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LEGISLATIVE HEALTH POLICY ORIENTATION

Session Two

- The Private Insurance Market in Kansas
- Ready or Not? How the Public Health System in Kansas Works

January 7, 2021
9:00 - 10:30 AM CST

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The Private Insurance Market in Kansas

Robert F. St. Peter, M.D. - President & CEO

Kansas Health Institute

AGENDA

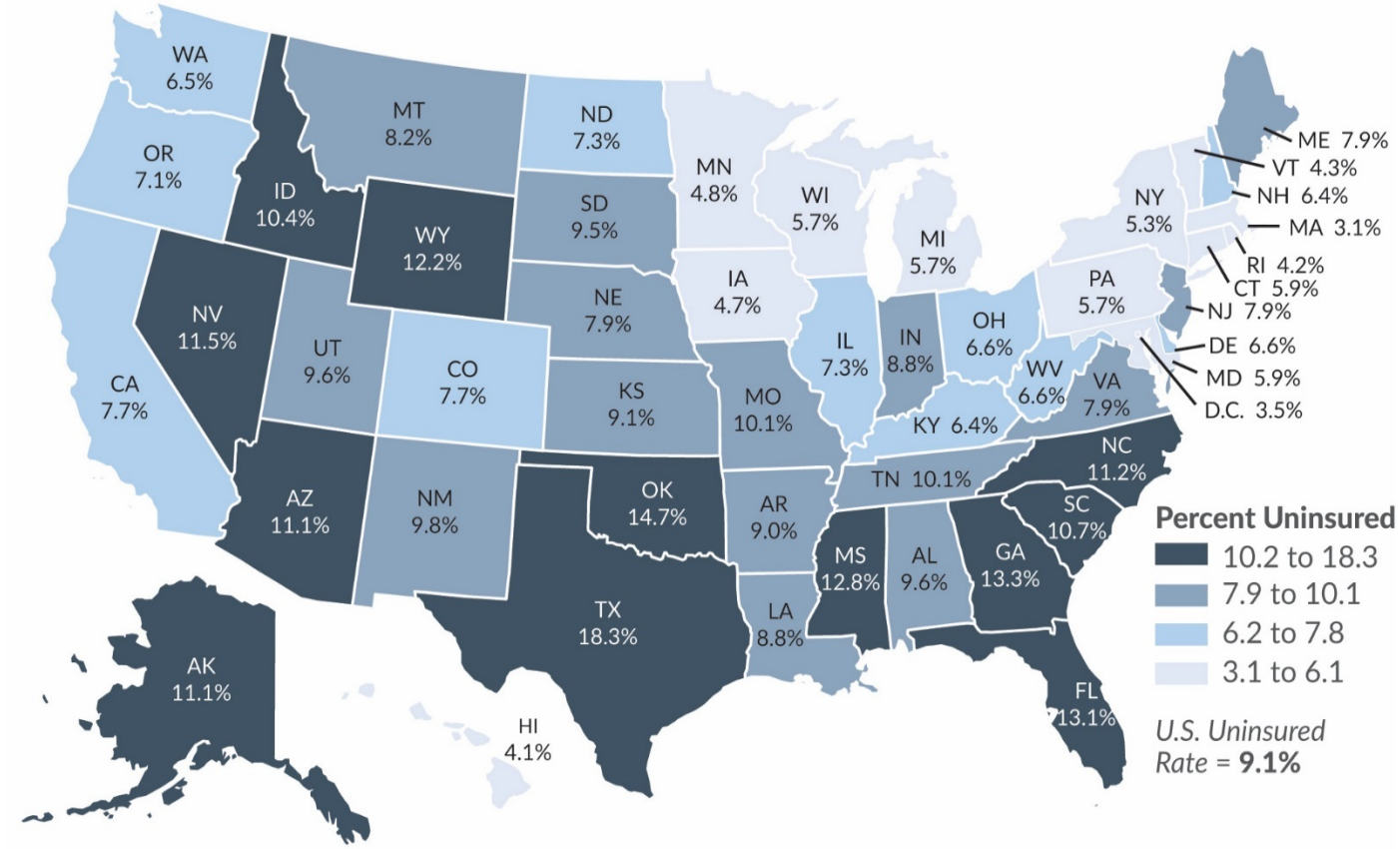
1. Insurance coverage in Kansas
2. How competitive is insurance market in KS?
3. Health care costs
4. Regulation and Market Responses
5. Discussion

1.

INSURANCE COVERAGE IN KANSAS

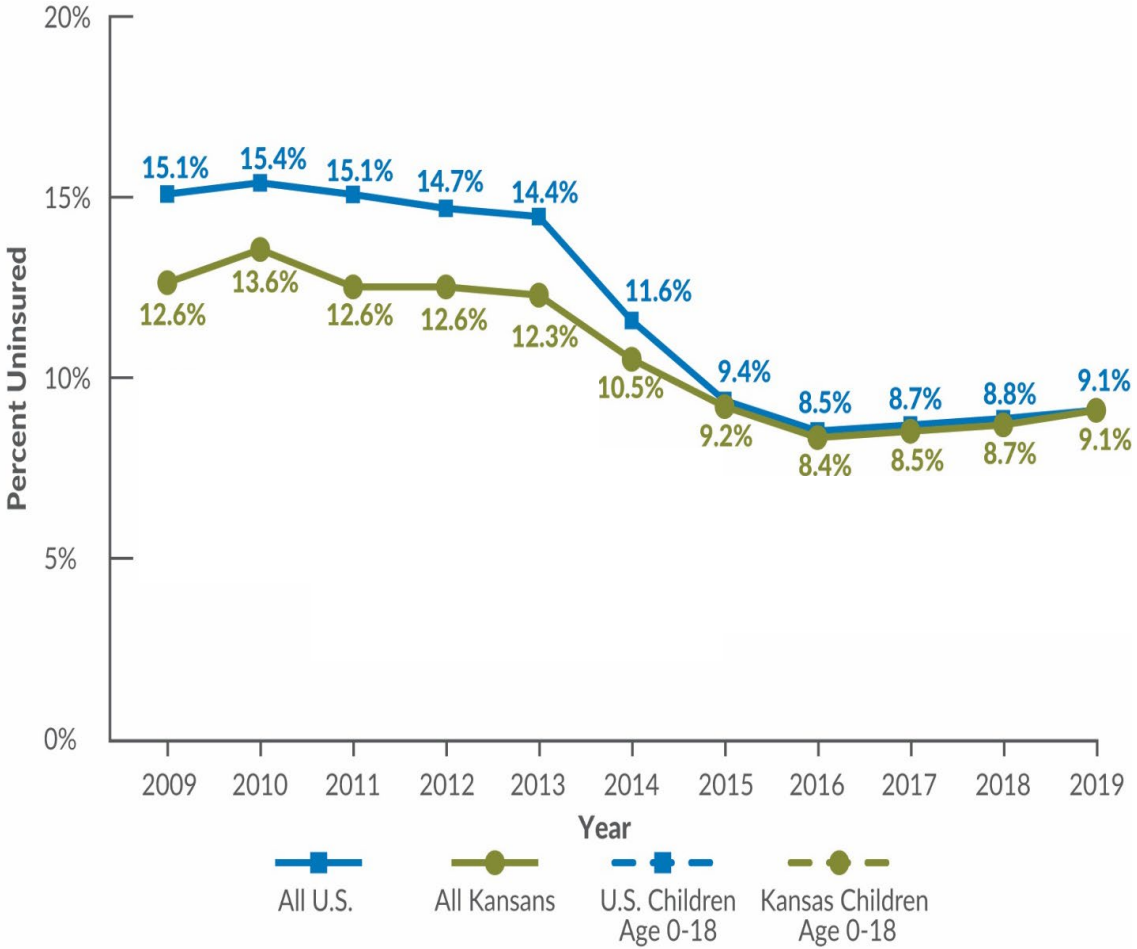
Kansas Ranked 33rd Among States for Insurance Coverage

Figure 1.1 **Percentage of Uninsured Residents by State, 2019**



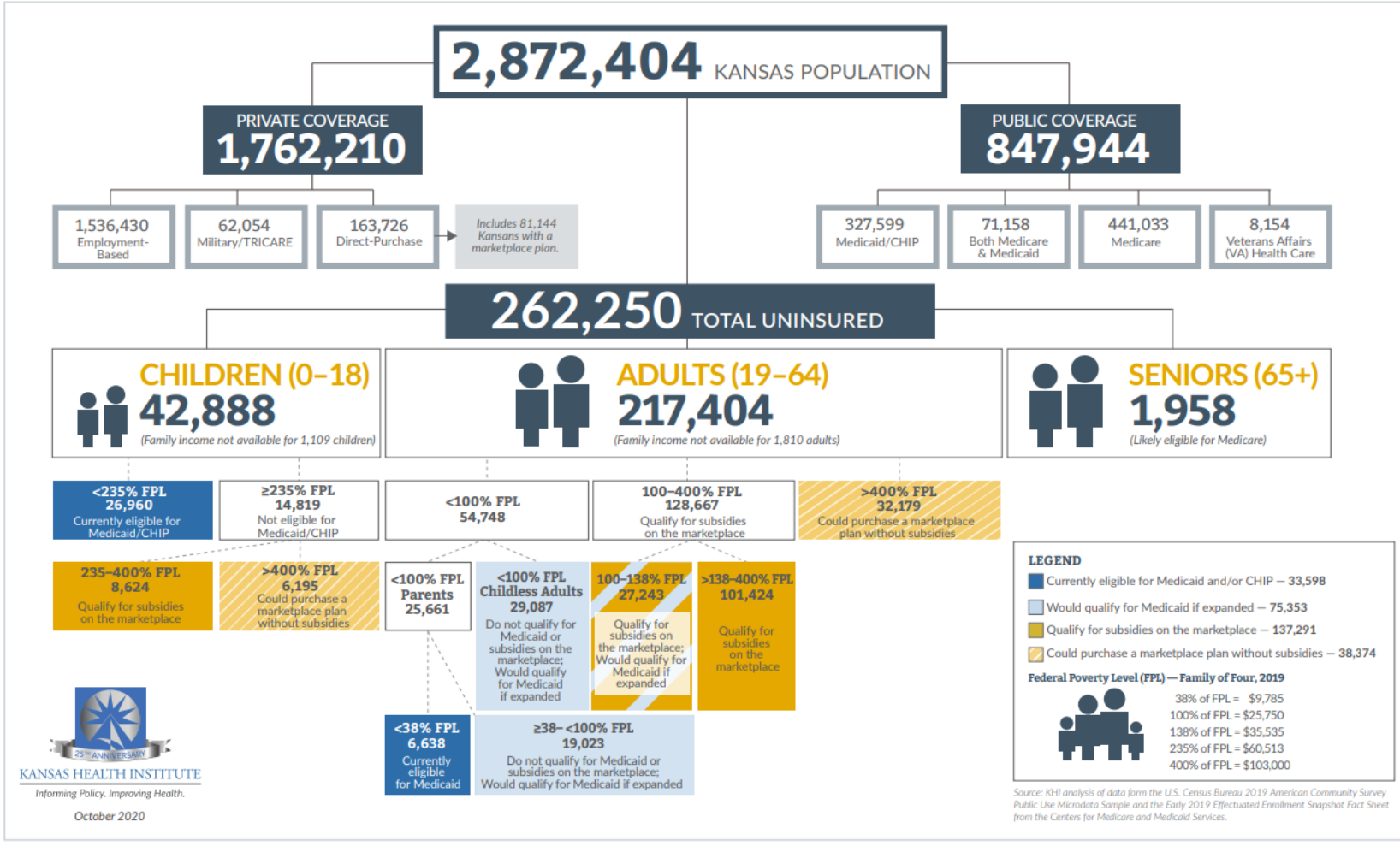
Source: KHI analysis of data from the U.S. Census Bureau 2019 American Community Survey Public Use Microdata Sample files.

Figure 1.3 **All Ages: Uninsured Rates for Kansas and the United States, 2009-2019**



Source: KHI analysis of data from the U.S. Census Bureau 2009-2019 American Community Survey Public Use Microdata Sample files.

HEALTH INSURANCE IN KANSAS 2019



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Source: KHI analysis of data form the U.S. Census Bureau 2019 American Community Survey Public Use Microdata Sample and the Early 2019 Effectuated Enrollment Snapshot Fact Sheet from the Centers for Medicare and Medicaid Services.

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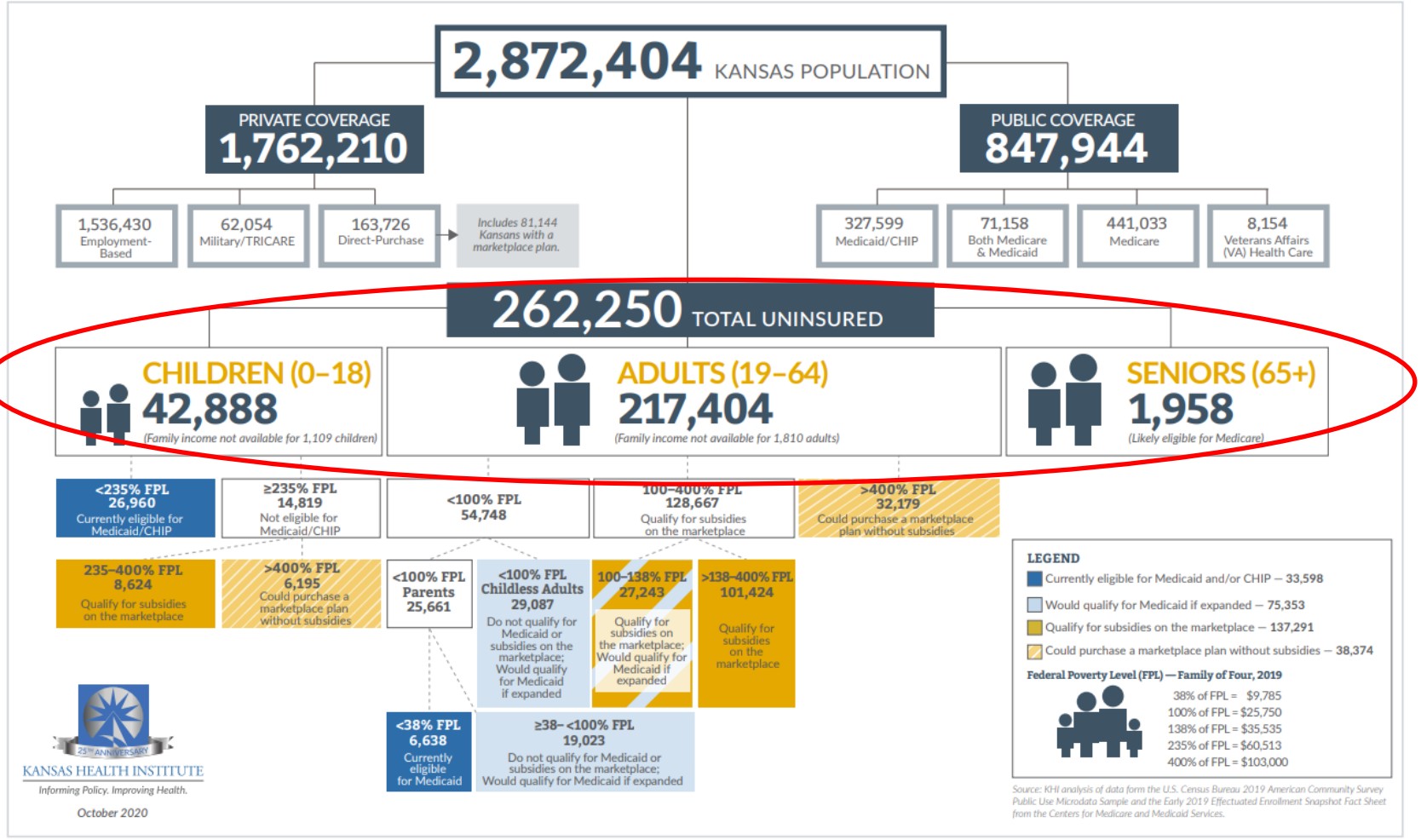
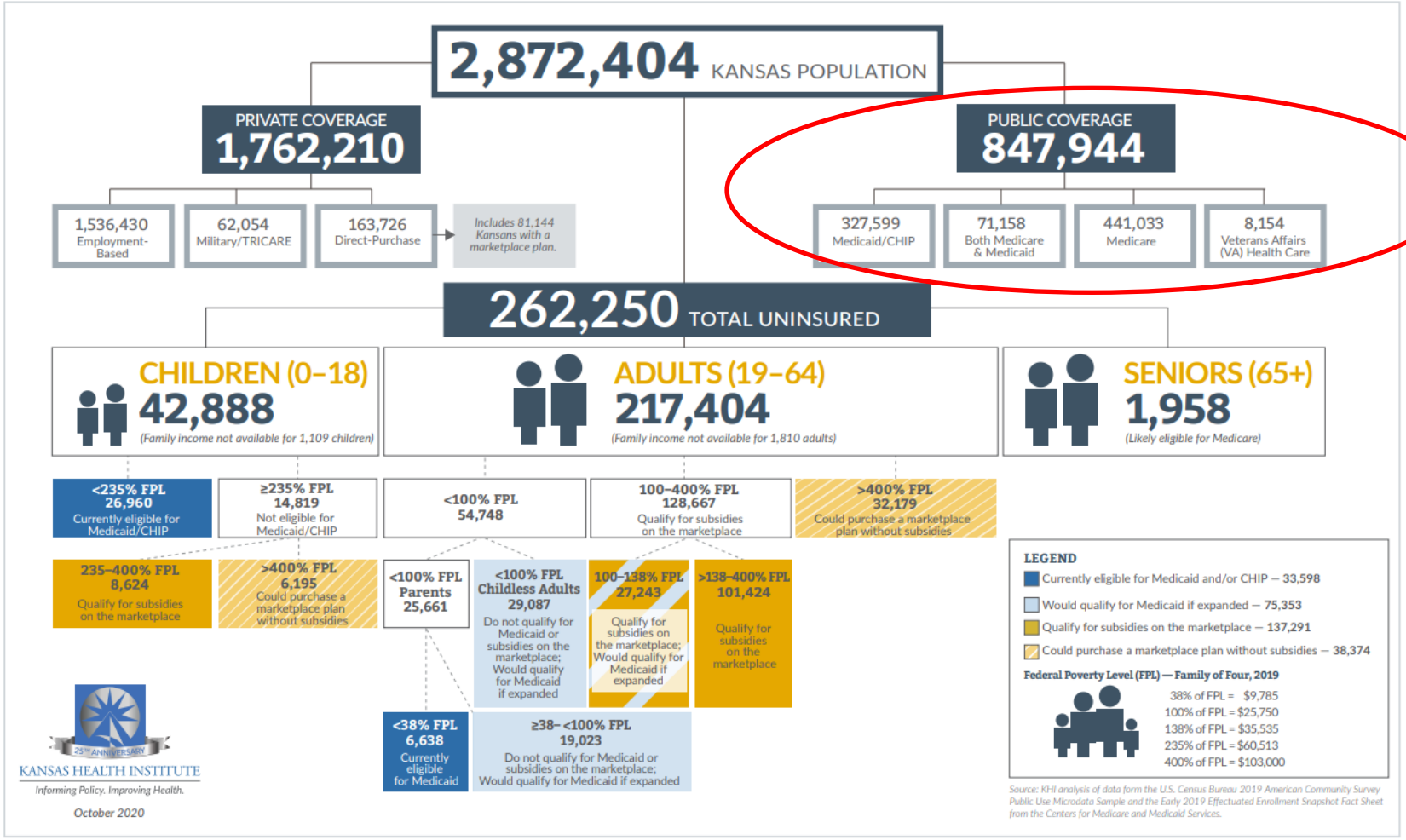
HEALTH INSURANCE IN KANSAS 2019



HEALTH INSURANCE IN KANSAS 2019



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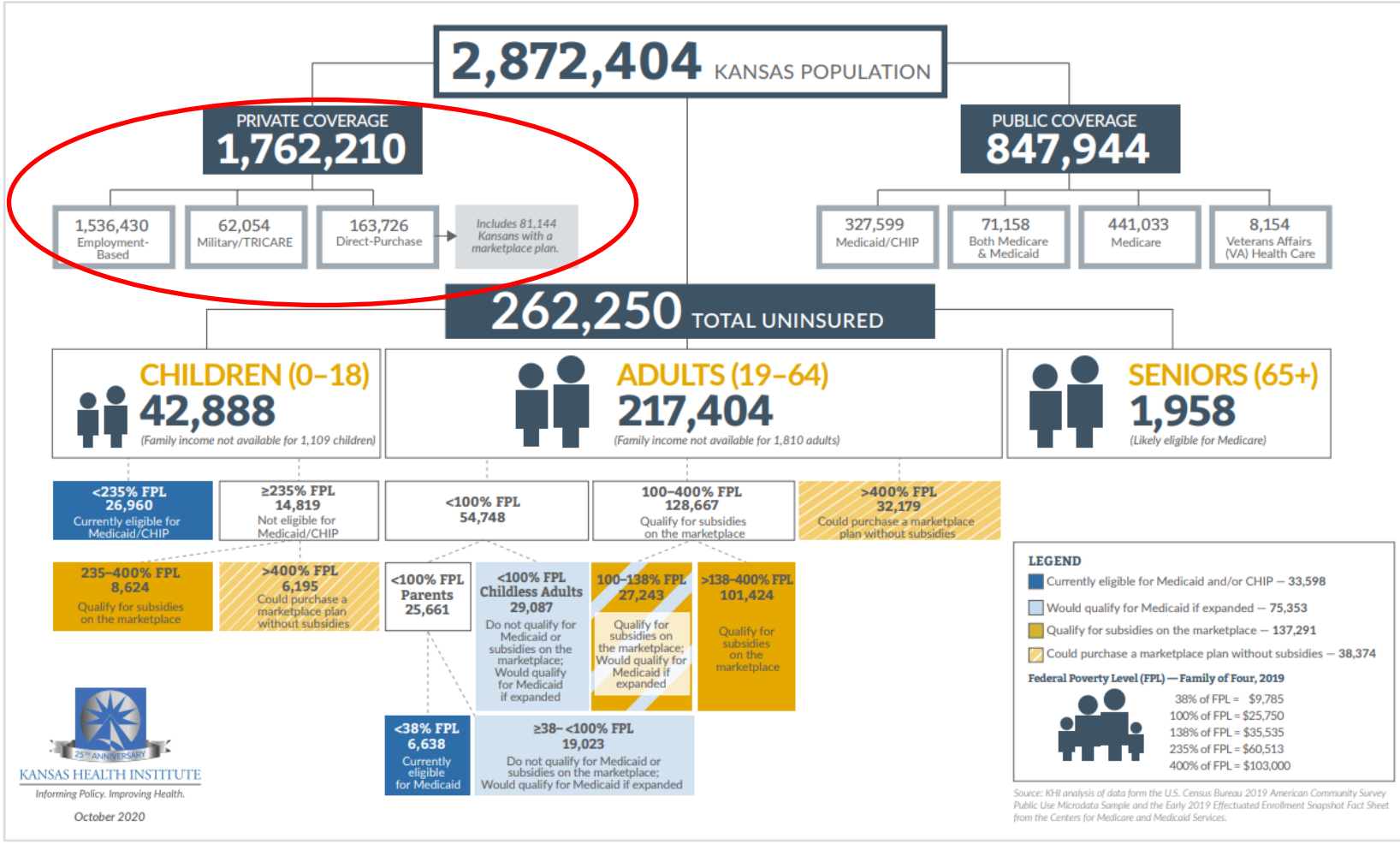

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Source: KHI analysis of data form the U.S. Census Bureau 2019 American Community Survey Public Use Microdata Sample and the Early 2019 Effectuated Enrollment Snapshot Fact Sheet from the Centers for Medicare and Medicaid Services.

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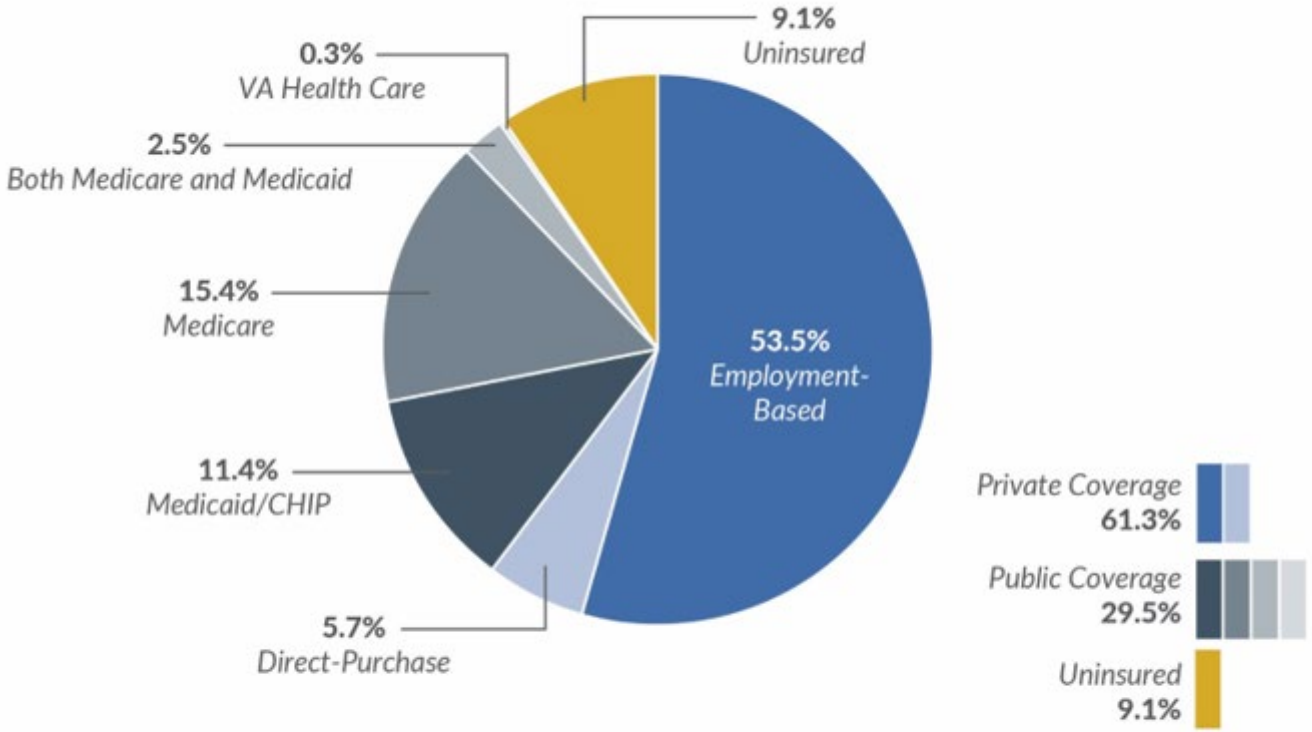
Over Half of Kansans Have Insurance Through an Employer

Figure 2.1a **All Kansans: Sources of Health Insurance Coverage, 2019**

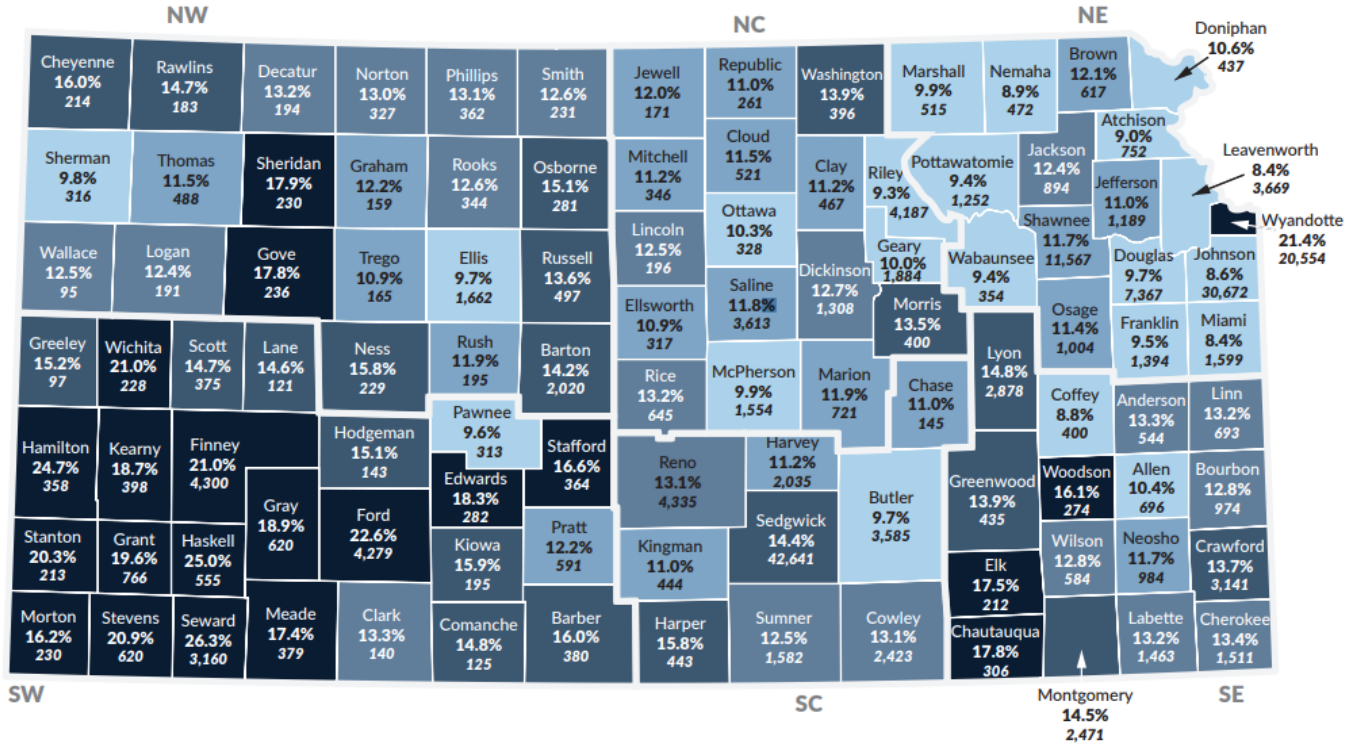


Note: All Kansans (not in institutions) = 2,872,404. Percentages may not sum to 100 percent because of rounding. Military/TRICARE coverage is included in Employment-Based coverage. Direct-Purchase is health insurance purchased directly from a private company or on the federally facilitated Kansas marketplace. VA Health Care is provided by the U.S. Department of Veterans Affairs to eligible veterans of the U.S. Armed Forces. (*Appendix C*, page C-1).

Source: KHI analysis of data from the U.S. Census Bureau 2019 American Community Survey Public Use Microdata Sample files.

UNINSURED RATE FOR ADULTS HIGHER IN SOUTHWEST REGION

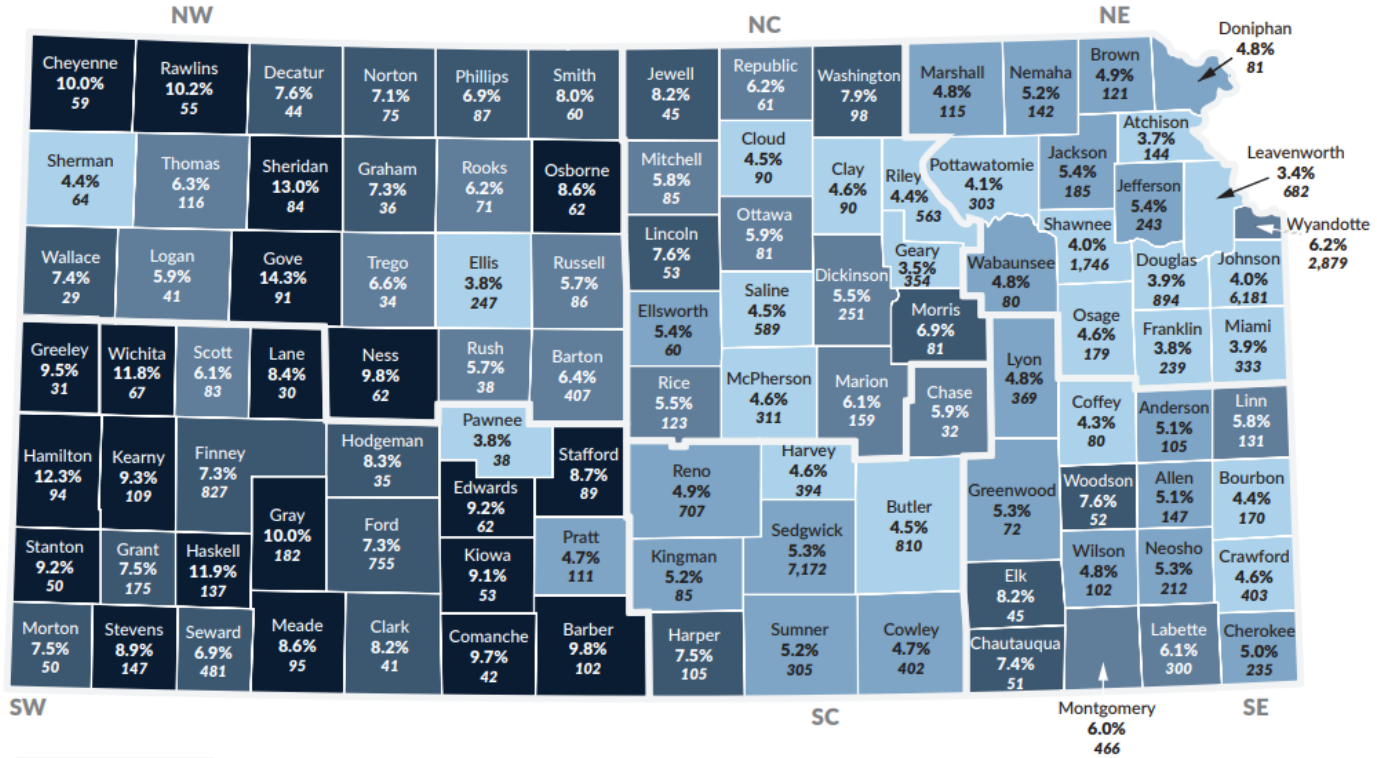
Figure 1. Kansas Adults Age 19-64: Uninsured Rate and Number by County and by Region, 2018



KDHE Region	NC	NE	NW	SC	SE	SW	Kansas
Uninsured Rate	10.8%	10.9%	12.5%	13.6%	13.5%	20.2%	12.4%
Number Uninsured	17,315	84,308	8,619	57,633	17,566	19,232	204,673

UNINSURED RATES FOR CHILDREN VARY NEARLY FIVE-FOLD ACROSS COUNTIES

Figure 1. **Kansas Children Age 0-18: Uninsured Rate and Number by County and by Region, 2018**



County
Percent Uninsured
Number Uninsured

3.4%-4.6% 4.7%-5.4% 5.5%-6.6% 6.7%-8.3% 8.4%-14.3%

KDHE Region	NC	NE	NW	SC	SE	SW	Kansas
Uninsured Rate	4.8%	4.3%	6.4%	5.2%	5.2%	7.7%	5.0%
Number Uninsured	3,094	14,547	1,848	10,012	2,940	3,886	36,327

2.

HOW COMPETITIVE IS THE INSURANCE MARKET IN KANSAS?

WHAT IS A COMPETITIVE INSURANCE MARKET?

- Market concentration
  - Number of insurers
  - Share of market covered by largest insurers
- Barriers to market entry
  - State regulatory requirements (solvency, etc.)
  - Cost of network development, marketing, enrollment
- Types of insurance products offered – PPO, HMO, POS, EPO, HDHP

OVERALL INSURANCE MARKET COMPETITIVENESS

	Overall HHI*	Insurer 1	Share (%)	Insurer 2	Share (%)
US	3464				
KS	2491	BCBS KS	41	Aetna	17
CO	2008	United HealthGroup	26	Anthem	22
IA	3180	Wellmark (BCBS)	47	United HealthGroup	28
MO	1969	Anthem	26	United HealthGroup	24
NE	3296	BCBS NE	48	United HealthGroup	25
OK	3339	HCSC (BCBS)	53	United HealthGroup	18
	*Overall HHI includes all insurance types (HMO+PPO+POS+EXCH)				

AMA, Competition in Health Insurance, 2018 Update

OVERALL INSURANCE MARKET COMPETITIVENESS

	Overall HHI*	Insurer 1	Share (%)	Insurer 2	Share (%)
KS	2491	BCBS KS	41	Aetna	17
Lawrence	3226	BCBS KS	51	Cigna	16
Manhattan	5661	BCBS KS	74	Aetna	9
Topeka	5370	BCBS KS	72	UnitedHealth Group	11
Wichita	3242	BCBS KS	43	Aetna	34
KC (MO+KS)	3307	BCBS Kansas City	52	UnitedHealth Group	17

*Overall HHI includes all insurance types (HMO+PPO+POS+EXCH)

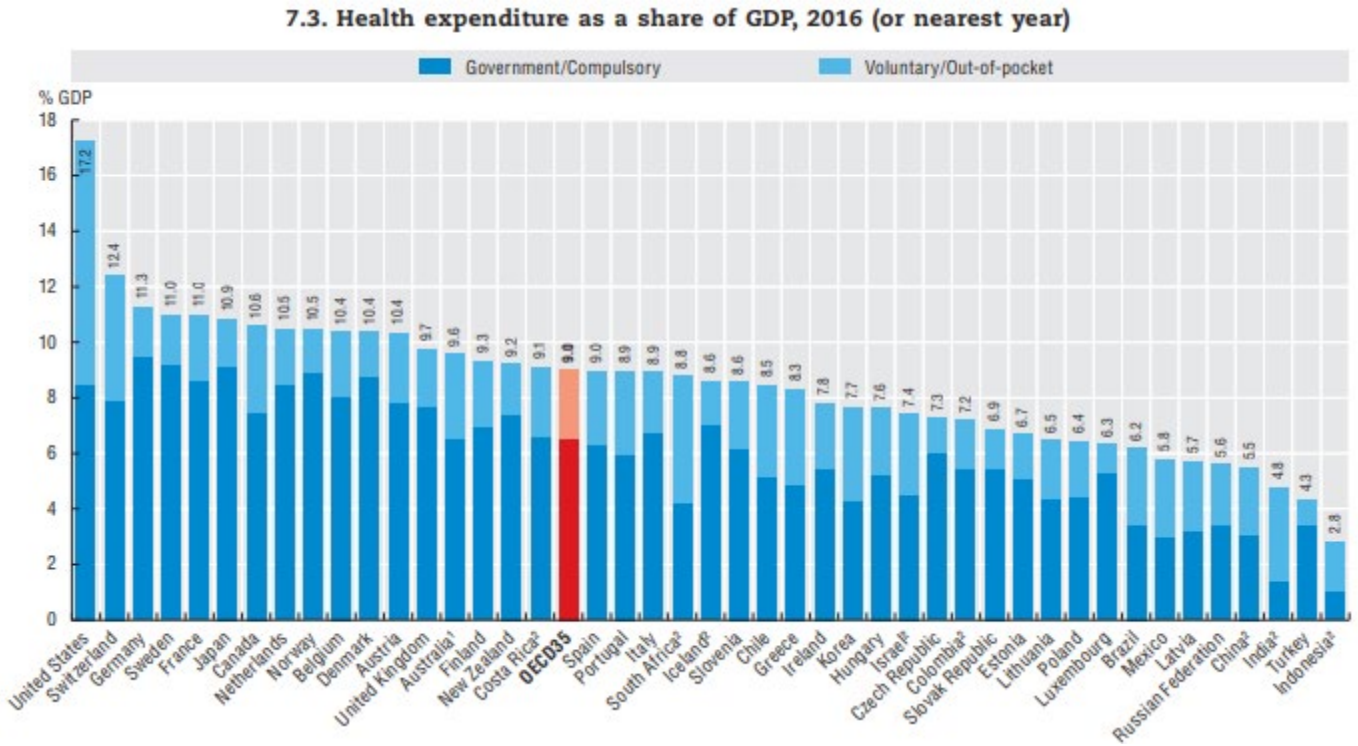
AMA, Competition in Health Insurance, 2018 Update

HOW COMPETITIVE IS THE KANSAS MARKET?

- Insurance markets in US are highly concentrated (for both Overall and Exchange)
  - Kansas is LESS concentrated than US average
  - Kansas is in range of neighboring states
- Within individual Kansas communities, market concentration is high and varies widely

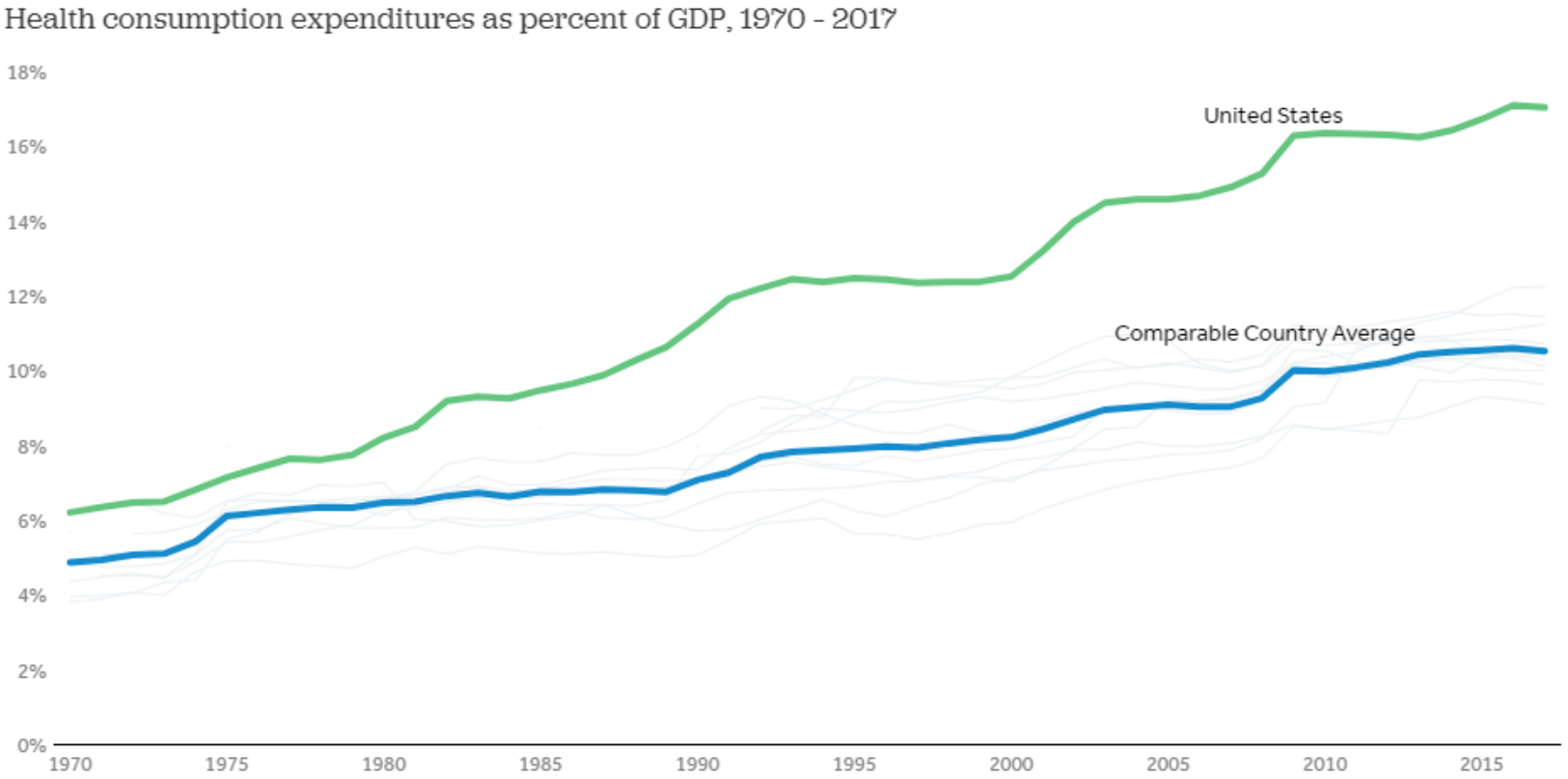
3.

HEALTH CARE COSTS



Note: Expenditure excludes investments, unless otherwise stated. 1. Australian expenditure estimates exclude all expenditure for residential aged care facilities in welfare (social) services. 2. Includes investments. Source: OECD Health Statistics 2017, WHO Global Health Expenditure Database

Since 1980, the gap has widened between U.S. health spending and that of other countries

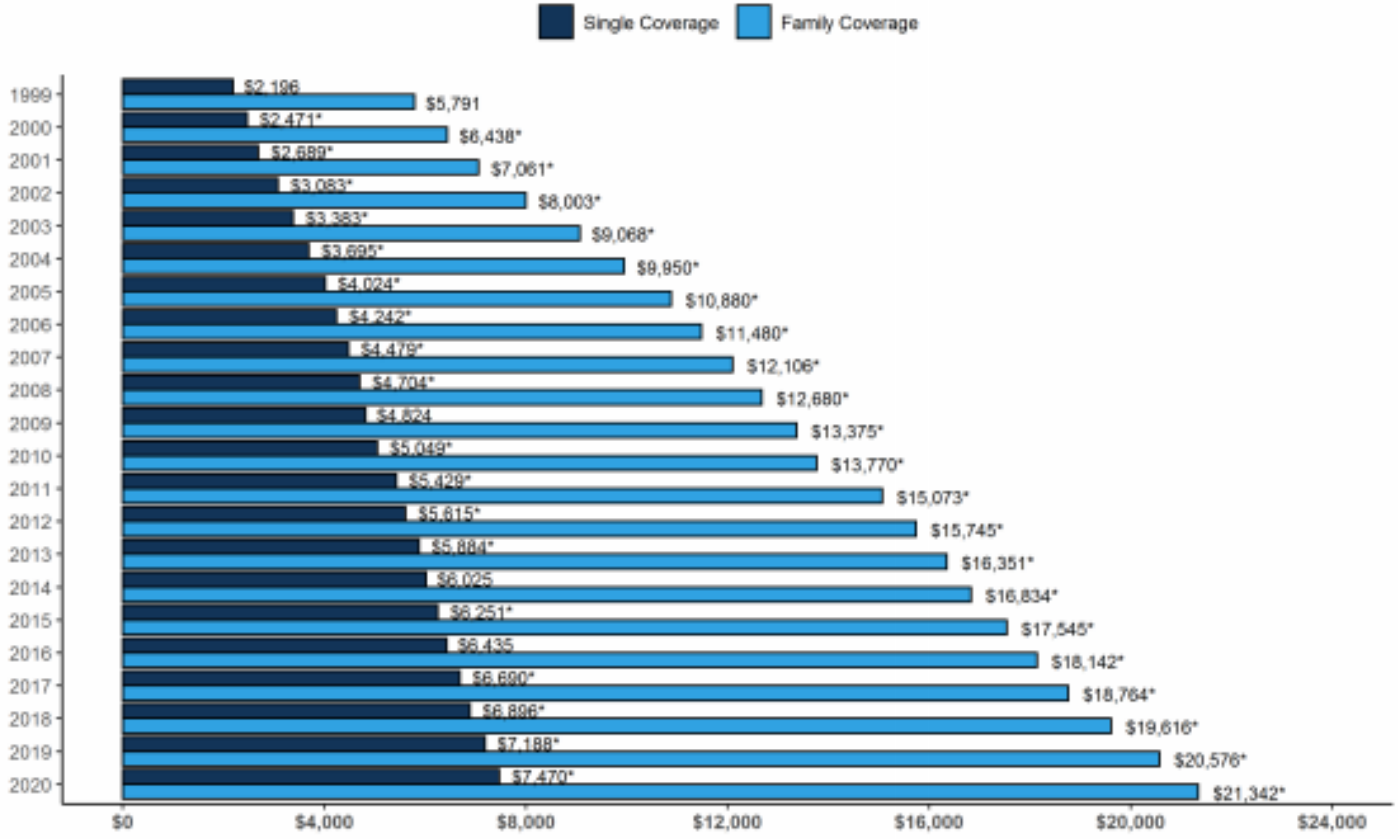


Notes: U.S. values obtained from National Health Expenditure data. Health consumption does not include investments in structures, equipment, or research.

Source: KFF analysis of OECD and National Health Expenditure (NHE) data • Get the data • PNG

Peterson-Kaiser
Health System Tracker

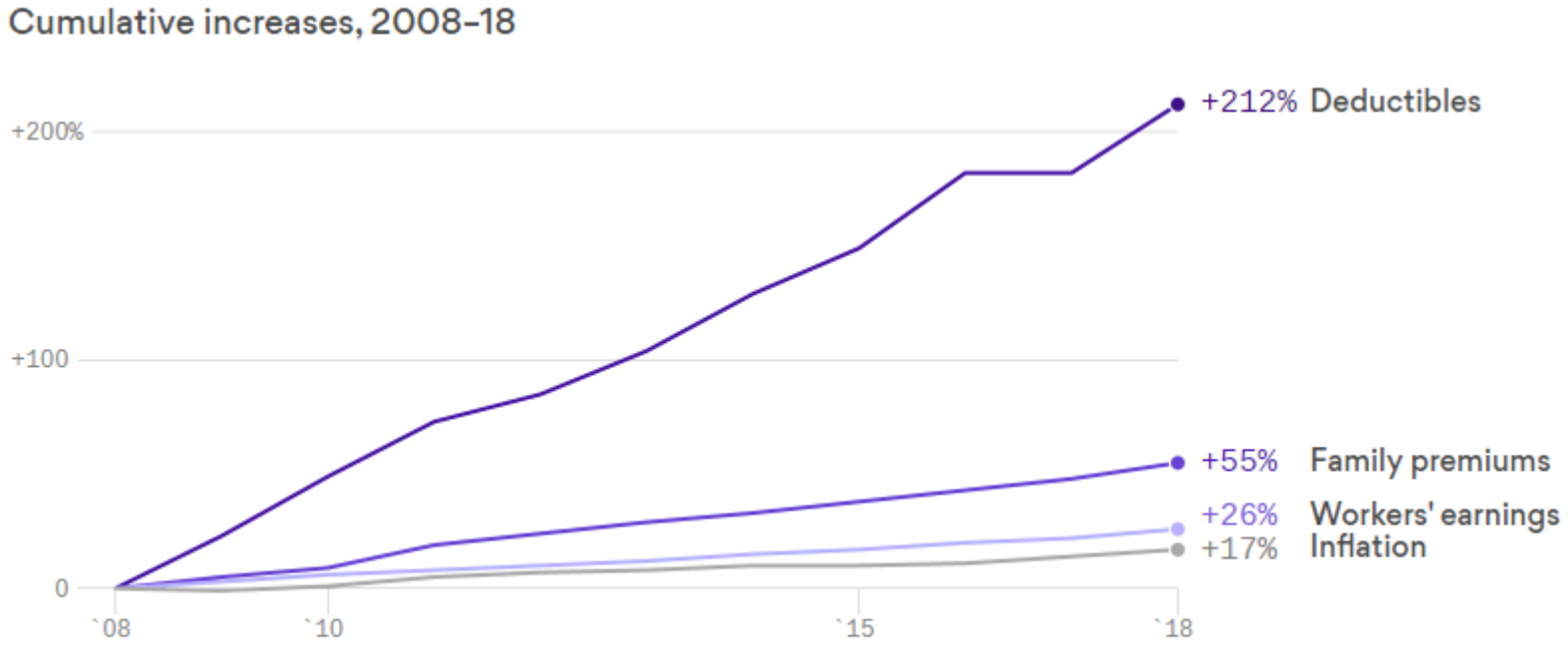
Figure 1.10
Average Annual Premiums for Single and Family Coverage, 1999-2020



* Estimate is statistically different from estimate for the previous year shown ($p < .05$).

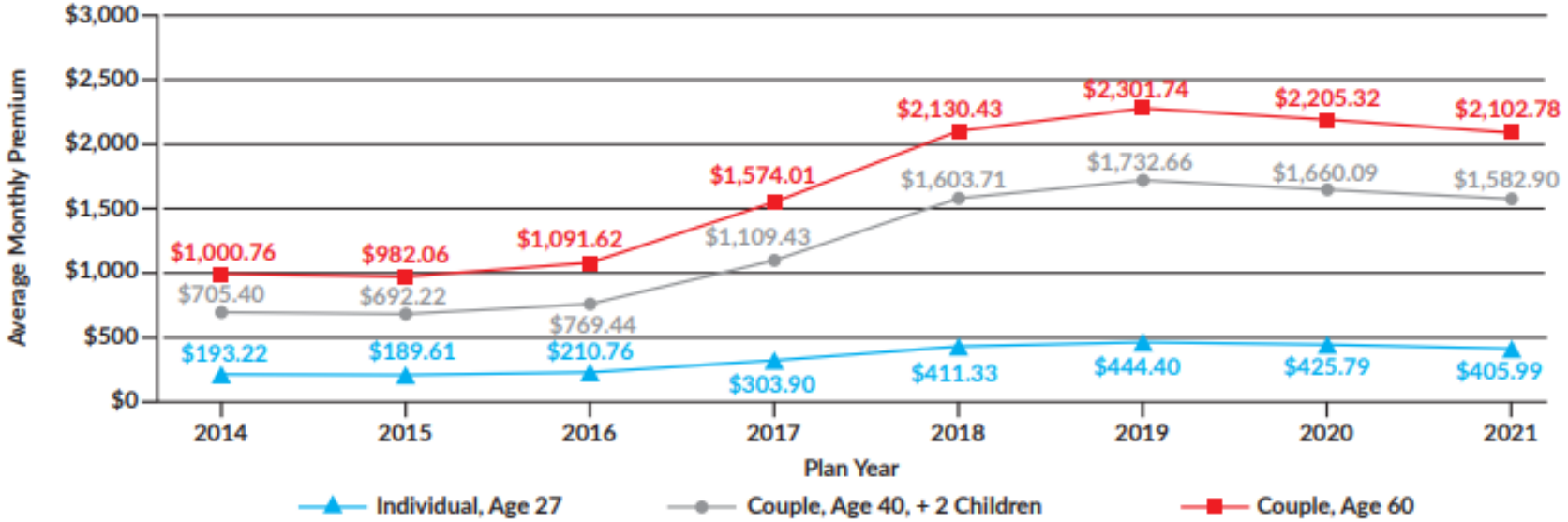
SOURCE: KFF Employer Health Benefits Survey, 2018-2020; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2017

Cost of Health Care Rising Faster Than Workers' Wages and Inflation



Reproduced from Kaiser Family Foundation 2018 Employer Health Benefits Survey; Note: Average general annual deductibles are for single coverage; Chart: Axios Visuals

Figure 2. **Average Monthly Premium, Before APTC, for the Silver Benchmark Plan on the Kansas Marketplace, 2014-2021 Plan Years**



Note: Premium, before application of Advance Premium Tax Credits (APTC). The amounts shown are the actual average monthly premiums for the "benchmark plan," a middle-of-the-road plan in terms of covered benefits and cost among the plans available on the marketplace. Technically, the benchmark plan is the second-lowest-cost silver plan (SLCSP).

Source: KHI analysis of data from the Centers for Medicare and Medicaid Services Health Insurance Marketplace, 2014-2021.

4.

REGULATION AND MARKET RESPONSES

SOURCES OF REGULATION

- Federal law (ERISA) exempts “self-insured” plans from state regulation
  - ACA Marketplace plans
  - Self-insured employee plans (61% of all firms)
    - 81% of large firms (>200 employees)
    - 13% of small firms (3-199 employees)
- State regulation
  - Individual policies
  - Fully-insured employee plans

MARKET RESPONSES

- Use of “narrow networks”
  - All plans offered on ACA marketplace are narrow network
- Find flexibility in underwriting risk or covered benefits
  - Kansas Farm Bureau health benefit plan
  - Level-funded plans (allow small employers to self-insure)
  - High deductible health plans
  - Short-term, limited duration plans
  - Association health plans
  - Sharing ministries

5.

DISCUSSION

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THANK YOU

Any questions?

You can connect with me at: rstpeter@khi.org

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