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**TEXAS HEALTH INSTITUTE ANNOUNCES COMPREHENSIVE STUDY  
ON THE UNINSURED IN TEXAS**

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**STUDY PRESENTS POLICY SOLUTIONS FOR  
INCREASING HEALTH COVERAGE IN TEXAS**

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**TEXAS HAS THE HIGHEST RATE OF UNINSURED IN THE NATION**

**January 31, Austin, TX** – The Texas Health Institute (THI), an independent, non-partisan think-tank working to improve the health of Texans, today announced the results of its comprehensive study on the uninsured in Texas – “A Vision for Change: Policy Solutions for Increasing Health Coverage in Texas.”

As a result of the study, and as the title notes, THI has developed a number of policy solutions for consideration by the Texas State Legislature and other policymakers. When combined together, the proposed solutions could cut the number of Texans without health coverage almost in half in three to five years. The study also examines the corresponding economic impact of reducing the number of uninsured Texans by 50 percent.

“We all know that healthcare and the uninsured are major societal problems,” said Camille D. Miller, President & CEO of the Texas Health Institute. “But this study is particularly significant and timely as President Bush and his Administration, as well as Governor Perry and the Texas Legislature, have put healthcare and the issue of the uninsured on the front burner and are looking to provide solutions for the country as a whole and for the state of Texas.”

Texas Lt. Governor David Dewhurst stated, “The Texas Health Institute has provided us with a helpful blueprint as we examine ways to increase access to affordable healthcare for the uninsured throughout Texas. This is top priority because healthy, productive citizens will make Texas an even better place to live, work, and raise a family.”

“Representing more than one-third of the state budget, health and human services issues will undoubtedly be a major focus of the 80th Legislature,” said Texas Speaker of the House Tom Craddick. “I appreciate the efforts of the Texas Health Institute through the Shared Vision Project to bring together differing views and voices on the issues that confront us.”

The THI study and other statistics show that Texas has the highest rate of uninsured in the nation. More than 5.59 million Texans – nearly 25 percent of the state’s total population – lack basic health coverage. The THI study uses the most recently released numbers on the uninsured by county and region in Texas developed by the Texas State Data Center.

The study finds, of the \$65 billion in healthcare delivered to the uninsured in the U.S., only one-third of the cost is paid for by the uninsured. Of the remaining two-thirds, the government pays one-third, and the rest is paid for by people with insurance. “Thus, we all already pay for the uninsured,” Camille D. Miller emphasized.

“With a growing consensus that something needs to be done, and Texas’ forecasted \$14.3 billion plus budget surplus, Texas is well-positioned to adopt a plan of action for increasing health coverage for Texans,” said Maribess Miller, Chair of the Dallas Chamber of Commerce Healthcare Advisory Council, Managing Partner of PricewaterhouseCoopers’ North Texas Region, and Chair of the THI Board of Directors.

Some of the report’s finding may surprise readers.

- ◆ The uninsured work. – At least 72 percent of Texas’ uninsured live in households where one or more family members work full-time; another 10 percent live in households with a family member who works part-time. Most of these individuals work in one of Texas’ small businesses – those with 2-50 employees.
- ◆ The uninsured are young. – Twenty-three percent of our uninsured are children younger than 18 years of age. An additional 36 percent are between the ages of 18 and 34 years of age.
- ◆ The uninsured are not all poor. – Forty percent of families without health coverage have incomes of \$40,000 a year or more. However, in 2004 the cost of health coverage for a family of four would have been more than \$11,000 or 25 percent of their annual income.
- ◆ Geography matters. – Every county in Texas has uninsured, but almost half live in Texas’ five largest urban counties: Bexar, Dallas, El Paso, Harris, and Tarrant. The counties where the highest percent of their populations’ are uninsured, however, are along the Texas-Mexico border, where between 29 to 34 percent of the residents are uninsured.
- ◆ Ethnicity matters. – Hispanics – a dramatically growing segment of the population – are three times more likely, and Blacks twice as likely, as Anglos to be uninsured.

## **ECONOMIC IMPACT**

The THI study determined that reducing the state’s uninsured by half would be beneficial economically. Specifically the analysis showed that in 2005:

- ◆ The Texas economy would have seen a total increase in annual economic activity of just over \$9.4 billion.
- ◆ Direct healthcare expenditures in the economy would have increased by an additional \$3.7 billion.
- ◆ Nearly 90,000 new jobs would have been created in all sectors of the economy.
- ◆ Total income (compensation to employees and employers) would have grown by more than \$3.2 billion.
- ◆ Texas state government would have received more than \$162 million in new revenues.

Additionally, studies show the benefits of increasing healthcare coverage include decreased mortality, increased labor force participation, greater worker productivity, reduced sick days, and generally provide an enhanced quality of life.

## **KEY REASONS FOR LACK OF HEALTH COVERAGE**

Currently, only 24 percent of Texas' small businesses offer health coverage. Additionally, many individuals cannot afford individual health insurance policy premiums. For many who can afford it, their risk – due to health conditions – makes coverage inaccessible. For some people – most of them young – they do not see the value in insurance and do not believe they need health coverage.

## **POLICY SOLUTIONS**

“Covering the uninsured will require solutions that address affordability and availability of health coverage as well as an outreach effort to educate the public about the importance of having coverage,” stated Camille D. Miller.

Accordingly, the report contains a dozen policy solutions for creating a vision for change that will ultimately reduce the number of uninsured by almost half.

The THI report's proposed solutions include addressing the high cost of premiums for small employers with options that lower insurers' risks, encouraging employer participation by reducing premium costs, making coverage more available for individuals with health conditions and low-income children and adults, and persuading young adults to obtain health coverage through colleges and universities.

The report finds that, together, these policy solutions could help almost 2.7 million Texans obtain health coverage for an annual cost to the state of about \$1.6 billion. Additionally, these recommendations would bring more than \$1.7 billion in federal funds to the state.

### **◆ Working Texans**

**Solution 1.** Provide Technical Assistance and Seed Funding for 3-Share/Multi-Share Programs – By providing a modest amount of state funding, the number of these public-private, cost-sharing arrangements can be increased, and ones already under development strengthened. (*Texans To Be Covered - 150,000*)

**Solution 2.** Expand Use of Medicaid Health Insurance Premium Program (HIPP) – By changing the rules for the HIPP premium assistance program, more Medicaid eligible workers who have access to – but cannot afford – employer supported insurance, should be able to obtain and retain access to this coverage. (*Texans To Be Covered – 7,000*)

**Solution 3.** Enact Employer Tax Credits – By creating financial incentives for small employers that lower the cost of offering employer-based health coverage, the number of small businesses providing coverage to their employees will increase. (*Texans To Be Covered - 316,614*)

**Solution 4.** Replace State's Existing Reinsurance Program – By lowering insurers' risk, state-funded reinsurance can lower premiums, making health coverage more affordable for businesses and individuals who previously could not afford it. (*Texans To Be Covered - 200,000*)

**Solution 5.** Expand Eligibility for Texas' Insurance Health Risk Pool (TIHRP) – By changing eligibility criteria to permit individuals to combine plans and enroll in TIHRP before exhausting transition benefits available as result of a job loss or change in family status, Texans who are more difficult to insure will have access to health coverage. (*Texans To Be Covered - 7,868*)

**Solution 6. Increase Access to Pre-Paid Medical Plans** – By encouraging the development of these low-cost primary care plans, low-income workers will be able to replace the emergency room as their *de facto* source of healthcare with a regular medical home such as a primary care physician. (*Texans To Be Covered - 200,000*)

◆ **Young Adults**

**Solution 7. Require All Texas Higher Education Students to Have Health Coverage** – By obliging young adults in school to take advantage of the low-cost, comprehensive coverage available to them, they would learn the value and appropriate use of health insurance and be more likely to purchase coverage after leaving school. (*Texans To Be Covered - 400,000*)

◆ **Children**

**Solution 8. Allow CHIP Buy-In at Full Premium Cost** – By allowing working parents whose employers do *not* offer dependent coverage to buy into the state’s Children’s Health Insurance Program (CHIP) (and pay all or a portion of the costs depending on their incomes), Texas will enable these parents to better protect their children’s health. (*Texans To Be Covered - 405,452*)

**Solution 9. Fully Restore the Children’s Health Insurance Program (CHIP)** – By removing barriers to CHIP enrollment, children who currently have little or no access to needed medical services will be able to secure the care they need. (*Texans To Be Covered - 152,615*)

**Solution 10. Align Medicaid and CHIP Renewal Policies** – By allowing annual Medicaid and CHIP renewals, low-income children will be less likely to have gaps in coverage and more likely to maintain better overall health. (*Texans To Be Covered - 609,164*)

◆ **Poor/Medically Needy Adults**

**Solution 11. Expand Access to Medicaid for Poor Parents** – By increasing Texas’ income eligibility criteria for parents of Medicaid eligible children, the state would give adults who otherwise have little or no access to medical services an opportunity to have healthier, more productive lives. (*Texans To Be Covered - 417,688*)

**Solution 12. Encourage Expansion of Federally Qualified Health Centers** – By encouraging the expansion of community health centers, the state will promote access to medical care in medically underserved and rural areas of the state. (*Texans To Be Covered - 60,000*)

“Once Texas has taken steps to reduce its uninsured population, there will be one more thing to do – make sure that the solutions adopted actually succeed in increasing the number of Texans with health coverage,” stated Camille D. Miller. “A Vision for Change: Policy Solutions for Increasing Health Coverage in Texas” uses recently released numbers on the uninsured by county and region in Texas developed by the Texas State Data Center. These numbers can be updated annually, giving decision-makers the ability to track annual progress made to increase covered lives in Texas.

To view the executive summary or the full report – “A Vision for Change: Policy Solutions for Increasing Health Coverage in Texas” – go to [www.texashealthinstitute.org](http://www.texashealthinstitute.org).

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