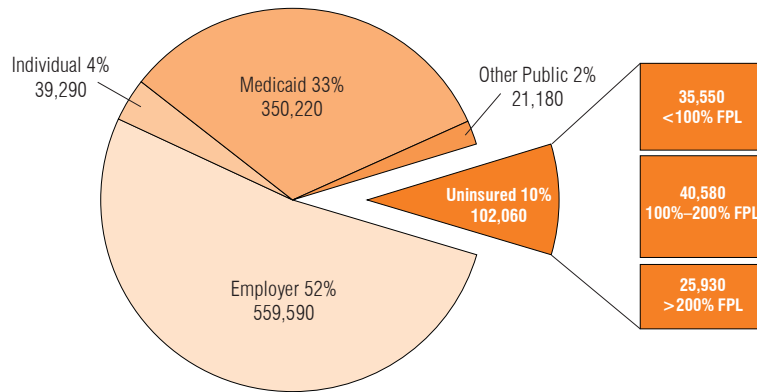
With 40 percent of all South Carolinians at or below 200 percent of federal poverty guidelines and the number of uninsured citizens growing, our state's business community is at a competitive disadvantage. When South Carolina employers provide health care coverage and subsidize premiums that average \$10,000 per year for family coverage, they are also paying for care received by the uninsured. In some instances, those uninsured persons work for competing businesses that dodge the same costs by choosing not to provide health coverage to their workers.

Under federal law, a hospital is required to treat any real medical emergency regardless of the patient's ability to pay. Uninsured patients tend to put off care until they can't ignore the problem any longer and it requires more intense and expensive treatment. Last year South Carolina hospitals provided more than \$350 million in uncompensated care to the uninsured that was cost shifted to employers offering insurance and insured individuals.

Car manufacturers complain that health care for employees is a larger cost component in manufacturing a new car than the raw materials that go into production. So how do they compete with other industrialized countries, such as Germany, Japan, and France, where all citizens have coverage and insurance is not employer-based?

In an attempt to control their health care costs, some employers are increasing the amount that workers must pay out of pocket for insurance and health care bills. This leads some workers to drop their coverage or leave unpaid hospital bills that are ironically shifted back to employers as even higher premiums. Some employers have to decide between providing insurance and cutting jobs.

## SC HEALTH INSURANCE COVERAGE CHILDREN 0–18



Source: Census Bureau's 2005 Current Population Survey

## HEALTHY LEARNERS MAKE PRODUCTIVE CITIZENS AND EMPLOYEES

According to the Kids Count Data Book, the Palmetto State ranks 47th in the nation in terms of the health and quality of life of our children.

- 1 in 5 children in South Carolina is living in poverty.
- 1 in 10 children in South Carolina has no health insurance.
- 3 in 10 of South Carolina's students drop out before graduating high school.

Our people are our most important resources, and South Carolina cannot progress economically or otherwise when we are leaving so many children behind. To improve our children's well-being, we need to improve children's access to health care services. Without health insurance, children are much less likely to get the care they need to stay healthy and in school. All children deserve the opportunity to receive the physical and developmental benefits that health insurance provides.

Being uninsured has serious health consequences for kids. Uninsured children are:

- three times more likely to have had no doctor visit in the past year;
- two times more likely to have had no well-child visit in the past year;
- 13 times more likely to have no usual source of care; and
- five times more likely to have an unmet dental need or vision need.

To improve children's access to health care, SCHA supports the expansion of the South Carolina SCHIP (State Children's Health Insurance Program) to cover uninsured children, living in families that earn twice the federal poverty level or less. That is only \$41,300. For every dollar that South Carolina puts into the SCHIP program, the federal government puts in four.

That's a great deal for our children and a solid economic investment for our state.



## KEY FINDINGS—STATEWIDE PUBLIC OPINION SURVEY

A public opinion survey of nearly 800 South Carolinians conducted by the University of South Carolina in December 2006 found that...

**Respondents overwhelmingly believe that the health care system needs to be fundamentally changed or rebuilt to make it work better.**

- Nearly nine in 10 (88.5 percent) believe that the health care system needs either fundamental changes (50.4) or to be completely rebuilt (38.1).
- Only one in 10 (11.4 percent) believe that the health care system works pretty well.

**A large majority of respondents (85 percent) agree that South Carolina should develop its own plan to ensure that all of its citizens have health insurance benefits.**

- Fifty-four percent strongly agree that South Carolina should develop its own plan.
- Thirty-one percent somewhat agree that South Carolina should develop its own plan.

**A large majority (85 percent) also believe that South Carolina should have a plan in which workers and businesses contribute, every South Carolinian is guaranteed insurance coverage, and the state uses its buying power to lower health care prices.**

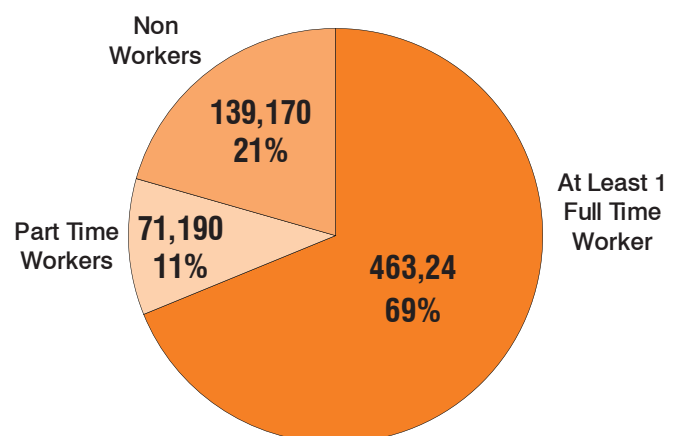
- Fifty-one percent strongly agree with this approach.

- Thirty-four percent somewhat agree with this approach.

**A majority also support making health insurance mandatory for all residents.**

- Sixty-six percent agree that health insurance should be required of all South Carolinians and that people with higher incomes should buy coverage, while the state should subsidize the premiums of those who cannot afford them.

### SOUTH CAROLINA: NONELDERLY (0-64) UNINSURED BY FAMILY WORK STATUS



Source: Kaiser Family Foundation 2005



## SOLUTIONS WILL COME FROM THE STATES, NOT WASHINGTON

The health care crisis resulting from the growing number of uninsured citizens has to be fixed or the health care system will crash. Consensus is that the best health care solutions will come from the states, not Washington. Federal efforts that have been discussed are directed at providing states with the financial support and flexibility to expand coverage, control costs, and improve care by means that are most responsive to each state's needs and political climate.

The Health Partnership Act, which has been introduced in the U.S. House of Representatives and the U.S. Senate, would encourage and help fund states' healthcare experiments. The bill would authorize grants to individual states, groups of states or portions of states to fund a variety of approaches. Tax credits, expansions of public programs through Medicaid and the State Children's Health Insurance Program, the creation of purchasing pooling agreements, individual market purchasing options, single risk pool or single payer systems, health savings accounts, or a combination of options are examples of what individual states can consider.

During his State of the Union Address, President Bush supported reauthorization of the State Children's Health Insurance Program (SCHIP), which is scheduled to expire this year. He also proposed tax incentives for persons who buy individual health insurance policies and making federal funds available to states to develop their own solutions to the uninsured problem. While the President offers some helpful ideas, there is also concern over the impact his recommendations might have on employer-sponsored programs, as well as the future of government programs such as Medicaid and Medicare.

Recognizing that health care is a top concern of voters, newly announced presidential candidates are also talking about what the federal government should do to help states ensure affordable, accessible insurance.

Already about half of the states are working on or have already passed plans to cover their uninsured residents. Massachusetts, California, Maine, and Vermont are among those having received a lot of public attention. Some have already passed legislation and are in the implementation phase. If successful in reducing the number of uninsured, these states will have a competitive advantage over states that choose not to take action on this issue. South Carolina cannot afford to put itself at a greater competitive disadvantage. We need to be on that list of states working for creative solutions to this universal problem.