



**Expanding
Health Coverage
in Kentucky:
Why It Matters**

September 2009

**HEALTH
INSURANCE**

MEDICAL RECORDS

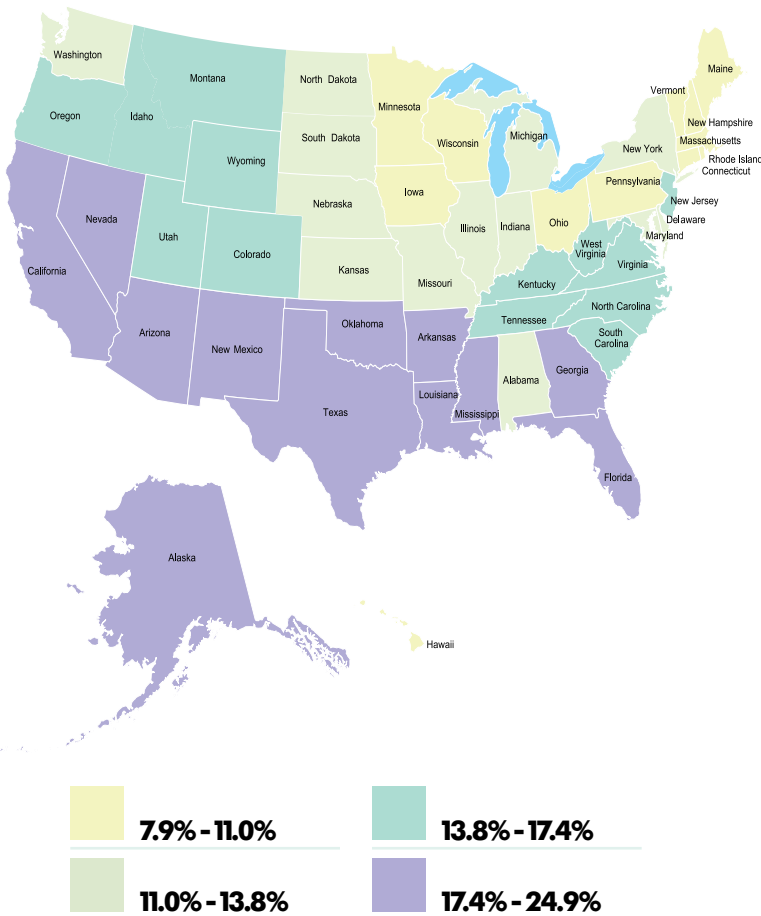
Insurance

As the details of federal health reform proposals consume the public debate, reflecting strong and diverse opinions about various options, it can be easy to lose focus on why health care is a center-stage issue in the first place. Interest in health care coverage in Kentucky has generated a significant amount of research that tells the story of Kentuckians who lack adequate health insurance and demonstrates the benefits to the state of expanding and improving health coverage. To inform the public debate with Kentucky-specific facts that are not widely known, this issue brief provides highlights of recent research that clearly illustrate why expanding health coverage matters to Kentucky. It also highlights difficulties that Kentuckians face, both insured and uninsured, in paying for care.

Who is Uninsured in Kentucky?

An estimated 604,000 Kentuckians, 14.6% of our population, have no health insurance coverage. Kentucky ranks 21st nationally in this category and performs better than the national average; 15.3% of total Americans are estimated to have no health insurance. (Texas leads the nation with a 24.9% uninsured rate.)¹

Health Insurance Coverage of the Total Population, 2006-2007



Sources: Urban Institute and Kaiser Commission on Medicaid and Uninsured estimates based on the Census Bureau's March 2007 and 2008 Current Population Survey

Older, Poorer, Part-time Workers

- Uninsured Kentuckians are older, poorer, and more likely to work part-time than the average American who has no health coverage.
- The vast majority (83%) of uninsured Kentuckians are low-income workers whose jobs generally do not provide coverage.²

These are key findings of the Kentucky Health Insurance Research Project—a 2005-2006 joint initiative of the University of Kentucky, the University of Louisville and the Kentucky Long-Term Policy Research Center—which surveyed Kentuckians who do not have health coverage. The project's 2005 household survey identified these key characteristics of uninsured Kentuckians:

- **Uninsured Kentuckians are older:** The largest portion (49%) of Kentucky's uninsured are older working-age adults (aged 35 to 64), compared to the national average of 40%. Another 37% are young adults (aged 19 to 34), and the remaining 14% are children (under age 19).³
- **Uninsured Kentuckians have lower incomes:** Almost 75% of uninsured Kentuckians have incomes below 200% of the poverty level (\$44,100 annual income for a family of four), compared to 65% nationally. One-third (approximately 200,000 people) have incomes below 100% of the poverty level (\$22,050 per year for a family of four). Forty-one percent of Kentuckians with no health coverage have incomes between 100% and 199% of the poverty level (\$22,050 to \$43,879 annual income for a family of four); this is considerably higher than the national average of 28%. Another 26% of the Commonwealth's uninsured have incomes above 200% of the poverty level.⁴



- Most uninsured Kentuckians are employed, but many work part-time:** While more than 80% of Kentuckians without health insurance live in homes where one or more family member works, a higher percentage than the national average work only part-time (21% in Kentucky compared to 13% nationally). Only 16% of Kentucky's uninsured residents live in households where no one works, compared to 19% nationally.⁵

Cost a Major Barrier to Seeking Needed Care

The Kentucky Health Insurance Project's 2005 survey found that Kentuckians without health insurance are more than three times more likely to skip needed medical care than insured Kentuckians.⁶ Unfortunately, the detailed responses below tell an all too familiar story.

Percent of Kentuckians Who Did Not Seek Medical Care in the Past Year Because of Cost, by Insured Status, 2005

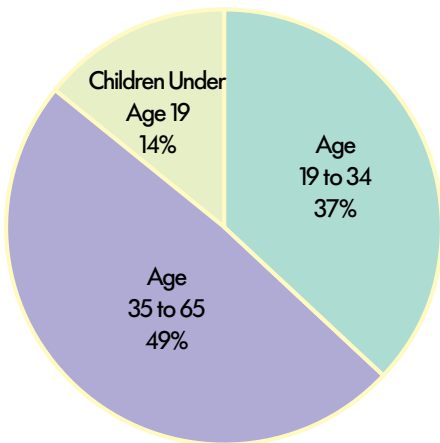
	Uninsured	Insured
Sick or had a medical problem but did not go to a doctor	70%	22%
Skipped a medical test, treatment or follow-up recommended by a doctor	54%	21%
Did not fill a prescription for medicine	53%	26%
Did not see a specialist when the patient or doctor thought one was needed	42%	15%

Source: UK Center for Rural Health, Kentucky Long-Term Policy Research Center, and UK Survey Research Center

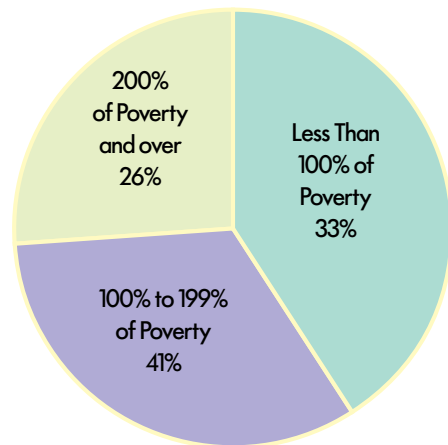
With the per capita income of Kentuckians ranking 46th in the nation, the cost of health care is obviously a problem for those without insurance.⁷ However, the cost of care also prevents Kentuckians who do have health insurance from seeking needed medical care.

At least twice as many insured as uninsured Kentuckians skipped going to a doctor or a medical treatment when sick, and more than three times as many did not fill a prescription because of cost. Researchers report that as employers attempt to control costs by shifting health costs to employees, many working Kentuckians are making health care decisions based on cost instead of need.⁸

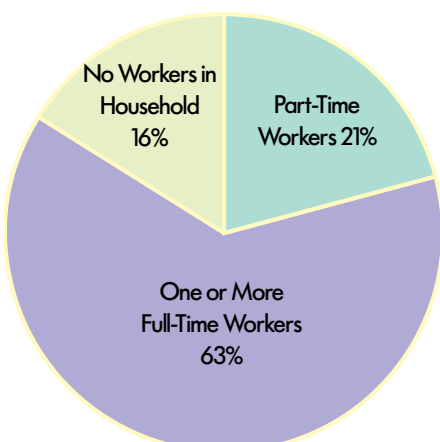
Age of Uninsured Kentuckians



Household Income of Uninsured Kentuckians



Work Status of Uninsured Kentuckians



Source: Uninsured Kentuckians Older, Poorer, and More Likely to Be Underemployed than the U.S. Average, Data Briefing 1, The Kentucky Health Insurance Research Project, March 2006

Estimated Number and Percent of Working-Age Kentuckians Who Did Not Seek Medical Care in the Past Year Because of the Cost, by Insured Status, 2005

	# of Insured	# of Uninsured	Total Number	Total Percent
Sick or had a medical problem but did not go to a doctor	503,029	251,938	754,967	28.5%
Skipped a medical test, treatment or follow-up recommended by a doctor	480,164	194,352	674,516	25.5%
Did not fill a prescription for medicine	594,489	190,753	785,242	29.7%
Did not see a specialist when the patient or doctor thought one was needed	342,974	151,163	494,137	18.7%

Source: UK Center for Rural Health, Kentucky Long-Term Policy Research Center, UK Survey Research Center, and U.S. Census Bureau

Financial Risks of Being Uninsured

Health costs also impose a significant financial burden on families without coverage. Uninsured Kentuckians are more than twice as likely as those with insurance to report having problems paying a medical bill, being contacted by a collection agency about medical bills, going without basic necessities due to medical bills, and exhausting savings to pay medical bills.⁹

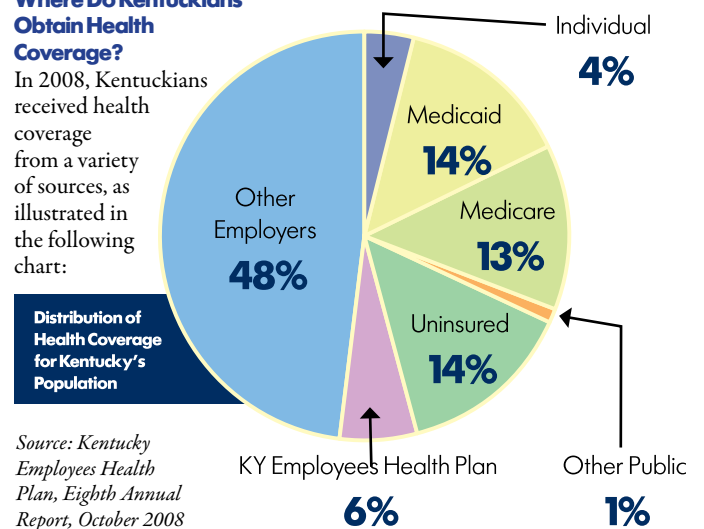
Indicators of Increased Financial Risk Due to Health Care Costs for Working-Age Kentuckians, by Insured Status, 2005

	Uninsured	Insured
Problems paying a medical bill	67%	25%
Contacted by collection agency about medical bills	48%	21%
Unable to pay for basic necessities due to high medical bills	23%	7%
Used all or most of savings to pay medical bills	31%	14%

Source: UK Center for Rural Health, Kentucky Long-Term Policy Research Center, UK Survey Research Center, and U.S. Census Bureau

Where Do Kentuckians Obtain Health Coverage?

In 2008, Kentuckians received health coverage from a variety of sources, as illustrated in the following chart:



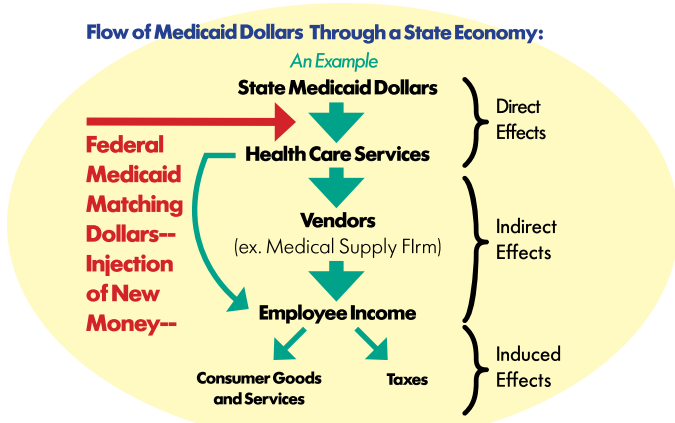
Source: Kentucky Employees Health Plan, Eighth Annual Report, October 2008

- Private Health Insurance:** About half of Kentucky's population (48%) obtains health coverage from private employers. It is estimated that 57.9% of all private employers in Kentucky provide health coverage to their employees, which is slightly better than the national average of 55.8%. However, only 42% of small employers (employing 50 or fewer employees) offer coverage.¹⁰ Another 4% of Kentuckians buy coverage through the private individual health insurance market.¹¹
- Publicly Funded Health Coverage:** One in three Kentuckians (34%), receives health coverage from a publicly funded source, such as Medicaid, Medicare, or the Kentucky Employees Health Plan (KEHP), which covers all local school district employees and active and retired state employees.¹² This figure does not include those Kentuckians who receive health coverage through the military or as employees or retirees of the federal government.

The Importance of Medicaid

It is difficult to overstate the importance of Medicaid in providing health coverage to Kentuckians. The state's strong reliance on Medicaid is a key reason the percent of Kentucky's population without health insurance is below the national average. Approximately 14% of Kentuckians receive Medicaid benefits, compared to about 13% nationally.¹³ Financed by 77.8% federal funds/22.2% state funds, Medicaid covers approximately 710,000 Kentuckians.¹⁴

In addition to playing a key role in providing health coverage in Kentucky, Medicaid has a positive impact on the state's economy. Medicaid is budgeted to spend more than \$5 billion for health services in Kentucky in the current fiscal year.¹⁵ These payments do not go to Medicaid recipients, but are received by local health care providers such as physicians, hospitals, pharmacies, home health agencies, and nursing homes. The chart below, published by the Kentucky Long-Term Policy Research Center, "presents an example of how Medicaid spending flows through an economy and demonstrates how the relationships within an economy can generate impacts greater than the original spending alone."¹⁶



Source: *The Role of Medicaid in State Economies: A Look at the Research*, Alicia Carbaugh, Foresight, No. 45. Kentucky Long-Term Policy Research Center, 2006

The economic impact of Kentucky's Medicaid program was estimated in 2001 by the Kentucky Legislative Research Commission (LRC). The LRC's economists concluded that the \$2.2 billion in federal Medicaid matching dollars Kentucky received in FY 2000 resulted in:

- \$2.6 billion in sales beyond the federal funds for all Kentucky firms;
- Employment of 68,000 people;
- \$2 billion in state personal income; and
- \$50 million in sales and \$80 million in personal income taxes generated.¹⁷

Given that Medicaid spending has increased by more than 60% since 2000, its impact on Kentucky's economy has likely increased accordingly.

To illustrate Medicaid's significant economic impact in many Kentucky counties, the following chart shows Medicaid payments by Kentucky county for 2006 (the most recent year county data was publicly available).

Annual Medicaid Payments by Kentucky County, FY 2006

County	Annual Payments	County	Annual Payments	County	Annual Payments
Adair	\$25,426,218	Grant	\$19,437,827	McLean	\$8,716,679
Allen	\$16,017,364	Graves	\$35,467,691	Meade	\$14,506,470
Anderson	\$9,148,318	Grayson	\$28,719,550	Menifee	\$9,708,892
Ballard	\$6,755,989	Green	\$14,414,409	Mercer	\$16,449,714
Barren	\$42,346,483	Greenup	\$35,148,726	Metcalfe	\$12,891,342
Bath	\$16,122,721	Hancock	\$5,766,587	Monroe	\$15,114,837
Bell	\$51,058,737	Hardin	\$75,615,786	Montgomery	\$20,349,655
Boone	\$43,312,960	Harlan	\$53,616,839	Morgan	\$15,273,151
Bourbon	\$15,217,420	Harrison	\$14,497,710	Muhlenberg	\$28,820,445
Boyd	\$56,781,177	Hart	\$19,667,240	Nelson	\$30,923,454
Boyle	\$24,112,727	Henderson	\$41,410,841	Nicholas	\$8,825,895
Bracken	\$5,964,941	Henry	\$12,302,983	Ohio	\$27,611,616
Breathitt	\$32,737,071	Hickman	\$5,745,983	Oldham	\$28,721,520
Breckinridge	\$18,725,596	Hopkins	\$43,468,402	Owen	\$8,631,049
Bullitt	\$37,998,387	Jackson	\$18,311,348	Owsley	\$13,506,522
Butler	\$14,483,331	Jefferson	\$691,736,960	Pendleton	\$10,259,987
Caldwell	\$12,610,914	Jessamine	\$24,837,358	Perry	\$60,060,258
Calloway	\$21,625,524	Johnson	\$35,352,508	Pike	\$84,298,095
Campbell	\$52,102,868	Kenton	\$109,445,615	Powell	\$19,271,950
Carlisle	\$4,031,844	Knott	\$29,421,251	Pulaski	\$128,035,232
Carroll	\$10,936,670	Knox	\$56,181,622	Robertson	\$3,182,539
Carter	\$33,773,365	Larue	\$13,686,189	Rockcastle	\$28,923,190
Casey	\$19,888,722	Laurel	\$74,124,815	Rowan	\$24,827,064
Christian	\$60,470,277	Lawrence	\$24,253,163	Russell	\$24,217,856
Clark	\$32,706,109	Lee	\$15,437,114	Scott	\$22,486,297
Clay	\$44,829,773	Leslie	\$21,942,279	Shelby	\$23,387,115
Clinton	\$16,199,562	Letcher	\$39,069,357	Simpson	\$12,523,538
Crittenden	\$7,183,094	Lewis	\$18,731,785	Spencer	\$10,221,191
Cumberland	\$12,487,901	Lincoln	\$24,268,981	Taylor	\$25,523,759
Daviess	\$100,979,398	Livingston	\$7,575,973	Todd	\$9,972,160
Edmonson	\$10,533,494	Logan	\$21,137,893	Trigg	\$8,125,289
Elliott	\$9,038,159	Lyon	\$5,725,090	Trimble	\$8,014,521
Estill	\$20,410,399	Madison	\$63,009,145	Union	\$11,673,202
Fayette	\$179,380,271	Magoffin	\$29,293,509	Warren	\$84,324,095
Fleming	\$13,525,157	Marion	\$22,271,738	Washington	\$12,322,133
Floyd	\$70,379,138	Marshall	\$26,055,869	Wayne	\$27,241,390
Franklin	\$36,395,927	Martin	\$20,890,434	Webster	\$10,241,353
Fulton	\$8,402,895	Mason	\$16,021,794	Whitley	\$70,605,172
Gallatin	\$9,112,089	McCracken	\$55,345,823	Wolfe	\$17,872,156
Garrard	\$12,903,814	McCreary	\$34,548,899	Woodford	\$9,022,580
TOTAL \$4,126,757,251					

Source: *Medicaid Expenditures, 2006*, kentuckyhealthfacts.org

Kentuckians Need Coverage to Improve Their Health

Kentucky is confronted with profound health challenges. An assessment of Kentuckians' health status conducted by the University of Kentucky identified Kentucky as a national leader in poor health. Consider these health indicators:¹⁸

- **No. 1 in mortality:** Kentucky has the highest total mortality rate in the United States (987 per 100,000 population vs. 842 nationally) largely due to high cancer and heart disease death rates.
- **Leader in cancer deaths:** Kentucky's cancer death rate is the worst in the nation-237 per 100,000 population, compared to the U.S. average of 202.
- **Cardiovascular disease:** The leading cause of death in Kentucky is cardiovascular disease. The Commonwealth ranks fourth highest for cardiovascular mortality, fifth highest for heart disease mortality, and twelfth in the nation for stroke mortality.
- **Obesity:** Kentucky ranks sixth in obesity, with 29% of adults considered obese, compared to a national average of 24%.
- **Dental health:** Oral health is also a concern, with Kentucky ranking eighth in the number of adults who have lost at least one tooth to dental disease.
- **Quality of care is weak:** The quality of overall health care available in Kentucky is rated as weak by the National Healthcare Quality Report (on a scale from very weak, weak, average, strong, to very strong).¹⁹
- **Access to care:** A total of 77 of Kentucky's 120 counties and four urban regions are designated as Health Provider Shortage Areas by the U. S. Department of Health and Human Services. Kentucky has 2.5 primary care physicians per 3,500 population, lower than the national ratio of 3.7.

To effectively meet these health challenges, Kentuckians need high quality health care and more preventive care. Without adequate health coverage, these health statistics will only worsen.

The Cost of Doing Nothing

The consequences of having an uninsured population affect every person in Kentucky, often in ways that are hidden. When an uninsured person gets sick and is unable to pay medical bills, the costs are absorbed by society in the form of higher charges to patients covered by private insurance (to offset uncompensated costs) and public programs that reimburse hospitals for uncompensated care.

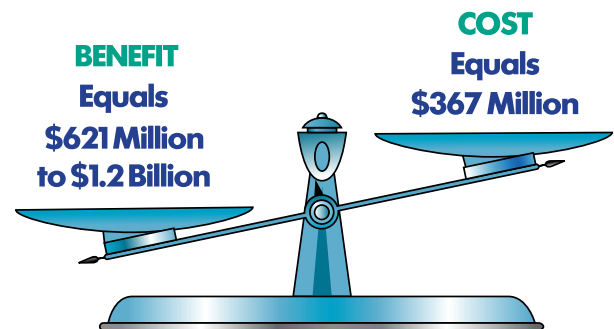
Cost of the Uninsured: The Kentucky Long-Term Policy Research Center examined the various societal costs associated with uninsured Kentuckians and estimated the total annual cost at \$940 million in 2004.²⁰ Adjusted for inflation, the cost of doing nothing to expand health coverage in Kentucky would be more than \$1 billion today.

Estimated Cost of Health Care for the Uninsured in Kentucky, 2004 (in millions of dollars)

	Dollar Amount	Percent of Total Cost
Hospital Uncompensated Care	\$401	43%
Community Health Centers	\$37	4%
Free Health Clinics	\$8	1%
Physician Charity Care	\$56	6%
Out-of-Pocket Costs	\$438	46%
Total Costs of Care for the Uninsured	\$940	100%

Benefits to Society Greater than the Cost of Providing Care to Uninsured:

State researchers who estimated the cost of providing coverage to the uninsured concluded that the **benefits to society outweigh the additional costs by as much as \$871 million.** The Kentucky Long-Term Policy Research Center study estimated the benefit of providing full health care to the uninsured population at between \$621 million to \$1.2 billion in 2004 dollars. Benefit was measured in terms of reduced uncompensated care, reduced out-of-pocket spending, and losses associated with poor health, a lower quality of life, and high death rates. With the cost of providing full coverage to the uninsured estimated at \$367 million (in 2004 dollars), the benefit exceeds the cost at between \$254 million and \$871 million annually.²¹



Benefits of Providing Coverage Outweigh Costs (in 2004 dollars)

What Do Kentuckians Think?

The 2008 Kentucky Health Issues Poll, sponsored by the Foundation for a Healthy Kentucky, asked Kentuckians their opinions about a number of health issues. Nine of 10 Kentuckians (91%) favor providing access to affordable, quality health care to all Americans. Of this group, a majority favor providing access even if it means raising taxes (72%) or a major role for the federal government. More than 80% of Kentuckians surveyed agreed that health care coverage is a fundamental right and the government should guarantee that everyone has access to affordable, quality health care.²²



Why Expanding Coverage Matters

The evidence presented in this issue brief clearly indicates that **expanding health coverage for Kentuckians matters** because it will:

- **Remove barriers to seeking needed care** for the reported 70% of the uninsured who report foregoing medical care due to the cost.
- **Reduce the financial burden of health costs on working families**, who make up over 80% of the uninsured in Kentucky.
- **Reduce the financial risk to the uninsured**, almost one-third of whom report using all or most of their savings to pay medical bills in the previous year.
- **Improve the poor health of Kentuckians**, which is among the worst in America in a number of categories, by providing the ability to pay for and obtain health care.
- **Substantially reduce or eliminate the more than \$1 billion in annual costs that all Kentuckians must pay as a result of care provided to the uninsured for which no payment is received.**

REFERENCES

- 1 Kentucky: Health Insurance Coverage of the Total Population, states (2006-2007), U.S. (2007), Statehealthfacts.org
- 2 Uninsured Kentuckians Older, Poorer, and More Likely to Be Underemployed than the U.S. Average, Data Briefing 1, The Kentucky Health Insurance Research Project, March 2006
- 3 Ibid
- 4 Ibid
- 5 Ibid
- 6 Cost a Major Barrier for Kentucky's Uninsured, Data Briefing 2, The Kentucky Health Insurance Research Project, March 2006
- 7 U.S. Census Bureau, Statistical Abstract of the United States
- 8 Ibid
- 9 Uninsured Kentuckians: Social Costs Exceed the Cost of Medical Care, Kentucky Long-Term Policy Research Center, 2006
- 10 Percent of Private Sector Establishments That Offer Health Insurance to Employees, 2006, Kaiser Family Foundation, statehealthfacts.org
- 11 Kentucky Employees Health Plan, Eighth Annual Report, October 2008
- 12 Ibid
- 13 Kentucky: Health Insurance Coverage of the Total Population, states (2006-2007), U.S. (2007), Kaiser Family Foundation, statehealthfacts.org
- 14 Kentucky: Federal Matching Rate (FMAP) for Medicaid with American Recovery and Reinvestment Act (ARRA) Adjustments, FY2009, Kaiser Family Foundation, statehealthfacts.org
- 15 2008-2010 Budget of the Commonwealth, Budget in Brief, Governor's Office of Policy and Management
- 16 The Role of Medicaid in State Economies: A Look at the Research, Alicia Carbaugh, Foresight, No. 45. Kentucky Long-Term Policy Research Center, 2006
- 17 Ibid
- 18 The Health of Kentucky: A County Assessment, Kentucky Institute of Medicine, 2007
- 19 Kentucky, Dashboard on Health Care Quality Compared to All States, Agency for Healthcare Research and Quality, 2007
- 20 Uninsured Kentuckians: Social Costs Exceed the Cost of Medical Care, Kentucky Long-Term Policy Research Center, 2006
- 21 Ibid
- 22 Kentucky Health Issues Poll, What Kentuckians Think About Access to Affordable, Quality Healthcare for all Americans, April 2008



We're a coalition of concerned Kentuckians who believe that the best health care solutions are found when everyone works together to build them. Right now, families and businesses in every county are facing rising costs, and too many of us go without needed health care. Healthy families create healthy economies. And a healthy Kentucky economy is something we all want. So we're working step by step to build a healthier Kentucky for everyone.

For more information: www.kyvoicesforhealth.org