

Nebraskans Can't Wait Any Longer For Health Care Reform

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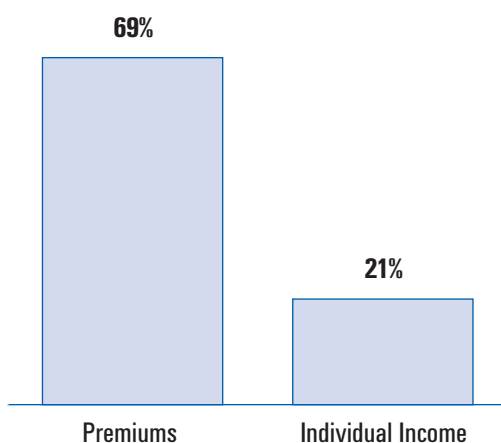
SKYROCKETING PREMIUMS and out-of-pocket medical costs are battering family budgets in Nebraska and making it more difficult for employers, particularly small and low-wage businesses, to provide health insurance for their workers. Health costs are rising at an unsustainable rate. Without reform, these costs threaten Nebraska's state and county budgets, the national economy and every American family.

Comprehensive health reform is needed to set a sustainable path for health care spending, increase the number of Americans with quality, affordable coverage, and make smart health care investments.

Unsustainable Premium Increases Hurt Nebraska Families, Businesses

- Health insurance premiums for Nebraska working families have skyrocketed, rising 69 percent from 2000 to 2007. During the same time, the median earnings of Nebraska workers increased 21 percent.¹
- For family health coverage in Nebraska in that same period, the average annual combined premium for employers and employees rose from \$6,760 to \$11,434.²
- The full cost of employer-sponsored health insurance in Nebraska is projected to grow at an annual rate of 7.9 percent, compared to 1.2 percent for income.³

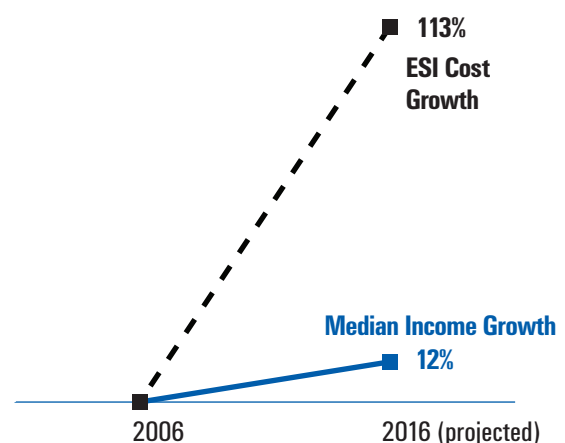
Percentage Increase in Premiums vs Income in Nebraska 2000–2007



Source: Families USA, "Premiums Versus Paychecks," September 2008

Nebraska Employer Premiums vs Income

Cumulative growth of Nebraska employer sponsored insurance (ESI) premiums compared to median household income, assuming no meaningful health reforms, 2006 to 2016 (projected)



Source: New America Foundation, "The State of State Health: The Cost of Failure" (2007)

- Left unchecked, premiums will be \$22,976 in 2016, fully 58 percent of projected family income.⁴

Fewer Nebraska Businesses Can Afford to Offer Coverage

- In Nebraska, 63 percent of small businesses say health care reform is important to getting the economy on track.⁵
- Eighty-two percent of small businesses not offering health insurance in Nebraska say they can't afford to, while 72 percent of those that do offer it say they are struggling to do so.⁶
- Among Nebraska small businesses, 80 percent want to eliminate rejection of applicants with pre-existing conditions, and 63 percent see these rules as a barrier to starting a business.⁷
- In Nebraska, 70 percent of small businesses support the choice of a private or public health insurance plan.⁸
- Nationally, only 59 percent of small businesses (3 to 199 workers) offer their employees health benefits. This is down from 68 percent in 2000.⁹
- Without reform, small businesses will pay nearly \$2.4 trillion over the next 10 years in health care costs for their workers. With reform, small businesses can save as much as \$855 billion, a reduction of 36 percent—money that can be reinvested to grow their small businesses.¹⁰
- Without reform, 178,000 small business jobs will be lost in 2018 as a result of health care costs. Depending on the particular mechanism used to help small businesses meet their health care obligations, reform can save up to 128,000 of these jobs.¹¹

Many Nebraskans Uninsured, Leading to Poorer Health Outcomes, Higher Costs

- One in eight Nebraskans was uninsured in 2008, including one in six adults between the ages of 19 and 64 (172,600 people) and one in 10 residents younger than 18 years old (47,700 children).^{12,13}
- Without reform, by 2019 the number of uninsured in Nebraska will rise to 293,000.¹⁴
- About 62 percent of U.S. personal bankruptcies were directly related to medical bills, according to a recent report; in Nebraska there were 6,447 non-business bankruptcies in 2008.^{15,16}
- Each insured family in Nebraska pays an extra \$1,000 per year and each individual an extra \$360 per year in health insurance premiums as a result of a “hidden tax” to cover the unreimbursed health care expenses of the uninsured.¹⁷

Lack of Competition Among Health Insurers Raises Costs in Nebraska

- Consolidation in the insurance industry means that employers, particularly small businesses, have fewer insurance choices and less power in bargaining to negotiate a plan for workers. Freedom from genuine competition allows Nebraska insurers to reap oversized profits and raise premiums with impunity.^{18,19}
- The state's largest health insurer, Blue Cross and Blue Shield of Nebraska, controls 44 percent of the state commercial market. Together with UnitedHealth Group Inc., the second largest Nebraska health insurer, they control 69 percent of the market.²⁰
- The negative effects of consolidation in Nebraska are most visible when viewed at the local level. In the Lincoln area, for example, the top two insurers control an 88 percent share of the market, including self-funded employer-sponsored health plans.²¹

Nebraska Insurance Market Consolidation by Metro Area, 2007²²

Metro Area	Health Insurer With Largest Market Share	Market Share %	Health Insurer With No. 2 Market Share	Market Share %	Combined Market Share % of Top Two Insurers
Lincoln	Blue Cross and Blue Shield of Nebraska	60	UnitedHealth Group Inc.	28	88
Omaha–Council Bluffs	Blue Cross and Blue Shield of Nebraska	34	UnitedHealth Group Inc.	28	62

Source: American Medical Association, "Competition in health insurance: A comprehensive study of U.S. markets: 2007 update."

Nebraska's Economic Health Depends on Health Care Reform

- Reducing health care cost growth is key to our fiscal health. "Done correctly, health care reform can genuinely slow the growth rate of health care costs and thus put us on a path to greatly reduced budget deficits in the long run," said Christina D. Romer, chairwoman of the White House Council of Economic Advisers. "Dealing with the looming budget deficits through effective health care reform is not simply the best way to go, it is likely the only way."²³
- Failing to act would stress state budgets. By 2019, the number of people in Nebraska without insurance will increase from 220,000 to 293,000, according to the Urban Institute and the Robert Wood Johnson Foundation.²⁴
- The state would face an increased burden that it cannot afford while thousands of families and business will face crippling medical costs and the prospect of medical bankruptcies, according to the Urban/Johnson report.²⁵

Without Reform, Health Costs of Insured and Uninsured Nebraskans Projected to Double by 2019

Projected Aggregate Health Spending in Nebraska Under Current Law, Non-Elderly Population (dollar figures in millions)

	2009	2014	2019	Percent change 2009-2019
Uncompensated Care	\$269	\$398	\$599	122.7
Employer Premium Spending	2,654	3,790	5,219	96.7

Source: Robert Wood Johnson Foundation, "The Cost of Failure to Enact Health Reform: Implications for States," September 2009.

Racial and Ethnic Health Disparities Persist in Nebraska

- No one has more at stake in the battle over health reform than the 103 million people of color in the U.S.,²⁶ including the 276,000 in Nebraska.²⁷ About 33 percent of Latinos and 26 percent of African Americans in Nebraska are uninsured, compared with 11 percent of whites.²⁸
- For people of color in Nebraska and nationwide, life is shorter, chronic illness more prevalent and disability more common. These are predictable side-effects of a health care system that provides these communities in Nebraska with narrower opportunities for regular health services, fewer treatment options and lower-quality care.
- The infant death rate for whites is 5.1 per 1,000 live births, compared with 14 for African Americans.²⁹ Life expectancy for African Americans in Nebraska is 6 to 10 years shorter than that of whites.³⁰

Nebraska Racial and Ethnic Disparities and Performance on Key Health Indicators

Commonwealth Fund rankings show increasing cost pressures and deterioration in access across the U.S., together with geographic disparities in performance, underscore the urgent need for comprehensive national reforms to ensure access, change the trajectory of costs and enhance value.

HEALTH INDICATORS	STATE RANKING (out of 50 states plus District of Columbia)
Percent insured, children ages 0–17	34
Percent of at-risk adults visited a doctor for routine checkup in the past two years	38
Breast cancer deaths per 100,000 female population	30
Colorectal cancer deaths per 100,000 population	31
Percent uninsured, ages 0–64	38
Percent of at-risk adults have not visited a doctor for routine checkup in the past two years	45
Percent of adults age 50 and older did not receive recommended screening and preventive care	47
Percent of adults without a usual source of care	46
Percent of children without a medical home	38
Infant mortality, deaths per 1,000 live births	43

Source: Commonwealth Fund. “State Scorecard Data Tables,” October, 2009.

NEBRASKA CAN'T WAIT FOR HEALTH REFORM

The aim of health care reform is to improve access to quality health care services in every corner of Nebraska and the nation in a way that does not add to, and begins to lower, the cost burden on middle-income families. Through reform, we must slow the growth in health insurance premiums, extend coverage to the 220,000 uninsured Nebraskans, inject competition into highly concentrated and anti-competitive insurance markets, reduce racial and ethnic disparities in access to care and health outcomes, and strengthen the economy of Nebraska and the nation. Given the tremendous burden our dysfunctional health care system places on Nebraska families and businesses, Nebraska and the nation cannot wait any longer for health care reform.

Endnotes

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- ²⁰AMA data in this report are based on combined enrollment in preferred provider organizations (PPOs) and health maintenance organizations (HMOs) in states and metropolitan statistical areas (MSAs) as defined by the U.S. Census Bureau. The AMA calculates market share by dividing an insurer's enrollment in a given product by the total enrollment across all insurers in a market multiplied by 100. Total enrollment is for commercial products only, including self-insured employer-sponsored PPO plans and individual coverage, and does not include Medicare, Medicaid, or Children's Health Insurance Program enrollments. Self-insured employer plans refer to PPOs only. Accessed at <http://www.ama-assn.org/go/competition2007>.
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