Health Care Coverage for Uninsured Americans

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Introduction

- Mr. Chairman and Congressman Rangel, thank you for the opportunity to testify today and let me thank you both, and the Members of this Committee, for your interest in, and work on behalf of the nation's uninsured. I am present today to tell you about the experience of eHealthInsurance and, to whatever extent possible, provide information to you to help you address the pressing need to assist the uninsured in obtaining health care coverage.

- Yet first I want to briefly explain my background and more specifically, my passion for addressing the problem of the roughly 40 million uninsured Americans today. Studies show that we need to help the uninsured because they allow their health to deteriorate before seeking medical assistance. I understand this first hand, having waited until suffering painful internal hemorrhaging before visiting a health facility, only to be turned away to a county facility because I was without health insurance. Studies also show that we need to help the uninsured because they face significant life disruption when they are caught seriously ill without health coverage. Again, I understand this vividly having watched my maternal uncle, a then- uninsured member of my own family and recent U.S. citizen encounter the life disruption of returning back to India to obtain treatment after a stroke.

  These personal experiences helped fuel my entrepreneurial spirit in becoming the Founder of eHealthInsurance.

eHealthInsurance Helping Real People in Need

- eHealthInsurance is a nationwide marketplace for individuals, families and small businesses to research a wide range of insurance companies and then purchase the health insurance that best fits their needs. Surprisingly, 40% of the people who complete applications with eHealthInsurance state on their application that they have been uninsured for a significant period of time- yes, 40% of eHealthInsurance applicants come from the uninsured. A number of people

approach eHealthInsurance with the misperception that health insurance is prohibitively expensive, but when they see the range of options, starting with some very low prices, many of them find they can afford health insurance. Of course, many more people could actually afford health insurance if the government were to provide economic assistance to overcome the affordability barrier.

Just as important as my own story are the stories of people who have used eHealthInsurance to overcome their challenges of becoming or staying insured. Here are some of their actual statements (taken from TV news story transcripts):

1. Donna Johnson of Sacramento, California is a 35-year old single mom with 12-year-old son named Paul. She works as a manicurist, and Paul had asthma for most of his life. The two were without health insurance for 11 years, and paid more than $15,000 in medical bills out-of-pocket.

   "To not have health insurance, and to have either you be sick or your children be sick and have to go to the doctor, you're scared, you're afraid that the doctors are going to turn you away, you're afraid the hospitals are going to turn you away because you're not insured."

   "It's the worst thing to have your kid in a hospital, hooked up to wires and machines and you don't have any money to pay for any of this. I didn't know what I was going to do."

   When she heard about eHealthInsurance, Johnson went online to see if she could get health insurance, even though she didn't really think she could. To her surprise, Johnson and her son were approved for coverage through eHealthInsurance in a few weeks. She now pays $225/month and is fully covered, even with son Paul's pre-existing condition.

   "I was just so overwhelmed by everything I had been through, all of the years that I had gone through without the insurance, all the money that I paid, (when I received the cards in the mail) I sat in my chair and I cried, because it was just the best feeling that I had had in a lot of years."

2. Venus Campanelli of Chicago, Illinois is married, works part time, and has two children. Her husband is self-employed.

   "We know now that we can afford (health insurance), we don't have to worry about that payment every month, and say 'Oh, my God, this is taking a big bite out of our budget every month.'"

   "We got a cheaper deductible by half and the payments went down by half, for basically more coverage."

   "Especially when you have little ones, they fall, they cut themselves. My son had stitches, so (insurance) is important."

3. John Fritz, of San Jose, California was laid off from his job in 2001. He is married, with two children under the age of four.

   "(My) company did offer COBRA, but with the HR person rolling her eyes saying, 'if you really want COBRA, here it is'…but it's bloody expensive." The company's COBRA premium would have been a little more than $1200/month for Fritz's family of four.

   "When you've got two kids, you've got immunizations and who knows what else to worry about," Fritz said.

   He went to eHealthInsurance.com and found comparable coverage to his COBRA plan for only $150/month with the doctors they wanted.

   "It wasn't three weeks before we had to put it to use when my newborn daughter got pneumonia. So that covered the costs right there."

Real Data to Assist Policy Makers

- The employees of eHealthInsurance, whom I am representing here today, come from all parts of the political spectrum. Hence, eHealthInsurance is non-partisan. Over the last several years, eHealthInsurance has advanced a challenge to numerous policy makers to cut the uninsured by half by the year 2010. We've met with Democratic and Republican leaders in the Senate, House and with both the Bush and Clinton Administrations. Along with issuing the challenge, eHealthInsurance is prepared to help and to work alongside the Congress to accomplish this worthwhile objective.

- We discovered that policy makers and influencers seeking to help the uninsured are in real need of accurate information about the expense and comprehensiveness of health insurance purchased by individuals and families. Because of eHealthInsurance's national reach and volume, offering 10,000 different plans from 100 different insurers, with licenses to sell insurance in all 50 states and the District of Columbia, we are in perhaps we are in a relatively exclusive position to provide such information.

- That leads us to some new information we would like to share with the Committee today. In January 2002, eHealthInsurance pulled a recent sample of 20,000 individual (single) sold policies from its database of customers to better understand the cost and comprehensiveness of health insurance policies purchased by individuals. The following data shows the costs of the plans actually selected and benefits received by individuals buying on the private health insurance market. The purchasing behavior is representative of what people purchase in a health insurance plan when they pay for it themselves.

Premiums Within Reach Across Most of the Country

The average individual (single) premiums that consumers in this sample purchased is $159 per-member-per-month (PMPM) (which is slightly higher than the average family policy at $110 PMPM). On an annual basis, this individual premium amount equates to $1,900 per-person-per-year. This amount is substantiated when compared to the average PMPMs of some of the nation's largest individual health insurance carriers. Such premiums are available to states representating 93% of the U.S. population. Almost two-thirds of the uninsured population fall in age brackets with an average annual premium of less than $1700, which is even below the overall average of individual premiums.

Health Insurance Premiums for Single Policies by Age Bracket

	age <18	age 18-24	age 25-34	age 35-44	age 45-64	65 and older (4)	all ages
Average monthly premium per single (1)	$ 102	$ 123	$ 138	$ 182	$ 262	N/A	$ 159
Average annual premium per single	$ 1,226	$ 1,481	$ 1,658	$ 2,178	$ 3,144	N/A	$ 1,908
% of uninsured population by age (2)	24%	18%	21%	17%	19%	1%	100%
% of U.S. population by age (3)	25%	10%	14%	16%	22%	12%	100%

(1) Source: eHealthInsurance, Inc. 2001, 20,000 single policies across states representing 93.5% of the U.S. population
(2) Source: Health Insurance Coverage, US Census Bureau, issued Sept 2000
(3) Source: U.S. Census Bureau, Census 2000, with extrapolation
(4) Age 65 and older are covered under Medicare

State	Population	% of U.S. Pop.	Avg. monthly premium per single: all ages	Avg. annual premium per single: all ages	Average age	Guaranteed Issue (2)	Community Rating (3)
California	34,501,130	12.1%	$ 143	$ 1,718	30		
Texas	21,325,018	7.5%	$ 143	$ 1,716	32		
New York	19,011,378	6.7%	$ 266	$ 3,198	35	Yes	Yes
Florida	16,396,515	5.8%	$ 287	$ 3,448	33		
Illinois	12,482,301	4.4%	$ 174	$ 2,088	32		
Pennsylvania	12,287,150	4.3%	$ 164	$ 1,962	31		
Ohio	11,373,541	4.0%	$ 153	$ 1,837	33		
Michigan	9,990,817	3.5%	$ 161	$ 1,934	32		
New Jersey	8,484,431	3.0%	$ 203	$ 2,436	38	Yes	Yes
Georgia	8,383,915	2.9%	$ 127	$ 1,521	30		
North Carolina	8,186,268	2.9%	$ 121	$ 1,450	34		
Virginia	7,187,734	2.5%	$ 148	$ 1,778	32		
Indiana	6,114,745	2.1%	$ 136	$ 1,633	31		
Washington	5,987,973	2.1%	$ 129	$ 1,545	34		
Tennessee	5,740,021	2.0%	$ 155	$ 1,866	33		
Missouri	5,629,707	2.0%	$ 172	$ 2,066	31		
Wisconsin	5,401,906	1.9%	$ 174	$ 2,090	33		
Maryland	5,375,156	1.9%	$ 166	$ 1,986	31		
Arizona	5,307,331	1.9%	$ 139	$ 1,672	34		
Minnesota	4,972,294	1.7%	$ 165	$ 1,975	31		
Louisiana	4,465,430	1.6%	$ 166	$ 1,995	30		
Alabama	4,464,356	1.6%	$ 133	$ 1,602	27		
Colorado	4,417,714	1.6%	$ 151	$ 1,816	32		
South Carolina	4,063,011	1.4%	$ 137	$ 1,650	31		
Oregon	3,472,867	1.2%	$ 135	$ 1,625	30		
Oklahoma	3,460,097	1.2%	$ 133	$ 1,597	34		
Connecticut	3,425,074	1.2%	$ 153	$ 1,838	37		
Iowa	2,923,179	1.0%	$ 144	$ 1,723	34		
Mississippi	2,858,029	1.0%	$ 170	$ 2,038	31		
Kansas	2,694,641	0.9%	$ 121	$ 1,446	33		
Arkansas	2,692,090	0.9%	$ 146	$ 1,751	35		
Utah (1)	2,269,789	0.8%	$ 93	$ 1,117	28		
Nevada	2,106,074	0.7%	$ 166	$ 1,995	35		
New Mexico	1,829,146	0.6%	$ 164	$ 1,972	36		
Nebraska	1,713,235	0.6%	$ 185	$ 2,223	29		
Rhode Island	1,058,920	0.4%	$ 181	$ 2,174	32		
Montana	904,433	0.3%	$ 173	$ 2,073	31		
Delaware	796,165	0.3%	$ 165	$ 1,980	31		
South Dakota	756,600	0.3%	$ 165	$ 1,986	42		

Alaska	634,892	0.2%	$ 216	$ 2,592	32		
District of Columbia	571,822	0.2%	$ 143	$ 1,713	31		
Wyoming	494,423	0.2%	$ 128	$ 1,537	35		
Totals	**266,211,318**	**93.5%**	**$ 159**	**$ 1,907**	**32**		

Not Included:

State	Population	% of U.S. Pop.	Avg. monthly premium per single: all ages	Avg. annual premium per single: all ages	Average age	Guaranteed Issue (2)	Community Rating (3)
Massachusetts	6,379,304	2.2%	N/A	N/A	N/A	Yes	
Kentucky	4,065,556	1.4%	N/A	N/A	N/A	Yes	
West Virginia	1,801,916	0.6%	N/A	N/A	N/A		
Idaho	1,321,006	0.5%	N/A	N/A	N/A	Yes	
Maine	1,286,670	0.5%	N/A	N/A	N/A	Yes	Yes
New Hampshire	1,259,181	0.4%	N/A	N/A	N/A	Yes	Yes
Hawaii	1,224,398	0.4%	N/A	N/A	N/A	employer mandate	
North Dakota	634,448	0.2%	N/A	N/A	N/A		
Vermont	613,090	0.2%	N/A	N/A	N/A	Yes	Yes
	18,585,569	6.5%					
Total US	**284,796,887**						

(1) Sample skewed young; age bands averaged
(2) Law requires all applicants to be issued a policy regardless of health
(3) Law requires policies to be priced independent of age and/or health

Several States Outside the Norm

In several states such as New York, uncompetitive market conditions can cause significantly higher premiums across all age brackets.

Health Insurance Premiums for Single Policies by Age for Three Largest States

State	Population	% of U.S. Pop.	Avg. single monthly premium: all ages	Avg. single monthly premium: age 18-24	Avg. single monthly premium: age 25-34	Avg. single monthly premium: age 35-44	Avg. single monthly premium: age 45-64	# of Carriers Actively Pursuing Individual Business (1)	Guaranteed Issue (2)	Community Rating (3)
California	34,501,130	12.1%	$ 143	$ 107	$ 132	$ 175	$ 238	7	No	No
Texas	21,325,018	7.5%	$ 143	$ 108	$ 124	$ 160	$ 228	7	No	No
New York	19,011,378	6.7%	$ 266	$ 243	$ 267	$ 282	$ 271	1	Yes	Yes

(1) Number of insurance companies responding positively to offer from eHealthInsurance for expanding members in individual market
(2) Law requires all applicants to be issued a policy regardless of health
(3) Law requires policies to be priced independent of age and/or health

Modest Deductibles and Co-payments

Data from this sample shows that there is a clear consumer purchasing preference for lower deductibles. As shown in the chart below, greater than two-thirds of all plans purchased have a deductible of $1000 or less, and close to half have deductibles of $500 or less. Additionally, two-thirds of policies have office visit co-payments of $20 or less.

Deductible	% of Policies Purchased
$500 or less	43.5%
$501 to $1000	25.9%
$1001 to $1500	7.5%
$1501 to $2000	7.8%
$2001 to $3000	10.0%
Over $3000	5.3%
Total	100%

Co-Pay	% of Policies Purchased
$0	36.7%
$5	0.0%
$10	9.3%
$15	9.2%
$20	20.1%
$25	6.2%
$30	10.7%
$35	4.7%
$40	1.2%
$45	1.8%
Total	100%

Solid and Accessible Benefits

87% of policies purchased by individuals can be considered "comprehensive" in coverage, where comprehensiveness is defined to include: Inpatient + Outpatient + Labs&Tests + Prescription Drugs (85%). Consumers purchased mainstream health insurance plan types that are relatively unencumbered with utilization restrictions (e.g., HMO gatekeepers) or non-mainstream, minimal-coverage products.

Benefit Levels of Policies Selected	
Benefit Coverage	**% of Policies Purchased**
Comprehensive (1)	87%
Basic	13%
Total	100%

Product Choices by Individual Customers	
Product Type	**% of Policies Purchased**
PPO	78%
HMO	10%
Indemnity/Other	11%
Total	100%

(1) Comprehensive = Inpatient + Outpatient + Labs&Tests + Prescription Drugs (85%)

Tax Credits in the Individual Market: How Far Can They Go?

- In order to be effective in addressing the uninsured issue, we must identify realities of the various segments of the uninsured population. I find it helpful to distinguish between the impoverished uninsured, working uninsured, unhealthy uninsured and newly displaced uninsured or displaced workers. They all require approaches unique to their population. Let me be clear. No one solution will solve the entire problem.

- Although a tax credit is not the only solution for all of the uninsured, I believe it is one of the most impactful opportunities for the working uninsured (25 million) and newly displaced uninsured, which together make up over two-thirds of the 40 million uninsured population.

- By subsidizing the health insurance premiums in the form of $1,000 per person such as proposed by President Bush, or 60% of overall premiums as recently passed by the House, most of those eligible will be able to afford the discretionary income to pay the remaining balance. Their hard earned money together with government assistance will get many people over the finish line.

- If you were able to offer the uninsured a $1000 tax credit, then two-thirds of the uninsured (those age 34 and younger) could get a policy for the balance of $50/month. And 80% of the uninsured (those age 44 and younger), could get a policy for the balance of $100/month. With the alternative proposal of the government paying for 60% of the premium, all age brackets could be covered with a balance close to $100/month. Beyond this, we can feel good about the fact that in most cases they are getting fairly comprehensive policies with modest deductibles. With that type of impact, I'm not sure why anyone would be against helping a large portion of the uninsured purchase tax credits for health insurance.

Appeal for Incremental Progress on All Segments of the Uninsured

- Allow me to end briefly by sharing an observation from my experience with health care policy, even if it is nothing more than an "outside perspective. " I have encountered among proponents of 100% consumer based, employer based

or government based health care plans a recurring "all or nothing" mentality. As policymakers strive towards such ends, I have found the result for the uninsured to be more of paralysis than progress. I do not believe that any one of these approaches is the only solution to the 40 million uninsured. In fact, I would suggest that because consumer, employer and government based health care plans make up our insured population today and each will continue to be necessary components in an appropriate way of a solution that will make significant progress on toward reducing the number of uninsured.

- The two largest segments of the total uninsured population are the impoverished uninsured and the working uninsured. The impoverished uninsured segment consists of 23 million out of 40 million individuals, 26% of which are below 100% of the Federal Poverty Line (FPL) and 31% at 100-200% of the FPL. The working uninsured comprise 25 of the 40 million. Obviously some of the "impoverished uninsured" are also found in this segment. The largest portion of this population is found among small businesses with less than 25 employees.

- The smaller yet no less critical significant segments of the total uninsured population include unhealthy uninsured and newly displaced uninsured, both comprising approximately 2 million out of 40 million individuals. Although the focus of our discussion today is the broad set of uninsured, it is helpful to identify some of the possible unique solutions needed to address these segments of the uninsured population.

- For the 23 million individuals classified as impoverished uninsured, I was surprised at the number of people below 100% of the FPL that aren't covered by Medicaid. Perhaps Medicaid ought to be available to all individuals under the FPL to guarantee health care coverage to the poorest of the poor. Furthermore, I am eager to work with states to simplify SCHIP eligibility checking with an online approach that we call "Inline with What's Online." Legislative directive and funds for online eligibility verification at the national level can ensure more effective distribution of SCHIP allotments.

- In order to address the larger segment of working uninsured, another place to focus may be the regulations that cause insurers to reject individual coverage for employees receiving assistance from an uninsured employer. Shouldn't small businesses that can't afford to purchase or administer a group plan be allowed and encouraged to reimburse employees to purchase an individual policy? Also, the working uninsured is a rich environment for implementation of tax credits with meaningful amounts to assist with the cost of premiums in the individual market.

- The segment of unhealthy uninsured represents those individuals with preexisting health conditions that cause insurers to deny them coverage. As I learned more about our health care system, I discovered high risk pools which are functioning in 28 states to offer guaranteed access for these "uninsurable" individuals. High risk pools subsidize the premiums for high cost individuals while causing little or no economic disruption to the market. Yet the greatest

criticism of these plans is severe under-funding. Perhaps the federal government should assist those states struggling under the financial burden of high risk pools. And perhaps the federal government should be active in helping these pools to develop in the remaining states.

Conclusion

- As the data I have presented today illustrates, while perhaps not the answer for all of the uninsured, we believe a tax credit will allow a large segment of the uninsured to put the cost of a private health insurance policy within easier reach. Yet even as one of its advocates, I remind you that it is only one component of a multi-oriented approach to a complex problem of the uninsured. I remember the words spoken to me in a conversation with a senior Senator regarding such complex issues: do the easy things first for incremental progress. If we turn away ideas because they won't solve the problem in its entirety, there is a strong chance no one will be helped. Again, thank you for giving me the opportunity to share these thoughts with you today and for your work on behalf of the uninsured.