

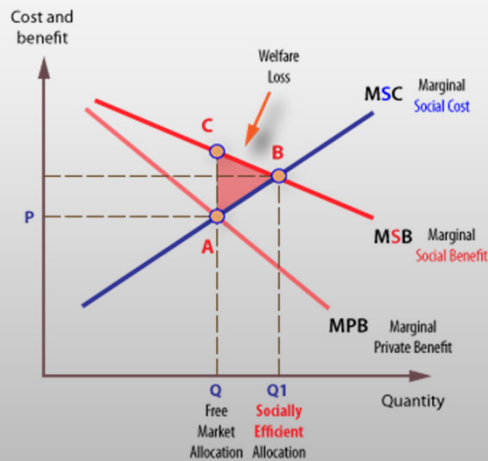


DEFICIENCIES OF HEALTH CARE MARKETS & INSURANCE EXCHANGES

Stefan Gildemeister
Health Economics Program



The Economics of Welfare Loss



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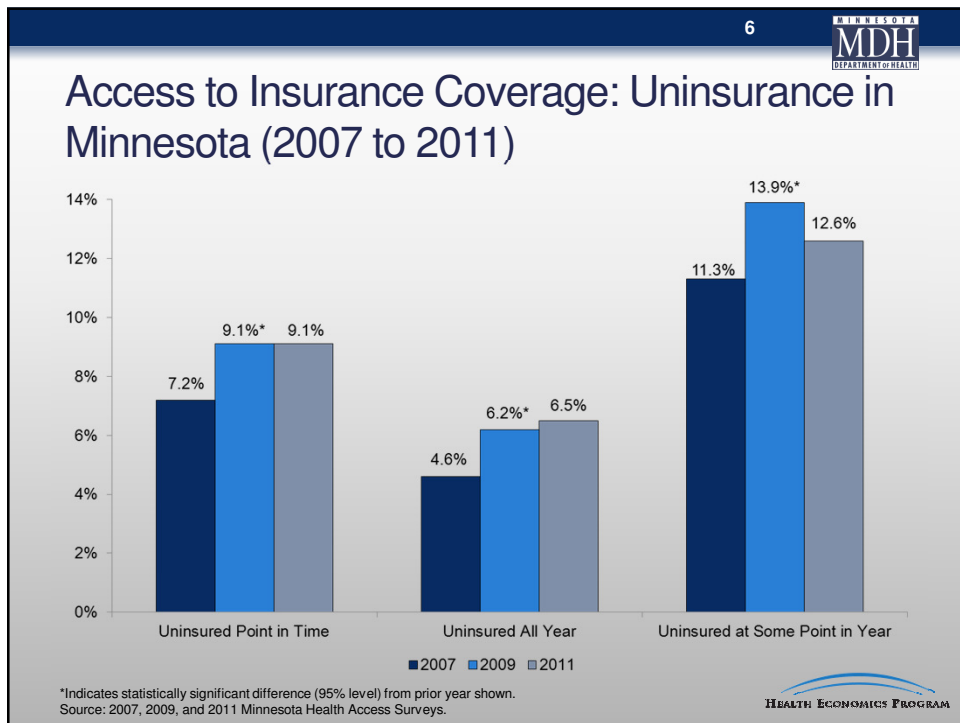
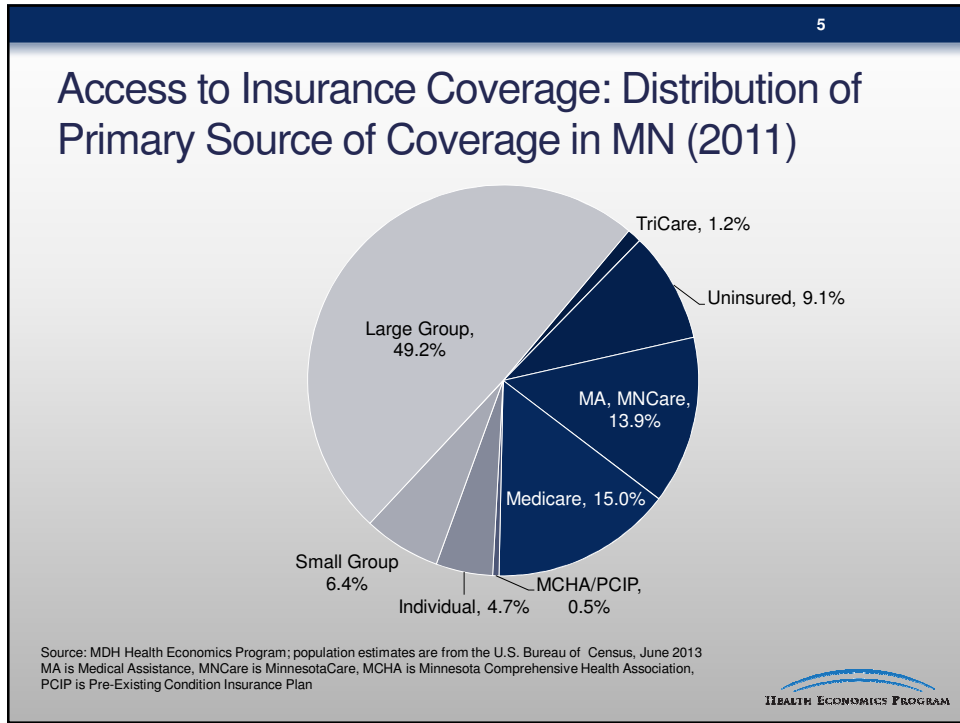
Overview


- Health Care Coverage
- Health Care Costs
- Small Group & Individual Market
 - Benefits
 - Competition
 - Administrative Load
- Additional Thoughts on Deficiencies
- Delivery System Reform



HEALTH COVERAGE




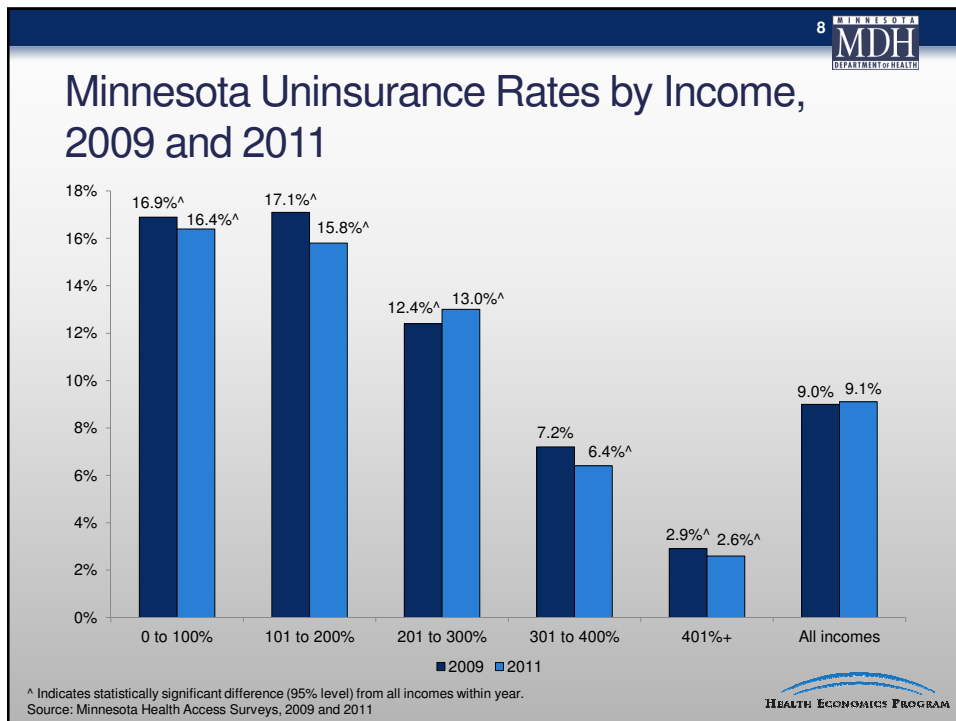


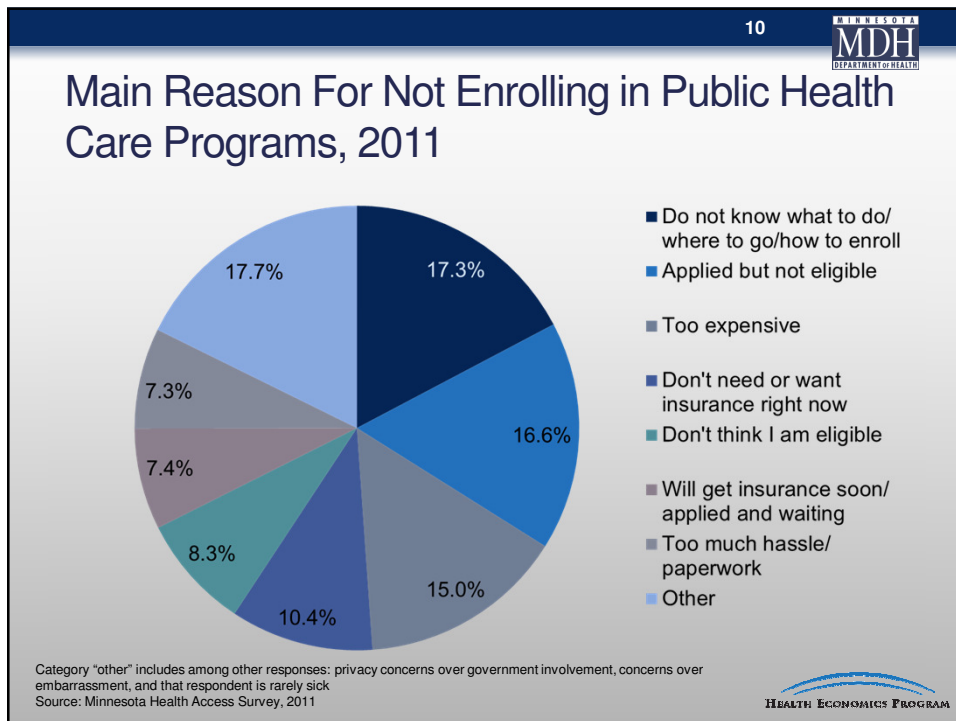
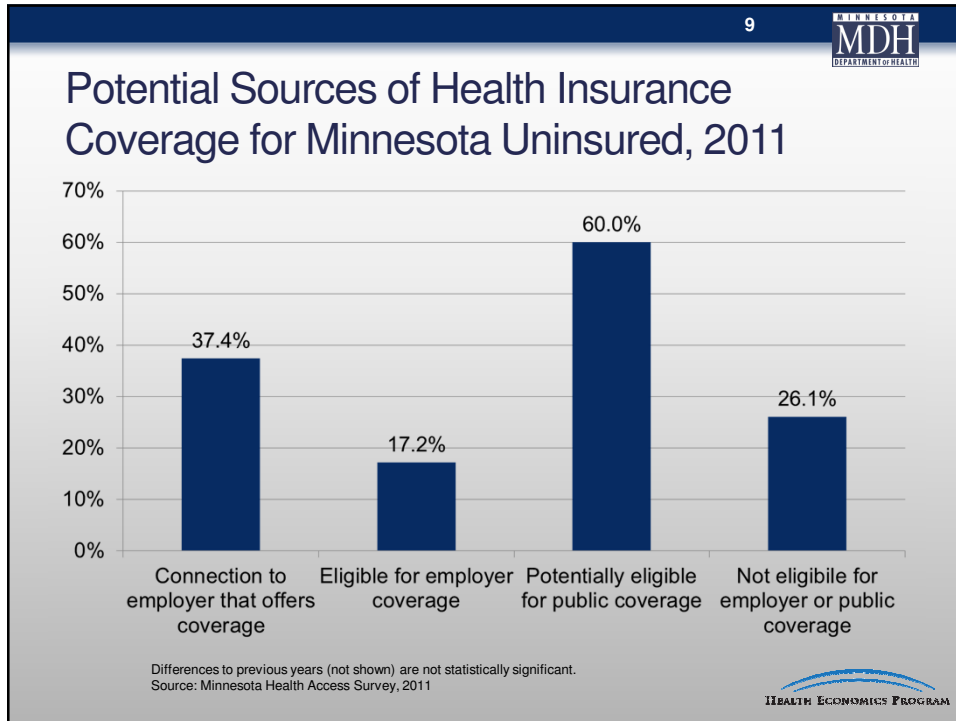
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Disparities in Rates of Coverage in 2011 Remain Largely Unchanged

- Disparities in coverage
 - Age & income
 - Race/Ethnicity
 - Education
- Differences in coverage also exist by
 - Region
 - Marital status & health status
 - Nativity
- In 2011, rates of uninsurance between Greater Minnesota and Twin Cities do not differ from each other (but metro rate rose)










HEALTH CARE COSTS FACED BY CONSUMERS




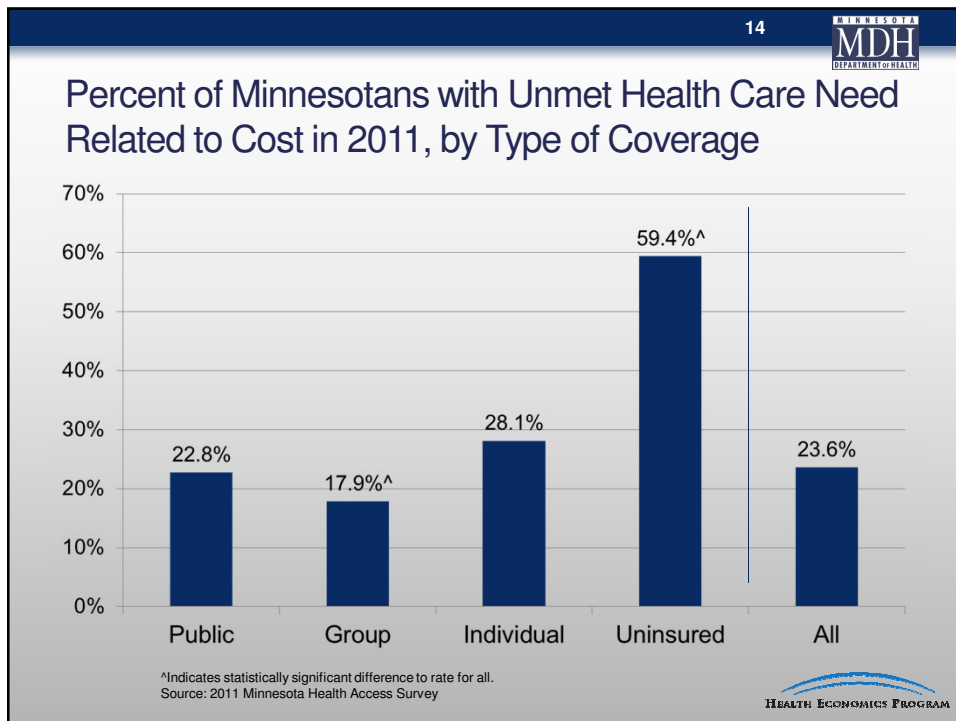
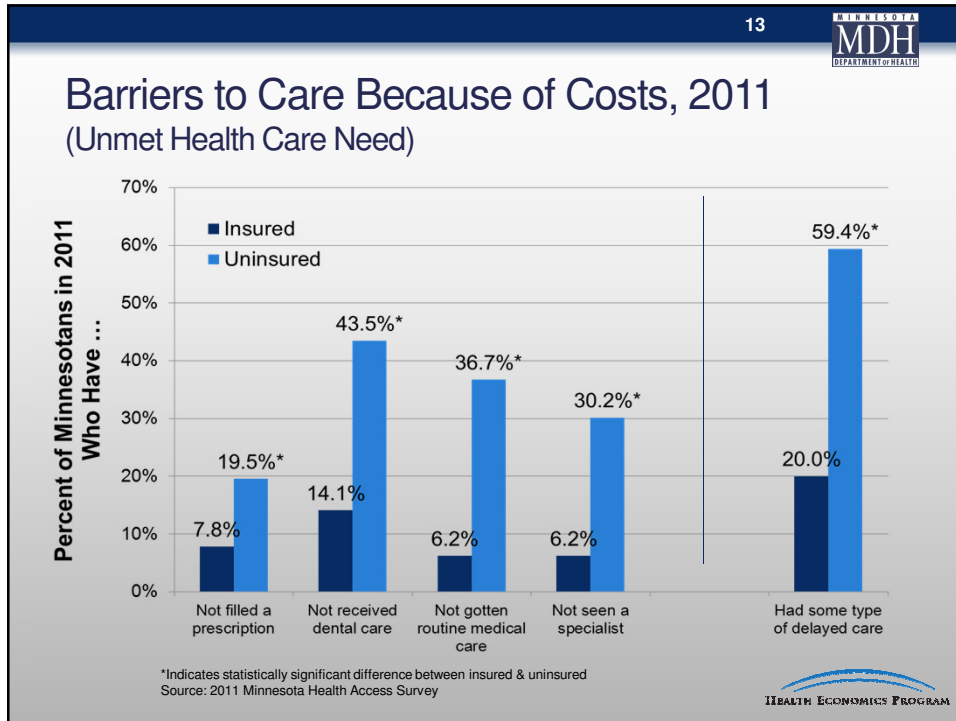
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Main 4 Reasons for Lack of Coverage Among the Uninsured, 2011

	Did not Take-up of ESI When Offered	Did Not Purchase Coverage Directly	Reason for Loss of Coverage
Too expensive/ could not afford	47.6%	73.6%	
Too much hassle/ paperwork		3.6%	
Not eligible for reason other than health	5.5%	3.4%	
Don't like benefits package	6.9%		
Expect to be covered shortly		2.9%	
18 or older so does not qualify as dependent	5.2%		
Job that provided coverage ended			32.7%
No longer eligible for public insurance			14.9%
Did not get information to stay on coverage			11.6%
Just moved to state, haven't gotten coverage			8.1%





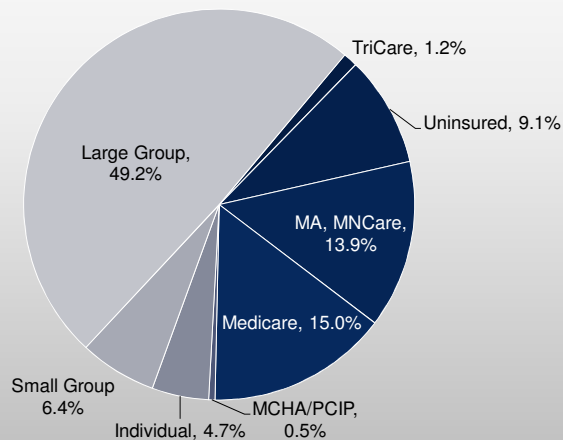


SMALL GROUP & INDIVIDUAL HEALTH INSURANCE MARKET



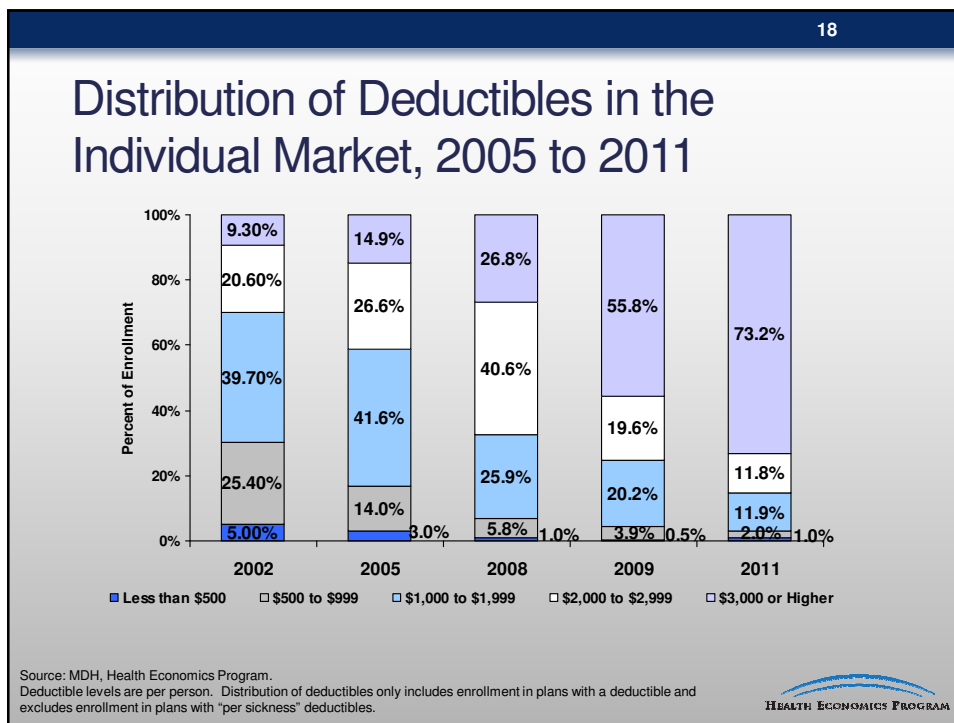
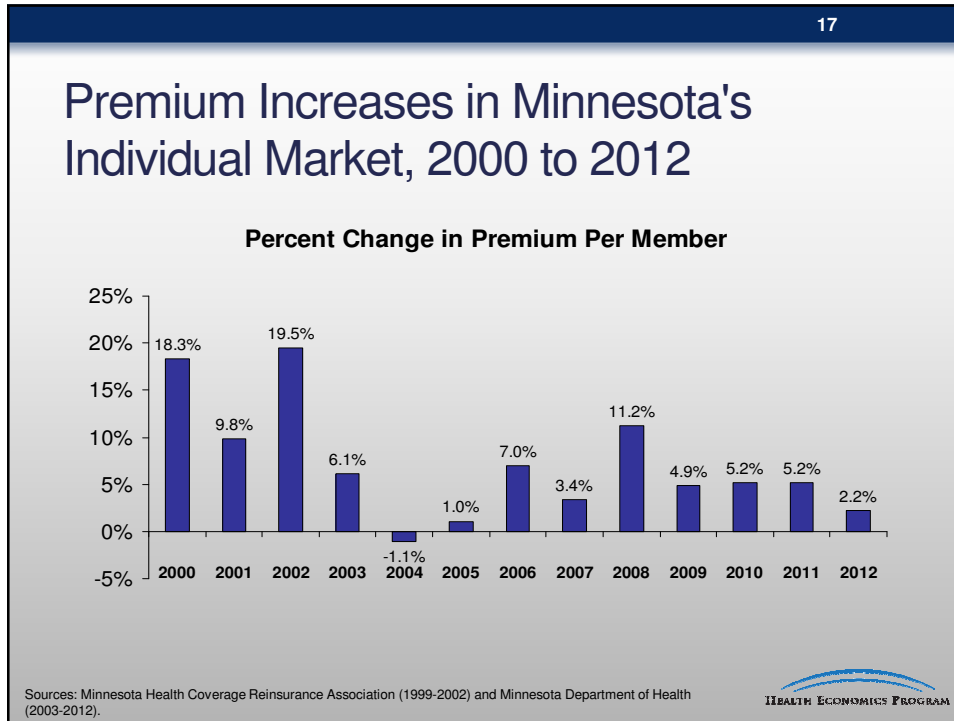
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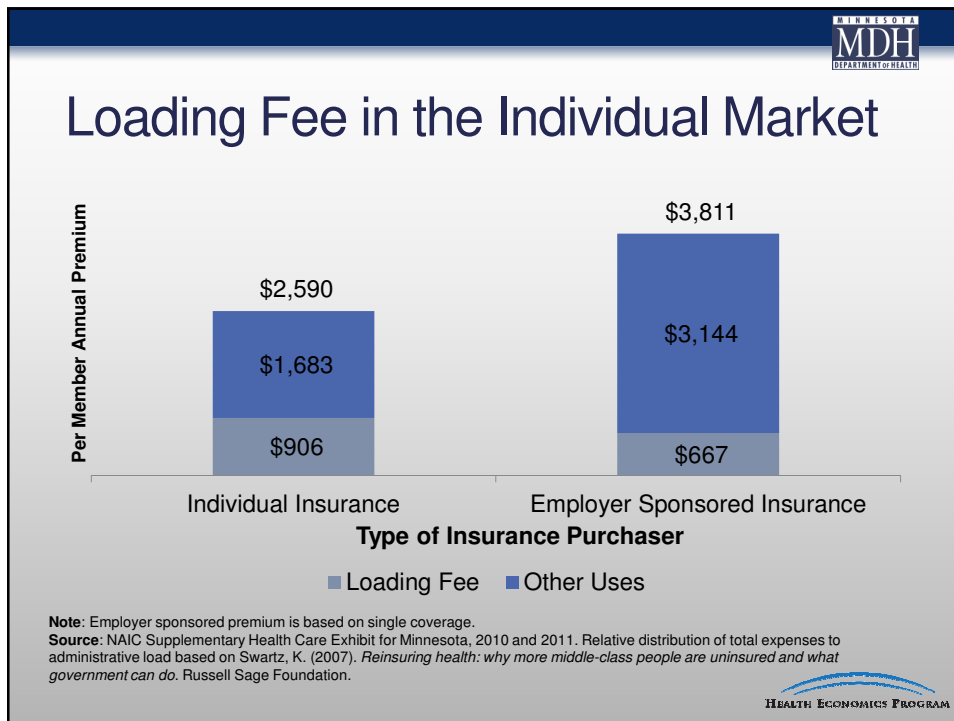
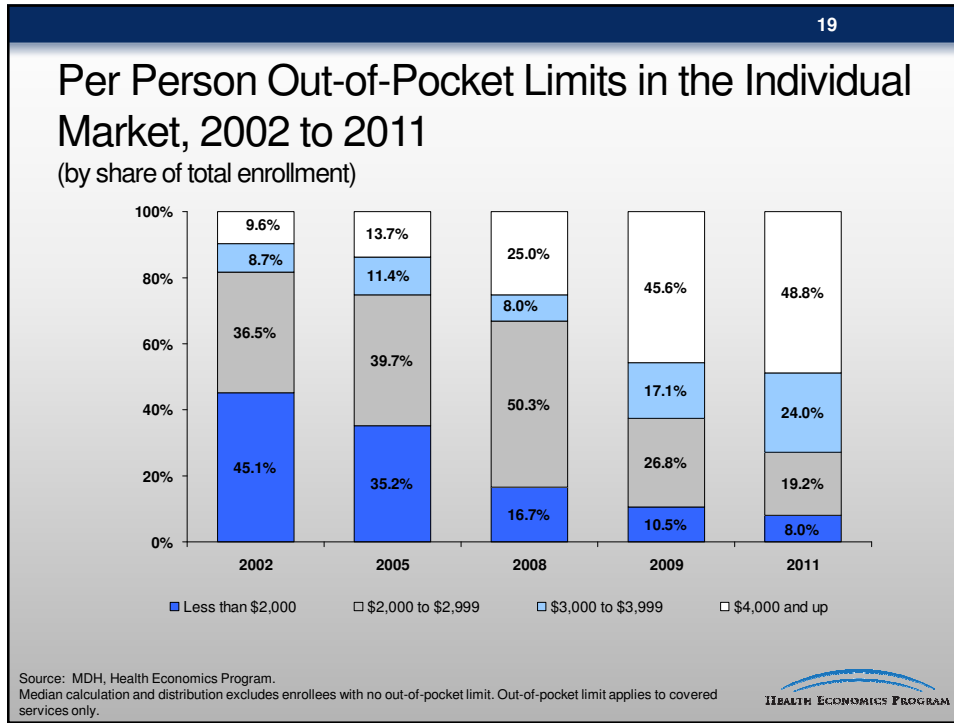
Access to Insurance Coverage: Distribution of Primary Source of Coverage in MN (2011)



Source: MDH Health Economics Program; population estimates are from the U.S. Bureau of Census, June 2013
MA is Medical Assistance, MNCare is MinnesotaCare, MCHA is Minnesota Comprehensive Health Association,
PCIP is Pre-Existing Condition Insurance Plan

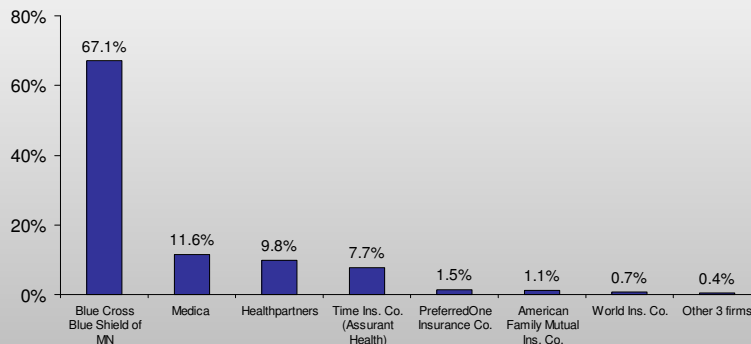






Health Plan Market Shares: Individual Market, 2011

Total Premium Volume in 2011: \$678 Million

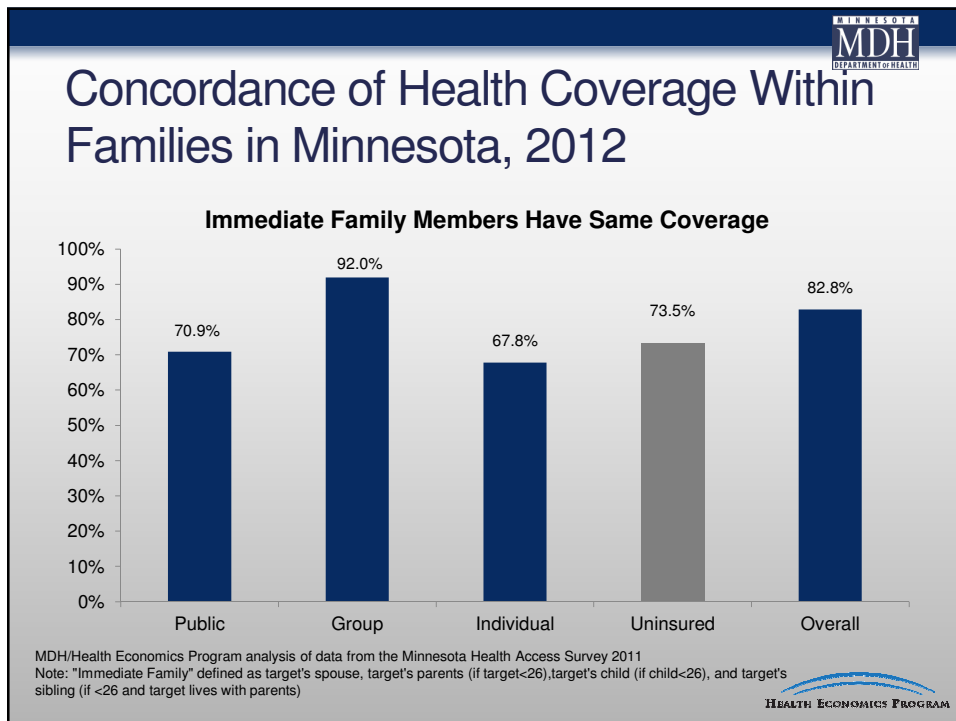
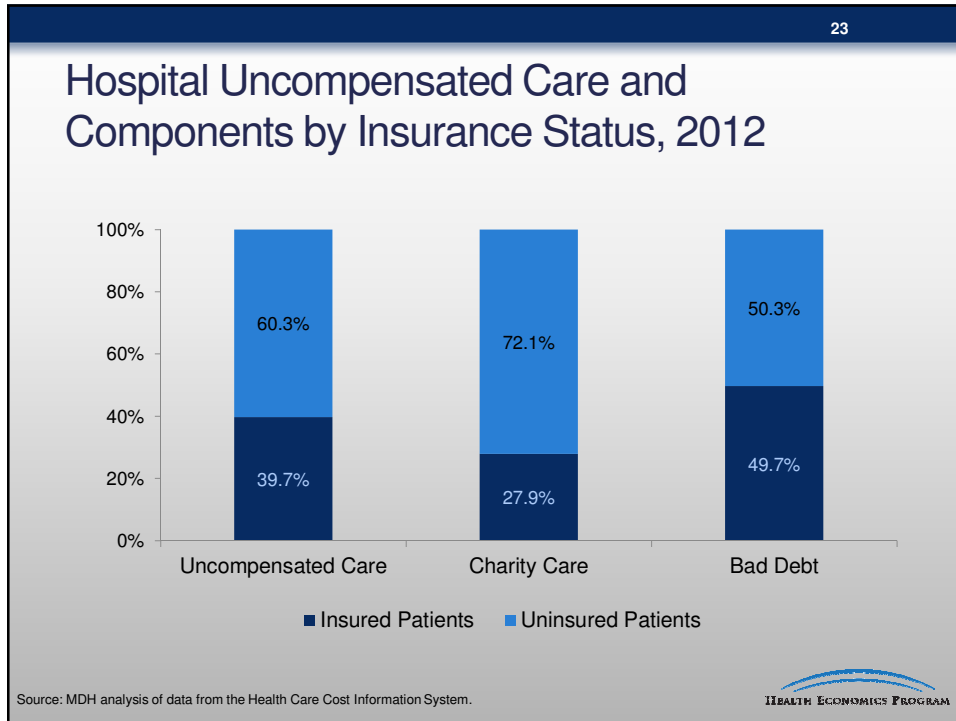


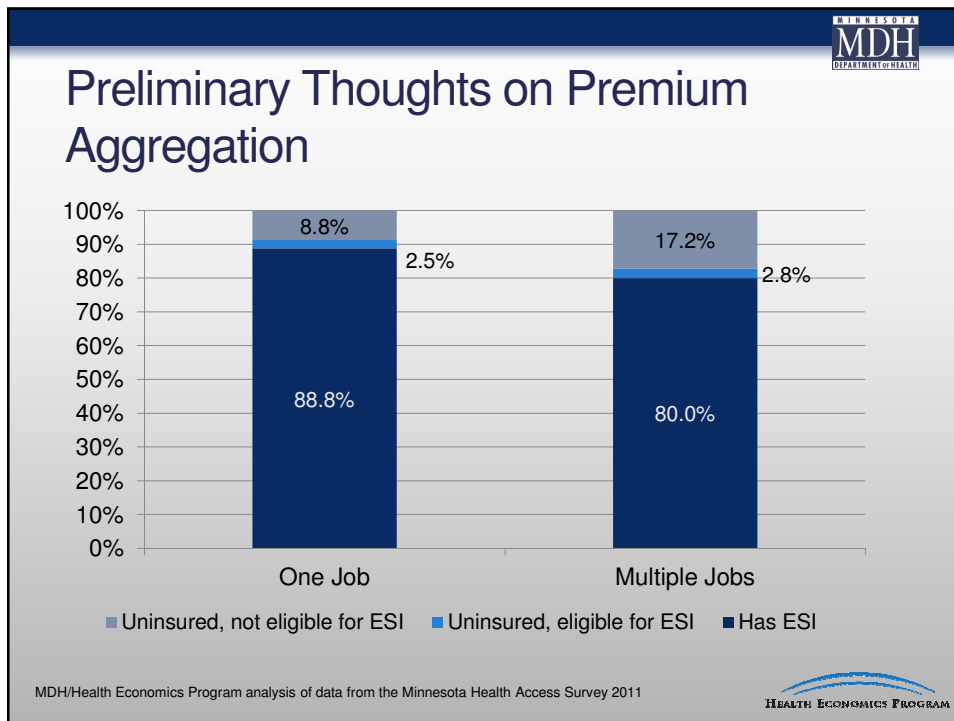
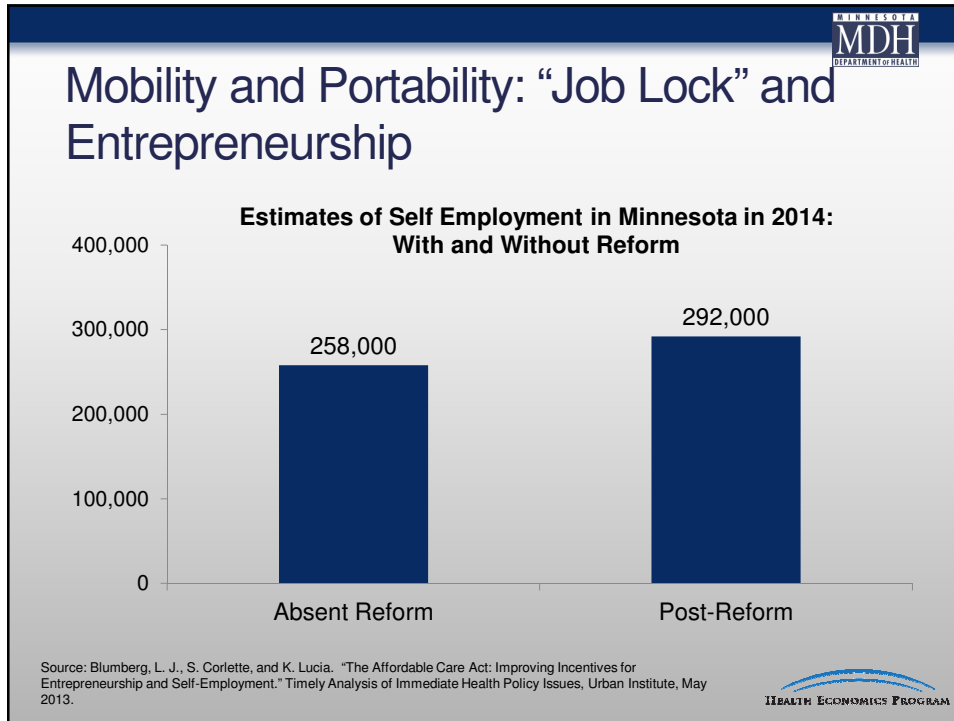
Note: Companies with common ownership were treated as one entity. Market shares based on premium volume; fully insured market only.
 Source: Minnesota Department of Commerce, "Report of 2012 Loss Ratio Experience in the Individual and Small Employer Health Plan Markets for: Insurance Companies, Nonprofit Health Service Plan Corporations, and Health Maintenance Organizations." September 2012.

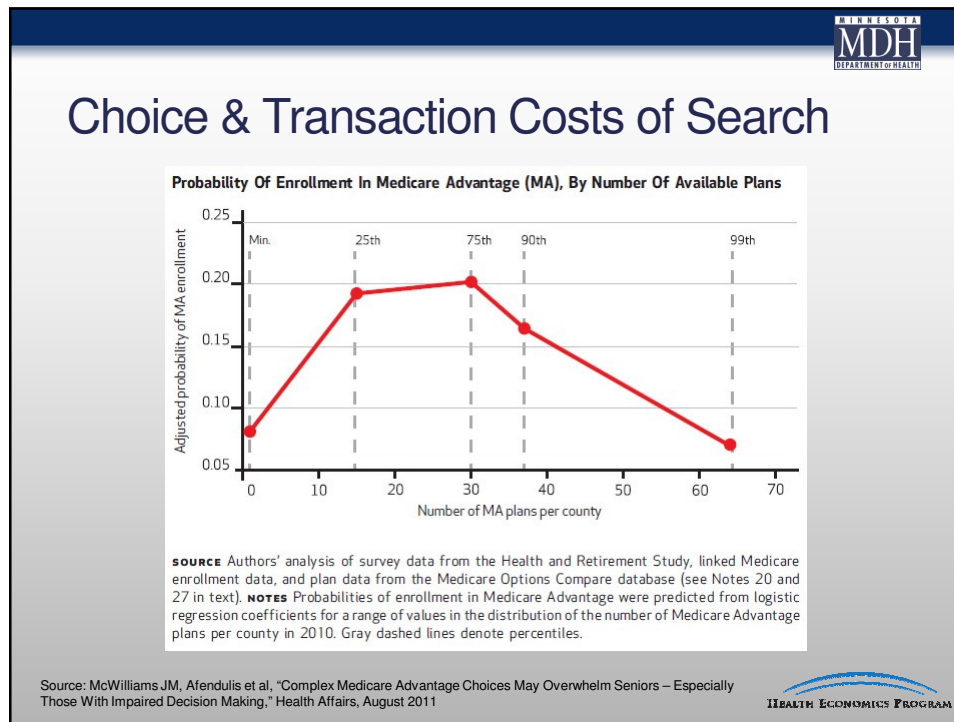


ADDITIONAL THOUGHTS ON DEFICIENCIES









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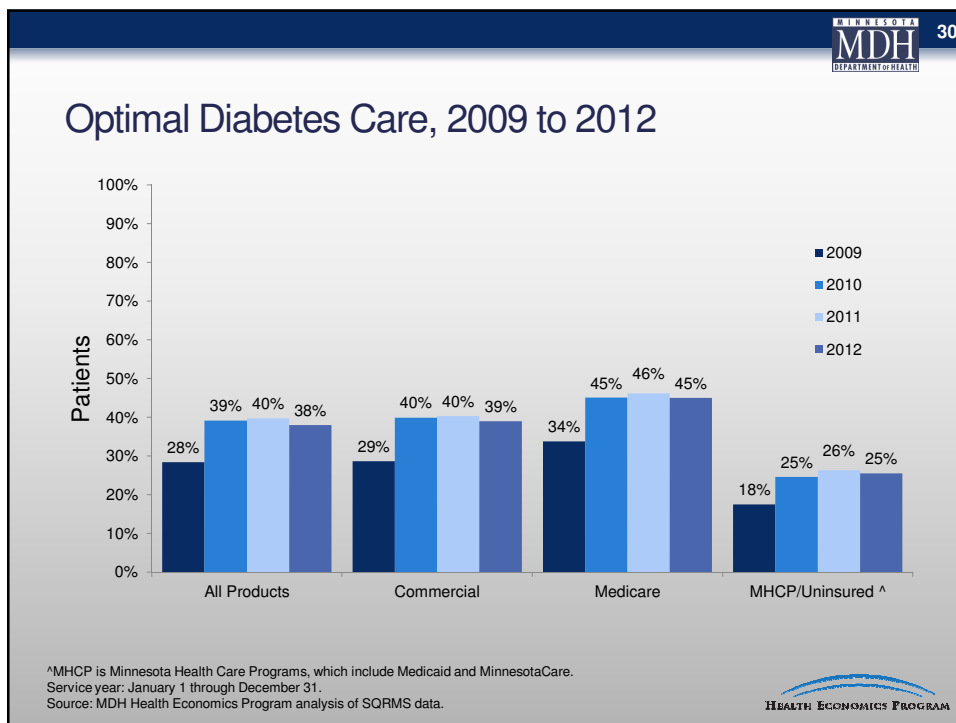
Pathways for Exchanges to Address Market Shortfalls

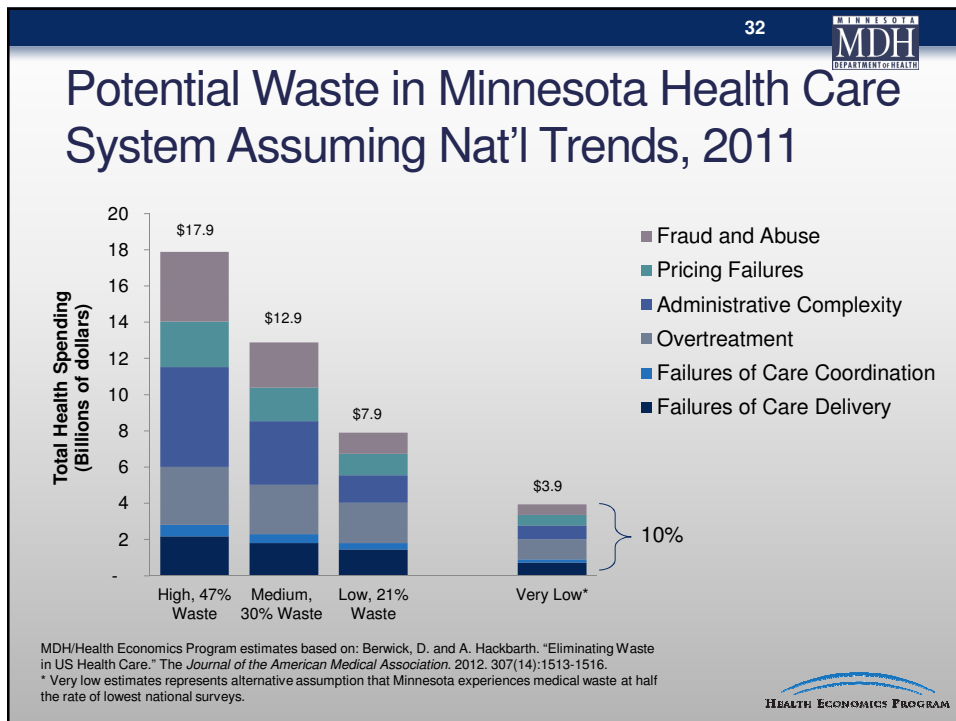
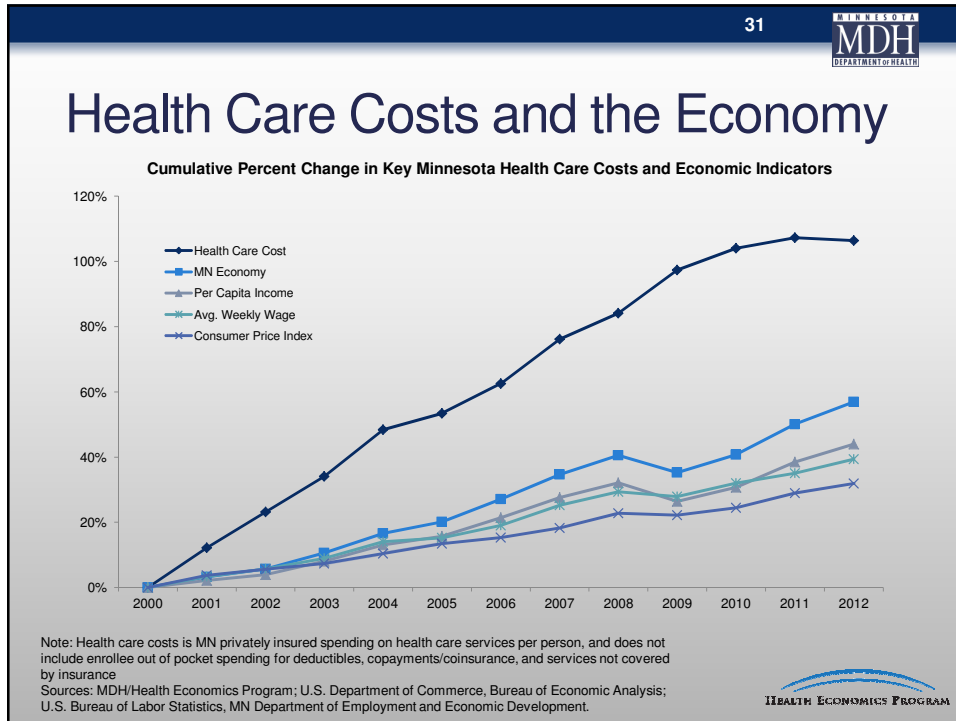
- Increase number of sellers in the market – foster greater competition
- Broaden the risk pool – required insurance coverage & Medicaid expansion
- Reduce the costs to some of purchasing coverage and accessing costs – premium and cost sharing subsidies
- Create greater transparency in coverage options – exchanges that present QHPs along established standards
- Halt benefit deterioration – essential benefits & removal of life-time limits

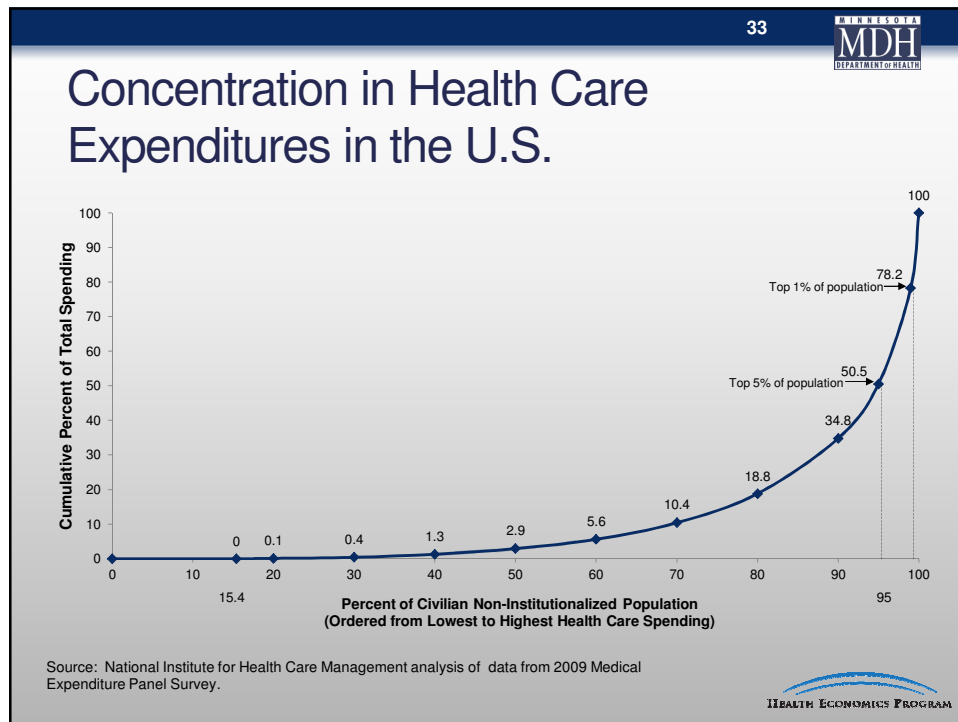
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THE NEXT CHALLENGE FOR EXCHANGES: COMPETITION ON VALUE





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Additional Information from the Health Economics Program Available Online

- Health Economics Program Home Page
 - www.health.state.mn.us/divs/hpsc/hep/index.html
- Publications
 - www.health.state.mn.us/divs/hpsc/hep/publications/yearly/2010.html
- Health Care Market Statistics (Presentation Slide Decks)
 - www.health.state.mn.us/divs/hpsc/hep/chartbook/index.html
- Interactive Health Insurance Statistics
 - <https://pqc.health.state.mn.us/mnha/Welcome.action>

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