

The Health Care Coverage Gap in Texas

Opportunities and Consequences

1.2
Million
Texans

fall into the health care coverage gap created by the state's decision to opt out of the Affordable Care Act's Medicaid expansion. Closing the gap presents opportunities; leaving the coverage gap open comes with consequences.

What will Texas choose?

Number of uninsured increases

Some employers or employees drop coverage

Uninsured go to the emergency room

A high uninsured rate creates a vicious cycle resulting in higher costs for hospitals, employers, workers, and taxpayers^{7,14}

Insurance companies pay higher claims, passing costs on to the insured

Hospital uncompensated care costs rise

Hospitals increase charges to paying customers to offset costs

Opportunities of a

Closed Gap

Consequences of an

Open Gap

Newly insured can seek appropriate preventive screening and treatment, resulting in an estimated...



- 40 Thousand** more women receiving a mammogram annually,
- 62 Thousand** fewer Texans with catastrophic medical expenditures,
- 109 Thousand** more diabetic individuals using diabetes medication,
- 184 Thousand** fewer depression diagnoses, and
- 190 Thousand** more women receiving a pap screening annually



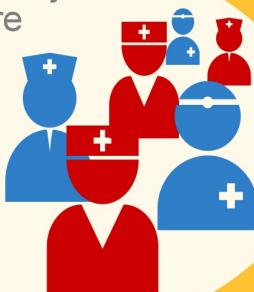
\$2.5 Billion
potential reduction in local property taxes currently paid by cities, counties, and hospital districts to fund local uncompensated and low income health care costs⁸

New funding creates jobs in health care

Federal funding flows to Texas through expansion would create approximately

300,000 new jobs

over the next ten years, many in the health care industry^{7, 15}



Uninsured go to the emergency room

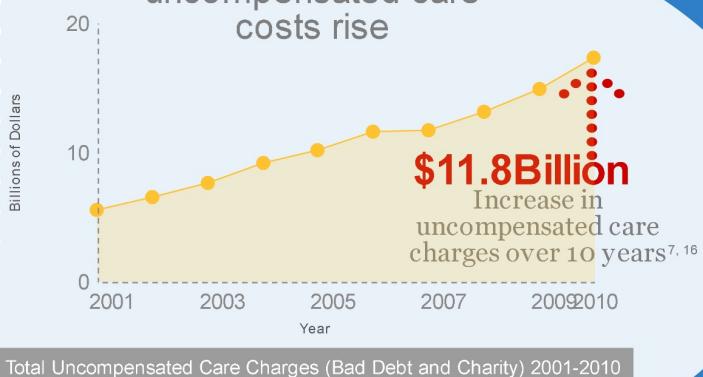


\$1.2 Billion

was spent in Texas' avoidable emergency room costs in 2006¹ and

Charity care costs in Texas in 2010 exceeded⁸ **\$1.8 Billion**

Hospital uncompensated care costs rise



252 Positions eliminated

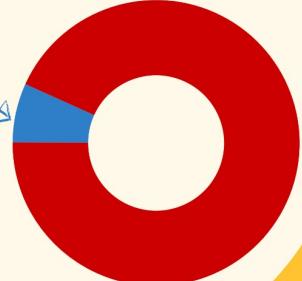
at 28 rural Texas hospitals in the latter half of 2013. State reimbursement to doctors has declined 29% in the last 10 years, and the ACA reduces federal reimbursements for hospitals' uncompensated care costs. This means many hospitals—especially small, rural ones that serve a high number of uninsured—are failing financially.¹²

The state's investment yields a high return

Expanding medicaid would cost in state matching funds just

6.7%

of what hospitals and local jurisdictions currently spend on low income care



For a **\$15 Billion investment**

 in expansion,

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\$100 Billion

 in federal funds⁸

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 in federal funds⁸

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Employers save



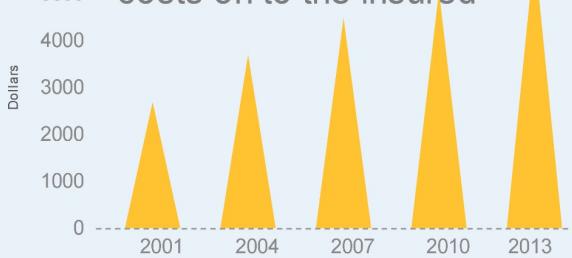
\$399 Million

in tax penalties to the federal government for failing to insure employees

Hospitals increase charges to paying customers to offset costs

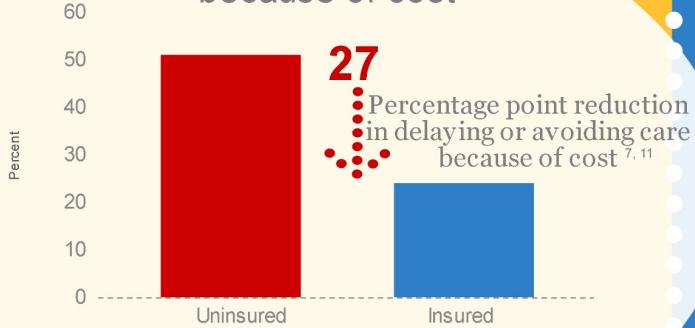


Insurance companies pay higher claims, passing costs on to the insured



Average US annual premiums for single coverage²

Fewer insured avoid care because of cost



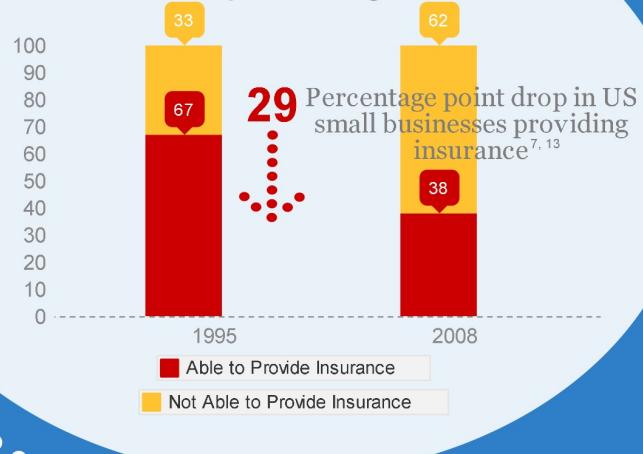
Did not see a doctor for a specific medical concern because of cost



1,800 - 3,000
Deaths Prevented

When timely access to care occurs

Some employers or employees drop coverage



\$1.8 Trillion
Estimated national annual cost of poor health in the workplace

\$150 Billion
Annual economic impact of reduced productivity at work in the US

There is a strong association between health and work productivity. When the 845 thousand working Texans who fall into the coverage gap delay seeking care because of cost, employers pay for the poor health of their labor force. For every \$1 employers spend on medical or pharmacy costs, they absorb an additional \$2.30 of lost productivity costs in absenteeism and presenteeism (when employees go to work despite illness).

Number of uninsured increases

If the number of uninsured in the state increases, the cycle of rising costs, lower economic productivity, and poorer health repeats itself.





If Texas closes the gap...

Our high uninsured rate will decrease, and the state will realize the benefits. With a closed coverage gap, Texas would receive over \$100 billion in funds over 10 years, generating an estimated \$276 billion in business activity.



References

- 1."2006 Data on Community Health Centers Summary of Findings" National Association of Community Health Centers, 2007, www.nachc.com; 2. "Average annual premiums for single and family coverage, 1999-2013", Employer Health Benefits Survey: Release Slides, Kaiser Family Foundation and Health Research & Educational Trust, August 2013; 3."Closing the coverage gap in Texas: Health insurance for working individuals and families", Families USA, July 2014; 4.Dickman, S, Himmelstein, D, McCormick, D, and Woolhandler, S, "Opting out of Medicaid Expansion: The health and financial impacts", Health Affairs, January 2014; 5."Fast facts on Texas Hospitals 2012-2013", Texas Hospital Association, www.tha.org; 6.Goetzel, R, et. al, "Health, absence, disability, and presenteeism cost estimates of certain physical and mental health conditions affecting US employers" Journal of Occupational and Environmental Medicine, 2004, 46:398-412; 7.Greenwald, R "Expanding access to health care in Texas: Turning Affordable Care Act challenges into opportunities" Center for Health Law and Policy Innovation of Harvard Law School, Presentation June 2014; 8.Hart, PK "Wanted: Doctors to treat Medicaid patients", Houston Chronicle, February 9 2013; 9. Hemp, P "Presenteeism: at work-but out of it", Harvard Business Review, 2004, 82(10): 155; 10.Loeppke, R, et. al., "Health and productivity as a business strategy: A multiemployer strategy", Journal of Occupational and Environmental Medicine, 2009, 51:411-428; 11."Most insured adults worry about health care costs Poll" Forbes.com, March 9, 2009; 12.Silverman, L, "Rural hospitals struggling in Texas," Kera.org, November 6, 2013; 13."Small businesses hit hard by economy consider dropping health coverage," New York Times, February 3, 2009; 14.Texas Comptroller's office; 15 "Texas should accept federal health care funds to close the coverage gap", Texas Well and Healthy, May 2014; 16."Total uncompensated care charges 2001-2010", National Association of State Mental Health Program Directors, 2012; 17.Weiss, A, Barrett, M, and Steiner, C, "Trends and projections in inpatient hospital costs and utilization, 2003-2013", HCUP Statistical Brief #175, Agency for Health Care Quality and Research, July 2014; 18.Widera, E, Chang, A, and Chen, H, "Presenteeism: A public health hazard", Journal of General Internal Medicine, 2010, 25(11): 1244-7.



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