



Members of Congress are currently considering various options to increase the number of individuals in the United States who have health insurance coverage. On November 7, 2009 the U.S. House of Representatives passed its health reform legislation while the U.S. Senate voted on December 21, 2009 to move forward its version of health reform. Although the House and Senate proposals differ, requiring individuals to have health insurance coverage through an “individual mandate” is a consistent feature of both versions. While the details of an individual mandate vary between proposals, the basic premise is that most individuals residing in the United States would be required to have health insurance coverage or face financial penalties. In order to address affordability issues associated with an individual mandate, both the House and Senate versions contain expansions of the income eligibility floor for Medicaid,<sup>1</sup> subsidies for low income individuals to purchase private health insurance coverage and requirements for some employers to provide health insurance to employees and their dependents.

Using data from the 2008–09 Colorado Household Survey (COHS), conducted between November 2008 and March 2009, this issue brief summarizes the implications of a federally imposed individual mandate on uninsured Coloradans. According to the COHS, approximately 674,000 Coloradans were uninsured for at least 6 months in the 12 month period prior to being surveyed. *However, this analysis focuses on the 309,000 uninsured Coloradans who will not be covered by federal and state expansions of publicly-financed health insurance coverage and who were uninsured for six months or longer.* Most of these individuals would be required to purchase health insurance coverage because of the individual mandate provision. (In the remainder of this brief these Coloradans are referred to as “Coloradans affected by an individual mandate.”) This brief summarizes the number and age of Coloradans who would be affected by the individual mandate, their family income, the employment status of their family, and if employed, the size of their employer.

## Methods

The 2008–09 COHS, sponsored by the Colorado Department of Health Care Policy and Financing and funded by The Colorado Trust, was a telephone survey of 10,000 randomly selected households in Colorado.<sup>2</sup> A series of questions regarding health insurance coverage, health status, access to health care, health care utilization, employment and income was asked about an individual in each household who was randomly chosen as the “target.” If the person answering the telephone was at least 18 years of age and able to do so, he or she answered all survey questions about the target and a subset of questions (demographics and health insurance status) about all members of the household.<sup>3</sup> Otherwise, another adult household member who could answer these questions was interviewed. If the randomly selected target was a child under the age of 18, a knowledgeable adult in the household answered the questions on behalf of the child.

<sup>1</sup> Medicaid is jointly *financed* between the federal and state governments and provides health insurance to low income individuals, elders and people with disabilities. For more information on Colorado’s Medicaid program please see <http://www.colorado.gov/cs/Satellite/HCPF/HCPF/1197969485536>

<sup>2</sup> The Colorado Health Institute (CHI) served as the administrator for the COHS under contract with the Colorado Department of Health Care Policy and Financing and authored this issue brief.

<sup>3</sup> However, in some cases respondents may not have been able to answer all questions and data are missing. For this reason, discrepancies may exist in the total number of individuals displayed among graphs.

Due to the increasing trend towards cell-phone only households, the survey included 400 randomly selected individuals at least 18 years of age who live in a household where a cell phone was the exclusive means of telecommunication. The estimates reported in this issue brief have been weighted to represent the total 2008 Colorado population of 5,010,395.<sup>4</sup>

## **Coloradans impacted by an individual mandate**

### **Coloradans who are chronically uninsured**

This analysis focuses on those Coloradans who are “chronically uninsured,” defined as being uninsured for at least six months or longer.<sup>5</sup> Uninsurance may be a short-term state for Coloradans who are switching jobs or who are temporarily unemployed. However, those who have been uninsured for at least six months are likely unable to secure health insurance because of a pre-existing health condition, inability to afford health insurance or because their employment benefits do not include health insurance coverage.

### **Coloradans who do not qualify for publicly financed health insurance**

While Congress contemplates health care reform, Colorado policymakers have legislated their own eligibility changes to Medicaid and the Child Health Plan Plus (CHP+)<sup>6</sup> programs. In 2009, the Colorado General Assembly passed H.B. 09-1293, the Colorado Healthcare Affordability Act. The legislation:

- Increases the CHP+ income eligibility limit from 205% to 250% of the federal poverty level (FPL)<sup>7</sup> for children (age 18 and younger) and pregnant women;
- Provides Medicaid eligibility for all working age adults with family income up to 100% of the FPL; and
- Creates a Medicaid buy-in program for individuals with disabilities with an income limit of 450% of FPL.

In order to assist low income uninsured individuals gain access to health insurance coverage, the U.S. House proposal, as of December 2009, includes a Medicaid expansion to cover all children and adults with family incomes up to 150 percent of the FPL (\$33,000 for a family of four in 2009). The U.S. Senate version sets the Medicaid threshold at 133 percent of the FPL (\$29,300 for a family of four in 2009).

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<sup>4</sup> 2008 population estimates are from the Colorado State Demography Office. All other estimates reported in this brief are based on data from the 2008-09 COHS. Detailed information on the methods used for the 2008-09 COHS is available for download from the CHI Web site, at <http://www.coloradohealthinstitute.org/Projects/2008-09-Colorado-Household-Survey.aspx>

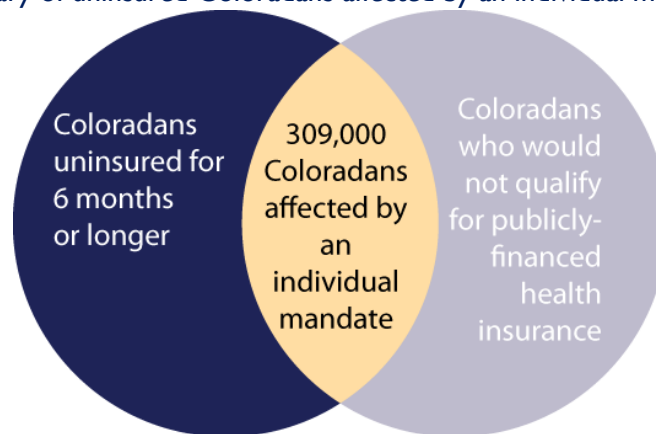
<sup>5</sup> Different definitions exist for the chronically uninsured. CHI analyzed the differences between Coloradans who have been uninsured for six months or more and 12 months or more. The population characteristics were very similar except that more children fell into the former category than the latter. For this reason, CHI opted to analyze those Coloradans who had been uninsured for six months or more.

<sup>6</sup> The Child Health Plan Plus (CHP+) is Colorado’s CHIP program and is jointly financed between the federal and state governments. It provides health insurance coverage to low income children and pregnant women who do not qualify for Medicaid. Currently, the income threshold for CHP+ in Colorado is 205 percent of the federal poverty level. For more information on Colorado’s CHP+ program, please see <http://www.cchp.org/>

<sup>7</sup> See the appendix for a detailed breakdown of the federal poverty levels based on family size and income.

Because the Senate and House versions have yet to be reconciled, we take a conservative approach and assume that the Senate income threshold for Medicaid eligibility is adopted. Figure 1 displays the results of overlaying these criteria. Using the Senate version, there are 309,000 uninsured Coloradans who would be impacted by an individual mandate—that is, they are both chronically uninsured and would not qualify for publicly-financed health insurance even if the state and Senate expansions of publicly financed health insurance were implemented.

Figure 1. Summary of uninsured Coloradans affected by an individual mandate<sup>8,9,10</sup>



It is important to acknowledge that uninsured individuals who are eligible but not enrolled (EBNE) in publicly-financed health insurance programs under current eligibility guidelines would also be affected by an individual mandate. However, an analysis of EBNE individuals is beyond the scope of this analysis--policy solutions to increase their enrollment are quite different than those covering uninsured individuals who currently lack eligibility for public health insurance programs.

## The number of uninsured Coloradans affected by an individual mandate

Of the 309,000 uninsured Coloradans who would be affected by an individual mandate, nearly 17,000 are children. Their parents would be required to secure coverage on their behalf or face financial penalties. Figure 2 summarizes these children according to family income.

<sup>8</sup> Based on H.B. 09-1293, in 2011, individuals with work disabilities in Colorado and with family incomes up to 450% of the FPL will be eligible for a Medicaid buy-in program. The legislation also increases CHP+ eligibility for pregnant up to 250% of the FPL. Because it is not possible to determine which uninsured Coloradans have work disabilities that would meet the federal definition required for the program nor is it possible to determine pregnancy status, CHI could not remove these individuals from the group of uninsured individuals included in this analysis.

<sup>9</sup> Individuals who lack legal documentation are not currently eligible for publicly financed health insurance and will not be covered under H.B. 09-1293 or Medicaid expansions. However, in the House proposal they will be subject to the individual mandate. Due to data limitations on documentation status, this analysis does not include an adjustment to exclude these individuals from the analysis.

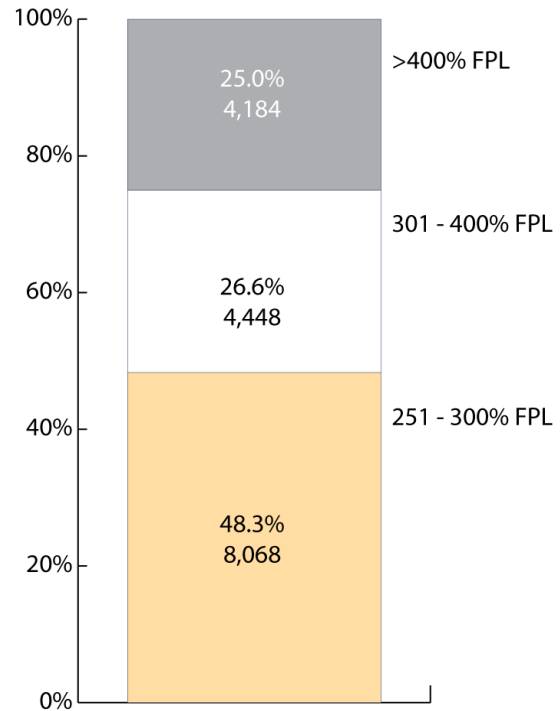
<sup>10</sup> Uninsured individuals can apply for an exemption from the individual mandate. The data and analysis were not adjusted for people who may be granted exemptions.

The largest proportion of uninsured children who would be affected by an individual mandate live in families with incomes between 251 – 300 percent of the FPL (48%). Twenty-seven percent have incomes between 301 and 400 percent of the FPL and another 25 percent have incomes above 400 percent of the FPL.

Compared to children, there are significantly more working age adults (292,000) in Colorado who will be affected by an individual mandate. As summarized on Figure 3, a disproportionate number of young adults ages 19 to 34 (138,000) fall into this category.

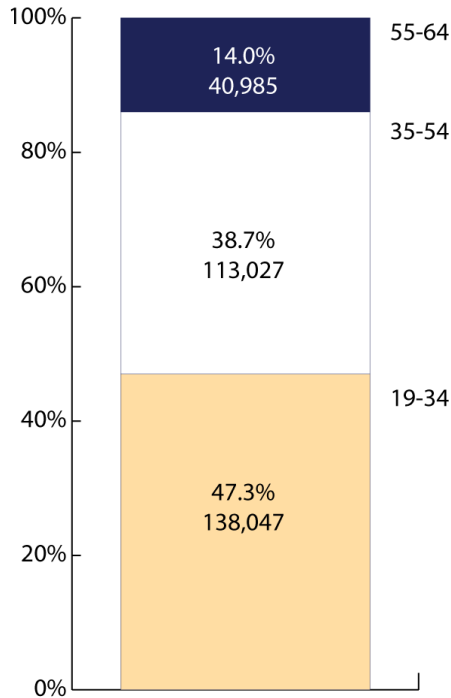
Similar to children, working age adults affected by an individual mandate are more likely to live in relatively low income families. Of the adults summarized in Figure 4, 34 percent have incomes between 134 and 200 percent of the FPL, followed by 19 percent with family incomes between 201 and 250 percent of the FPL.

Figure 2. Number of children (ages 0–18) affected by an individual mandate in Colorado, by family income, 2008-09



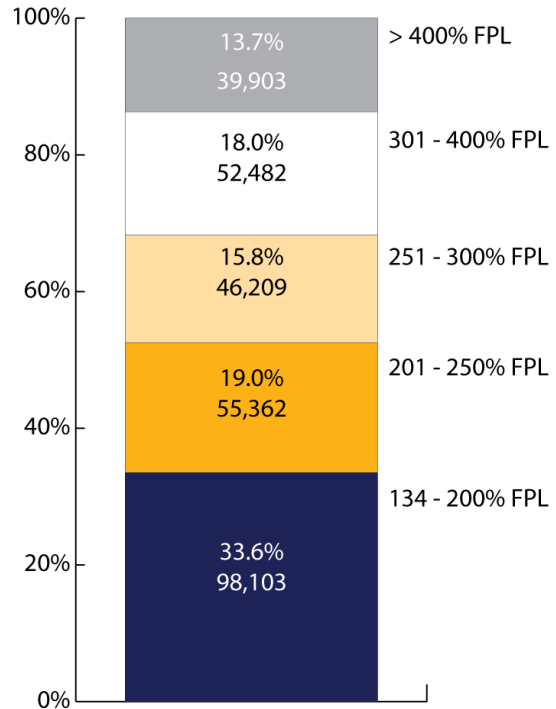
SOURCE: 2008-09 Colorado Household Survey

Figure 3. Number of working age adults (19–64) affected by an individual mandate in Colorado, by age, 2008-09



SOURCE: 2008-09 Colorado Household Survey

Figure 4. Number of working age adults (19–64) affected by an individual mandate in Colorado, by family income, 2008-09

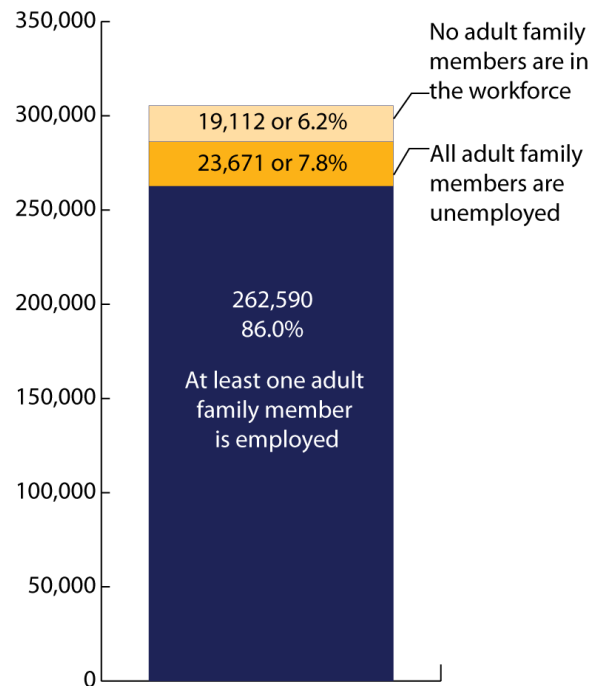


SOURCE: 2008-09 Colorado Household Survey

## Employment status of Coloradans affected by an individual mandate

The health insurance system in the United States and Colorado is primarily employer-based—in fact, according to the COHS, almost 64 percent of Coloradans have employer-sponsored insurance (ESI). The primary health reform proposals under consideration build upon this system and include some form of an employer mandate. An employer mandate would require certain employers to offer health insurance coverage to their employees and their dependents and subsidize a certain percentage of premium costs. To that end, it is important to understand the employment status of individuals affected by the individual mandate because it affects the way in which they would comply with the new law.

Figure 5. Family employment status of uninsured Coloradans affected by an individual mandate, 2008-09



SOURCE: 2008-09 Colorado Household Survey

NOTE: Individuals under age 19 are categorized according to the employment status of their parents. Individuals age 19 and older are categorized according to their and their spouse's (if applicable) employment status.

As summarized in Figure 5, of those uninsured Coloradans affected by an individual mandate, 14 percent (43,000) are either in families where all adults are unemployed or not in the workforce (individuals, such as homemakers and retirees who are not seeking work or are not considered to be in the workforce). Thus, gaining access to health insurance through an employer policy would not be an option for these individuals and they would need to seek insurance through a health insurance exchange as established in both the Senate and House proposals. As envisioned, a health insurance exchange is an organizationally-based “competitive marketplace” where individuals and some businesses can easily compare benefit and cost information and purchase health insurance plans.

## Employer size of working Coloradans affected by an individual mandate

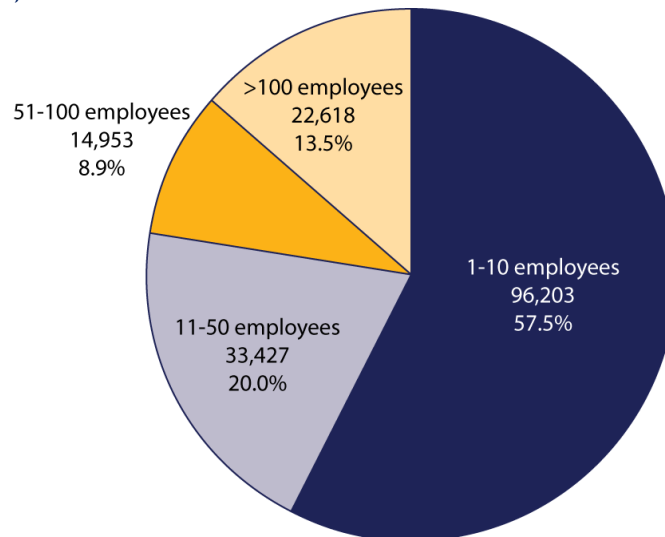
### The effects of a partial employer mandate

As shown in Figure 5, of those uninsured Coloradans affected by an individual mandate, 86 percent (263,000 individuals) are living in a household in which at least one adult family member is employed. Of these 263,000 individuals, 36 percent (95,000) were offered ESI through their or their family members' employer, but declined it primarily due to cost.<sup>11</sup> The remaining 167,000 individuals were not offered ESI.

A major policy goal of the federal proposals is to increase ESI for the working uninsured—both federal proposals include a requirement that some employers offer and contribute to the cost of their employees' and their families' health insurance premiums or pay a financial penalty. However, exemptions exist. The House version exempts those employers with an annual payroll of less than \$500,000 and the financial penalty is reduced for employers with an annual payroll at or below \$750,000. The Senate version requires employers who do not offer insurance to pay a penalty as well. However, employers with fewer than 50 employees are exempted from the Senate's employer mandate.

Presumably, most of the 95,000 individuals who previously declined ESI would opt to purchase it in light of the individual mandate. However, this still leaves 167,000 individuals affected by the individual mandate living in a household in which at least one adult family member is employed, but who were not offered ESI. Figure 6 displays the employer size of these remaining 167,000 Coloradans.

Figure 6. Employer size of affected Coloradans with at least one employed family member, and were not offered ESI, 2008-09



SOURCE: 2008-09 Colorado Household Survey

NOTE: Individuals under age 19 are categorized according to the employment status of their parents. Individuals age 19 and older are categorized according to their and their spouse's (if applicable) employment status.

<sup>11</sup> Respondents were asked to report the primary reason why they declined an offer of ESI. Among all uninsured working Coloradans, cost of ESI was cited most frequently, as reported in [A Profile of Colorado's Uninsured Population](#), the inaugural issue brief from the 2008-09 Colorado Household Survey.

According to the analysis presented in Figure 6, if the Senate's exemption of employers with fewer than 50 employees were to be implemented, 130,000 Coloradans will still not have access to employer-sponsored health insurance. The total includes nearly 80 percent of working Coloradans impacted by an individual mandate and who were not previously offered ESI because their employer or their family member's employer is below this threshold.<sup>12</sup>

Adding to this figure the 43,000 uninsured Coloradans who don't have a family member who is employed (displayed in Figure 5), means that 173,000 of the 309,000 Coloradans affected by the individual mandate would not have access to employer sponsored coverage despite the Senate's employer mandate.

## Conclusion

The Colorado Legislature passed and Congress is considering significant expansions of publicly-financed health insurance programs that will provide coverage to a substantial number of uninsured Coloradans. However, 309,000 chronically uninsured Coloradans will still not be eligible for this coverage (based on current family size and income eligibility criteria) even after implementation occurs. These individuals are largely low income and almost half of them are between the ages of 19 and 35.

Most chronically uninsured Coloradans who would be affected by an individual mandate are employed (263,000) or have at least one family member who is employed. While an employer mandate is one mechanism to increase coverage for the chronically uninsured, the exemptions provided to certain employers will affect the uptake rate and effectiveness of this policy option. Applying the employer mandate only to those employers with more than 50 employees means that 173,000 of Coloradans impacted by an individual mandate will need to purchase health insurance through another mechanism such as the exchange.

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<sup>12</sup> Because the House legislation exempts employers from the employer mandate based on total payroll, and the COHS does not include payroll data, it is not possible to assess the impacts of the House exemption.

## Appendix A

### 2008 Federal Poverty Guidelines

Family Size	100%	200%	300%	400%
1	\$10,400	\$20,800	\$31,200	\$41,600
2	\$14,000	\$28,000	\$42,000	\$56,000
3	\$17,600	\$35,200	\$52,800	\$70,400
4	\$21,200	\$42,400	\$63,600	\$84,800
5	\$24,800	\$49,600	\$74,400	\$99,200
6	\$28,400	\$56,800	\$85,200	\$113,600
7	\$32,000	\$64,000	\$96,000	\$128,000
8	\$35,600	\$71,200	\$106,800	\$142,400
9	\$39,200	\$78,400	\$117,600	\$156,800
10	\$42,800	\$85,600	\$128,400	\$171,200

SOURCE: United States Department of Health and Human Services