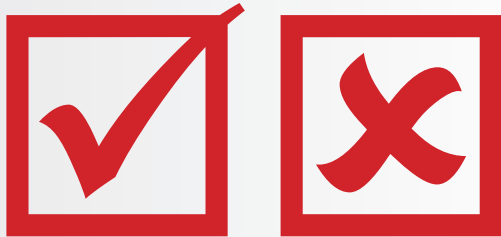


CHOICES & CHALLENGES

How Texas County Uninsured Rates Will Drop Under Health Care Reform

AUGUST 2012



ABOUT THIS REPORT

This brief summarizes key findings of an important new study modeling Texas health care coverage at the county level using the most recent U.S. Census data, and projecting how those coverage patterns will change with implementation of the Affordable Care Act.

That study, *Estimates of the Impact of the Affordable Care Act on Counties in Texas*, April 2012 was conducted at the request of Methodist Healthcare Ministries of South Texas by Michael E. Cline, Ph.D., and Steve H. Murdock, Ph.D.

Dr. Murdock is the founding Director of the Hobby Center for the Study of Texas at Rice University, former Texas State Demographer and former Director of the U.S. Bureau of the Census. Dr. Cline is Associate Director of the Hobby Center and previously served as the Director of Research at the Institute for Demographic and Socioeconomic Research and the Assistant Director for the Small Business Development Center National Information Clearinghouse at the University of Texas at San Antonio.

**BETTER
TEXAS™**

Texas is projected to see the largest percentage gain in insurance coverage of any state under health care reform. With nearly one in four of the 25 million Texans lacking coverage today, any significant gain in coverage will reduce local charity care and uncompensated care costs and tax burdens. A recent model developed by Michael E. Cline, Ph.D., and Steve H. Murdock, Ph.D. of Rice University provides county-level projections to help local officials and residents plan for how increased coverage under the ACA could affect their communities.

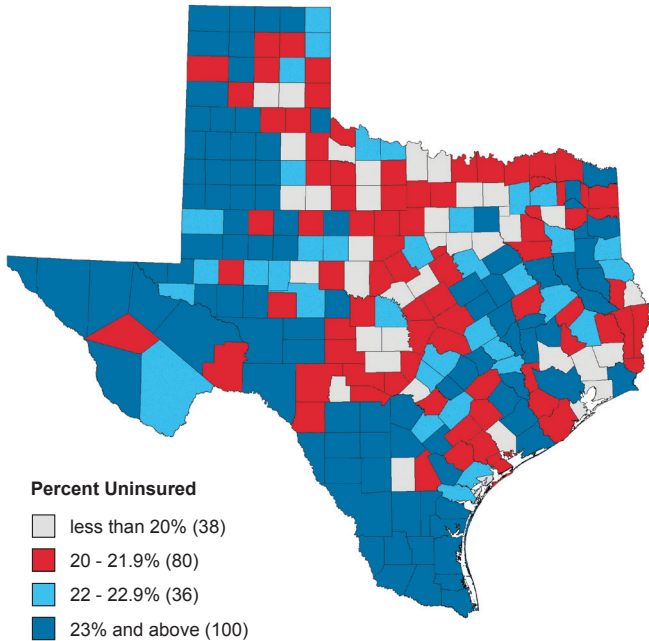
The Affordable Care Act (ACA) calls for two big changes in 2014 that could result in as many as 4.4 million more Texans gaining insurance. First, Americans without job-based health care could buy new coverage that could not be denied or priced out of reach, and with sliding-scale premium assistance for families with low-to-moderate incomes (e.g., starting at the poverty line and going up to about \$76,000 a year for a family of three). Second, adult U.S. citizens with near- and below-poverty incomes (just over \$25,000 a year for a family of three) could get Medicaid coverage, with minimal out-of-pocket costs. Because Texas in 2010 was estimated to have more than 6 million uninsured, even a moderate increase in our insured residents is likely to have important and noticeable effects.

Now that the Supreme Court has ruled on the Affordable Care Act, Texas has critical decisions to make and sub-

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CHOICES & CHALLENGES

WIDE RANGE IN TEXAS COUNTIES' 2010 UNINSURED RATES



Source: Cline M, Murdock S. "Estimates of the Impact of the Affordable Care Act on Counties in Texas." Hobby Center for the Study of Texas, Rice University, Report to Methodist Healthcare Ministries, April 2012.

stantial work to do if we are to maximize our health coverage gains under the law. While the court upheld the ACA, the decision made one profound change which leaves other ACA Medicaid provisions intact, but has the effect of making the Medicaid expansion for adults a state-level option. This means both the number and the socio-economic profile of the Texans who will gain coverage could vary dramatically depending on the decision made by Texas elected officials on Medicaid expansion. If Texas fails to adopt the Medicaid coverage for our near- and below-poverty adults, coverage gains will be cut in half, and many poor adults will be left without any path to coverage, at the same time that higher-income families will get sliding-scale subsidies for private insurance.

Texas Today...The 2010 U.S. Census American Community Survey (ACS) estimated Texas' point-in-time uninsured percentage at 23.7 percent, the biggest share of any state in the US.¹ But that statewide average also hides big variations in insurance coverage across Texas counties. In their report, Cline and Murdock first use the Census ACS data to estimate the uninsured population for counties in Texas, which varies significantly across the state (*see map left*).

...AND IN 2014 The authors then use a multi-faceted model to show how much coverage rates would improve across the state. The model looks at each county based on current and future coverage rates for 11 different subpopulations, and variations in estimated numbers of lawful and undocumented immigrants, government-employed population, and distribution of residents by income-to-poverty ratio.

TEXANS GAINING HEALTH COVERAGE

LIMITED ENROLLMENT

17.8% of Texans remain uninsured

1.4M COVERED

MODERATE

11.6% of Texans remain uninsured

3.0M COVERED

ENHANCED

5.8% of Texans remain uninsured

4.4M COVERED

The Rice researchers modeled three levels of impact: a limited, moderate, or enhanced coverage expansion scenario. Their estimates “book-end” the range of enrollment predictions being used nationally by other experts, and encompass the assumptions used by Texas Medicaid officials in their briefings for legislators.

WITH MEDICAID EXPANSION, ACA WOULD CUT TEXAS UNINSURED IN HALF—EVEN WITH ONLY MODERATE ENROLLMENT

The Cline-Murdock “moderate scenario” estimates that the full ACA coverage expansion scheduled for 2014 would cut our uninsured by just over half, with about 3 million Texans gaining new comprehensive health insurance.

- ➔ Texas’ current highest-in-nation 23.7 percent uninsured rate would drop to 11.6 percent.
- ➔ Just over half the newly-covered would gain private coverage, and the remainder would gain coverage through Medicaid.
- ➔ Without the Medicaid expansion, moderate-scenario enrollment under ACA would be limited to private coverage gains for Texans above poverty, and would yield only a one-quarter reduction in uninsured Texans.

WIDE VARIATION ACROSS TEXAS COUNTIES

The Cline-Murdock model shows the big range in current county-level uninsured rates: from 17.2 percent to 28.3 percent. On average, Texas’ central city counties have the worst uninsured rates today—equal to the Census ACS statewide average rate of 23.7 percent—with rural counties following, and suburban counties having the lowest uninsured rates.

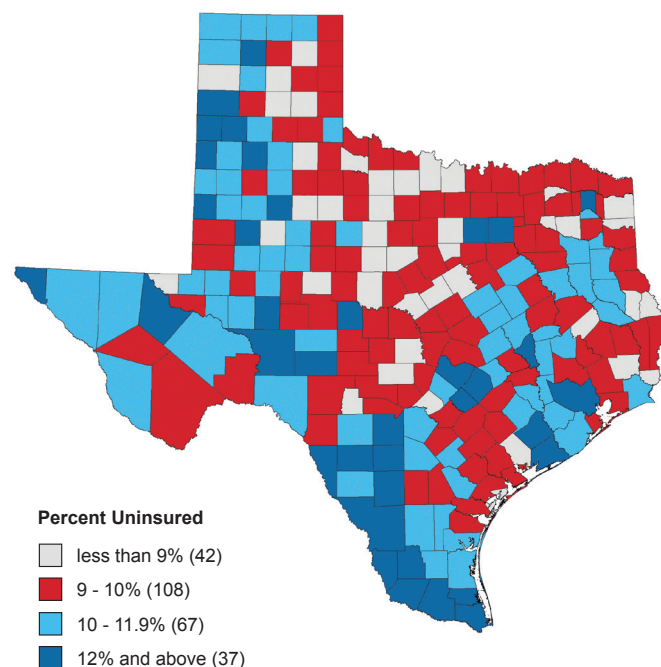
The researchers stress that every Texas county would see improved health coverage under ACA, but some significant differences will be seen across counties.

- ➔ Simply put, the same factors that drive up uninsured rates in central cities today will still exist after health reform. Central city counties have today’s worst uninsured rates, and will see very large number gains in insured residents under the ACA (e.g., nearly 2 million newly-insured statewide under moderate scenario) but at the same time may still have higher-than-average remaining uninsured percentage rates after ACA.
- ➔ Rural Texas counties as a group will see the biggest percentage reductions (an average drop of 13 percentage points in the moderate scenario) in their uninsured rates.
- ➔ Suburban Texas counties have the lowest uninsured rates today, and are expected to hold onto that position after ACA coverage implementation.

KEY FACTORS RESULTING IN HIGHER REMAINING UNINSURED RATES AFTER ACA:

- ➔ **More residents with low-to-moderate income.** Adults 19 to 64 with incomes below 200 percent of the federal poverty income level (about \$38,000 for a family of 3 in 2012) have much higher uninsured rates today than children at the same incomes, because the Medicaid and CHIP available to children is not offered to most adults. Reaching these adults will require strong outreach, affordable options, and incentives to enroll—whether via Medicaid or the health insurance exchange. About 70 percent of Texans who remain uninsured under the moderate enrollment scenario will be these U.S. citizens and legal residents.
- ➔ **Higher undocumented populations,** because undocumented residents do not qualify for any ACA coverage (though legally present immigrants would have some new options under the health care law). Undocumented residents are expected to account for about three in 10

TEXAS COUNTIES’ UNINSURED RATES AFTER MODERATE ACA ENROLLMENT



Source: Cline M, Murdock S. “Estimates of the Impact of the Affordable Care Act on Counties in Texas.” Hobby Center for the Study of Texas, Rice University, Report to Methodist Healthcare Ministries, April 2012.

of the Texans who remain uninsured under the moderate enrollment scenario.

In some central cities, the factors above (non-citizens, low-income concentration) are offset somewhat by high percentages of residents in government employment. The public sector of employment has much higher rates of insurance coverage than private-sector Texas jobs today, and is predicted to have even higher health care coverage after ACA.

USING THE ACA'S TOOLS TO REDUCE TEXAS' UNINSURED

Texas has an opportunity to dramatically improve insured rates, increase family economic security, and reduce uncompensated care burdens under the ACA. Here are five top action items for our state, needed to help the greatest possible number of uninsured Texans gain coverage:

1. Set up an effective health insurance “exchange”—a competitive health insurance marketplace with tools to help consumers pick the best plan and price for their needs.
2. Implement the Medicaid expansion option for Texas adults with incomes below 133 percent of the federal poverty income line, needed if we are to achieve half of Texas' potential coverage gains.
3. Ensure our Medicaid program's enrollment system is ready to interact with that new exchange, so low-income Texans can move between the public and private systems without gaps or hassles.

4. Pick a Texas “benchmark” minimum standard for the health services every insurance plan will cover starting in 2014.
5. Re-open the Texas Department of Insurance's (TDI) health insurance consumer assistance office, started with ACA funds but recently discontinued by TDI.
6. Equip TDI with the tools to help increase health insurance coverage. The agency needs legal authority to enforce new consumer protections and deny excessive rate increases. Today, TDI cannot even enforce popular ACA provisions (e.g., coverage of young adults on parents' plans, prohibition of pre-existing condition denials for kids), or reject excessive health premiums.

In building all these new capacities, Texas should take maximum advantage of available federal financial support. Federal funds available to help Texas consumers and increase insurance coverage should not be left on the table.

ENDNOTES

- 1 The US Census produces 2 different uninsured estimates: the ACS' point-in-time estimate of the uninsured on any given day, and the Current Population Survey (CPS) estimate of the number uninsured for the entire year. The ACS, which replaced the old “long-form” census survey and reaches approximately 3 million households each year, has a much larger sample size and therefore is the better source to use for estimating regional and local differences within Texas. See http://www.cppp.org/files/CPS_ACS_2011.pdf for more.



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For 25 years, the Center for Public Policy Priorities (CPPP) has been a nonpartisan, nonprofit policy institute committed to improving public policies to better the economic and social conditions of low- and moderate-income Texans. To learn more, visit us online:

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