

Health Insurance Exchanges aren't Affordable in Wyoming

A summation of our studies
Representative Elaine Harvey

Wyoming is a big state with a small population

- 2010 census 563,626 people
 - 5.8 per square mile

Wyoming has a stable population

- 81.3% have lived in the same house 1 year or more
 - 84.2% Nationally
- 70.2% are home owners
 - 66.6% Nationally

Wyoming's Education

- 91.3% graduated from High School
 - 85% Nationally
- 23.6% Bachelor's Degree*
 - 27.% Nationally

Wyoming's Income

From 2006 through 2010:

- Median Household income:
\$53,800 - Nationally: \$51,914
- Per capita income: \$27,860 –
Nationally: \$27,334
- Persons living below poverty:
9.8% - Nationally: 13.8%

Wyoming's Hospitals

- 27 hospitals state wide
 - 16 Critical Access Hospitals
 - 14 supported by special tax districts or through county wide taxes
 - 5 privately owned/ for profit
 - 1 specialty hospital, privately owned
 - 16 ambulatory surgical centers owned by doctors
 - 3 hospitals bring in revenues that equal all other hospitals combined
 - Border communities utilize care from larger, out of state medical centers: Denver, Salt Lake, Idaho Falls, Billings, Rapid City

Wyoming Health Insurance Market

- Wyoming is a “low benefit mandate” state, so adding all the benefits, changing the rate bands and removing restrictions on limits all at the same time are going to increase the rates of the individual market 30 to 40%
- Wyoming has 3 domiciled health insurance companies

Results of Actuary Study

Gorman Actuarial, LLC

Key Findings

- ***With full implementation*** of the ACA, there will be a significant drop in the uninsured population, and the Wyoming Individual market will more than double in size.
- New regulations will bring considerable change to the types of benefit plans offered and the way in which rates are developed.
- As a result, individuals and employer groups will experience premium shocks, both favorably and unfavorably.

Results of Actuary Study, cont.

Gorman Actuarial, LLC

- Wyoming currently has 83,000 uninsured residents.
- By 2016, the uninsured population is expected to decrease by more than 50%.
- The ACA will expand Medicaid eligibility to 138% of Federal Poverty Level (FPL), and offer premium and cost sharing subsidies through the new Health Insurance Exchange to others earning below 400% FPL.
 - Medicaid eligibility to 138% of FPL = \$31,809 for a family of 4.
 - 400% of FPL = \$44,650 for an individual or \$92,200 for a family of 4.

Results of Actuary Study, cont.

Gorman Actuarial, LL

- In addition, individuals earning above 400% FPL will be compelled to purchase coverage rather than pay newly-instituted tax penalties.
- We estimate that 18,000 of the current uninsured will move to Medicaid with 23,900 moving to the Individual market.
 - Some estimates show up to 30,000 moving to Medicaid

Results of Actuary Study, cont.

Gorman Actuarial, LLC

- The Employer-sponsored Group markets in Wyoming are predominantly self-insured.
- 3 out of 4 members with employer sponsored coverage in the state are in a self-insured arrangement.
- According to national surveys, employers in the state offer self-insured plans at a **significantly higher rate** than the national average.
- The offer rate specifically for Small Group employers is nearly **twice the national average**. This is significant because many of the provisions of the ACA will not apply outside the fully-insured markets.
- More employers may consider self-insurance as they evaluate the financial impacts of the new regulations on their business.

Results of Actuary Study, cont.

Gorman Actuarial, LLC

- The Wyoming Individual market currently has 24,000 members. By 2016, this market will grow to 53,000 with 75% of the market purchasing coverage through a new Health Insurance Exchange.
- In addition to the current Individual market and those coming from the currently uninsured population, some additional new members will migrate to the Individual market from the Employer-Sponsored Group markets either to receive subsidies through the Exchange or because their employer dropped coverage.
- We have estimated that the new entrants to the Individual market will have morbidity 20% to 40% worse than the current Individual market risk pool.
- New benefit plan standards and cost sharing subsidies will provide more comprehensive coverage to members in the Individual market.

How does this translate to Health insurance?

- Small population means fewer people in risk pools.
- Many people are self-employed or work for small employers. They can't afford the health insurance they have today.
- Approximately 83,000 Wyoming residents are uninsured and thousands more are underinsured, meaning that out-of-pocket medical expenses are high enough to cause financial stress for the individual and their families.
- Vast distances and few large population centers means fractured delivery service with little to no competition within service providers.
- Economies of scale don't exist for providers to bring down their cost.
- Exchanges will fracture an already fragile system and volatile market. We have a small marketplace with no managed care, no integrated delivery systems and few competing providers.

Other Challenges for Wyoming

- The small population base in addition to the small insurance market in Wyoming will inflate the administrative costs that will be paid either through a surcharge to health insurance companies (that will raise the rates)
- Or, the Per Member Per Month cost is estimated to be \$11.50. which raises the monthly premium for a family of 4 by \$46.
- Limited or unreliable internet access in the more rural areas may make it difficult for residents to access the Exchange at home. That would require more outreach, increasing costs.
- Many communities on the borders get their news (with advertising) from neighboring states that could cause confusion regarding a Wyoming Exchange.

And so...

- Wyoming is standing down in the implementation of its own exchange at this time.
- We are interested in other ways to meet the health care needs of our citizens including
 - Alternative ways to deliver health care to the Medicaid population such as a block grant
 - Waivers for some of the Federal Essential Health Benefit requirements.
- Partnerships with other states
 - Shared administration and IT
 - Health Insurance Compacts