

Health Insurance 101

NCIOM Legislative Health Policy Fellows Staff Session

Berkeley Yorkery
North Carolina Institute
of Medicine
February 25, 2019



What is health insurance

Product that helps cover medical expenses

- Sick or injured
- Chronic illness management
- Preventive care

How it works

- Contract between policy holder and insurer
- Policy holder/ employer/ government pays a “premium” to purchase health insurance coverage
- Insurer pays for medical expenses as directed in contract
 - Often the insurer covers the cost of a specified portion of the cost of care and the policy holder is responsible for the rest



Humana

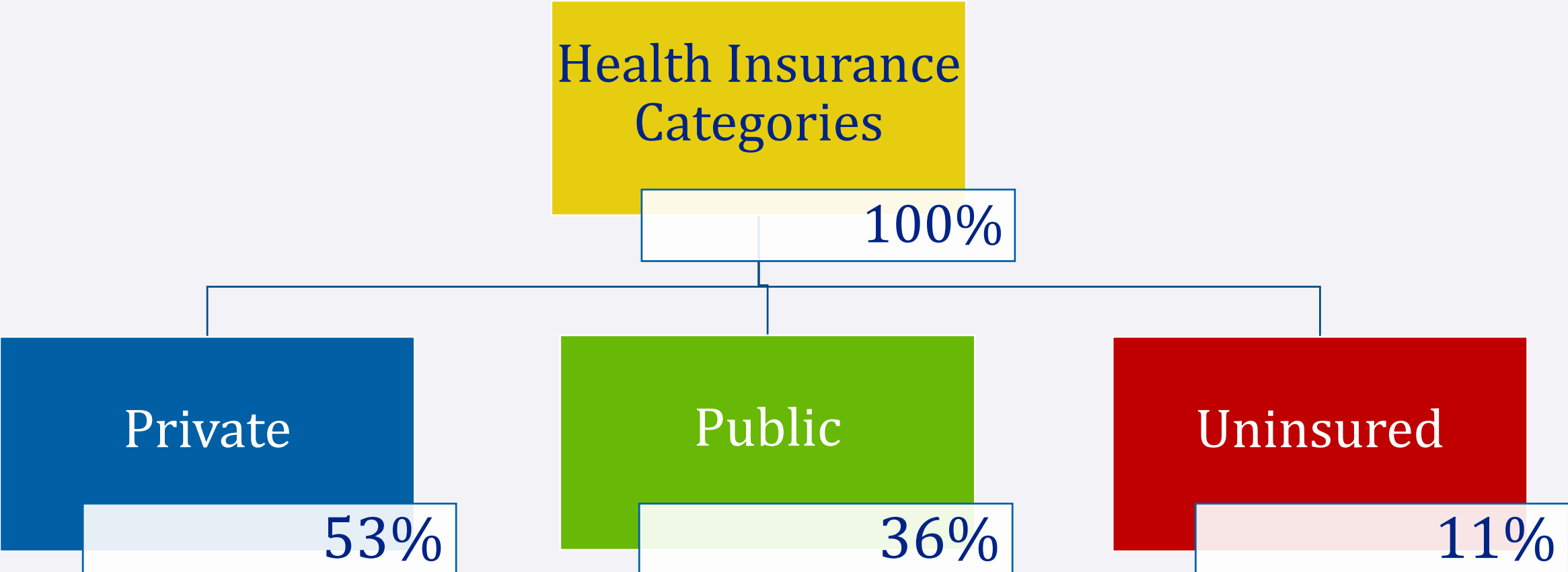
aetna®



CoventryOne.



Health Insurance Categories



Source: Kaiser Family Foundation estimates based on the Census Bureau's American Community Survey, 2008-2017

Health Insurance Categories

Private

- Health insurance not marketed or paid for by the federal government
- Paid for by employer, individual, or combination
- Wide range of types of health plans available for purchase by employers and individuals

Public

- Government funded
 - Federal
 - State
 - Local
- Medicare, Medicaid, Tricare, Veterans health care

Uninsured

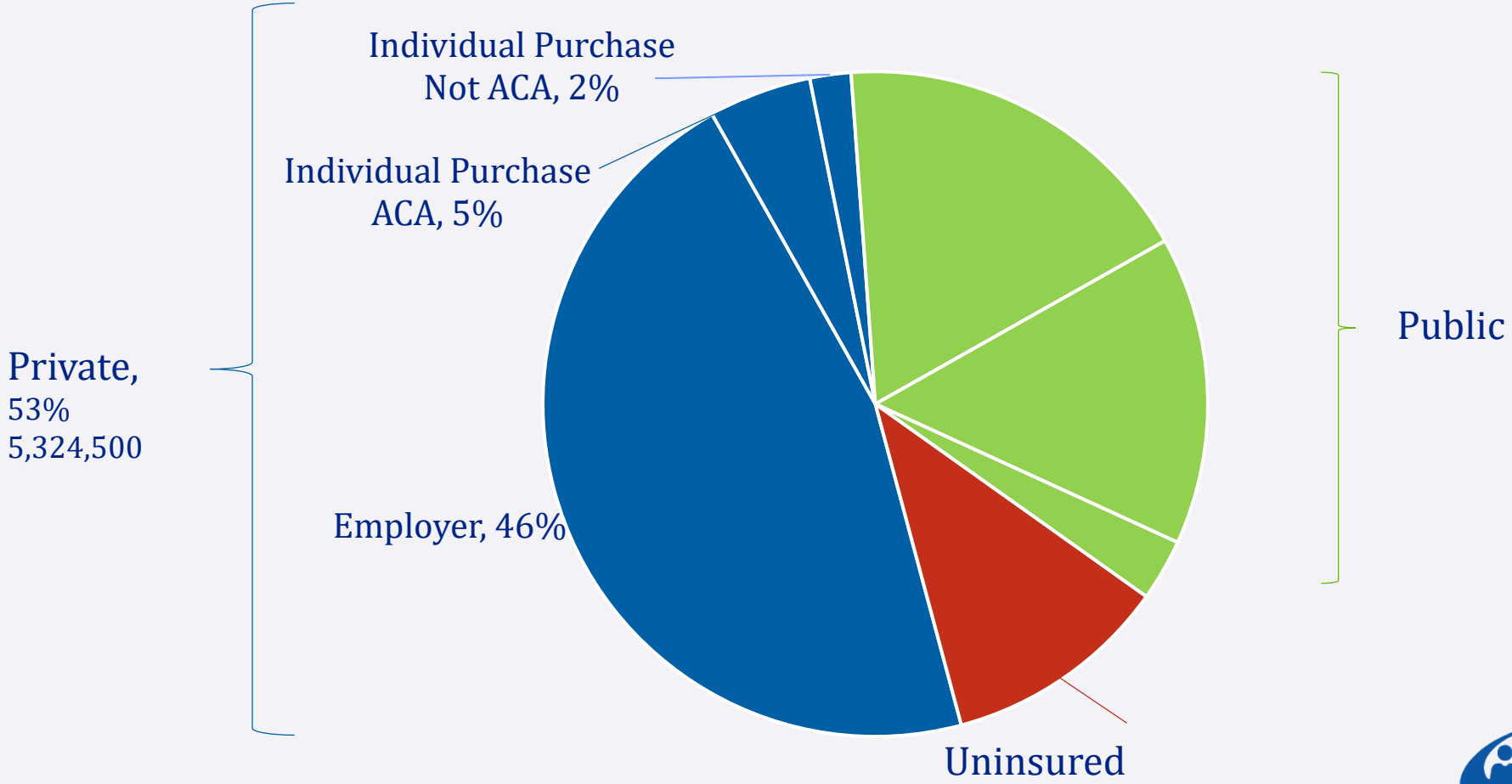
- Individuals who are not covered by any type of health insurance product

Private Health Insurance

- Services covered
 - Most private health insurance plans must now cover specific services (also known as essential benefits)
 - Plans differ in their coverage of certain non-essential benefits
- Cost of health insurance
 - Differs based on the type of insurance plan, level of coverage, location, demographic characteristics of the person purchasing the plan, and the insurer offering the plan
 - Consumers must pay a premium (a monthly payment to the insurer) and out-of-pocket expenses (also referred to as cost-sharing)
- Three broad types of private health insurance small group, large group, and non-group.
 - Insurers provide small- and large-group coverage to groups, such as employers, unions, or other organizations.
 - Individuals and families who do not receive coverage through a group or the government can purchase non-group (individual) health insurance coverage

Private Health Insurance Coverage

Health Insurance Coverage of North Carolinians, by Type, 2017



Source: Kaiser Family Foundation estimates based on the Census Bureau's American Community Survey, 2008-2017; Individual Purchase data calculated by NCIOM using <https://www.healthinsurance.org/north-carolina-state-health-insurance-exchange/>

Categories of Private Health Insurance

Employer-Based

- Employer provided insurance is how health insurance started in US
- Most common, but % decreasing
- Wide range of cost-sharing arrangements between employers and employees

Individual Purchase ACA

- Market created by the PPACA
- Purchased through federally-facilitated health insurance marketplace
- People with incomes between 138%-400% of FPL can receive subsidies
- Plans must cover essential benefits; set levels of cost-sharing
- Cannot be excluded due to pre-existing conditions

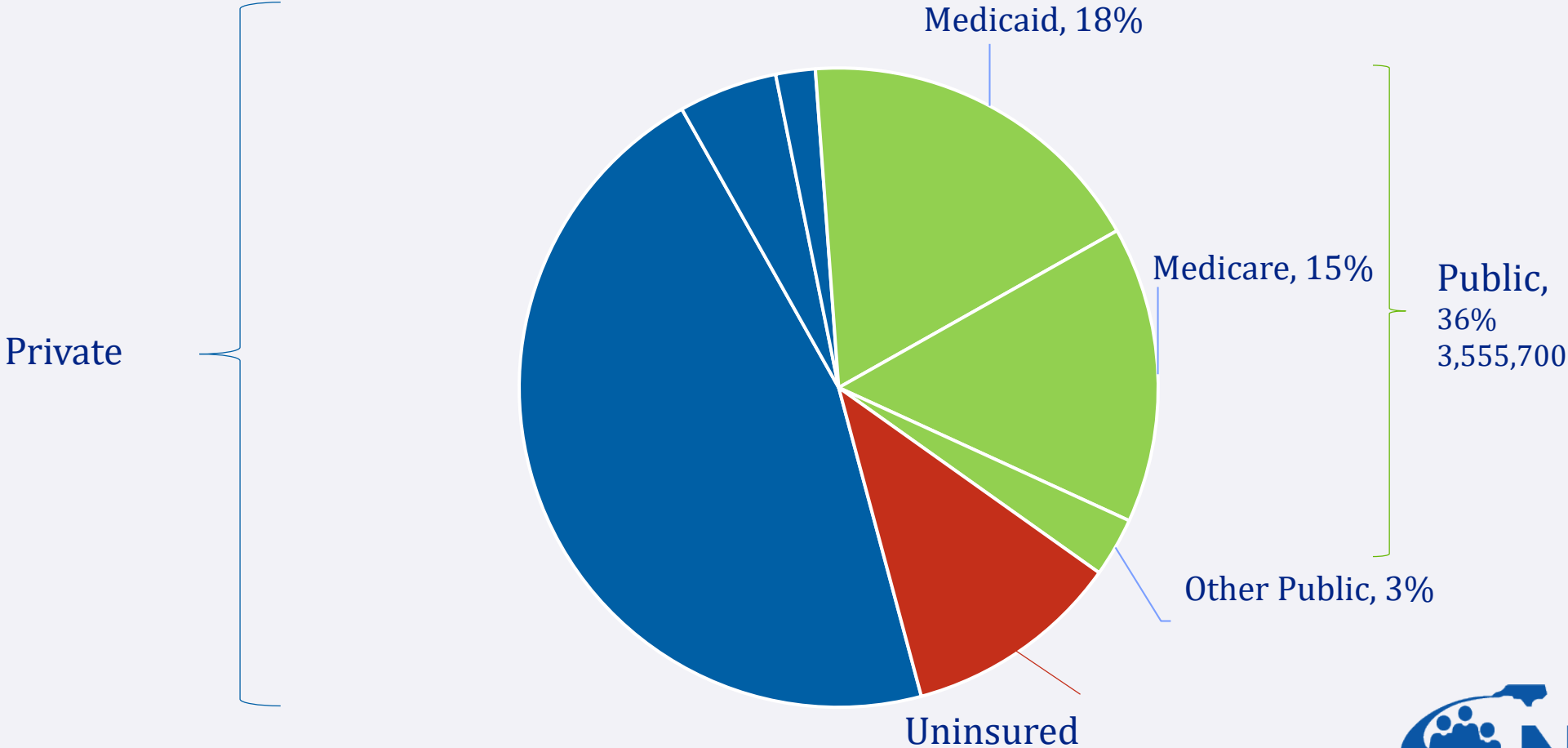
Individual Purchase Not ACA

- Plans not offered through federally-facilitated health insurance marketplace
- Wide range of plans and coverage
- Can refuse coverage



Public Health Insurance Coverage

Health Insurance Coverage of North Carolinians, by Type, 2017



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Public Health Insurance

Medicaid

- National program that varies by state
 - Funded jointly by federal and state government
 - In NC, feds pay ~2/3 cost
- Covers eligible low-income individuals, including children, pregnant women, parents, seniors, and people with disabilities
- Covers ~2 million NC residents
- Service coverage varies by eligibility category

Medicare

- Federal health insurance program that covers
 - Individuals 65
 - Some permanently disabled individuals under 65
 - Funded by federal government
- Four parts (A, B, C, & D); all but A require premiums.
- 1.9 million NC residents enrolled
- Does not cover all services, most notably Medicare does not cover long-term services and supports, dental, hearing aids, and eyeglasses

Other Public

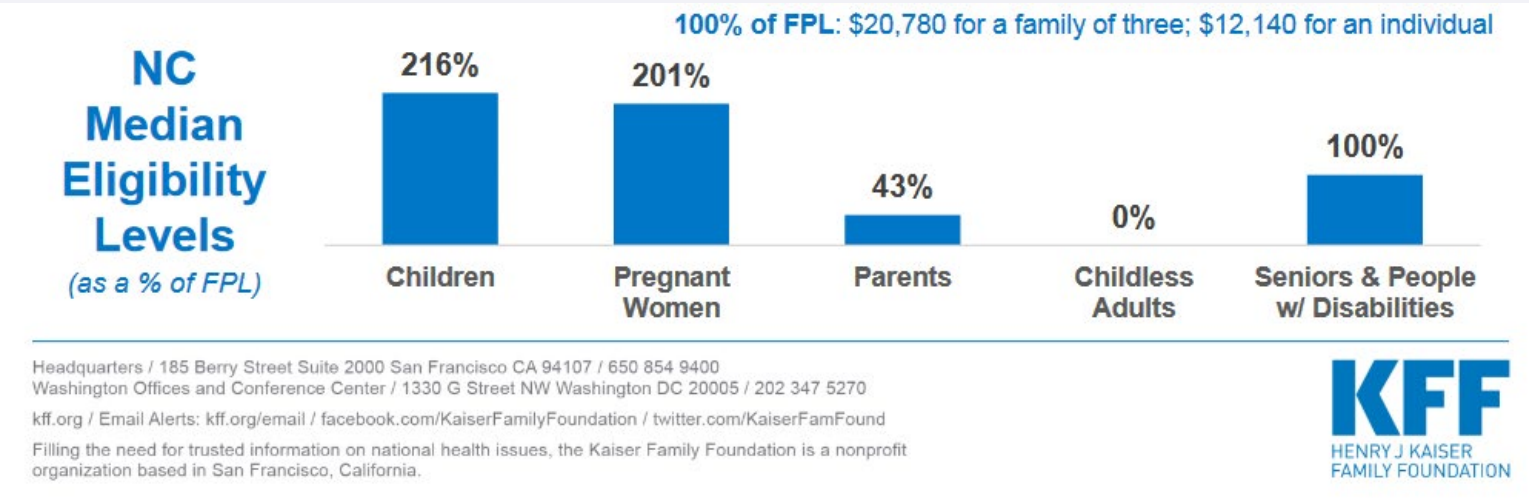
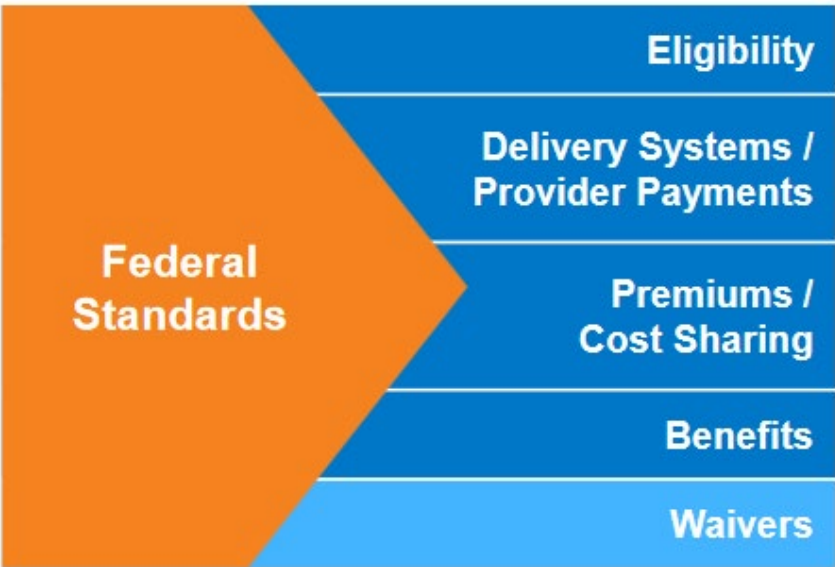
- Tricare- insurance program for uniformed service members, military retirees, and their families
- VA Health Care- health care for eligible veterans
- State does not play a role in either

Dual eligibles are those who qualify for Medicare based on age/disability status and Medicaid based on financial and need-based criteria



Medicaid in North Carolina

States Have Flexibility in Their Medicaid Design



Change is Coming to Medicaid in North Carolina

Current Medicaid

- NC Division of Health Benefits directly reimburses health systems and providers on a fee-for-service basis
- One administrator and program for all
 - Variability in covered services by eligibility category

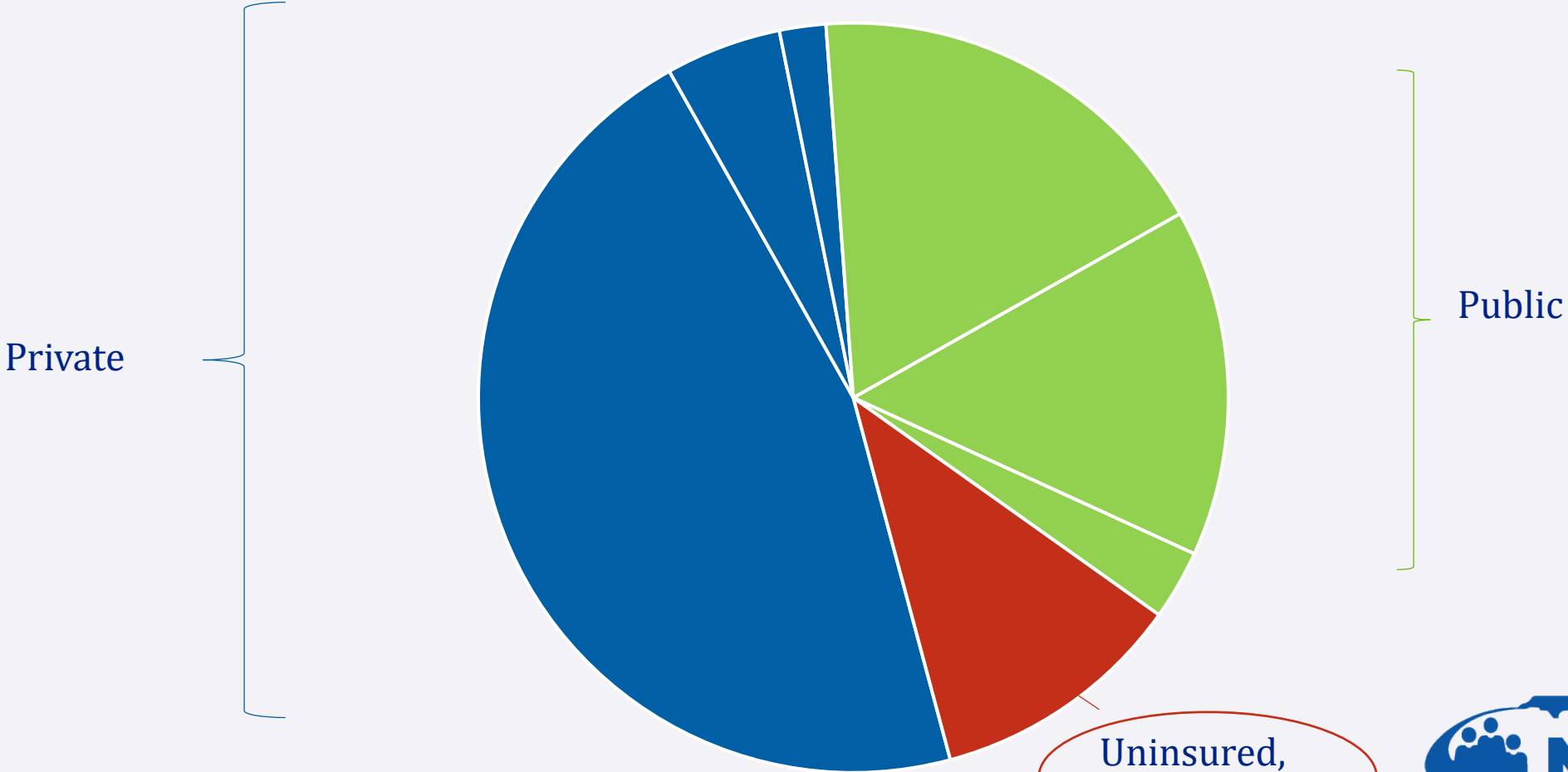
Medicaid Transformation (coming late 2019)

- NC Division of Health Benefits will contract with Prepaid Health Plans (PHPs)
 - There are 4 state-wide PHP options for all enrollees (1 regional option for some)
 - ~1.5 million will enroll (80%) (certain populations excluded and some delayed enrollment)
 - Tailored plans for special populations
- DHHS will provide monitoring and oversight of the PHPs



Public Health Insurance Coverage

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Uninsured in North Carolina



North Carolinians was uninsured in 2017

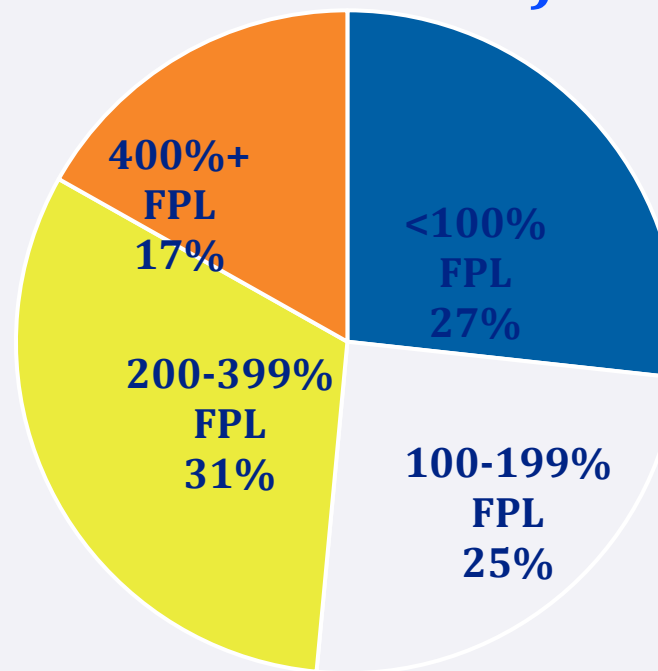
Individuals who lack health insurance are more likely to

- Report being in fair or poor health
- Forego needed care because of costs
- Be hospitalized for preventable conditions
- Die prematurely
- Have outstanding medical bills (one of the leading causes of bankruptcy)

Uninsured in North Carolina

- Approximately 1.1 million people uninsured in 2016. Of these:
 - ~906,000 were nonelderly adults ages 19-64 (83%)
 - ~142,000 were children ages 0-18 (13%)
- Most of the uninsured in a family with at least one full-time worker
 - 70% have at least one full-time worker
 - 12% have at least one part-time worker

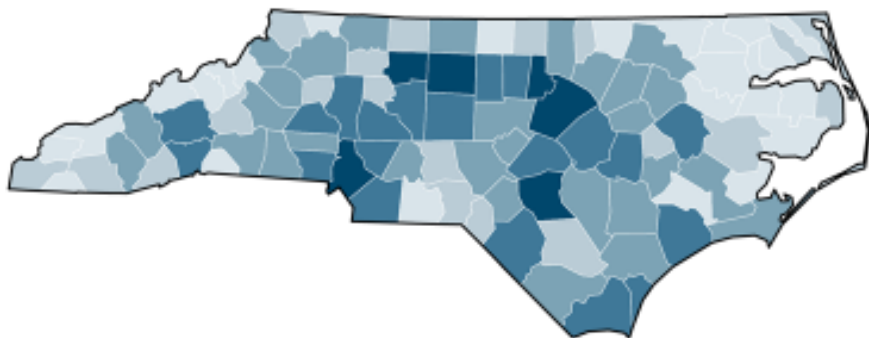
Nonelderly Uninsured (NC, 2016)



Approximately 208,000 North Carolinians fall into the Medicaid “coverage gap”

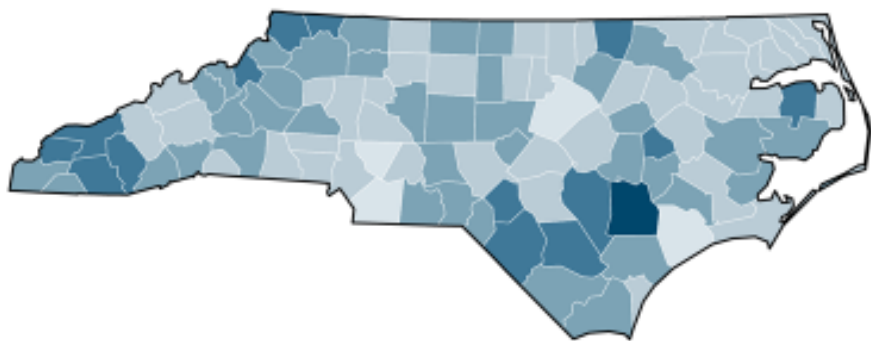
Uninsured in North Carolina

Number and Percent of People Under Age 65 Without Health Insurance North Carolina, 2016



Number Uninsured, Under Age 65 (# of Counties)

Greater than 25,000	(6)	→ Mecklenberg	112,129
10,000 to 24,999	(20)	Wake	84,547
5,000 to 9,999	(29)	Guilford	49,069
2,500 to 5,000	(20)	Forsyth	37,955
Less than 2,500	(25)	Durham	33,038
		Cumberland	30,261



Percent Uninsured, Under Age 65 (# of Counties)

Greater than 20%	(1)	→ Duplin	20.1%
16.0% to 19.9%	(14)		
13.0% to 15.9%	(38)		
10.0% to 12.9%	(43)		
Less than 10%	(4)	→ Union	9.9%
		Cabarrus	9.8%
		Onslow	9.6%
		Wake	9.2%



Sources: Small Area Health Insurance Estimates Program, U.S. Census Bureau,
<https://www.census.gov/data/datasets/time-series/demo/sahie/estimates-acs.html>, accessed 4/6/18;

Produced by: Program on Health Workforce Research and Policy, Cecil G. Sheps Center for Health Services Research, University of North Carolina at Chapel Hill.



Health Care for the Uninsured

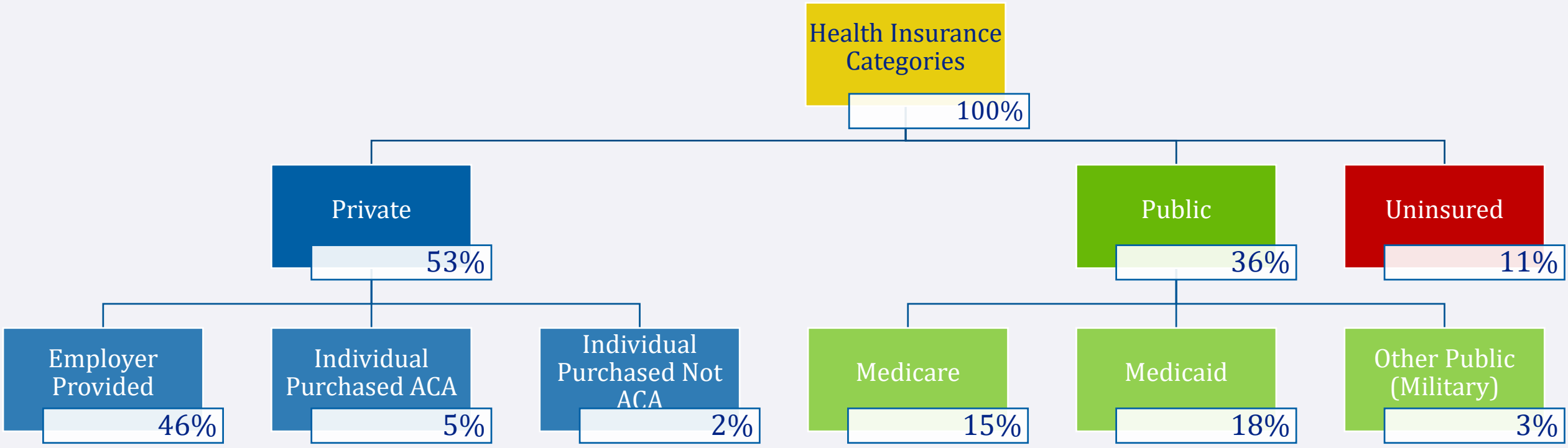
Institute of Medicine definition: Safety net providers are “those providers that organize and deliver a significant level of health care and other health-related services to uninsured, Medicaid and other vulnerable populations.”

Core safety net providers are those who “either by legal mandate or explicitly adopted mission, offer care to patients regardless of ability to pay; and a substantial share of their patient mix are uninsured, Medicaid and other vulnerable patients.”

- Types of Safety Net Providers in NC
 - Federally Qualified Health Centers
 - Rural Health Clinics & State Designated Rural Health Centers
 - Free and Charitable Clinics
 - Local Health Departments
 - Hospitals
 - Much more limited services provided by LME/MCOs, dental safety net, NC Community Health Grants, Pharmacy Assistance Programs



Types of Health Insurance



Source: Kaiser Family Foundation estimates based on the Census Bureau's American Community Survey, 2008-2017; Individual Purchase data calculated by NCIOM using <https://www.healthinsurance.org/north-carolina-state-health-insurance-exchange/>

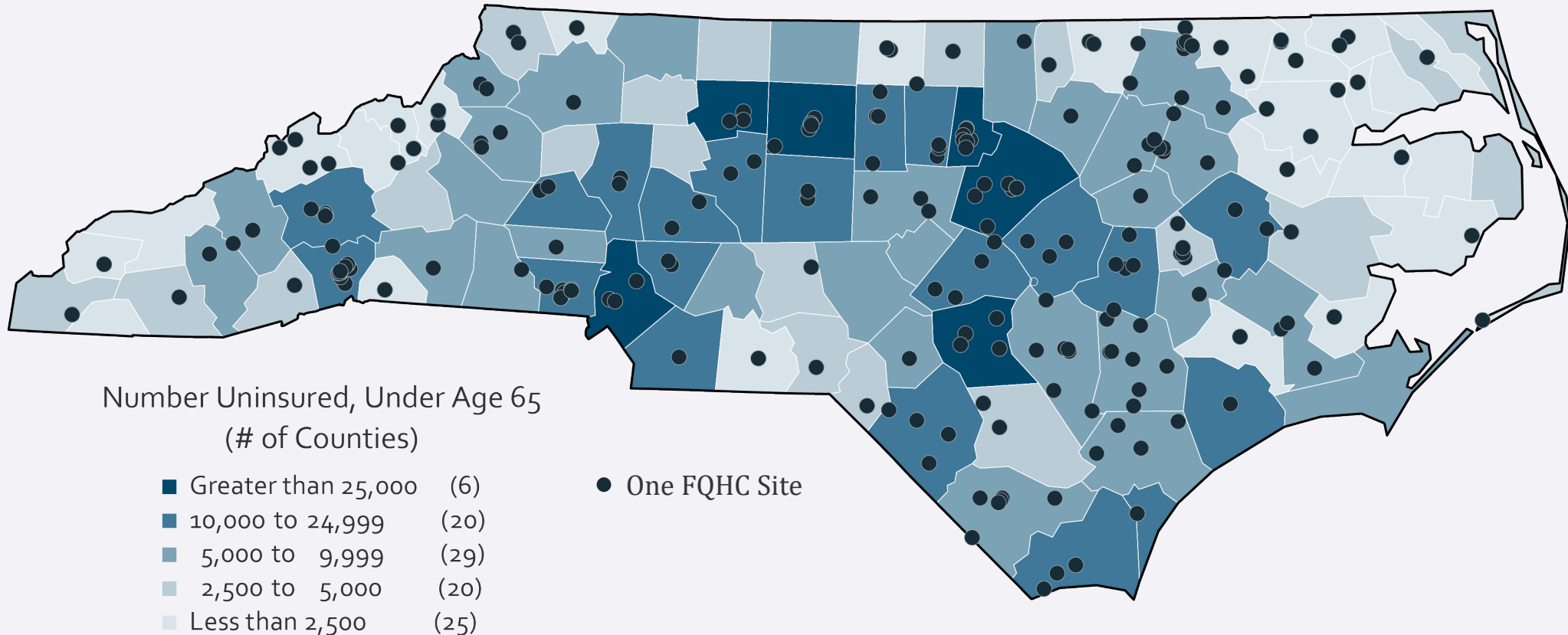
Questions?

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Number of People Under Age 65 Without Health Insurance, 2016 and Location of Federally Qualified Health Centers, 2018 North Carolina

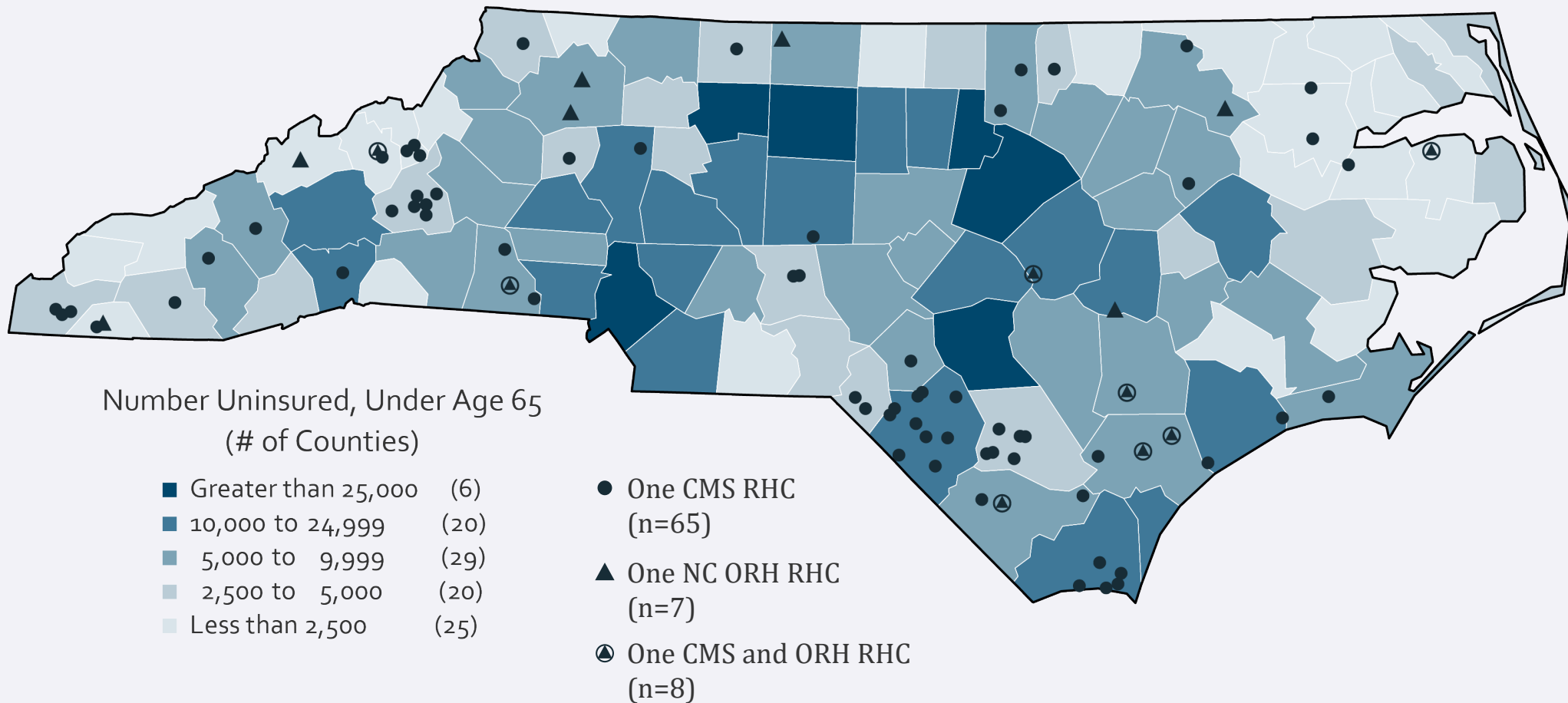


Sources: North Carolina Community Health Center Association, April 2018; Small Area Health Insurance Estimates Program, U.S. Census Bureau, <https://www.census.gov/data/datasets/time-series/demo/sahie/estimates-acs.html>, accessed 4/6/18; Produced by: Program on Health Workforce Research and Policy, Cecil G. Sheps Center for Health Services Research, University of North Carolina at Chapel Hill

Slide from: Pam Silberman, JD, DrPH, Professor, Dept. Health Policy and Management Gillings School of Global Public Health. Presentation to the NCIOM Legislative Health Policy Fellows Program on April 23, 2018



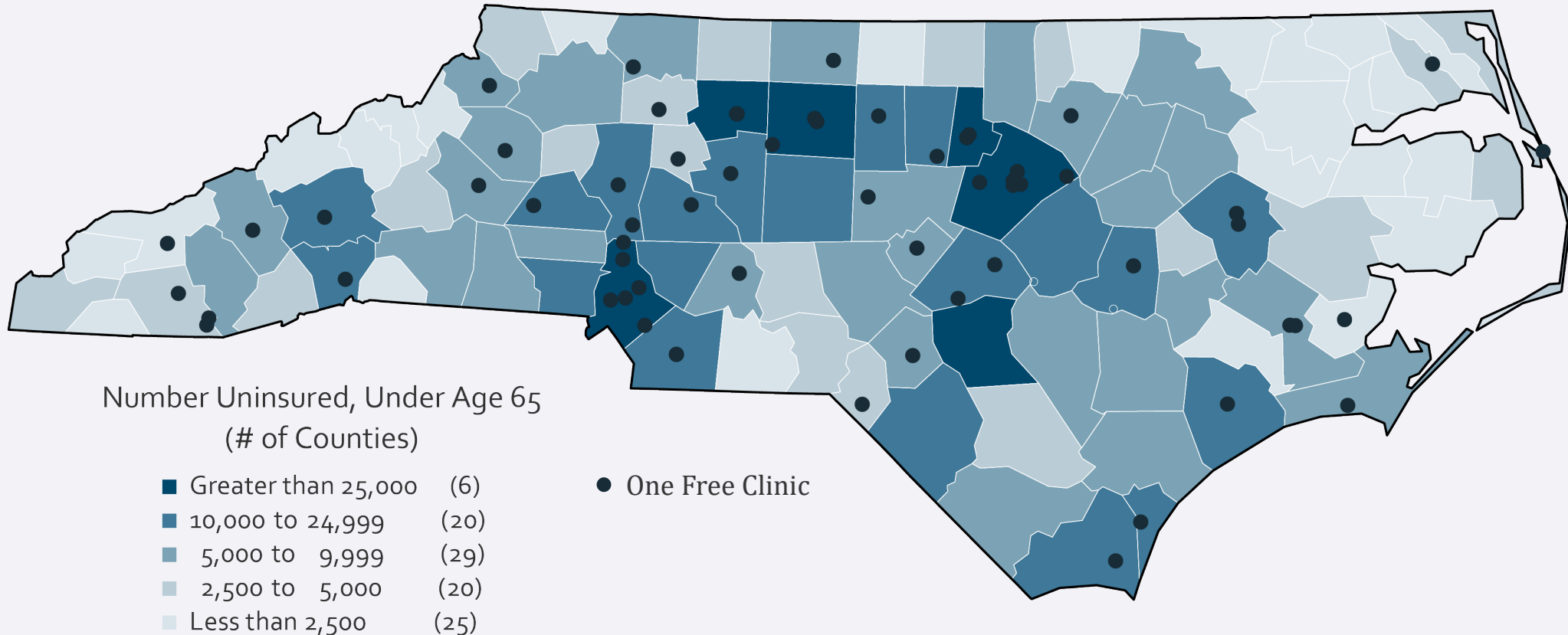
Number of People Under Age 65 Without Health Insurance, 2016 and Location of Rural Health Centers, 2018 North Carolina



Sources: North Carolina Office of Rural Health, 2018; Centers for Medicare and Medicaid Services, 2018; Small Area Health Insurance Estimates Program, U.S. Census Bureau, <https://www.census.gov/data/datasets/time-series/demo/sahie/estimates-acs.html>, accessed 4/6/18;
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Number of People Under Age 65 Without Health Insurance, 2016 and Location of Free and Charitable Clinics, 2018 North Carolina



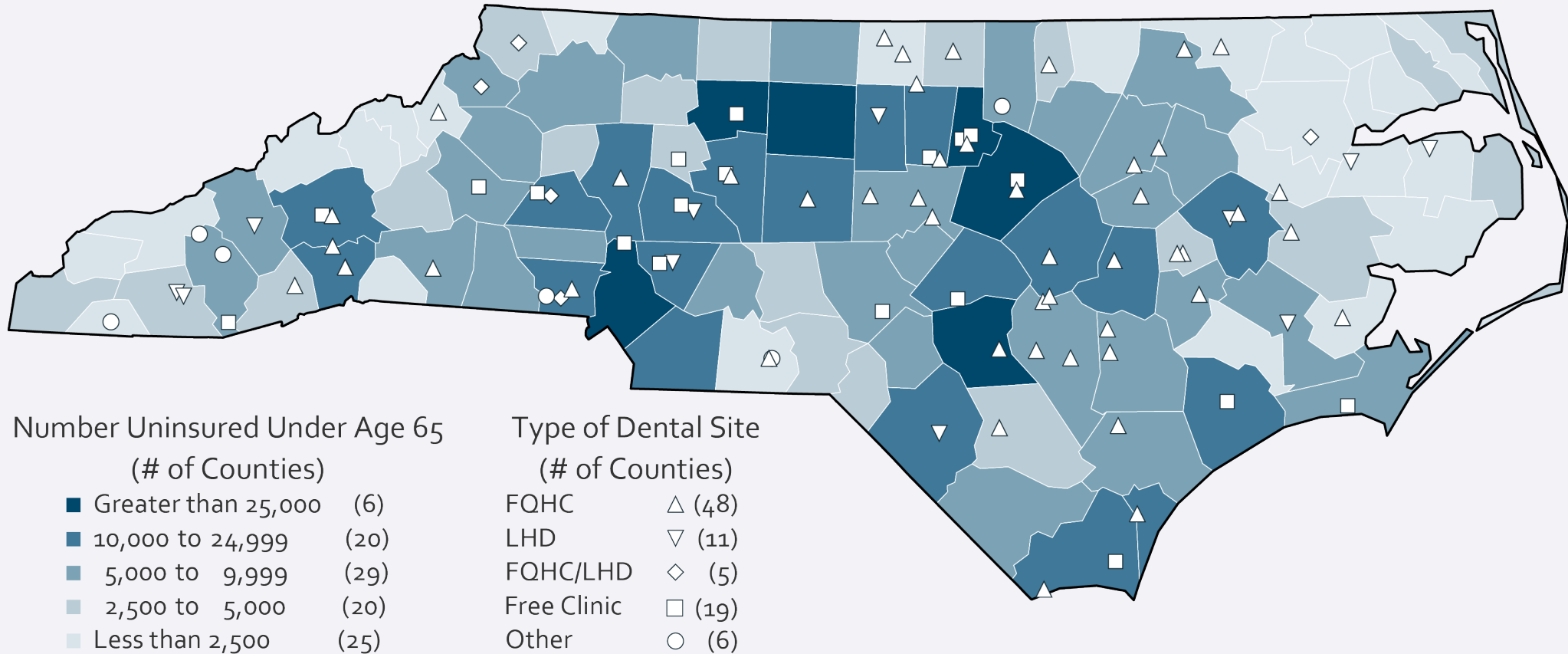
Sources: North Carolina Office of Rural Health, 2017, <https://www.ncdhhs.gov/divisions/office-rural-health/safety-net-resources>; Small Area Health Insurance Estimates Program, U.S. Census Bureau, <https://www.census.gov/data/datasets/time-series/demo/sahie/estimates-acs.html>, accessed 4/6/18;

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Number of People Under Age 65 Without Health Insurance, 2016 and Location of Dental Safety Net Sites, 2018 North Carolina



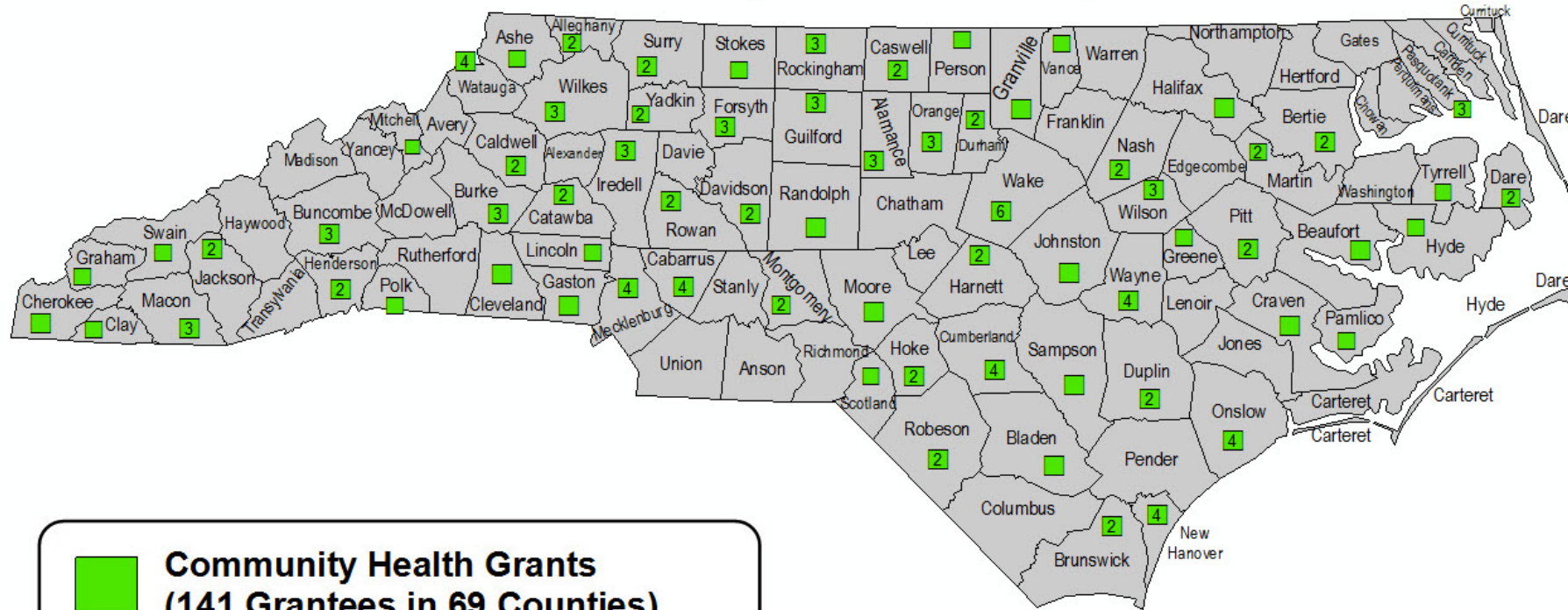
FQHC = Federally Qualified Health Center, LHD = Local Health Department. Includes 3 mobile clinics.

Sources: North Carolina Office of Rural Health, 2018; North Carolina Association of Free and Charitable Clinics, 2018; Small Area Health Insurance Estimates Program, U.S. Census Bureau, <https://www.census.gov/data/datasets/time-series/demo/sahie/estimates-acs.html>, accessed 4/6/18;

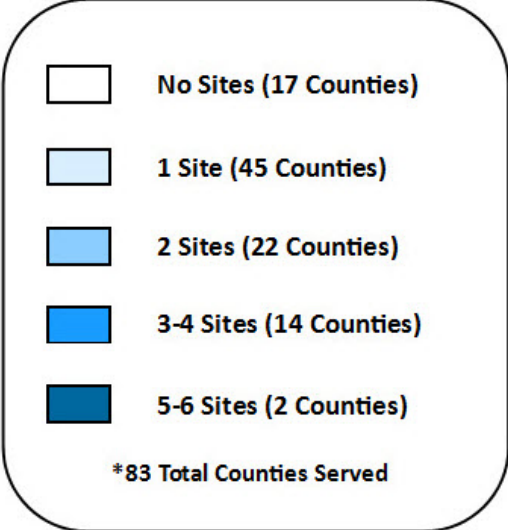
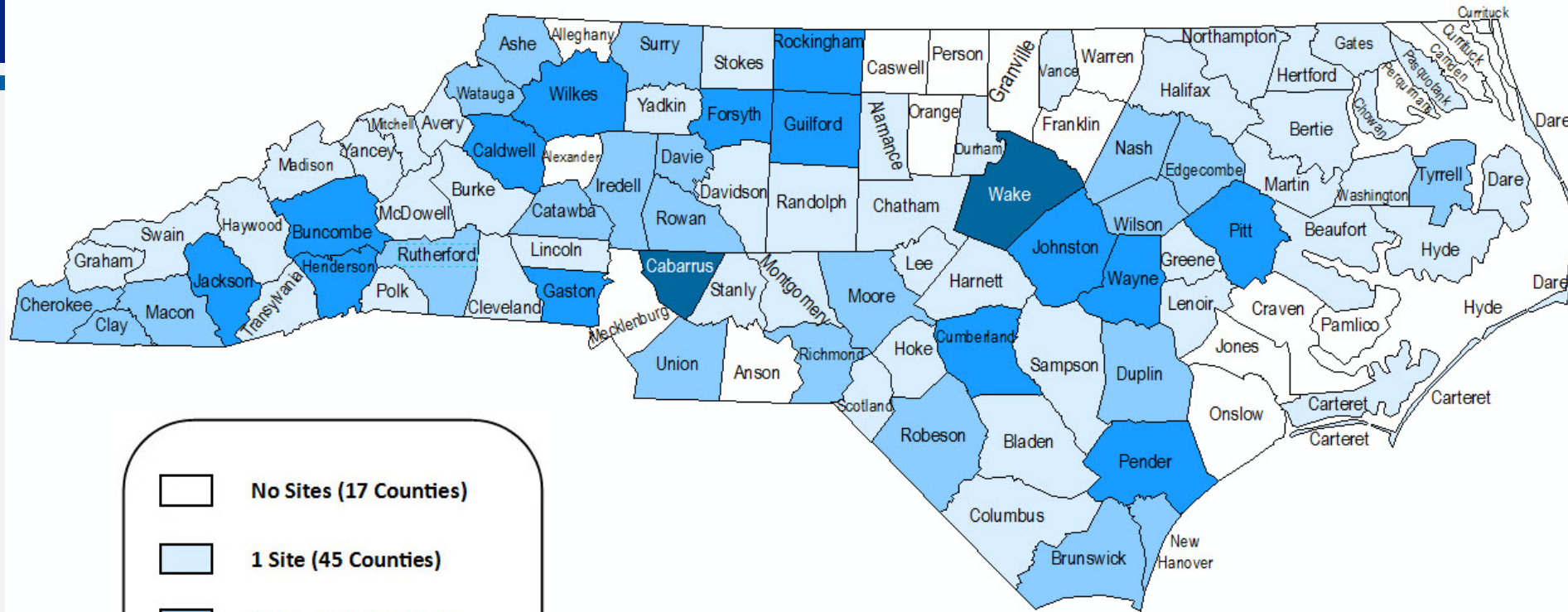
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Office of Rural Health Community Health Grantee Locations SFY 2018 (Includes Years 1-3)



Office of Rural Health Medication Assistance Program Coverage SFY 2017



Rural Health
HEALTH AND HUMAN SERVICES

