



# **Pennsylvania's adultBasic Program**

## **2008 Annual Report to the Legislature**

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# 2008 adultBasic Annual Report

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## **2008 adultBasic Annual Report**

### **Executive Summary**

The Pennsylvania Insurance Department's mission is to protect and educate Pennsylvanians by enforcing insurance laws and providing access to quality health care. As part of our mission, the Department is committed to providing access to basic health insurance to adult Pennsylvanians, ages 19 through 64, whose incomes are too high to qualify for Medical Assistance and are otherwise uninsured.

The adult health insurance program offered is adultBasic, a program that was established through the Health Investment Insurance Act (Act 77 of 2001). Act 77 invested the proceeds of the state's tobacco settlement in the health of Pennsylvania consumers. Pennsylvania is expected to receive approximately \$11 billion over the course of 25 years, or approximately \$400 million each year. The single largest component of the Act provides money to pay for health insurance for uninsured Pennsylvanians between the ages of 19 and 64. The program is also funded by payments made pursuant to the Community Health Reinvestment Agreement which was entered into on February 2, 2005, by Pennsylvania's four Blue Cross and Blue Shield plans. In the 2008 calendar year, those two sources of funding permitted \$171.8 million to be spent on adultBasic benefits. Administration of the program is funded through the General Fund. No federal financial participation has ever been received for the program. The program is administered through the Children's Health Insurance Program (CHIP) and adultBasic Office in the Pennsylvania Insurance Department.

### **Services**

Services provided are those directed by Section 1303(f)(2) of Act 2001-77 and include:

- Inpatient Hospital Care (including maternity care)
- Short Procedure Unit Care
- Emergency Room Care (including transportation)
- Primary Care
- Specialist Care
- Surgery
- Obstetrics
- Laboratory/Pathology Tests
- X-Rays
- Routine Mammograms
- Rehabilitative Services
- Skilled Nursing Care (in lieu of inpatient hospitalization)
- Diabetic Supplies and Injections
- Routine Gynecological Care

No changes to the benefit package have been made during this reporting period. However, under the terms of the current contracts, new focus has been placed on: disease management

(particularly for asthma, cardiac care, and diabetes); linkages with sources of low-cost healthcare services available in the applicant's area (especially for those persons on the waiting list); and improved customer service. As part of the Request for Proposals, the Department encouraged pilot programs to link adultBasic to small employers and/or improved access to other sources of public healthcare service and coverage (e.g., Federally Qualified Health Centers, Rural Health Centers, etc.).

Unlike most commercial health insurance benefit packages in Pennsylvania, adultBasic does not include a pharmacy benefit or a behavioral health benefit.

### **Eligibility**

During calendar year 2008, adultBasic was available to eligible adults with net household income no greater than 200 percent of federal poverty guidelines. To be eligible for adultBasic, a person must:

- Be 19 through 64 years of age
- Have household income of no greater than 200 percent of the Federal Poverty Level (e.g., 2008 income limits were \$20,800 for a household of 1, \$28,000 for a household of 2, \$35,200 for a household of 3, and \$42,400 for a household of 4).
- Be legally residing in the United States
- Be a resident of Pennsylvania for at least 90 days
- Not be covered by private or public insurance (including Medicaid or Medicare)
- Not have been covered by private insurance during the three months immediately preceding the determination of eligibility (exception for a person who is no longer employed and their spouse).

### **Costs and Contributions**

#### **Premium Costs**

The average statewide rate per enrollee per month under the terms of the current contract is approximately \$332. Of that amount, each enrollee pays \$35 per month and the resulting cost to the Commonwealth is an average of \$297 per enrollee. These average amounts may vary from month to month depending on the distribution of enrollees among the four health insurance contractors.

#### **Amount of Enrollee Contributions**

In accordance with Section 1303 (b) (2) of the Act, each eligible adult previously had been responsible for paying \$30 per month for coverage. However, as required by that section, modest adjustments to the premium have been made as a result of cumulative increases in the Consumer Price Index (CPI) since the implementation of the program. The premium in 2005 was adjusted to \$32.00 per person per month; in March 2006, to \$33.50; in 2007 no increase was warranted; and in April 2008, the premium was increased to \$35.00 per member per month. This small increase in the 2008 enrollee contribution made available approximately \$76,879 per

month for the program and enabled increased enrollment of approximately 259 additional persons each month.

Under the contracts in effect during the reporting period, enrollees were required to pay co-payments for certain services:

Primary Care Provider Visit	\$ 5.00
Specialist Visit	\$10.00
Emergency Room Visit	\$25.00 (waived if patient admitted)

There are no other co-payments for adultBasic enrollees.

**Insurers**

Following the last procurement process, contracts were awarded to the following insurers:

- Highmark Inc.
- Blue Cross of Northeastern Pennsylvania (coverage provided by First Priority Health)
- Independence Blue Cross (coverage provided by Keystone Health Plan East)
- Unison Health Plan of Pennsylvania, Inc. (formerly Three Rivers Children’s Health Plan, Inc.) (coverage provided by Unison aB)

The service areas were specified by the Department and the lowest cost qualified bidder was selected for each service area.

**Outreach**

No funding was made available to the Department to conduct marketing for adultBasic during this reporting period (e.g., television or radio advertising). Health insurance subcontractors are contractually obligated to provide marketing and outreach for the program.

The Department continues to work with community service partners to share information about adultBasic and to encourage the filing of applications. Doing so may result in placement on the waiting list, but it also offers the opportunity to enroll in the program “at full cost” for so long as the person is on the waiting list and may also result in a referral to another source of healthcare coverage or service (e.g., Medicaid, Federally Qualified Health Centers, etc.).

## **Enrollment**

Average enrollment during the 2008 calendar year was 51,104. This is a 5 percent increase over the average enrollment in 2007. This rise in average enrollment is attributable to the increase in available funds.

Please refer to Attachment 1 (adultBasic Enrollment by County) for a county-by-county enumeration of enrollment for the reporting period.

### **Number of Eligible Adults Enrolled and Purchasing Coverage at Full Cost**

During the reporting period of January through December 2008, the numbers of persons enrolled in adultBasic and purchasing adultBasic at the state-negotiated rate while on the waiting list were as follows:

<b>Month</b>	<b>Enrolled</b>	<b>Purchasing Coverage at State-Negotiated Rate While on Waiting List</b>
January 2008	50,117	2,157
February 2008	48,679	2,224
March 2008	53,174	1,917
April 2008	55,256	1,884
May 2008	54,893	2,031
June 2008	54,094	2,070
July 2008	52,319	2,103
August 2008	51,377	2,225
September 2008	50,429	2,323
October 2008	48,679	2,353
November 2008	47,690	2,434
December 2008	46,543	2,465

Thus far, over the life of the program, offers of enrollment have been made to 258,740 persons on the waiting list. During the period January 2008 through December 2008, the Department was able to offer enrollment to 29,368 persons who had been on the waiting list. Approximately 30 percent of those offered coverage took up the offer and became enrolled.

The offers of enrollment from the waiting list were made possible because of monthly attrition from the program and analysis of current enrollment versus available funding.

### **Waiting List**

Because of the extraordinary public response to adultBasic and the fact that maximum enrollment supportable with available funding had been achieved, a statewide waiting list was implemented in March 2003. Persons on the waiting list are served on a “first-come, first-served” basis as funding becomes available.

Only applicants who have met all of the eligibility requirements are placed on the waiting list. Such persons are notified in writing of their placement on the list. In that notification, they are also advised of their option to purchase adultBasic at the cost negotiated by the Department. No state or federal dollars are used for the purchase of this coverage. Applicants placed on the waiting list are also advised of potential sources of low-cost healthcare services available in the applicant's area that could be utilized until an offer for coverage with adultBasic is available. As of December 2008, 2,465 individuals on the waiting list were purchasing the program at the rates negotiated by the Department.

As of December 2008, 145,800 persons were on the waiting list for insurance coverage, demonstrating a 52 percent increase from the 95,656 persons on the waiting list in December 2007. The increase may be attributed to two primary factors. During 2008, the Department streamlined the referral process between adultBasic and the Medical Assistance program administered by the Department of Public Welfare. Now, when a citizen applies for healthcare coverage in either program, if s/he is found ineligible based upon income level, s/he will be referred electronically to the other program for consideration. Since the improvement was implemented statewide, the number of referrals has increased. This may provide a more realistic picture of the true need for insurance coverage across the Commonwealth with the improved referral process replacing the old manual method. Additionally, the increase may reflect increased demand due to the economic downturn seen globally. During late 2008, and continuing into 2009, the number of people applying for adultBasic increased to approximately 20,000 per month, which is more than four times the historic average.

Please refer to Attachment 2 (adultBasic Waitlist by County) for a county-by-county enumeration of waitlist activity during the reporting period.

### **Healthcare Effectiveness Data and Information Set (HEDIS) Measures**

The Department retained an external review organization, IPRO, to assist in the development of performance measures based on HEDIS rates. IPRO prepared the 2008 annual adultBasic HEDIS report which displayed data and rate comparison tables helpful for ongoing monitoring and performance improvement, as well as "report cards" which displayed each managed care organization's rates for selected HEDIS measures. See Attachment 3 (adultBasic HEDIS 2008 Performance Report) for details.

### **Health Insurance Survey**

The 2008 Health Insurance Survey conducted by the Department surveyed 300 households in each of the Commonwealth's 67 counties. This resulted in the survey of nearly 50,000 Pennsylvanians. Results indicate there are 1,021,790 uninsured residents in Pennsylvania, or roughly 8.2 percent of the population. The number of uninsured Pennsylvanians grew 15 percent since the last survey was conducted in 2004. Approximately 880,000 of the uninsured, or 86 percent, are adults from the ages of 19-64. The number of individuals with private health insurance is down from the last survey (66 percent in 2004 compared to 62 percent in 2008). Not surprisingly, cost remains the number one reason why people do not have health insurance

coverage. The number of uninsured adults is putting a strain on the adultBasic program. Based on the health insurance survey findings and projected growth of the current waitlist statistics, the Department estimates that the waiting list for adultBasic will grow to 282,000 individuals by June 2009.

To see the full results of the 2008 Health Insurance Status Survey, please visit the Department's website at [www.ins.state.pa.us](http://www.ins.state.pa.us) and click on the "2008 Health Insurance Survey Results" link under "News and Bulletins."

### **The Department's Response to the Needs of the Uninsured**

Pennsylvania has intensified its commitment to providing affordable access to quality health care coverage. The adultBasic program has worked and continues to work with the Governor's Office of Health Care Reform and other stakeholders to explore options for reducing the number of uninsured adults across the Commonwealth as part of Governor Rendell's Prescription for Pennsylvania. These efforts include discussions with the Centers for Medicare and Medicaid Services about the possibility of enhancing the adultBasic program through a Medicaid expansion, thus providing much needed federal funding to the program. An Enhanced adultBasic would provide expanded benefits in the form of prescription coverage and limited behavioral health benefits, in addition to increasing the number of uninsured residents who could be offered enrollment in the program.

Calendar year 2008 also afforded the Department with many opportunities to work with advocates, other state agencies, insurers, community partners, and other stakeholders to make health insurance available and improve the health status of Pennsylvania's uninsured adults. Examples of the joint efforts made to improve the lives of adultBasic applicants include:

- Implemented automated referrals between the Department of Public Welfare and the Pennsylvania Insurance Department for adults and children who apply for healthcare coverage and are referred to the other agency for services. Automation of the referral process eliminated errors or omissions associated with a manual process, decreased time involved with the referral, and protected consumers from unnecessary lapses in coverage when transferring from one government program to another.
- Enhanced the look and feel of the Commonwealth of Pennsylvania Access to Social Services (COMPASS) system to make it more user-friendly and encourage application for social services including health care coverage.
- Completed the 2008 health insurance study to produce a comprehensive description of Pennsylvania's uninsured population, to identify who in Pennsylvania does not have access to health insurance coverage, and to understand the barriers to accessing health insurance.
- Continued Phase II of the Data Warehouse section of the CHIP and adultBasic Processing System. This phase of development involves the gathering of all claims and medical data directly from the contractors. This data will provide a profile of the services used by enrollees, allowing staff to develop and monitor quality improvement programs and performance standards and profile target populations to determine future needs and costs.

- Completed audits of the adultBasic program through a collaboration with the Comptroller's Office.
- Worked collaboratively with the Department of Health to make adultBasic waiting list individuals aware of the Healthy Woman Program, which is designed to offer uninsured residents breast and cervical cancer screening services.
- Informed adultBasic enrollees about low-cost or free prescription services available through a variety of pharmaceutical manufacturers' assistance programs by connecting them with services provided by the Department of Aging's PA Patient Assistance Program Clearinghouse.
- Retained an external review organization to assist in development of performance measures based on HEDIS rates.
- Continued to work collaboratively with other state agencies on program integrity issues including an automated cross-matching for dual enrollments in adultBasic with programs administered by the contractors and the Department of Public Welfare to eliminate dual enrollments, and thus afford an open "slot" to another uninsured adult. Additionally, we continue use of the automated cross-matching system between CAPS and DPW's access data from the Beneficiary Data Exchange (BENDEX) and State Data Exchange (SDX) from the Social Security Administration to help identify people who may have a disability and thus be eligible for Medicaid.

The Department is proud to provide this annual report on the status of adultBasic for calendar year 2008, and we look forward to continuing our efforts to make health insurance coverage available to an extended number of the uninsured residents of Pennsylvania.

## **Frequently Asked Questions Concerning the adultBasic Waitlist**

1. How does the program office decide when to make an offer to individuals on the waitlist?

Over the course of a fiscal year, enrollment in adultBasic gradually declines due to attrition. On a regular basis, enrollment trends are analyzed relative to available funding. If the analysis indicates that sufficient funds are available, an offer is made to a portion of the people on the waitlist to ensure we cover as many people as possible.

2. How do you determine how many people on the waitlist receive offers?

Various size offers are analyzed considering expected take-up, historical attrition, and the projected financial effect on the remainder of the current fiscal year as well as the succeeding fiscal year. Based on the analysis, a recommendation is made concerning the number of people to remove from the list and offer coverage.

3. Why do you make offers to more people than can be enrolled on the available funds?

Historical evidence suggests that among those who receive offers, only a portion will actually respond to the opportunity and become enrolled in adultBasic. In addition, while new people are enrolling into the program, other people are dropping out of the program. Both of these factors influence the net number of people enrolled in the program.

4. How long does a person have to respond to an offer?

In general, a person must respond within 37 days of the offer. If a person fails to respond, his or her name does not remain on the list. If a non-responsive individual again becomes interested in adultBasic, the person must reapply and go to the end of the list. As with any policy, there are exceptions that are handled on a case-by-case basis.

5. How long is a person on the waitlist before they receive an offer?

This has varied over the years. The range of time on the waitlist has ranged from 3 months to 26 months. For individuals on the waitlist as of December 2008, the average time on the list was 11 months.

6. What was the biggest offer to date?

The largest adultBasic offer occurred at the end of August 2007, involving 35,134 people.