



The Hilltop Institute

analysis to advance the health of vulnerable populations

Evaluating Small Group Employer Participation in New Mexico's State Coverage Insurance Program

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Overview of the NM SCI Program

Funding a “three-share” public/private partnership

- SCHIP funds (71%), state funds (18%), employer and individual premiums (11%)

Other Features

- Comprehensive benefit with \$100K annual enrollee limit
- Contracts with 3 managed care organizations
- Insurance brokers market SCI to employers and individuals

Eligibility for SCI

■ Employers

- Fewer than 50 employees
- May not have voluntarily dropped commercial HI in past 12 months
- May offer commercial HI alongside SCI plan

■ Individuals

- Adults aged 19-64 and household income <200% FPL
- May not have dropped commercial HI in past 6 months
- May enroll directly or through employers

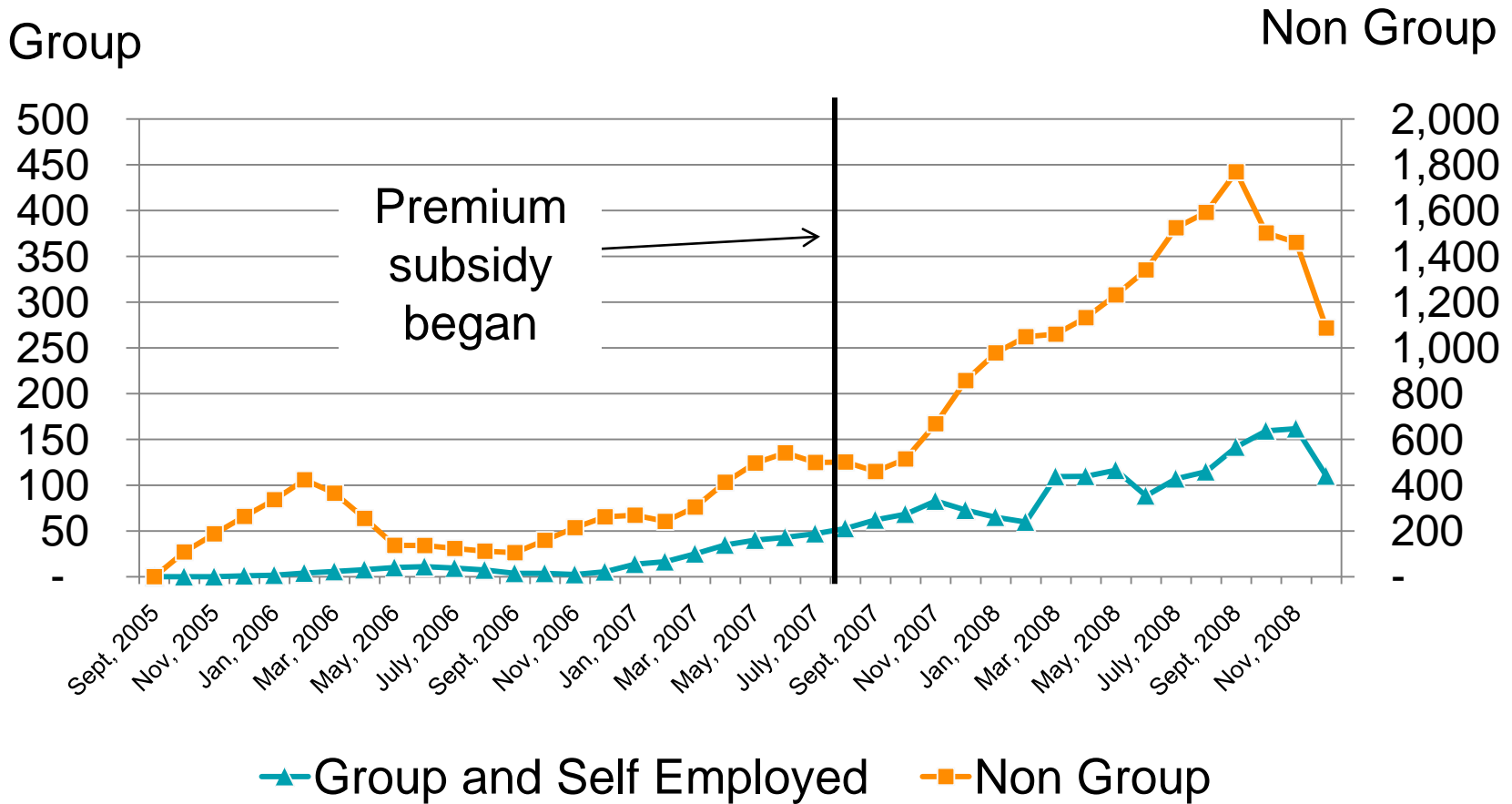
Premium Obligations in SCI by Enrollee's Income Bracket as of August 2007

Income Level	Individual	Employer
0-100% FPL*	\$0	\$0
101-150% FPL	\$20	\$75
151-200% FPL	\$35	\$75

* The state has provided assistance with premiums for this income bracket since August 2007.

Average Monthly New Enrollment in SCI by Group-Sponsored and Non-Group Enrollees

Group and Self-Employed Plotted on "Group" Axis
Non Group Plotted on "Non Group" Axis



Study Objective

Identify factors that influence small employers' decisions to participate in SCI.

Expanding Employer Participation: Two Target Populations

1. Employers who inquire about SCI, but choose not to participate as a group
2. Non-participating employers with workers who are enrolled in SCI (directly)

Option 1.

Target Inquiring Employers

■ Data Sources

■ Inquiring Employers (N=148)

- Called for information between 9/07-4/08
- Had not enrolled by 8/08
- 75% response rate

■ Newly participating employers (N=269)

- Enrolled between 6/07-8/08
- 88% response rate

■ Samples are unweighted

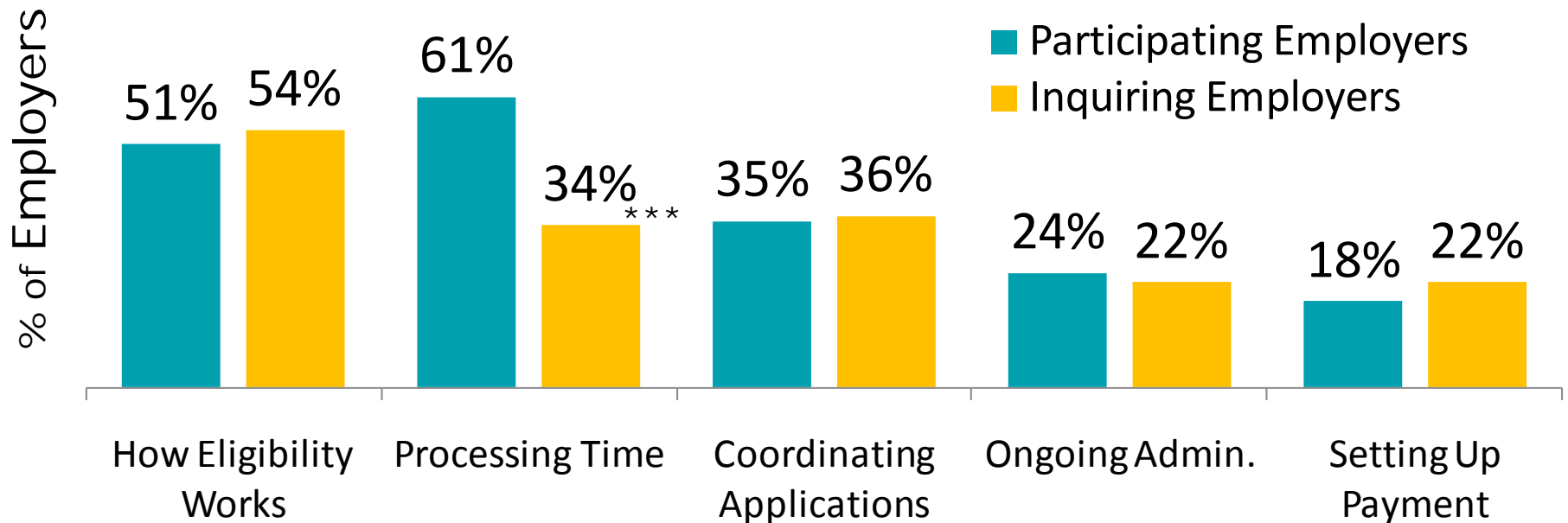
■ Descriptive and multivariate analysis using Stata 10.0

Comparison of Unadjusted Means

	Participating Employers	Inquiring Employers	HPC Employer Survey 2005
Total FT & PT Employees	%	%	%
0-5 employees	41.8	54.8**	52.4
6-20 employees	28.4	34.3	34.2
21-50 employees	22.4	5.5***	8.8
51 or more employees	7.4	5.5	4.6
Region of State			
Frontier	18.1	7.6***	8.2
Rural	38.0	40.0	33.2
Urban	44.0	55.9**	58.6
More than half of employees earn <\$10/hr	36.3	24.5**	N/A
Retain workers on contract	16.5	26.7**	N/A

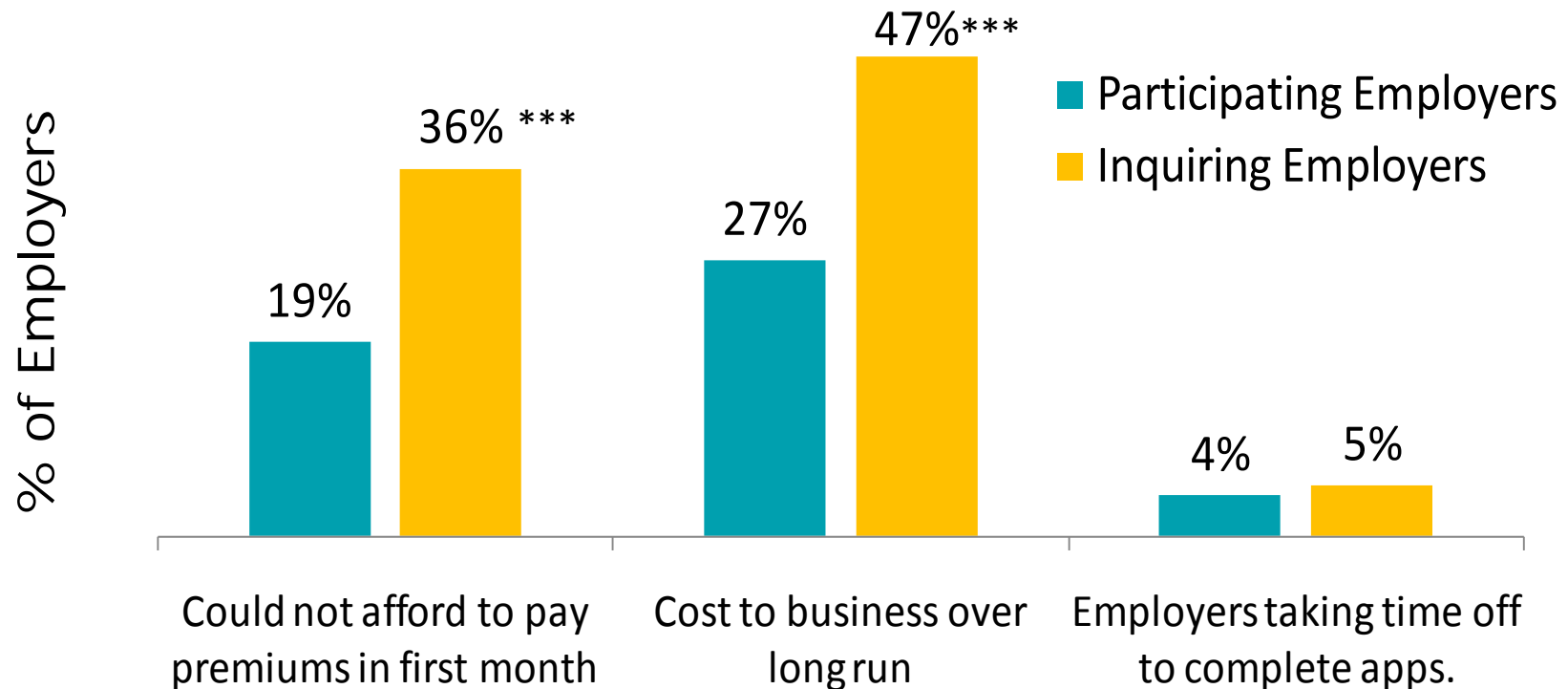
Significant at * $p < .10$, ** $p < .05$, and *** $p < .01$

Concerns that Applied to Business when Deciding to Participate in SCI: Administrative Issues



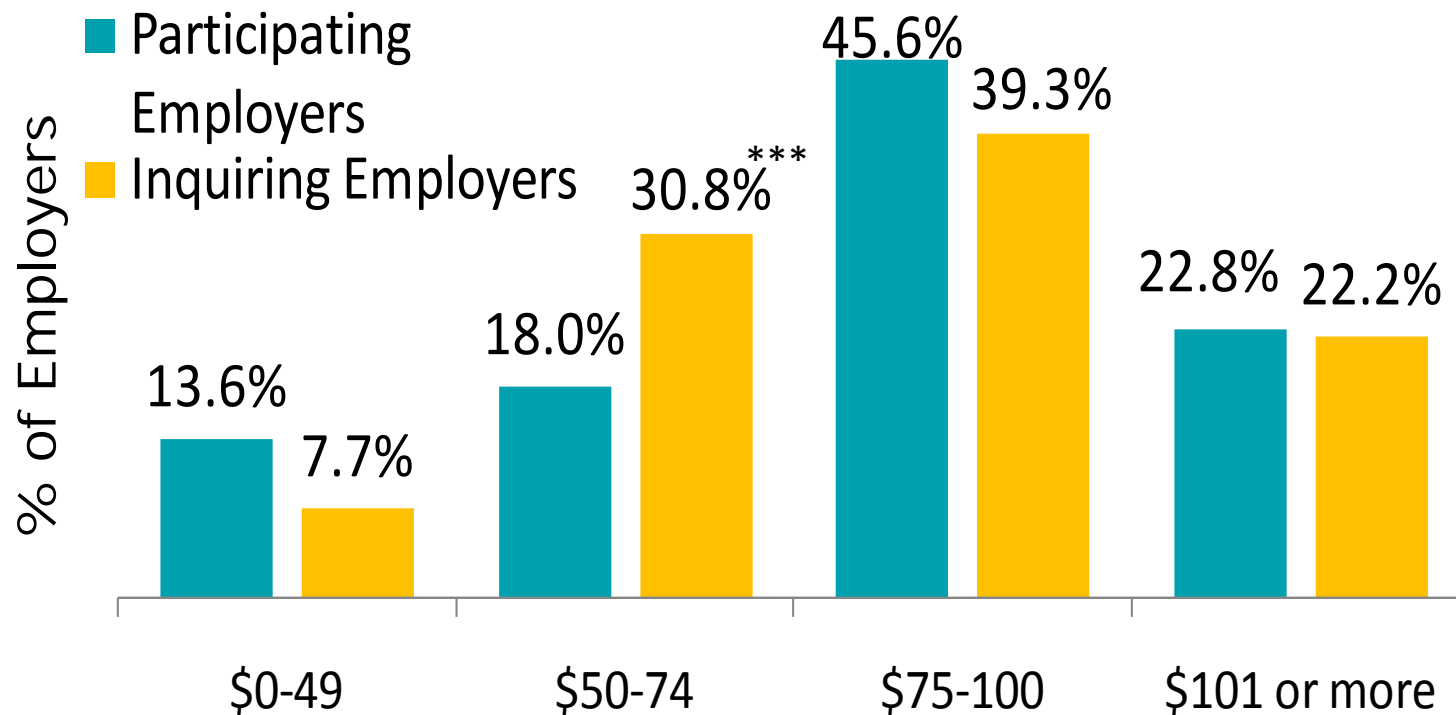
*** Test of difference significant at $p < .01$

Concerns that Applied to Business when Deciding to Participate in SCI: Cost Issues



*** Test of difference significant at $p < .01$

Maximum Amount a "Business Like Yours Should Be Asked to Spend on Health Care Coverage?"



*** Test of difference significant at $p < .01$

Logistic Regressions to Identify Factors Associated with Participation

- Dependent variable is “had SCI service agreement”
- 6% of inquiring employers had signed an agreement by the time of interview
- Explanatory variables: structural characteristics of employers (yrs. in operation, industry, region, for-profit, employee profile), and Max \$ for coverage
- Estimated with Stata 10.0

Marginal Effects of Employer Characteristics Associated with “Having a Service Agreement” to Sponsor SCI

Key Explanatory Variable†	Percentage Point Difference
Frontier county	15.2**
Rural county	3.8
Urban county	REF
Retaining workers on contract	-11.6*
No contract workers	REF
0-2 full-time employees	-19.5***
3-5 full-time employees	-5.2
6 or more full-time employees	REF
Most employees are low-wage (>50%)	9.7
<51% of employees are low-wage	REF
Max amount for coverage is \$75 or more	14.7**
Max amount is < \$75	REF

Significant at * $p < .10$, ** $p < .05$, and *** $p < .01$

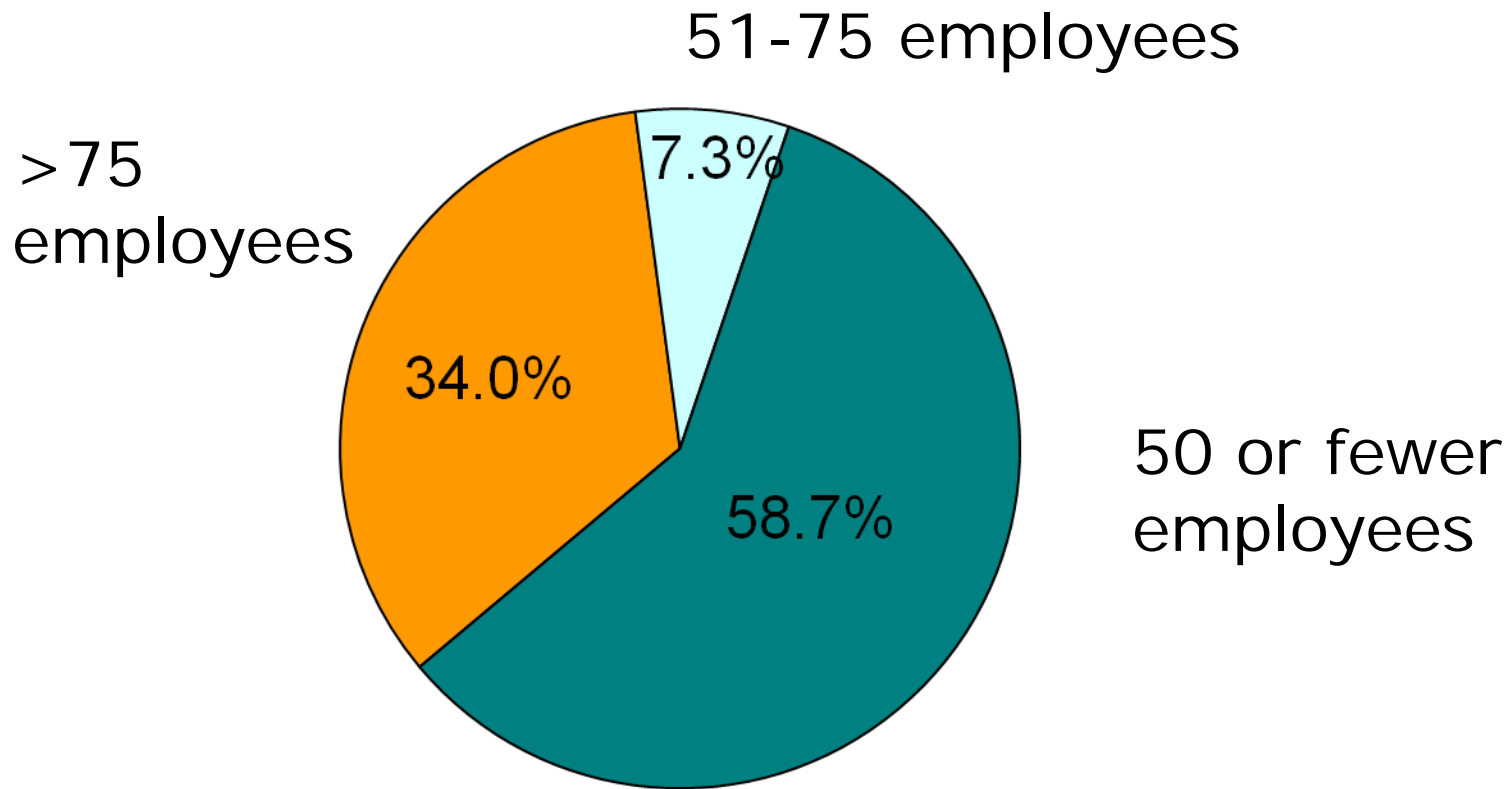
†Other variables include: years in operation, employs seasonal workers, for-profit status, and industry.

Option 2. Target Non-Participating Employers with Workers Enrolled in SCI

■ Data Sources

- Random sample of SCI enrollees with no group sponsor (n = 1,160)
 - 36% of sample list had bad contact information
 - 64% consent rate among those contacted
- Weighted to account for non-response bias
 - (gender, age, premium bracket)
- Subsample of employed enrollees (n = 541)
- Descriptive analysis in Stata 10.0 using svy estimates

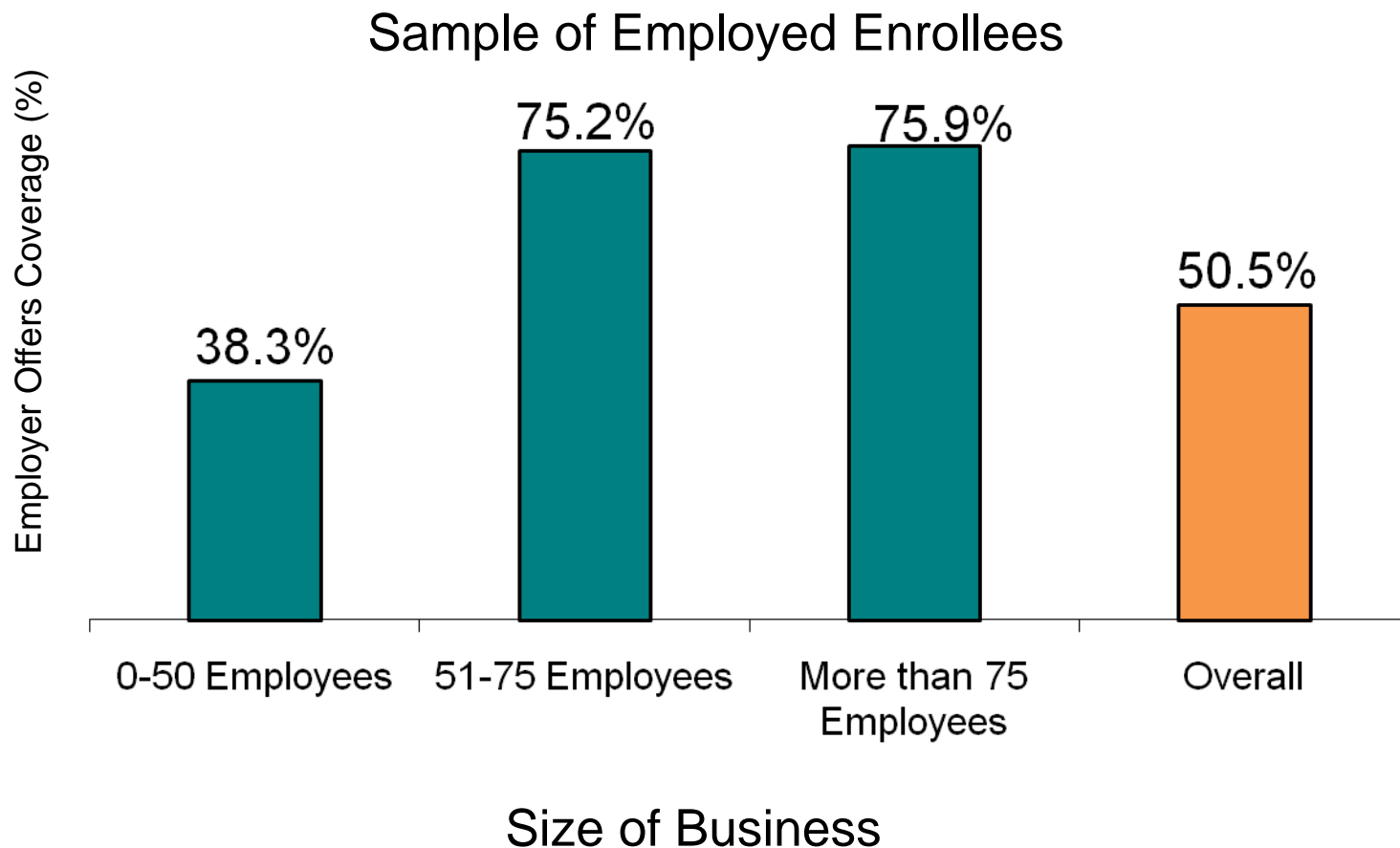
60% of All Workers with no Group Sponsor Work at a Firm of 50 or Fewer Employees



Almost All Workers Had Strong Ties to Their Employer

- 98% reported at least one characteristic:
 - Permanent year-round employee
 - Typically work 20 or more hours a week
 - Worked at job 6 months or more
- 55% reported at least one above AND works for small firm
 - Represents 26% of all non-group enrollment

Half of Employed Enrollees Work for a Business with No Offer of Coverage



Implications for Other States:

- Significant tradeoff between accessing federal \$ and employer recruitment
 - Requires adherence to burdensome application process
 - Eligibility of workers (and cost to business) not transparent
- Some states use standards more transparent to employers
 - Healthy Texas Reinsurance Program
 - Kentucky's ICARE program (premium assistance)
- Reaching smallest firms may require different strategies

Implications for Federal Reform:

- De-linking federal \$ from Medicaid/CHIP could allow use of more transparent/simplified eligibility standards
- Pay or play federal mandate could assist states in engaging larger employers
 - Demonstrate ability to pay based on private offers
 - Eliminate “free riding” low-wage workers who can’t afford offer
 - Otherwise policies would need to minimize risk of substitution

About The Hilltop Institute

The Hilltop Institute at the University of Maryland, Baltimore County (UMBC) is a nationally recognized research center dedicated to improving the health and social outcomes of vulnerable populations. Hilltop conducts research, analysis, and evaluation on behalf of government agencies, foundations, and other non-profit organizations at the national, state, and local levels.

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