

Healthcare for All Virginians



Health Insurance Coverage: A Virginia Scorecard

VIRGINIA'S RANKINGS

Virginia has consistently excelled in attracting competitive businesses to the state, remaining fiscally sound, and providing a high quality education to its children and young adults. For over 70 years, Virginia has maintained a AAA bond rating. In addition, Virginia is ranked:

- #1 state for business [*Forbes Magazine*]
- #8 nationally in per capita personal income (\$42,876 a year in 2008)
- Best managed state [*Governing Magazine*]

Yet, by many measures, Virginia has failed to achieve as much success in the availability and delivery of health care to its citizens. The Commonwealth lags behind many states in maintaining safety net protections and ensuring affordable private insurance options. Consider that Virginia:

- Is among only 10 states with **more uninsured children** today than 15 years ago;
- Has experienced the **4th largest drop nationally** in worker health insurance coverage over the past 15 years;
- **Ranks 31st** nationally in income eligibility in state-sponsored children's health coverage; and
- **Ranks 48th** nationally in per capita Medicaid expenditures.

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INSURANCE COVERAGE IN VIRGINIA

Uninsured Population

In recent years, Virginia has reported more than a million uninsured residents (13.6 percent of the population in 2007-2008). Approximately 600,000 of these Virginians work full-time. Virginia's uninsured rate is typically lower than the national average, thanks to a large military presence and civilian federal workforce. However, its current rate is on an upward trend, and approaching the national average of 15.4 over the same time period.

AVERAGE PERCENTAGE OF TOTAL PREMIUM PAID BY WORKER FOR INDIVIDUAL HEALTH INSURANCE COVERAGE, 2008

State	Average Percent of Total Premium Paid by Worker ~ 2008	State Rank
U.S. Average	20%	
Virginia	24% [†]	1
Maryland	22% [^]	11
Tennessee	21% [*]	17
West Virginia	21% [*]	17
Kentucky	20% [*]	25
North Carolina	19% [*]	33

*Increase from 2006 ^Decrease from 2006 †Unchanged
Source: Medical Expenditures Panel Survey, Agency for Healthcare Research and Quality

premiums for employer-provided coverage have increased by approximately 78 percent for family coverage since 2000, and 63 percent for individual coverage.

Employers are passing along more of their premium costs to Virginia's workforce. Virginia's workers are now tied with Florida and New Hampshire in paying the highest percent of the total premium cost for single coverage in the nation. For family coverage, Virginia workers tie for ninth, along with Texas and Louisiana. This has helped lead the decline of worker coverage in Virginia, as average earnings have not kept up with health insurance premium increases. An increasing percentage of Virginians are unable to afford insurance coverage.

Children

Virginia's state-sponsored children's health insurance programs [FAMIS and FAMIS Plus (Medicaid)] offer insurance coverage to children with family incomes up to 200 percent of the federal poverty level (FPL), (just over \$36,000 for a family of three). Coverage for kids is extremely affordable; the state cost per child ranges from only \$684-\$977 per year. In 2008, 645,000 children had coverage through these programs.

However, the FAMIS programs do not reach many of Virginia's uninsured children: 100,000 are eligible for the FAMIS coverage, but unenrolled. Many of the remaining 67,000 uninsured children in Virginia could be covered if the Commonwealth enacted options available through new federal legislation.

Workplace Insurance and Affordability

Virginia's increasing uninsured rate follows the erosion in the percentage of Virginians purchasing insurance coverage through their employer. The percentage of Virginians receiving health insurance coverage at work has declined in Virginia, from almost 67 percent in 2005-2006 to approximately 63 percent in 2007-2008. Worker

Parents

Covering parents is also affordable – Medicaid coverage for parents is significantly cheaper than the cost of the average Virginia employer-provided insurance plan. Despite this, Virginia's Medicaid program fails to offer protection for most working poor parents in the Commonwealth. Working parents generally are only eligible for coverage if their incomes are not over 30 percent FPL – that's less than \$6,000 a year. Virginia's low Medicaid income eligibility standard is less than half the national average for parent eligibility (68 percent FPL), ranking Virginia 44th in the country in coverage of working low income parents.

MEDICAID INCOME ELIGIBILITY LIMITS OF WORKING PARENTS IN 2009

State	Income Eligibility Limit (percent of federal poverty level)	State Rank
Tennessee	134%	12
Maryland	116%	15
Kentucky	62%	29
North Carolina	51%	38
West Virginia	34%	42
Virginia	30%	44

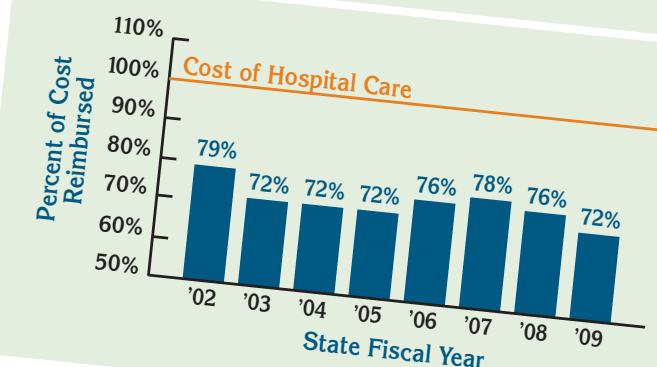
Source: Kaiser Commission on Medicaid and the Uninsured, based on a national survey conducted by the Center on Budget and Policy Priorities (CBPP)

Medicaid Payment Rates Fail to Cover Costs

Every day, hospitals, physicians, and nursing facilities care for patients, and are paid less than it costs to provide the care. All of Virginia's hospitals accept Medicaid patients. This year, Medicaid payments to hospitals were reduced, and now compensate for only 72 cents of every dollar of care provided.

The shortfall in Medicaid payment is also significant for other providers. Recent surveys have found that on average, Virginia pediatricians receive 50 percent less in Medicaid payment than it costs to treat a patient. Nursing home providers report losing over \$12 a day for every Medicaid patient due to inadequate payment rates.

VIRGINIA MEDICAID PAYMENT TO COST RATIO



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Coalition Members

AARP of Virginia	PhRMA
American Academy of Pediatrics, Virginia Chapter	Potomac Hospital
American Cancer Society	Prevent Child Abuse Virginia
American Heart Association	Prince William Health Partnership
American Lung Association in Virginia	SIDS Mid-Atlantic
Boehringer Ingelheim Pharmaceuticals, Inc	Smart Beginnings – South Hampton Roads
Bon Secours Richmond Health System	Social Action Linking Together (SALT)
Central Virginia Health Planning Agency	Virginia AFL-CIO
Children’s Harbor – Places and Programs for Children, Inc.	Virginia Association of Community Services Boards
CHIP of Virginia	Virginia Association of Free Clinics
The Commonwealth Institute	Virginia Association of Health Plans
Consortium for Infant and Child Health (CINCH)	Virginia Association for Home Care and Hospice
Cross Over Ministry, Inc.	Virginia Association of Regional Health Planning Agencies
Inova Health System	Virginia College of Emergency Physicians
Jewish Community Relations Council of Greater Washington	Virginia Community Healthcare Association
League of Women Voters of Virginia	Virginia Dental Association
Legislative Coalition of Virginia Nurses	Virginia Health Care Association
March of Dimes Maryland - National Capital Area Chapter	Virginia Health Care Foundation
March of Dimes Virginia Chapter	Virginia Hospital & Healthcare Association
Mary Immaculate Hospital	Virginia Interfaith Center for Public Policy
Medical Society of Virginia	Virginia LEND Program
Medical Society of Virginia Foundation	Virginia Network of Private Providers, Inc.
National Association of Social Workers– VA Chapter	Virginia Nurses Association
Northern Virginia Access to Healthcare Consortium	Virginia Organizing Project
Partnership for People with Disabilities	Virginia Physical Therapy Association
Patient Services, Inc.	Virginia Poverty Law Center
	Virginia Rural Health Resource Center
	Voices For Virginia’s Children

References: Joint Legislative Audit and Review Commission Compendium of State Statistics (2008); U.S. Census 2008; Agency for Healthcare Research and Quality Medical Expenditures Panel Survey (2006); Kaiser Family Foundation www.statehealthfacts.org; Robert Wood Johnson Foundation “At the Brink” (2009); Virginia Hospital & Healthcare Association; Virginia Community Healthcare Association



167,000 Virginia Children are Uninsured

100,000 Eligible for State Children's Health Insurance Programs, But Not Enrolled

167,000 children should not go without health insurance in Virginia. Congress recently reauthorized the state Children's Health Insurance Program, increasing – for a limited period of time – the amount of federal funding available to Virginia for this program. Virginia should seize this opportunity to provide coverage to more children.

WHY is health insurance so important for children?

- Well-child exams ensure they are developing on schedule and properly immunized; 32% of children without health insurance had no usual source of care in 2007.
- Uninsured children were also six times more likely to go without needed medical care because they could not afford it.
- There is a direct connection between health insurance and educational achievement.
 - ~ *Uninsured children lose 30% more school days than insured children, resulting in lower academic performance.*

WHO is currently covered?

- 68% of Virginia's children have private health insurance. Another 8% have military coverage.
- In 2008, over 645,000 Virginia children (18%) had health care coverage through state-sponsored FAMIS (Family Access to Medical Insurance Security) and FAMIS Plus (Medicaid).
- The FAMIS programs provide comprehensive coverage, including medical, dental, vision, mental health services, and needed medicines to children with family incomes below 200% of the federal poverty level (FPL) (\$36,620 per year for a family of three).

WHO is not covered?

- 100,000 Virginia children are currently eligible for the FAMIS programs, but not enrolled.
- An additional 67,000 uninsured children have family incomes higher than current eligibility levels.

CAN Virginia provide coverage to these uninsured children?

- **Yes!** New federal legislation [the 'Children's Health Insurance Program Reauthorization Act' (CHIPRA)] allows Virginia to cover 20,000 of these children by increasing eligibility for FAMIS to 300% FPL.
- This authorization is accompanied by increases in federal matching funds of \$44 million (FY09) and \$57 million (FY10) to cover the additional children.
 - ~ *Using this funding is an excellent investment of scarce resources, because Virginia receives about \$2 of federal funding for every \$1 of state money spent on FAMIS.*
- Virginia could also allow higher income families to buy this coverage for their children.

WHAT else can Virginia do to reach more uninsured children?

- Increase outreach and educational efforts to currently eligible children, who are not yet enrolled.
- Consider other options available to improve enrollment in FAMIS programs:
 - ~ Create '**express lane**' applications to foster coordination with other safety net programs, such as school lunch, food stamps, and TANF.
 - ~ Allow **presumptive eligibility**, so that children are covered while full eligibility determinations are completed.
 - ~ Enable **passive renewal**, to improve retention and prevent coverage gaps.
 - ~ Provide **coverage to legal immigrant** children and pregnant women during the first five years they are in the United States. Under Virginia's current policy, legal immigrant children may qualify for Medicaid, but not FAMIS, during their first five years of residency. Legal immigrants who are pregnant can get labor and delivery services through Medicaid, but prenatal care is not available in Medicaid or FAMIS Moms during the first five years the pregnant woman is legally in the U.S.

WHAT are the consequences of inaction?

- Tens of thousands of eligible children will remain without access to a "medical home" and the early intervention and treatment they need.
- Because Virginia's future allocation of federal CHIPRA funds will be based on expenditures in FY09 and FY10, Virginia will lose access to the new federal dollars and the ability to enroll more children if it does not act to increase FAMIS eligibility.

References: Virginia Department of Medical Assistance Services; U.S. Census Bureau, September 2009; Congressional Research Service, February 2009; Maureen Hensley-Quinn, Catherine Hess, Barbara Ladon, and Sharon Steadman, *Covering All Kids: Issues and Experience in State Policy Development*, April 2008



Virginia: 44th in Covering Working, Low Income Parents

As many as 65,000 uninsured, working Virginia parents have incomes below the federal poverty level.

Virginia may be the #1 state for business, but we are far from being the best when it comes to state health care coverage for working low income adults. This is hurting Virginia families, and it is a disincentive to productivity. Virginia can and must do better.

WHY is health insurance so important for parents?

- Parents need to remain well and productive so they can effectively raise their children.
- A study by the Institute of Medicine found that working age Americans without health insurance are more likely to receive too little medical care and receive it too late; and they are more likely to be sicker and die sooner.
- Parents with health coverage are more likely to make sure their children obtain preventive and wellness services.

Don't Virginia's working, low income parents have health insurance?

- Many do not. In fact, 44% of working, low-income adults in Virginia are uninsured.
- Over 70% of uninsured Virginians are from households where at least one person works full time, but 600,000 of Virginia's uninsured have incomes below 200% of the federal poverty level (\$36,620/ yr for a family of 3) and cannot afford or are not offered coverage.

- Very few can use Medicaid as a safety net, because Virginia's Medicaid program only provides coverage to parents whose countable incomes are at 30% of the federal poverty level (FPL) or lower:

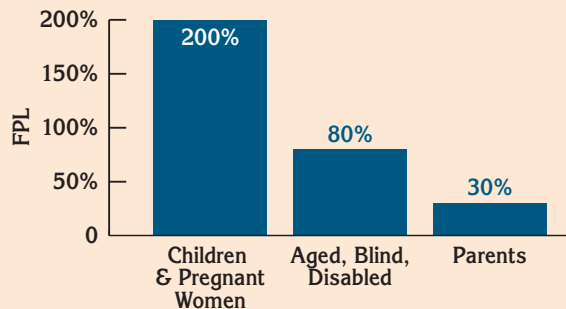
FPL	Annual Countable Income Limit (Family of 3)	Applies to:
30%	\$5,508	Northern Virginia
25%	\$4,524	Urban Areas
22%	\$4,116	Rural Areas

- Other than the occasional cost-of-living adjustments, Virginia's Medicaid eligibility standard for low income parents has not been changed for 20 years.

This is very low. How does it compare to eligibility limits for other state-sponsored health insurance in Virginia?

- The Medicaid eligibility limits for low income parents are far less than the eligibility limits for uninsured children, pregnant women, or aged, blind or disabled Virginians.

VA MEDICAID ELIGIBILITY LIMITS



MEDICAID INCOME ELIGIBILITY LIMITS OF WORKING PARENTS IN 2009

State	Income Eligibility Limit (percent of federal poverty level)	State Rank
Tennessee	134%	12
Maryland	116%	15
Kentucky	62%	29
North Carolina	51%	38
West Virginia	34%	42
Virginia	30%	44

Source: Kaiser Commission on Medicaid and the Uninsured, based on a national survey conducted by the Center on Budget and Policy Priorities (CBPP)

How does it compare to the Medicaid eligibility limits in neighboring states?

Virginia's Medicaid eligibility standard for parents is lower than that of all neighboring states, and ranks 44th in the nation.

Are Virginia's policymakers aware of these discrepancies, and the adverse impact they have on low income working families and their children?

- The following Virginia health policy authorities have recommended raising the Medicaid eligibility standard for low income parents to 100% FPL :
 - ~ Joint Legislative Audit and Review Commission (2007)
 - ~ Governor's Commission on Health Care Reform (2007)
 - ~ General Assembly's Joint Commission on Health Care (2000)

How many parents would such an increase cover? Would it be expensive?

- Increasing the Medicaid eligibility rate for parents to 100% FPL would cover about 65,000 more Virginians at an estimated cost of \$117 million in state funds. This would be matched dollar for dollar with federal funds.
- A portion of these expenditures would be offset by a significant decrease in state indigent care costs and a drop in the amount of uncompensated care needed for Virginia's uninsured (\$538 million reported in 2007).
- Each Medicaid dollar spent has a ripple effect of generating \$2.18 in economic value.
- The combined effect would actually benefit Virginia, both economically and through the well-being of its families.

References: Virginia Joint Legislative Audit and Review Commission, HD19 (2007); Kaiser Family Foundation, www.statehealthfacts.org Joint Commission on Health Care, Senate Document OA (2001); *Roadmap for Virginia's Health-A Report of the Governor's Health Reform Commission* (2007); Virginia Health Care Foundation, *Profile of the Uninsured* (2007); *Medicaid: Good Medicine for State Economies, Families U.S.A., 2004 Update*; The Institute of Medicine, *Consequences of Uninsurance*; Kaiser Commission on Medicaid and the Uninsured Center on Budget and Policy Priorities, *Coverage of Parents Helps Children, Too*



State Funding for Medicaid and FAMIS Providers

Fails to Cover the Cost of Care — Further Cuts Would Endanger Access

Every day, hospitals, physicians, and nursing facilities care for Medicaid patients, and are paid less than it costs to provide the care. Some of the burden of these unfunded costs is shifted to commercially covered and self pay patients, driving up costs for businesses. However, much of it goes uncompensated, forcing providers to limit the Medicaid and uninsured patients they treat. Virginia needs to hold the line on reductions to Medicaid and FAMIS providers, and ultimately restore the payment rates to keep pace with the costs of care. For every dollar cut from Medicaid, Virginia loses a dollar in matching funds from the federal government.

WHAT is “cost-shifting” and does it occur in Virginia?

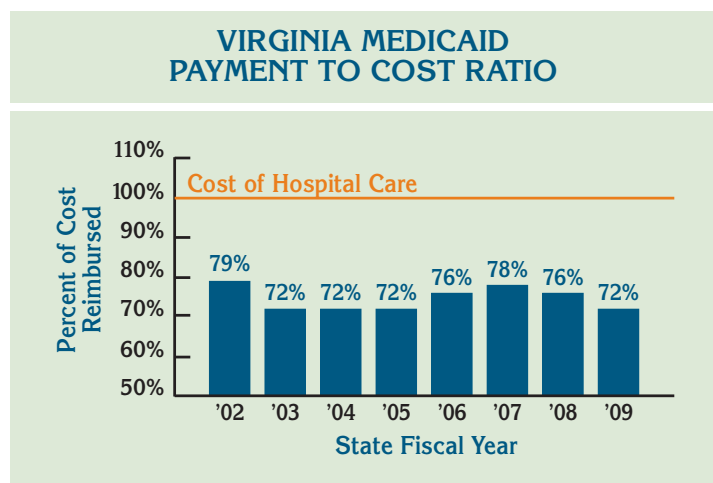
- Cost shifting occurs when providers do not receive sufficient payment to cover what it costs them to render treatment, either because their patients are uninsured, or Medicaid payment is too low. This causes them to charge private insurers more than it costs to render treatment, thus “shifting” the cost burden.
- Cost shifting occurs everyday, in Virginia and nationwide. It is estimated that this added \$1,107 to the cost of each family premium, and \$368 to the cost of each individual premium throughout the country in 2008.

VIRGINIA’S Medicaid program contributes to cost shifting in the Commonwealth, because it does not provide adequate payment to our hospitals, physicians and nursing homes. This is not a sustainable model.

HOSPITALS: Paid \$.72 on the Dollar

All of Virginia’s hospitals accept Medicaid patients. This year, Medicaid payments to hospitals were reduced. As a result, hospitals are now only compensated \$.72 for every dollar of care provided.

The graph illustrates the downward trend of underpayments to Virginia’s hospitals:



PHYSICIANS: Survey shows 50% Shortfall in Payment Rates

A recent survey by the Medical Society of Virginia found that in many communities, there are only one or two practices that still accept Medicaid patients. One medium-sized pediatric practice in a suburban area of central Virginia reported the following losses through its participation in Medicaid:

MEDICAID RATES			
Common Pediatric Visits	Cost to Treat	Medicaid Pays	Shortfall
Office Evaluation, Level II	\$58.68	\$29.52	50%
Office Evaluation, Level III	\$97.42	\$47.86	51%
Office Evaluation, Level IV	\$146.98	\$72.51	51%
Preventive Exam, Younger than 1 Year	\$109.38	\$66.00	40%

NURSING HOMES: Lose \$12.45 per Day, per Medicaid Patient

Due to recent state budget cuts, the average nursing facility in Virginia is projected to lose \$12.45 per day per Medicaid patient in this fiscal year. This is especially troublesome because 62 percent of all Virginia nursing facility patients are funded by Medicaid.

Due to strict state Medicaid eligibility criteria, Virginia ranks among the top states nationally in terms of average patient acuity, while being among the lowest in Medicaid nursing facility payment.

FURTHER CUTS to Medicaid payment rates will endanger access.

In a recent Medical Society of Virginia survey, 58 percent of physicians responding indicated they would reduce the number of Medicaid patients they care for, if payments were reduced by three percent.

**Hold the line on reductions to payment
for Medicaid providers .
They are the lifeline for Virginians in need.**

References: Virginia Hospital & Healthcare Association; Families USA; Virginia Healthcare Association; Medical Society of Virginia

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