Colorado Household Survey

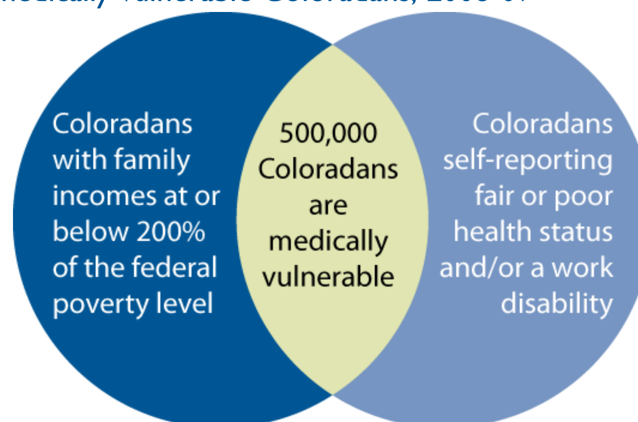
Colorado HEALTH Institute

Medically Vulnerable Coloradans: Challenges and opportunities for improving coverage and access to care

About half a million Coloradans or 10 percent of the population meet criteria for being considered "medically vulnerable." These people have annual family incomes at or below 200 percent of the federal poverty level (FPL)[1] and self-report their health status as fair or poor, and/or are limited in their ability to work because of a physical, mental, or emotional health problem.[2,3]

Medically vulnerable individuals often face the greatest challenges in accessing health coverage and care, which frequently is uncoordinated and untimely. This brief examines insurance status, utilization patterns and demographic characteristics of Coloradans who are medically vulnerable, and looks at how state and federal health care reforms might improve their ability to get quality, timely health care.

Figure 1. Defining medically vulnerable Coloradans, 2008-09



SOURCE: 2008-09 Colorado Household Survey

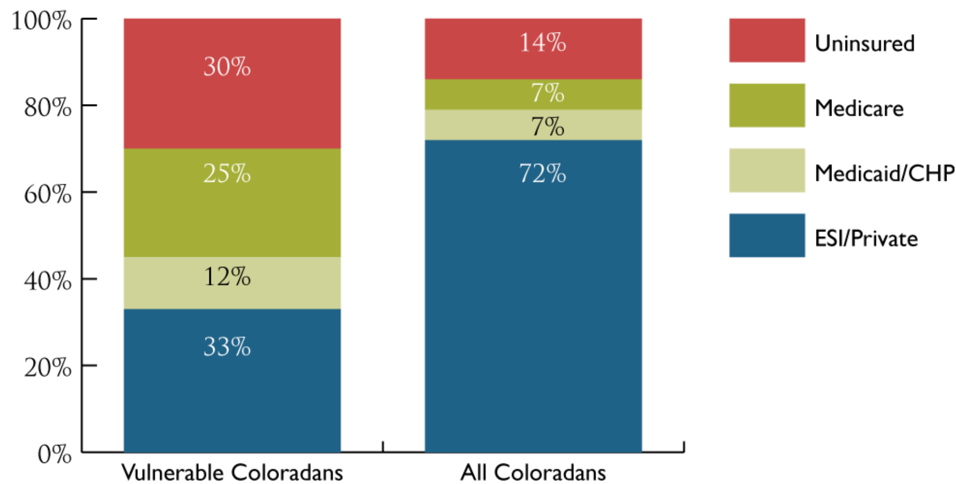
The *Patient Protection and Affordable Care Act* (ACA) of 2010 focuses on increasing the number of individuals who have affordable health insurance and access to care regardless of income or health status. Not only will eligibility for Medicaid,[4] a publicly funded health insurance program administered by the state, expand to 133 percent of the federal poverty level for all individuals, but health insurance premium subsidies also will be available for low- to medium-income families. The ACA additionally recognizes the inherent challenges of gaining coverage for people with disabilities and/or pre-existing conditions. As of September 2010, insurers can no longer reject coverage for children due to pre-existing conditions. In 2014, this prohibition will be applied to adults.

Analysis in this brief is based on data from the 2008-09 Colorado Household Survey (COHS). Because the COHS was administered prior to implementation of federal and state reforms, it provides a useful baseline against which future survey findings can be compared. The Colorado Health Institute (CHI) anticipates fielding future household surveys to measure whether the policy intent of health reforms are indeed realized—in particular if challenges of coverage and access among vulnerable Coloradans have been effectively addressed.

INSURANCE STATUS OF MEDICALLY VULNERABLE COLORADANS

Medically vulnerable Coloradans are twice as likely to be uninsured as the general population (Graph 1). Low-income individuals with disabilities that prohibit them from working (as determined by the federal Social Security Administration) are eligible for both Medicaid and Medicare[5] ("dual eligibles"). Not surprisingly, medically vulnerable Coloradans are 3.5 times as likely to be enrolled in Medicare than residents of Colorado in general.

Graph 1. Health insurance status, medically vulnerable and all Coloradans, 2008-09



SOURCE: 2008-09 Colorado Household Survey
NOTE: Individuals who are dually enrolled in Medicare and Medicaid are included in the Medicare category.

A number of reasons account for individuals lacking health insurance. Among medically vulnerable Coloradans who are uninsured, more than 90 percent indicated that the cost of health insurance was too high. Approximately 30 percent of this population said they could not obtain health insurance due to a pre-existing condition.

Until the ACA's prohibition on denying adults coverage for pre-existing conditions is effective, individuals who have been uninsured for six months or more and have pre-existing conditions can enroll in Colorado's high-risk pool, GettingUsCovered. For vulnerable Coloradans who are uninsured, this may not be a financially feasible option; the out-of-pocket maximum for

participants is $5,950 year, which does not include monthly premiums. Since the program's inception in July 2010, a total of 450 individuals have enrolled.[6]

A large number of medically vulnerable individuals, however, are either currently eligible or soon will be eligible for Medicaid due to expansions included in the *Colorado Healthcare Affordability Act* and the ACA. Based on current eligibility thresholds that were recently expanded for low-income parents, 39,000 uninsured and medically vulnerable parents qualify for Medicaid in Colorado.[7] When Medicaid eligibility is increased to 133 percent of the FPL, as per the ACA, 74,000 additional uninsured adults in this population will qualify for Medicaid, and 30,000 will qualify to receive subsidies for health insurance products on the state's health insurance exchange.[8] Affordability needs to be monitored, however, to determine whether individuals indeed take the subsidy to purchase health insurance or opt to pay a penalty for not having insurance.

Coverage is not commensurate with affordability. Approximately 30 percent of the medically vulnerable population is *under*insured compared to 13 percent of the Colorado population. Underinsurance is a phenomenon in which people are insured but their coverage does not adequately cover costs, resulting in out-of-pocket expenses that exceed an insured individual's ability to pay.[9]

While the ACA provides avenues for low- to moderate-income individuals to gain coverage, it also includes protections to minimize underinsurance. All insurance products available on the state exchanges are required to include an "essential benefits package" regulated by the Secretary of the U.S. Department of Health and Human Services. This provision is intended to avoid situations in which individuals have coverage that does not meet medically necessary services.

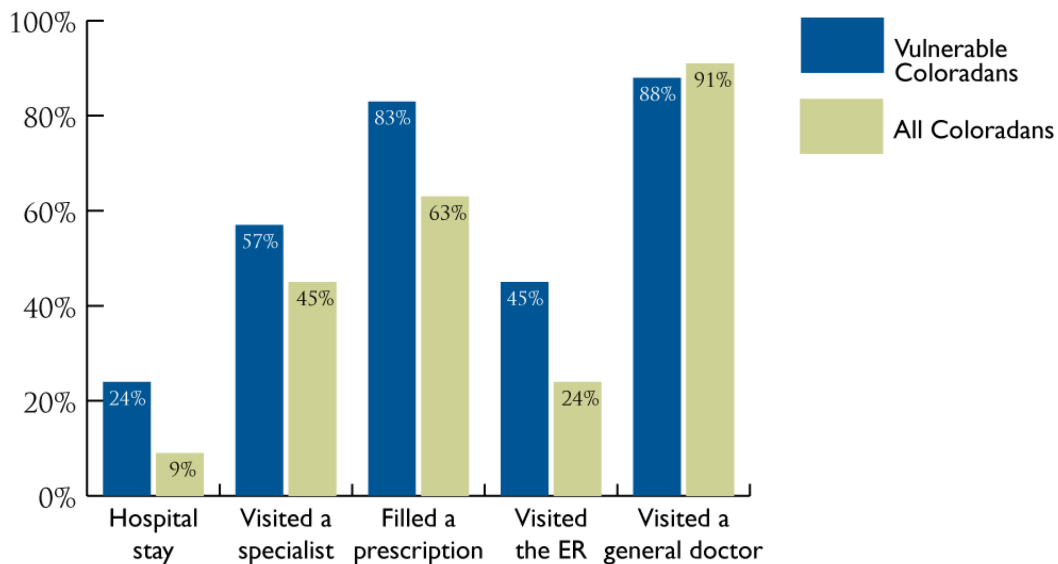
UTILIZATION OF HEALTH CARE SERVICES

Medically vulnerable individuals are likely to have complex and chronic health conditions that require coordinated and timely care. As a result, their utilization of health services and health expenditures tends to be relatively high in comparison to the rest of the population.

For example, nationally, dual eligibles account for 15 percent of Medicaid enrollment but 39 percent of all Medicaid expenditures and 25 percent of Medicare spending.[10] Thus, provisions to increase access and coordination of care among medically vulnerable individuals are important for policymakers as they grapple with increasing Medicare and Medicaid expenditures in the midst of a significant decline in public coffers. The ACA established the Federal Coordinated Health Care Office specifically to integrate and coordinate benefits of dual eligibles in the Medicaid and Medicare programs.

Graph 2 compares vulnerable Coloradans' and all Coloradans' utilization of various types of health care expenditures. Compared to the rest of the state's population, medically vulnerable Coloradans are slightly less likely to access primary care. On the other hand, they are much more likely to use more expensive hospital and emergency room services—large cost drivers of health care expenditures. In fact, vulnerable Coloradans are almost twice as likely to have visited the emergency room compared to the rest of the population.

Graph 2. Utilization of health care services, medically vulnerable and all Coloradans, 2008-09



SOURCE: 2008-09 Colorado Household Survey

Provisions of the ACA are intended to increase vulnerable individuals' access to preventive and coordinated care in order to avoid more expensive specialty and emergent care. For example, the ACA authorizes the Community-based Collaborative Care Network program to provide grants to consortia of safety net providers to establish networks of coordinated care for low-income uninsured and underinsured individuals. Grants can be used for activities such as case management, assistance in appropriately accessing services, outreach and wrap-around services. Funds, however, have not been appropriated for this program.

The Center for Medicare and Medicaid Innovations, as established in the ACA, is charged with developing and testing innovative payment and delivery models to preserve or improve the quality of care and reduce expenditures for individuals in the Medicare and Medicaid programs. For example, the ACA authorizes pilot and demonstration projects to establish accountable care organizations, bundled payments and medical homes for individuals with chronic health conditions. These initiatives are intended to encourage providers to coordinate care, improve or sustain quality of care, and lower the growth rate of expenditures. The efficacy of these

pilots and programs and vulnerable populations' experience of care will be particularly important to monitor if and when these pilots achieve scale.

USUAL SOURCE OF CARE

Nearly 90 percent of medically vulnerable Coloradans indicate they have a usual source of care—a percentage similar to the general population. The source of that care, however, is significantly different. As shown in Table 1, medically vulnerable Coloradans are significantly more likely to identify a community health center (CHC) as their usual source of care (29%) compared to all Coloradans (12%). This factor is due to CHCs' ready acceptance of Medicaid and mission to provide services to uninsured individuals.

Table 1. Usual source of care by type of provider, medically vulnerable Coloradans and all Coloradans, 2008-09

	Vulnerable Coloradans	All Coloradans
Doctor's office	54%	76%
Community health center	29%	12%
ER or urgent care	11%	8%
Other	7%	4%

SOURCE: 2008-09 Colorado Household Survey

As provisions of the ACA that increase health insurance among low-income populations are implemented, the number of Coloradans seeking services will increase significantly. The federal legislation substantially increases funding for CHCs and raises Medicaid reimbursement for primary care physicians to that of Medicare between 2014 and 2016. Monitoring demand for services relative to supply and whether or not individuals have a usual source of care will be important to ensure that coverage indeed leads to access and ultimately improved health status.

DEMOGRAPHIC CHARACTERISTICS

Outreach and demonstration projects aimed at addressing coverage, access and utilization issues of medically vulnerable populations require informed and strategic approaches. These tactics should take into account the fact that medically vulnerable Coloradans are more likely to be older and less educated than the general population. For example, medically vulnerable Coloradans are half as likely to have graduated from high school compared to the general population (Table 2).

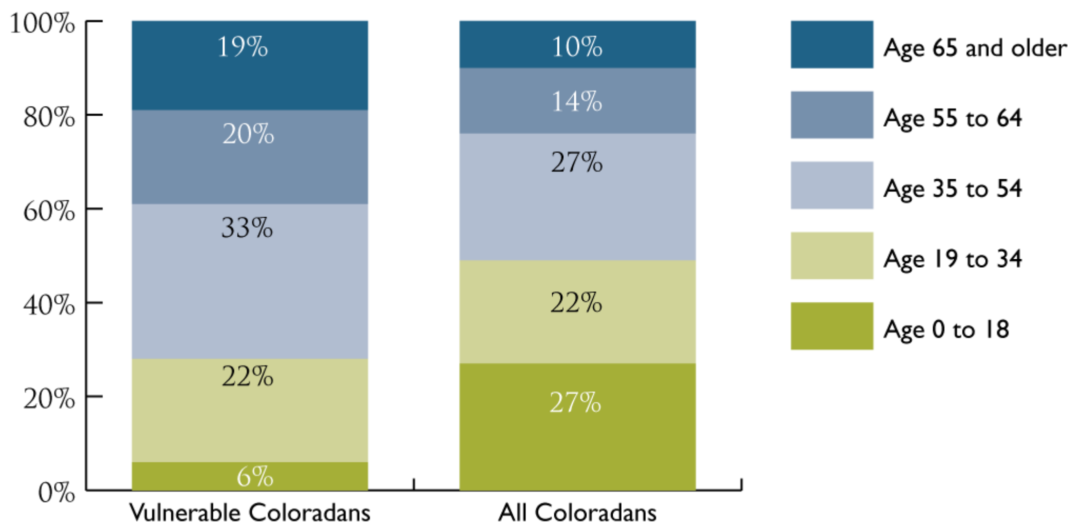
Table 2. Medically vulnerable Coloradans and all Coloradans by highest education level obtained, 2008-09

	Vulnerable Coloradans	All Coloradans
Less than high school	22%	10%
High school or equivalent	35%	27%
Some college	25%	24%
College and or higher	17%	40%

SOURCE: Colorado Household Survey, 2008-09.

Not surprisingly, as summarized in Graph 3, the medically vulnerable population is disproportionately older than the general population. In fact, nearly 40 percent of medically vulnerable individuals are 55 and older compared to 24 percent of Coloradans.

Graph 3. Breakdown by age group, medically vulnerable Coloradans and all Coloradans, 2008-09



SOURCE: 2008-09 Colorado Household Survey

Implications for State Policy

While the ACA is federal legislation, states have opportunities, challenges and choices, especially with respect to coverage for vulnerable populations. For example, medically vulnerable individuals who do not qualify for Medicaid and are uninsured will likely seek coverage through the health insurance exchange. Scaled subsidies should be scrutinized and monitored to ensure that products are indeed affordable.

The ACA includes provisions that encourage states to improve coordination of care. For example, the Center for Medicare and Medicaid Innovation recently announced the availability

of $1 million per state (for up to 15 states) to support demonstration projects to fully integrate care for dual eligibles.

Colorado is also pursuing reforms of its own. Not only has the state increased eligibility for low-income parents and children ahead of the ACA, but in 2011 the state will implement a Medicaid buy-in for people with disabilities with incomes up to 450 percent of the FPL. Currently, when people with disabilities work, they are likely to earn too much income to continue to qualify for Medicaid. The Medicaid buy-in allows people with disabilities to be gainfully employed and contribute toward the cost of their Medicaid benefits without losing eligibility.

It will be important for Colorado policymakers to monitor state and federal policies, demonstration projects and grant opportunities to provide a level of service that is appropriate to the special needs of these medically vulnerable populations.

Methods

The telephone-administered COHS included 10,000 randomly selected households surveyed between November 2008 and March 2009. The survey collected comprehensive information about the health insurance status of all members of the household. Sponsored by the Colorado Department of Health Care Policy and Financing and funded by The Colorado Trust, the COHS was designed to provide real-time information about the factors that contribute to the likelihood of having health insurance as well as baseline information about coverage, access and affordability in anticipation of state and national health reforms. CHI served as the survey administrator. Estimates of the uninsured are based on the individual being uninsured at the time of the survey. The COHS did not determine citizenship status.

This issue brief is part of a series of CHI publications on findings from the Colorado Household Survey funded by The Colorado Trust. For more COHS issue briefs, maps, regional profiles and analyses, visit http://www.coloradohealthinstitute.org/householdsurvey.

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[1] Many criteria for vulnerability exist. For the purposes of this brief, the income threshold for vulnerability was set at 200 percent of the FPL because low-income seniors and adults with disabilities currently can qualify for Medicaid benefits if their family income is at or below 219 percent of the FPL. In 2009, 200 percent of the FPL was $21,660 for an individual and $44,100 for a family of four.

[2] Self-reported health status of fair or poor is a proxy for chronic health problems.

[3] Work disability is a proxy for a functional limitation that is significant enough to qualify for disability cash assistance (Supplemental Security Income/SSI). In Colorado, individuals who qualify for SSI also qualify for Medicaid. However, people who self-report that they cannot work due to a disability may or may not meet the Social Security Administration's criteria for SSI and Medicaid.

[4] Medicaid is a health insurance program for low-income parents, children and elderly, and people with disabilities. It is jointly financed between the state and federal government. For more information on Colorado's Medicaid program, see: http://www.colorado.gov/cs/Satellite/HCPF/HCPF/1251569392348.
[5] Medicare is a federal health insurance program for people over the age of 65 and individuals with disabilities. For more information on Medicare, see http://www.medicare.gov/.
[6] For more information on GettingUSCovered, see https://www.gettinguscovered.org/default.asp.
[7] Eligibility estimates are based on 2008-09 COHS data, whereas the expansion for low-income parents was implemented in May 2010. Therefore, some uninsured individuals included in this estimate likely enrolled in Medicaid since data were collected.
[8] State health insurance exchanges are health insurance "marketplaces" required by the Affordable Care Act to be operational in each state by 2014 for individuals and small employer groups. State-based exchanges will enable individuals and small businesses to shop for, compare and enroll in private health insurance, Medicaid or Child Health Plan Plus program in any of four ways: online, in-person, by phone or mail.
[9] Individuals are underinsured when household out-of-pocket medical expenses are five percent or more of annual income for households with incomes below 200 percent of the FPL and 10 percent or more for all other households. For more information on underinsurance, see http://www.coloradotrust.org/attachments/0001/2839/IssueBrief_Uninsurance_6-02-10final.pdf (accessed December 20, 2010).
[10] Kaiser Commission on Medicaid and the Uninsured. December 2010 "Dual Eligibles: Medicaid enrollment and spending for Medicare beneficiaries in 2007." (Retrieved December 21, 2010, from: http://www.kff.org/medicaid/upload/7846-02.pdf).

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The Colorado Health Institute (CHI) serves as the primary source of independent data and analysis on health policy issues affecting Colorado. CHI's mission is to help improve the health of Coloradans by providing data and analysis for informed decisionmaking.