

Center for Healthcare Research & Transformation



NEWS RELEASE

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Cover Michigan 2010 Finds Health Safety Net Still Critical Despite Health Reform

Center for Healthcare Research & Transformation report shows challenges in access and cost; presents a picture of health coverage under reform

ANN ARBOR, MI – **Cover Michigan 2010**, a comprehensive view of health coverage in the U.S. and Michigan released today by the Center for Healthcare Research & Transformation (CHRT), shows upward negative trends from the 2009 report: more people lacking health insurance, more employers dropping coverage, higher costs for those with health insurance, and a growing strain on the health care safety net including hospitals.

This year, the report also provides a projected picture of how the state's health coverage would look if the newly passed Patient Protection and Affordable Care Act (P.L. 111-148) were already in effect.

Cover Michigan 2010 includes data on the uninsured, publicly and privately insured, premiums and cost sharing, and the health care safety net. The report uses the most recent comparative data available for the U.S. and Michigan: 2008 data for the U.S. and 2007/2008 two-year pooled data for Michigan.

Highlights of findings in *Cover Michigan 2010* include:

- The numbers of uninsured and publicly insured in Michigan have been growing. More than 3.8 million Michigan citizens – nearly 39 percent of the state's population – were either uninsured or covered by a public program (Medicare, Medicaid, military).
- People in Michigan have been losing employer-based coverage at a faster rate than the U.S. overall. The percent of Michigan's population with private coverage was 4.5 percent lower in 2007/2008 than it was in 2003/2004.
- Individual insurance and Medicaid coverage are rising. Yet despite the growth in public coverage, 37 percent of those below poverty level still have no health insurance.
- Type of insurance coverage is associated with race, income and education.
- The number of children covered under Healthy Kids (Medicaid) and MICHild (SCHIP) peaked in 2003 when there was an advocacy effort in place to encourage enrollment.
- Uncompensated care in hospitals increased in 2008 to \$2 billion, a 94 percent increase since 2004. This is a reflection of the increase of uninsured and the increase of insured people who have trouble paying copayments and deductibles.
- Michigan has fewer Federally Qualified Health Centers per 10,000 uninsured than the U.S. average.

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“Michigan’s safety net system is overloaded and shows no signs of abating in the near term even with health care reform,” says Marianne Udow-Phillips, director of CHRT. “Data from *Cover Michigan* shows that safety net providers are critical. Yet, Michigan has far fewer federally-funded health care centers than other states. The enormous strain on the state’s health care system is growing as more people lose employer-based coverage.”

Cover Michigan also shows that Medicaid continues to consume more of the state’s budget, rising from 21.7% in 2007 to 22.2% in 2008, even with cuts to providers. Michigan’s Medicaid spending is increasing at a faster rate than the U.S. average.

With health reform, Medicaid eligibility will expand as will overall spending. Based on 2007/8 numbers, more than 15 percent of the state’s population would be Medicaid-eligible with health reform, compared to 11 percent without reform. Approximately 287,000 uninsured individuals will be newly eligible. The number of uninsured in Michigan could go from the current 1 million to less than 150,000.

“We expect to see continued challenges for the state’s health care safety net,” says Udow-Phillips. “But the new reform law brings opportunities for additional national funding to help build this safety net. It will be very important for Michigan communities to work together to seek these resources
More projections in the report include:

Many people in our state will get coverage differently starting in 2014 than they do today:

- In 2007/8, 16 percent (165,000 people) of the non-elderly who were uninsured were Medicaid eligible under existing policies. These individuals are projected to actually become enrolled when health reform is fully in effect.
- Starting in 2014, more than 1.1 million people can be expected to get their health care coverage through new state run or state contracted entities called health insurance exchanges. Most of these individuals are currently either uninsured, purchase their coverage themselves in the individual market or are employed by small employers.

Many people and businesses in our state will benefit from the tax credits and subsidies included in the Act:

- Almost 700,000 individuals in Michigan are likely to benefit from subsidies to help them purchase private health insurance.
- Up to 144,000 small businesses in the state could benefit from tax credits included in the health reform law.

The Center for Healthcare Research & Transformation sponsors research and public information to promote evidence-based health care delivery, improve population health, and expand access to care. Housed at the University of Michigan, CHRT is a partnership between U-M and Blue Cross Blue Shield of Michigan to test the best ideas for improving the effectiveness and efficiency of the health care system.

Visit CHRT on the Web at: www.chrt.org for a copy of *Cover Michigan 2010*.