

The Kentucky Health Insurance Research Project

Bringing Kentucky's Uninsured Into Focus and Identifying Strategies to Increase Access to Insurance

Public Forums Suggest Worsening Problems with Access to Care

Health insurance has become unaffordable for a substantial portion of Kentuckians, most of those on hand for a series of public forums held by the Kentucky Health Insurance Research Project asserted. Held in each of the state's 15 Area Development Districts (ADDs), the forums are part of a federally funded initiative being conducted by the University of Kentucky (UK), the Kentucky Long-Term Policy Research Center, and the University of Louisville (UL). They were designed to gather information about the scope of the problem and its underlying causes to inform the larger project.

A common theme emerged from the forums: cost and access to health care are huge problems in our state as in the nation as a whole. The sentiments echo those found in a series of national polls which have found health care at or near the top of a long list of issues of critical concern. A November 2004 Employee Benefit Research Institute poll, for example, found that Americans are as concerned about health care as they are about national security and terrorism. Similarly, Gallup has long found that two thirds of Americans view the U.S. system as having major problems or being in crisis.

Those in attendance cited low earnings and rising premiums as the main reasons why more than half a million Kentuckians are estimated to be without health insurance. That gap, research consistently shows, deters people from getting the health care they need when they need it, a situation cited by attendees as being all too commonplace here.

Health care providers consistently observed that the county-level estimates of the uninsured population presented in the forums were too low to capture the magnitude of the problem. Estimates were based on county-level data from the Lewin Group, a national health care research organization, and State Data Center population projections.

In the majority of forums, providers in attendance reported that the number of uninsured is growing, and only "Band-aids" exist to help with their care. As a result, many are going without the care they need, having to choose basic necessities over life-sustaining medications or treatments, and, in too many instances, dying or becoming disabled as a consequence of their inability to afford needed health care.

Just behind them, others testified, are the underinsured or what social scientist Rose Weitz terms the "precariously insured," those whose financial well-being will be devastated by a health incident *or* who will not be able to sustain coverage over the long term. This population, these forums suggest, could

be as large as or larger than those who are completely without health insurance. With coinsurance costs or deductibles as high as 25 percent, a single high-tech test leaves low-wage earners struggling financially for months. An insured western Kentucky woman recounted the financial strain one unnecessary CAT scan had placed on her and her family. Many do not recover.

A Harvard University study recently found that "medical bankruptcy" often results; that is, a precipitating medical event ultimately leads to the loss of health insurance, followed by unmanageable medical expenses, the loss of savings and assets, and, ultimately, bankruptcy. A bankruptcy attorney at a central Kentucky forum reported that as many as 70 percent of his clients had become bankrupt due to health care expenses, losing what they had worked all their lives for in the process.

"Perhaps at greatest risk," observed Project Director Michal Smith-Mello, "are older Kentuckians who are not old enough to qualify for Medicare. Some retired early, often for

health reasons; others lost jobs in industries that have moved offshore and were forced to take marginal jobs. Due to their ages and health conditions, some of which are treatable, many are being priced out of the insurance market, or the coverage they can afford leaves them exposed to considerable financial risk."

Input from the forums also suggests that the high cost of health insurance is taking a toll on community institutions. Officials of small cities, hospitals, nonprofit and charitable organizations, small and mid-sized businesses, some health

departments, and other community institutions reported a succession of double-digit premium hikes. As a result, employers and officials in attendance reported that they would soon have to cut employees, reduce health care benefit levels, or both.

In the case of those small cities opting to buy insurance on the private market, officials reported that quality benefit packages help them retain employees. Fire and police protection, in particular, were cited by some small city mayors and officials as areas where employee losses can be particularly costly, given the extent of investment in training. If health insurance costs continue to escalate, a range of public services could be undermined, particularly in communities adjoining border states that offer higher entry-level wages.

Hospitals report being in a double bind. They not only face rising costs for insuring their own employees but continue to absorb higher and higher costs for charity or uncompensated



Photo by David A. Gross, UK Center for Rural Health
J.D. Miller, Vice President of Medical Affairs for Appalachian Regional Healthcare makes a point at the Hazard forum at the University of Kentucky Center for Rural Health, as David L. Long (left), Director of Human Resources for Red Bird Mission and Red Bird Clinic, and Joel Medendorp, Director of Health and Wellness for Red Bird Clinic, look on.

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care. One Appalachian hospital official said that charity care costs had doubled at the hospital she represented in the first half of the past fiscal year. Hospital officials openly acknowledged that the costs of that care are being shifted to the privately insured and to Medicare. Medicaid reimbursements, hospital officials agreed, fail to meet actual costs, presenting further fiscal problems.

In the absence of readily available community health centers or free clinics, both of which are woefully inadequate in number to meet needs in Kentucky, uninsured people often turn to emergency departments (ED) where they cannot be turned away for care. But EDs are the least efficient means of providing primary care, a key cost driver identified by a number of those in attendance at the forums. What's more, by the time many reach the ED, their conditions have become far more advanced, more debilitating, and more costly to treat.

On a brighter side, hospital officials often reported offering uninsured and low-income patients sliding-scale fees for care, but acknowledged that the uninsured had to seek help to become aware of it. Only one individual out of more than 215 in attendance reported having negotiated his own fees for needed medical tests while being uninsured. More typically, the uninsured tend to be financially stressed, undereducated, often isolated and without transportation, wary of the medical system, fearful of costs, and generally ill-equipped to negotiate the "system."

Providers in attendance also reported that insurers in the state routinely delay reimbursement; deny certain diagnostic tests outright, regardless of the reason for the test; and routinely delay credentialing for six months. As a result, newly hired doctors—some in underserved areas—cannot be reimbursed for work that otherwise would be covered until the insurer satisfies its own credentialing requirements.

Providers at every forum reported that administrative costs for navigating various health insurance plans are burdensome. One London physician quipped that he would make more money if he only treated uninsured people and charged them \$25 for an office visit.

And input at these forums suggests that some of the protections intended to shield people from becoming uninsured or being hurt as a consequence are not working. COBRA benefits are reportedly too costly for the unemployed, the displaced worker, or the individual who develops an illness after leaving the security of a job. Kentucky Access, the state's high-risk pool designed to extend insurance to individuals with certain conditions whose insurance has been cancelled, was cited as an unaffordable avenue for many by those in attendance. A Lexington woman, who acknowledged that she

numbered among those lucky enough to be able to afford monthly premiums that rose fourfold after she developed cancer, asked rhetorically how a family or individual of modest means could hope to meet such costs.

Some providers reported that Medicaid's safety net has become frayed in Kentucky; the provider network is inadequate, and eligibility requirements more cumbersome. For the undereducated and the poor, who often live with relatives or friends out of necessity and do not have access to dependable transportation, requiring recipients to provide receipts on a monthly basis presents an obstacle to coverage. These individuals, providers report, are clearly eligible; they simply cannot prove it. And, even if they could, many who attended the forums reported that few physicians in their area are willing to take Medicaid patients.

Programs run by pharmaceutical companies to provide low-income individuals with needed medications are not readily accessible to the poor and uneducated. Many are simply unaware of them. And, without advocates or ready access to a computer, others cannot meet what are reportedly constantly changing eligibility requirements. One Hazard-based charitable organization reported dedicating significant staff time to negotiating these programs for uninsured people.

Finally, these forums suggest that issues related to under- and uninsurance clearly affect the state's economic well-being, inhibiting labor participation and worker productivity, and raising societal costs for carrying a large uninsured population.

Providers reported that the number of uninsured is growing and only "Band-aids" are available to help with their care.

Further, the monthly premiums for health insurance reported in

these forums were so substantial, even for relatively healthy people, that the costs likely cut deeply into the disposable incomes of many, given the state's comparatively low wages and salaries, the continued movement of jobs offshore, and persistent pockets of high unemployment. Ironically, the choice to buy health insurance, these forums suggest, leaves many Kentuckians without the economic capacity to buy the very goods and services that drive our economy and, in turn, generate tax revenues.

The Kentucky Health Insurance Research Project is funded by a state planning grant from the federal Health Resources and Services Administration, which facilitates state-level responses to the problems of the uninsured. UK's Center for Excellence in Rural Health is spearheading the work and working with researchers at the Kentucky Long-Term Policy Research Center, a state agency, and the UL's Center for Excellence in Urban Health. A small business survey, a general population survey, and analyses of the cost of uninsurance and policy options are underway.

David A. Gross, UK Center for Rural Health, contributed to this article.

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