

The state of the uninsured and underinsured 2010-2014

A baseline report on health insurance before the
Affordable Care Act

January 30, 2014

Introduction

Since 2004, the Washington state Office of the Insurance Commissioner has studied the number of uninsured people and the impact on health care costs.

Previous reports have revealed that the growing ranks of uninsured people in Washington state have driven higher health care costs and increased the uncompensated care provided statewide. A portion of these costs have been shifted to other health care consumers, making health insurance less affordable for all. Past reports detailed this rapidly escalating cycle and its threat to the state's economic security:

- In 2004, there were fewer than 700,000 uninsured Washingtonians and uncompensated care amounted to less than \$500 million.

- By 2011:
 - Nearly 1 million people in Washington state were uninsured—roughly 1 in every 7 people.
 - Another 1.2 million people were underinsured.
 - Uncompensated care ballooned to nearly \$1 billion per year, adding costs of more than \$1,000 annually for each insured family.

This report provides an update on the uninsured and uncompensated care at the start of 2014, on the cusp of new coverage expansions available under federal health reform. The report provides a baseline by which to measure projected gains in coverage, identifies recent trends in the uninsured and underinsured in our state, and discusses Washington's continued path toward meaningful health insurance for all of its residents.

Executive summary

Heading into 2014, the number of uninsured and underinsured people and the amount of uncompensated care remains critical in Washington state.

Though Washington is emerging from its recent recession, residents continue to struggle in a still-recovering economy. Washington's unemployment rate remains 2 percent higher than in 2008, and median income has slightly declined over the same period.

With tighter household budgets and less predictable employment, it has been difficult for many Washingtonians to access health insurance. As a result, health care providers have continued to experience high levels of uncompensated care.

But as federal health reform launches, relief is in sight. The most significant provisions of the Patient Protection and Affordable Care Act took effect Jan. 1, 2014, including major expansions of health insurance in Washington state.

The findings in this report provide a baseline for these changes and demonstrate the early impact of health reform here since the law's passage in 2010.

Key findings include:

- **The number of uninsured remains high.** At last count at the end of 2012, there were approximately 990,000 uninsured Washingtonians or 14.5 percent of our state. The majority will have access to health coverage under the Affordable Care Act. Early provisions of the Affordable Care Act also prevented 100,000 Washington residents from joining the ranks of the uninsured in the years leading up to 2014.
- **Four out of five Washingtonians with individual insurance were underinsured.** Nearly 80 percent of those who bought individual health insurance had plans that covered less than half of their medical costs. Nearly all of these people will have access to more meaningful coverage under the Affordable Care Act.
- **Employer-sponsored insurance is increasingly scarce.** Over the last decade, employer-sponsored insurance declined by 10.7 percent in Washington state, particularly among low-wage and part-time workers. The Affordable Care Act may slow that decline for workers at large companies when the employer mandate takes effect next year. Other workers who buy their own health insurance will have access to better coverage and subsidies.
- **The uncompensated care burden continues to grow.** Health care providers are providing increasing levels of uncompensated care to the uninsured and underinsured, absorbing at least 10.4 percent in additional care since 2010. This adds an estimated \$1,117 to the cost of health insurance per family each year in shifted costs—\$100 more than in 2011. The coverage expansions

provided by health reform will help shrink uncompensated care, lowering health care costs for everyone.

With full implementation of the Affordable Care Act this year, these past trends are beginning to shift. More than halfway through the first open enrollment period, 323,762 Washingtonians have signed-up for insurance. We estimate that by 2016:

- The number of Washingtonians without health coverage will drop from a high of 15 percent down to 6 percent.
- An estimated 805,400 Washingtonians will be eligible for free or lower-cost health coverage through the state's new Exchange, Washington Healthplanfinder.
- Approximately 735,000 currently underinsured Washingtonians will have access to more comprehensive coverage that is similar to coverage offered by most employers.
- The amount of uncompensated care will decrease by 25-40 percent.

Even with this progress, Washington's efforts to ensure access to health insurance will not be complete. The state will need to continue monitoring the uninsured trend among vulnerable populations, access to care for the newly insured, and trends in employer-sponsored health insurance.

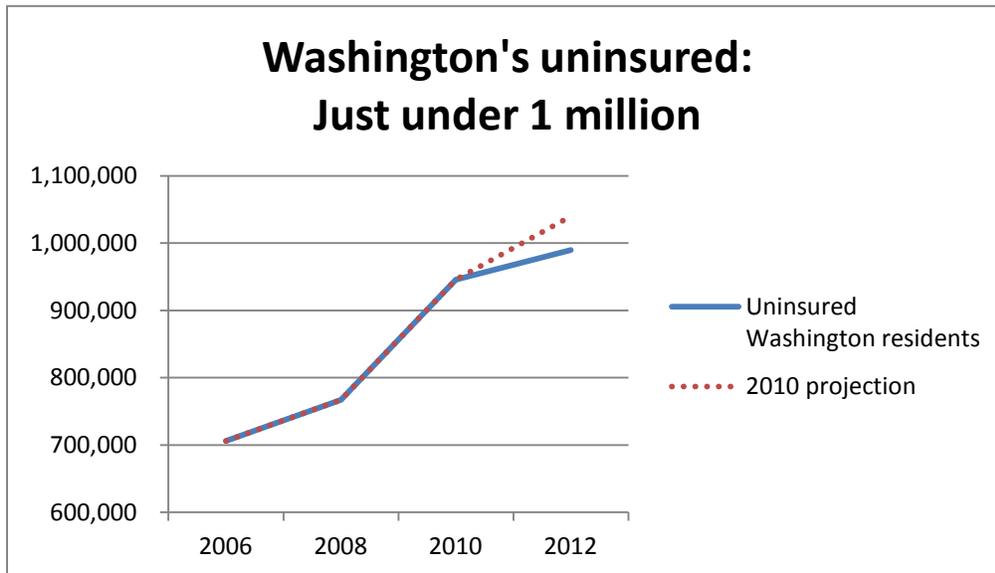
Part I: The uninsured

The number of uninsured in Washington state has continued to grow in recent years. At the end of 2012, an estimated 990,000 Washingtonians lacked insurance, rising from 945,589 at last count in 2011.

Despite this growth, the rate of uninsured in Washington state is actually decelerating, compared to past years' growth. Between 2004 and 2011, approximately 35,000 Washingtonians became uninsured each year. Consistent with this trend, our 2011 report predicted that the rate of uninsured would rise to 1.1 million (15.8%) by 2014.

Instead, between 2011-2013, growth in the number of uninsured slowed to approximately 15,000-20,000 people per year. This slower pace is largely attributable to early effects of the Affordable Care Act, such as the law's requirement to maintain eligibility for Medicaid and the Children's Health Insurance Program (CHIP) at a steady level during implementation and the new

provision allowing young adults to remain on their parents' insurance until age 26.



Despite this promising sign, several key external pressures are contributing to a still-high number of uninsured people in Washington state leading up to 2014:

- **Employer-sponsored health insurance is less available overall.** Over the last decade, workers in Washington state have experienced a 10.7 percent decline in the availability of employer coverage. The decline is not attributable to employers shedding coverage for existing workers, but rather to the fact that employer-sponsored health insurance has not expanded to accommodate growth in the working-age adult population.
- **Employer-sponsored health insurance is less available for certain workers.** Washingtonians are far more likely to be uninsured if they work at part-time or low-wage jobs. Only 26.3 percent of those working at part-time jobs (fewer than 35 hours per week) have coverage through their job.

As a result, this population of workers has a 30 percent uninsured rate. Similarly, only 33 percent of Washington employers offer insurance if over half their workers are low-wage (making less than \$11.50 per hour). Correspondingly, sectors that tend to rely on part-time and low-wage

workers—such as construction, agriculture, or services— provide coverage to less than half of their workforce.

- **Premiums continue to rise.** Over the last decade, total family premiums for individual coverage have increased more than 70 percent.

Similarly, premiums have doubled for employees paying a share of their employer coverage. These higher premiums are particularly troubling for low-wage workers who are typically asked to contribute more than their higher-wage counterparts. Though overall health care spending has slowed in recent years, declining from 1.8 percent per capita in 2007 to 1.3 percent per capita in 2010, this overall trend has not yet yielded lower premium costs for individuals.

In the face of these pressures, public programs have served as a safety net for Washington residents who have nowhere else to turn. From 2010 to 2012, enrollment in public programs for those under age 65 climbed by 50,000, despite the fact that the under-65 population increased by only 29,000 during this time period. However, this coverage has been traditionally limited to vulnerable populations—such as children, seniors, pregnant women, and individuals with disabilities—leaving many working-age adults with few insurance options.

Uninsured by region/county

Statewide, the rate of uninsured residents under age 65 increased from 16.2 percent in 2010 to 16.5 percent in 2012. However, this rise was not evenly distributed throughout the state. Certain regions and counties still have more uninsured, contributing to geographic disparities in health care access. For example, of the 19 most populous counties in Washington, the agriculture-based counties of central Washington have the highest rates of uninsured: Yakima County (24.1 percent), Grant (20.4 percent) and Chelan (19.9 percent).

Uninsured by County (Washington State 2012)

Region	County	2012 OIC Estimate			Eligible for ACA assistance	
		Population (3)	# Uninsured	% uninsured	<139% FPL	139% to 400% FPL
North Sound	Island	79,350	7,500	9.5%	2,400	3,600
	San Juan	15,925	2,600	16.3%	1,000	1,300
	Skagit	117,950	20,200	17.1%	6,500	8,400
	Whatcom	203,500	29,000	14.3%	9,900	14,400
	Regional Sum	416,725	59,300	14.2%	19,800	27,800
West Balance	Clallam	72,000	10,900	15.1%	3,600	5,600
	Cowlitz	103,050	13,800	13.4%	4,500	6,700
	Grays Harbor	73,150	13,400	18.3%	6,300	5,000
	Jefferson	30,175	3,700	12.3%	1,400	1,800
	Klickitat	20,600	3,400	16.5%	1,400	1,500
	Lewis	76,300	11,900	15.6%	3,800	5,200
	Mason	61,450	10,200	16.6%	3,800	4,200
	Pacific	20,970	3,500	16.7%	1,500	1,600
	Skamania	11,275	1,600	14.2%	600	600
	Wahkiakum	4,025	500	12.4%	200	200
Regional Sum	472,995	72,900	15.4%	27,000	32,500	
King	King	1,957,000	248,400	12.7%	60,700	104,200
	Regional Sum	1,957,000	248,400	12.7%	60,700	104,200
Pierce	Pierce	808,200	123,800	15.3%	34,100	61,900
	Regional Sum	808,200	123,800	15.3%	34,100	61,900
Snohomish	Snohomish	722,900	99,900	13.8%	24,600	43,600
	Regional Sum	722,900	99,900	13.8%	24,600	43,600
Puget Sound Metro	Kitsap	254,500	31,100	12.2%	10,300	17,000
	Thurston	256,800	37,200	14.5%	12,600	14,800
	Regional Sum	511,300	68,300	13.4%	22,900	31,800
Clark	Clark	431,250	63,400	14.7%	18,600	31,500
	Regional Sum	431,250	63,400	14.7%	18,600	31,500
East	Adams	19,050	4,400	23.1%		1,600

Balance					1,800	
	Asotin	21,700	2,700	12.4%	1,100	1,300
	Chelan	73,200	14,600	19.9%	3,700	7,100
	Columbia	4,100	500	12.2%	200	200
	Douglas	38,900	7,900	20.3%	2,900	3,200
	Ferry	7,650	1,400	18.3%	600	600
	Garfield	2,250	300	13.3%	100	100
	Grant	91,000	18,600	20.4%	5,700	7,800
	Kittitas	41,500	6,900	16.6%	3,200	2,400
	Lincoln	10,675	1,400	13.1%	500	700
	Okanogan	41,425	8,500	20.5%	3,700	4,000
	Pend Oreille	13,100	1,900	14.5%	800	900
	Stevens	43,700	6,700	15.3%	2,800	3,100
	Walla Walla	59,100	9,500	16.1%	3,900	3,700
	Whitman	45,950	6,800	14.8%	4,200	2,200
Regional Sum	513,300	92,200	18.0%	35,400	38,900	
Spokane	Spokane	475,600	62,200	13.1%	24,400	27,800
	Regional Sum	475,600	62,200	13.1%	24,400	27,800
Yakima-TriCities	Benton	180,000	23,400	13.0%	6,400	10,900
	Franklin	82,500	16,600	20.1%	3,700	7,000
	Yakima	246,000	59,400	24.1%	18,900	21,000
	Regional Sum	508,500	99,400	19.5%	28,900	38,900
Washington State	6,817,770	989,800	14.5%	296,400	438,700	
(1) Office of Financial Management (2013): Intercensal Estimates of the Total Resident Population by County with 2001 through 2040 Postcensal Estimates (April 1 data)						
(2) Estimated by Office of Insurance Commissioner (2013) based on data from U.S. Census Bureau 2010 Census, 2011 Small Area Health Insurance data, and the 2012 American Community Survey by the US Census Bureau.						

Who are the uninsured?

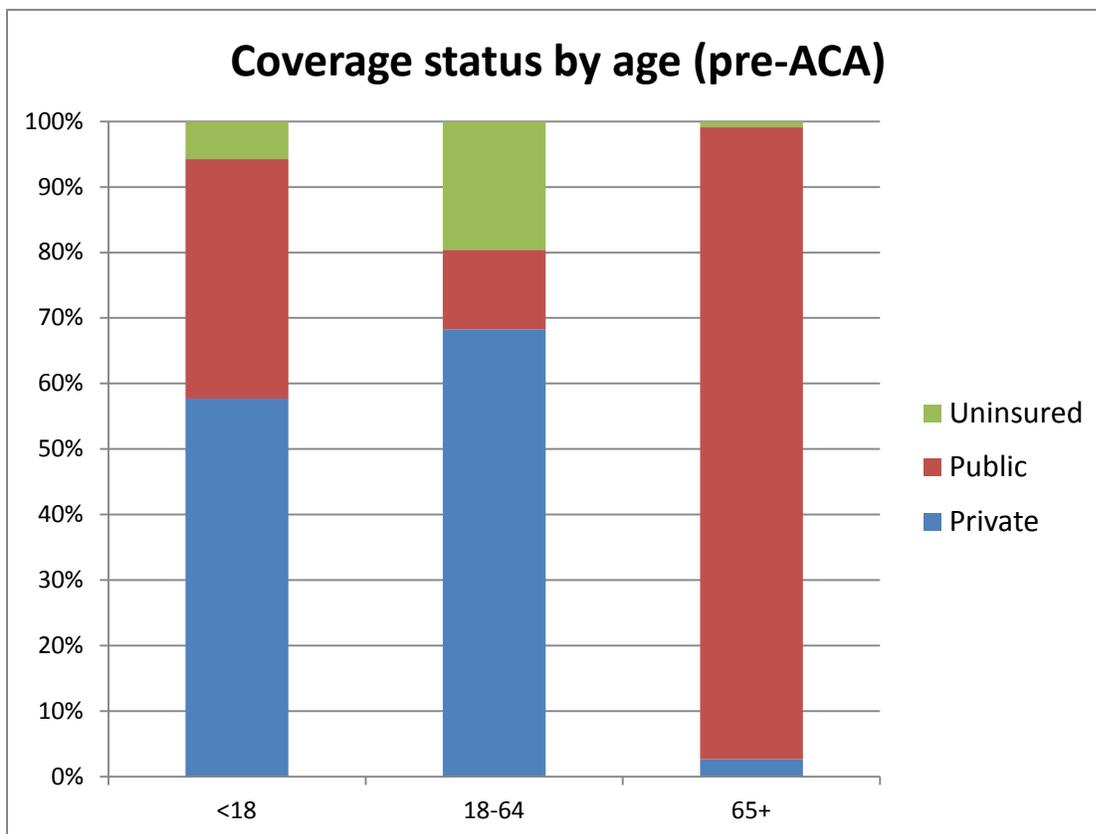
Whether or not someone is uninsured in our state depends on a number of factors, including their age, sex, race and ethnicity, income, immigration and employment status.

Age

The uninsured are primarily adults of working age (between 18-64). These adults have fewer insurance options than children and older adults, who are more likely to qualify for public coverage. Washington’s commitment to cover lower-income children through Medicaid, the Children’s Health Insurance Program, and state programs has reduced the number of uninsured children to approximately 6 percent. Similarly, the federal commitment to cover seniors through Medicare means that only 1 percent of those over 65 are uninsured.

By contrast, only 12 percent of Washington’s non-elderly adult population currently have access to public coverage. The majority of adult Washingtonians depend on employer-sponsored coverage. If it is unavailable, they are likely to be uninsured.

This trend is particularly evident among young adults (ages 18-34). Over a quarter of young adults are uninsured (26 percent), versus 16 percent of their older adult peers (ages 35-64). This 10 percent spike mirrors the scarcer availability of employer coverage for young adults—it is offered for only 53 percent of young adults, versus 62 percent of older adults.

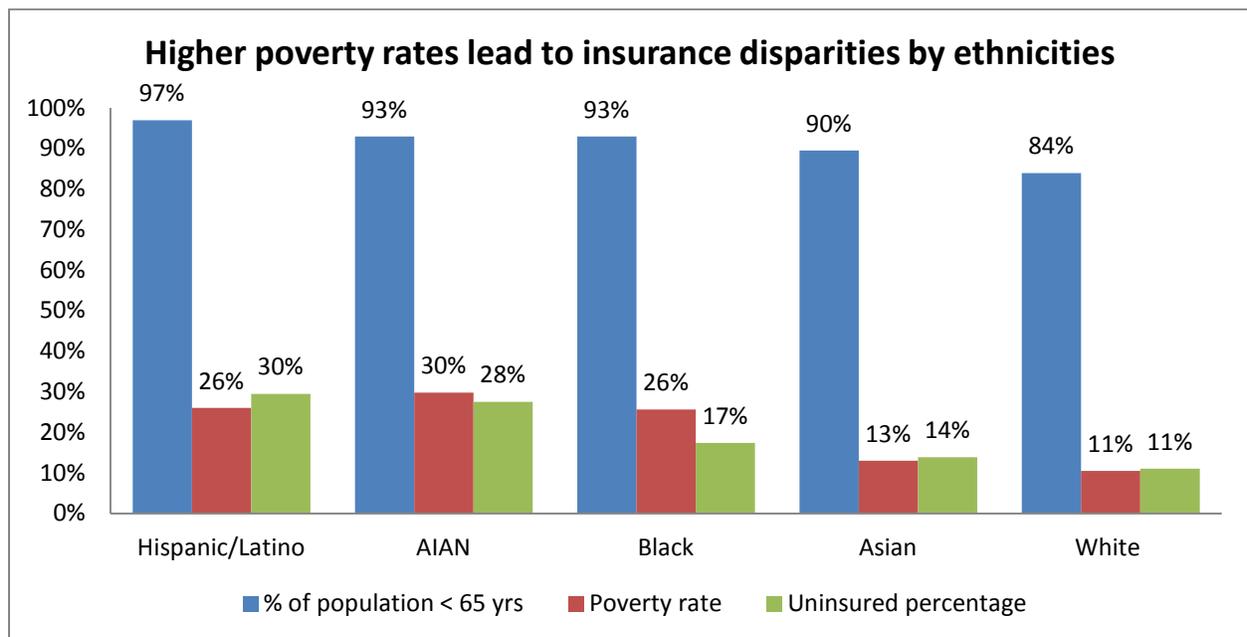


Race and ethnicity

The uninsured rate varies significantly by race and ethnicity, often due to external factors that may limit their access to coverage.

Over a quarter of Washingtonians who are Hispanic/Latino or American Indian/Alaska Native are uninsured. In addition, there is an alarmingly low rate of insurance for American Indian/Alaska Native children—just 82 percent of these children compared to 94 percent of children statewide. These disparities are due in part to:

- **Income** - Groups with average household incomes below \$50,000 are most likely to lack insurance. Hispanics/Latinos and American Indian/Alaska Natives have the highest family poverty rates in the state.
- **Age** - Hispanics/Latinos and American Indian/Alaska Native populations in Washington state tend to have fewer seniors over age 65. As a result, a lower percentage of the population has health coverage through Medicare.



- **Immigration status** - Washingtonians who are not U.S. citizens are far more likely to be uninsured than other state residents. For example, 40.7 percent of immigrants who are not U.S. citizens are uninsured, compared to 17.2 percent of immigrants who have become citizens through the naturalization process. These disparities are due in part to:

- ✓ **Employer-sponsored coverage** - Employer-sponsored insurance is less available for immigrants. While about a third of United States citizens have employer-sponsored coverage, only 55-61.2 percent of non-citizens have employer-sponsored coverage.
- ✓ **Eligibility or perceived eligibility** - Many immigrants are ineligible for public programs, particularly those who lack documentation, have temporary lawful statuses, or have recently gained lawful statuses. Other immigrants may actually be eligible for public coverage, but suffer from the misconception that this coverage is not available to them.

Sex

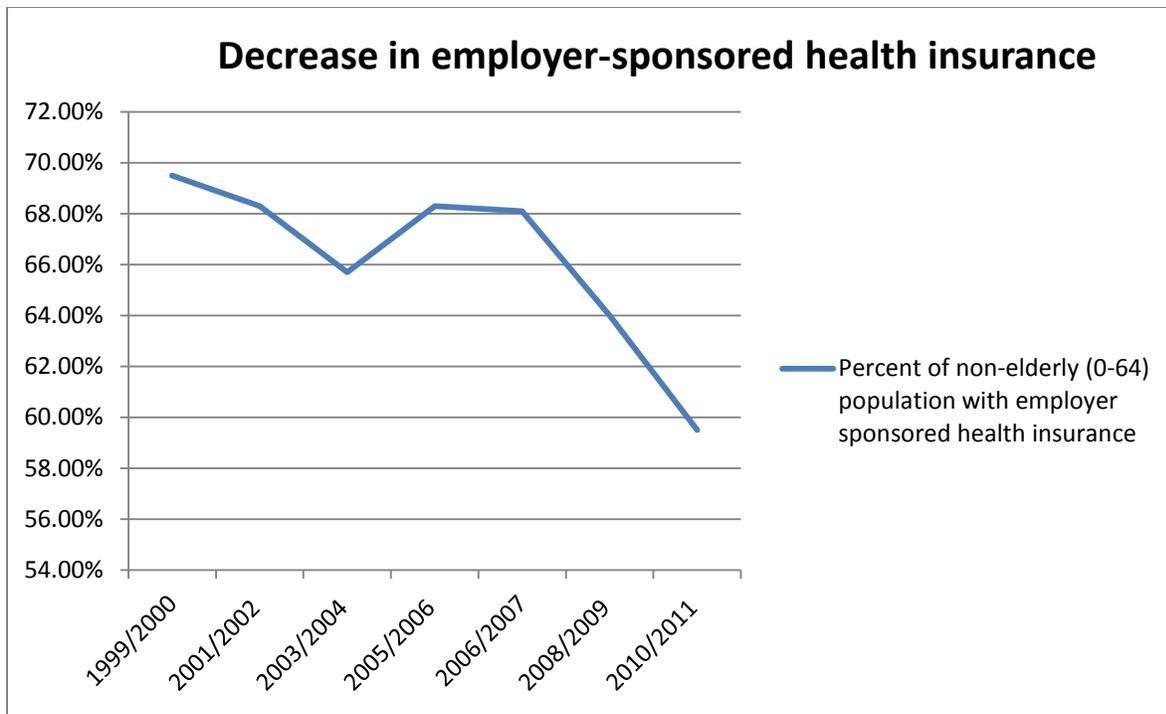
Men in Washington state are more likely to be uninsured than women with similar incomes, particularly in their younger years. Between ages 18-40, men are 5.2 percent more likely to be uninsured. As men age, this difference declines to 3.7 percent between ages 40-50 and largely disappears after age 50.

The uninsured gender gap is particularly notable for those with lower incomes, indicating that the difference should not be attributed solely or even primarily to behavioral factors. Instead, the gender gap reflects the greater availability of public coverage for lower-income women while pregnant or parenting, since 13.4 percent of women ages 18 through 40 receive public coverage, compared to only 9.7 percent of men in the same age range.

Employment

Over two-thirds of private-sector employees in Washington state have an employer that offers them health insurance coverage. Even with a steady decline of employer-sponsored coverage over the past decade, the majority of residents continue to rely on it.

However, a less-fortunate 20 percent of Washington's working-age adults are uninsured.



These uninsured adults tend to fall into two groups:

- (1) Young adults, who often lack job experience or full-time employment opportunities; and
- (2) Those working in business sectors in which part-time employment is common or there is economic demand for low prices—such as retail, services, construction, and agriculture.

More specifically, Washington state’s private-sector employers are less likely to offer coverage to:

- **Lower-wage workers**

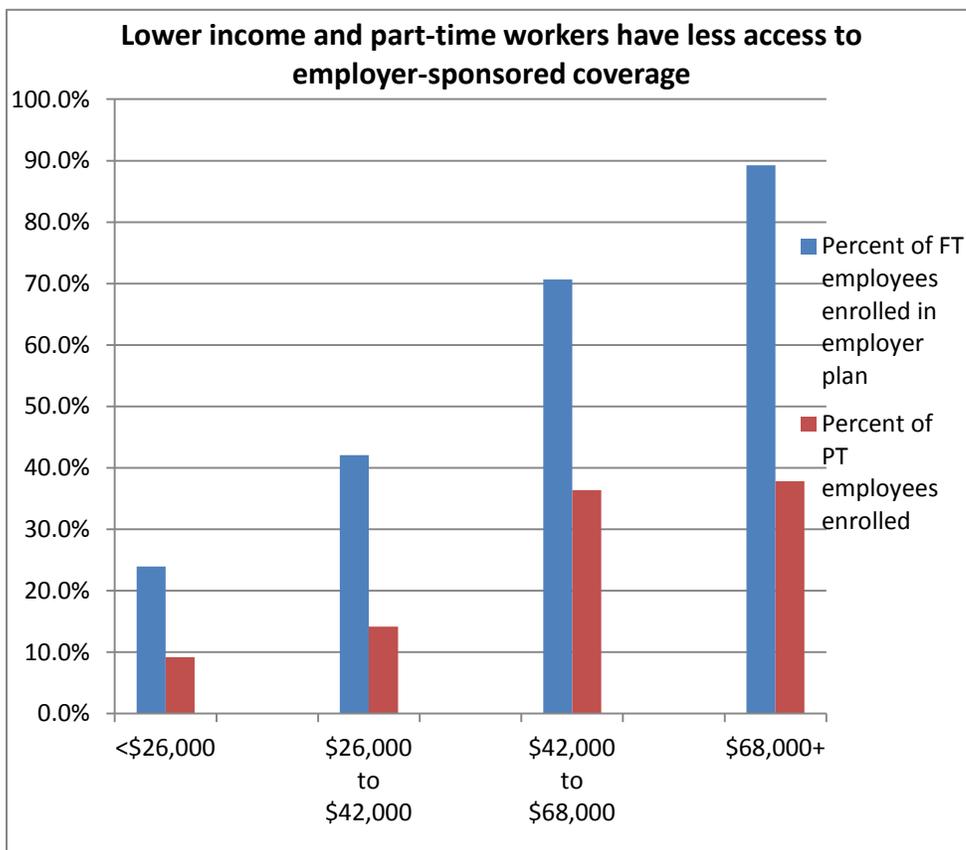
For working-age adults (18-64), employer-sponsored coverage is less available for those with low incomes and slowly climbs with increases in household income. Just 20 percent of those with incomes under the federal poverty level have insurance through an employer, while this number rises to 94 percent for those who earn four times the federal poverty level.

When employers do offer insurance to their lower-wage employees, this coverage is more likely to require a financial contribution from the employee.

- **Part-time workers**

Part-time workers are also less likely to have an offer of employer-sponsored insurance, particularly when they work for employers that rely on part-time workers for the majority of their workforce.

Even when part-time workers are offered employer-sponsored insurance, they are often less able to take-up coverage due to their more limited income. This means that they are much less likely than full-time workers to be insured, at 15.2 percent compared to 69.6 percent.



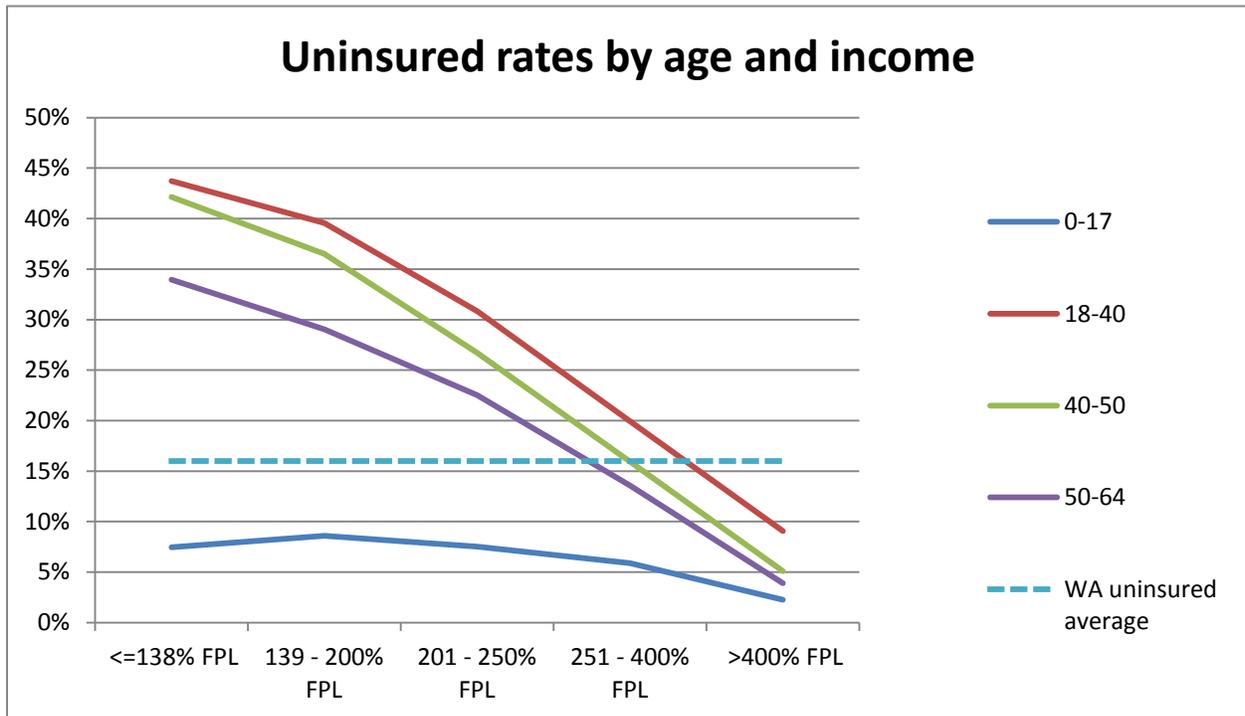
- **Small businesses**

Businesses with fewer than 50 employees are less likely to offer their employees insurance than their larger counterparts. Only 36 percent of employees at these small businesses are offered insurance, compared to 97.5 percent of large employers. One key reason for this difference is that

small businesses are more likely to rely on a part-time workforce (34.3 percent, versus 19.1 percent for employers with 50 or more employees).

Income

The lower someone's income in Washington state, the more likely he or she is to be uninsured. Those with lower wages generally do not have access to employer-sponsored health insurance, find private insurance unaffordable and, in the past, have not qualified for most public programs.



The impacts of being uninsured

Economic security

In 2010, 27 percent of uninsured adults used up all or most of their savings paying medical bills. Though federal law requires emergency care and state law requires charity care for the lowest-income, the uninsured must generally pay out-of-pocket for most medical services.

Also, unless they are eligible for charity care, the uninsured are usually billed at full cost, rather than the lower rates negotiated by insurers.

As a result of these costs, the uninsured tend to have fewer financial assets and are more likely to declare medical bankruptcy —making them less resilient in a still-recovering economy. In addition, the uninsured lose substantial earnings and capital due to poorer health and shorter lives, a number the Institute of Medicine estimates as worth \$65 billion to \$130 billion per year nationally.

Health

As to be expected, people who are uninsured are less likely to access health care when they need it:

- Only 38 percent of uninsured adults have a usual source of care, compared to 90 percent of those with insurance.
- Forty-six percent of uninsured adults have an unmet medical need, versus 10 percent of those with private insurance.
- A third of uninsured adults have delayed care because of costs, in contrast to only 7 percent of those with private insurance.

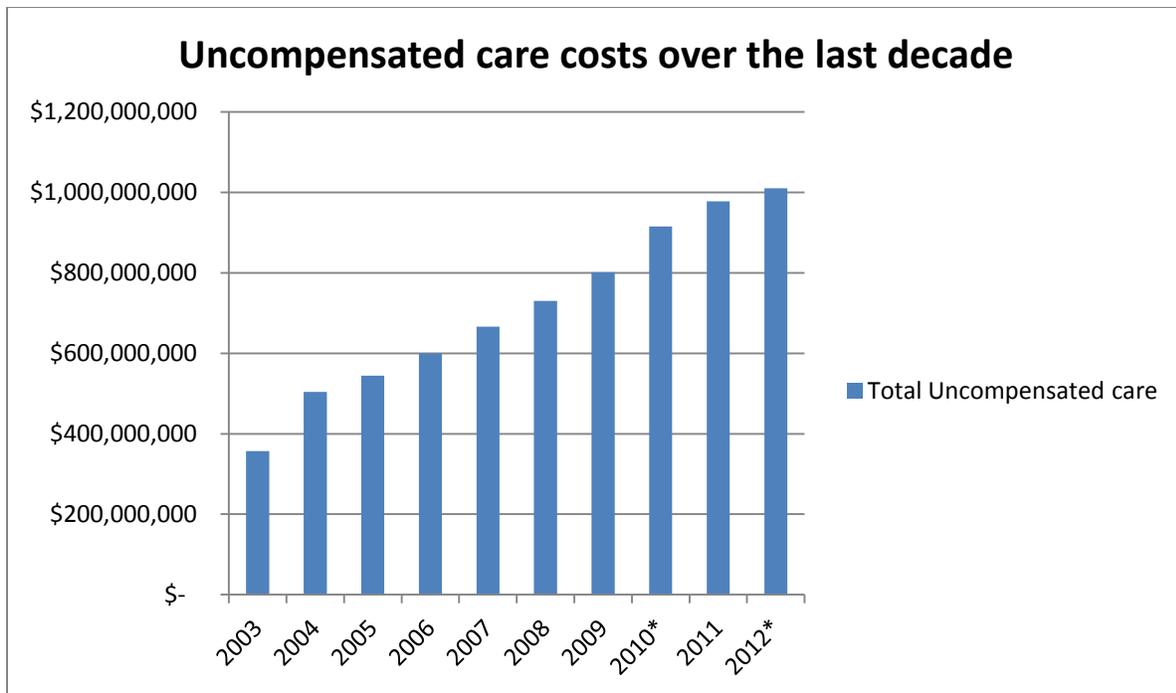
Over time, these disparities in health care access amount to poorer health outcomes, particularly because 77 percent of the uninsured have lacked insurance for more than a year. Uninsured adults are twice as likely to be in poor-to-fair health as those with private insurance. The uninsured also have a higher risk of being diagnosed in the late stages of an illness, have a higher mortality rate, and are more likely to be hospitalized for avoidable health problems.

Uncompensated care

Without regular care, uninsured people often resort to the emergency room, where health care providers face legal and ethical obligations to provide needed care.

In many cases, this care goes uncompensated. Health care providers may offer charity care without the expectation of reimbursement, or may incur bad debt when bills are not paid.

Statewide, the amount of uncompensated care has reached an all-time high of \$1.01 billion a year. This figure has escalated rapidly in recent years, as providers have absorbed at least 10.4 percent in additional uncompensated care since 2010.



Part II: The underinsured in the individual market

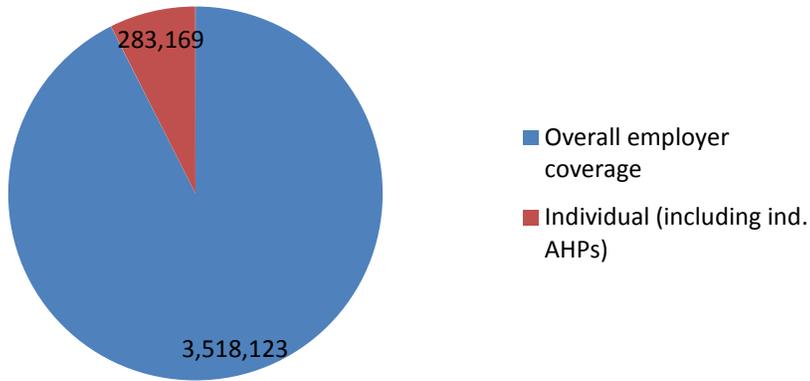
A growing trend just as troubling as the growth of uninsured people has been the number of people who are *underinsured*. In Washington, we estimated that more than 225,000 people had coverage that only paid for 25-40 percent of their medical costs and left them at risk for huge out-of-pocket costs.

Prior to 2014, approximately 290,000 Washingtonians purchased their own health insurance. This is a relatively small percentage of the insured, but a group that has been impacted by rising costs and poor coverage options. Most individual policies provided fewer benefits than the typical employer-sponsored plan.

Nearly 80 percent of people buying plans in the individual market bought plans that did not meet the new standard of meaningful coverage under the Affordable Care Act.

In general, these plans offered coverage that put 40 to 75 percent more of the financial burden on the enrollee compared to more comprehensive plans – or coverage offered by most employers.

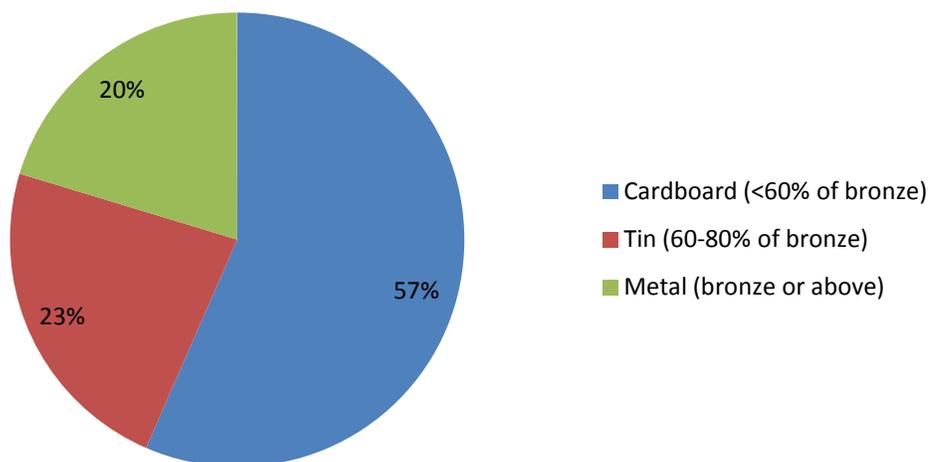
Employer-sponsored health insurance vs. individual coverage



Most individual health plans, before the Affordable Care Act, did not include critical benefits, such as prescription drug or maternity coverage. As a result, many people, despite having insurance, still faced significant out-of-pocket expenses in the event of illness, injury, or pregnancy.

For example, 7 percent of those with insurance had used up all or most of their savings paying medical bills, and more than 4 percent of those with insurance have outstanding medical bills they cannot pay.

80 percent of individual plan enrollees were underinsured in 2013



Part III: Relief in sight

Major provisions of the Affordable Care Act took effect earlier this month. These reforms represent the single biggest advance in reducing the number of uninsured, underinsured and uncompensated care in decades.

New opportunities for coverage

The Affordable Care Act introduced an array of new coverage opportunities that will help the uninsured get covered. Eight health insurers were approved to sell a total of 46 different plans (including eight multi-state plans) in Washington's new Exchange, Washington Healthplanfinder. Most health plans sold inside and outside the Exchange must contain the new reforms.

No denials for pre-existing conditions

Insurers can no longer deny individuals coverage because of their health status or past medical history. This protection was already in effect for children and extended to adults as of Jan. 1, 2014.

Expanded Medicaid

To help address the high proportion of very low-income individuals without coverage, the Affordable Care Act expands the Medicaid program (now called "Washington Apple Health" in our state), a federal-state health insurance program that was previously limited to children, pregnant women, caregivers, and those with disabilities or long-term care needs.

The new Medicaid expansion is available to adults earning less than 138 percent of the federal poverty level (\$16,104 for a single adult and \$32,913 for a family of four). Washington state chose to expand Medicaid during the 2013 legislative session, citing extensive savings to the state through generous federal funding for the program. This decision makes health coverage available for nearly 355,000 Washingtonians—about 38 percent of the state's uninsured population.

Premium subsidies

Washingtonians who earn too much to qualify for Medicaid can buy new Qualified Health Plans through the state's Exchange, Washington

Healthplanfinder. These plans must meet new standards for insurance quality and transparency.

Those earning up to 400 percent of the federal poverty level can qualify for premium support (\$46,680 for an individual and \$95,400 for a family of four). The premium subsidy will be on a sliding-scale, ranging from 3 percent to 9.5 percent of income.

Those earning up to 250 percent of the federal poverty level will also qualify for cost-sharing subsidies. Native Americans will not be subject to any cost-sharing if their income is below 300 percent of the federal poverty level.

Statewide, this means that an additional 460,000 Washingtonians will be eligible for subsidies to help put affordable health insurance within reach.

Assistance for small businesses

In addition to the new coverage options available to individuals, many small businesses with 25 or fewer employees can seek a tax credit to help cover the cost of providing insurance to employees.

This tax credit, which began in 2010, is designed to help employers with low-to-moderate income workers offer health insurance for the first time or maintain existing coverage. In general, the credit is available to small employers that pay at least half the cost of coverage for their employees. The credit is available for up to two years, until 2016.

More than 83.7 percent of all small businesses in the country are estimated to qualify for the tax credit. In Washington state, the tax credit is available through Washington Healthplanfinder's "Small Business Health Options Program" (SHOP) in two pilot counties, Clark and Cowlitz. Elsewhere in the state, the tax credit is available through the Internal Revenue Service.

Relief for the underinsured: New consumer protections

Many Washingtonians who currently have insurance will see coverage improvements under the Affordable Care Act.

Some individuals with insurance may be eligible for lower-cost options through the expansion of Medicaid or through subsidies offered in the Exchange. Others who do not qualify for subsidies may still benefit from the ability to do side-by-

side comparisons when shopping for insurance through the Washington Healthplanfinder.

In addition, people will benefit from new consumer protections that reduce the risk of being underinsured, including:

- 10 Essential Health Benefits in all new individual and small group plans:
 1. outpatient care
 2. hospitalization
 3. emergency care
 4. maternity and newborn care
 5. mental health and substance disorder services (including behavioral health treatment)
 6. prescription drugs
 7. rehabilitative and habilitative services and devices
 8. laboratory services
 9. preventive and wellness services and chronic disease management
 10. pediatric services (including oral and vision)
- Preventive services without any cost-sharing (deductibles, co-pays, or coinsurance) in all new plans.
- No lifetime caps on Essential Health Benefits, and no annual caps on Essential Health Benefits in most plans.
- Most plans must limit annual cost-sharing to the amounts permitted for high-deductible plans under federal law. For 2014, this is \$6,350 for individuals and \$12,700 for families.
- All small group plans must limit deductibles to \$2,000 per individual and \$4,000 per family, indexed to the rate of average premium growth.

These changes could substantially reduce the number of underinsured Washingtonians and offer more predictable, higher-quality health insurance to individuals and businesses.

Part IV: The path forward

The Affordable Care Act takes tremendous strides forward in reducing the number of people who are uninsured and underinsured in our state.

By 2016, we expect 805,400 residents to gain access to insurance. As more and more people become insured, health care providers in Washington state can expect increasingly lower levels of uncompensated care, reducing costs in the health care system overall.

Improvements already underway

At the time of this report’s publication, Washington state was a little over halfway into its first open enrollment period for the new coverage options under the Affordable Care Act. As of Jan. 23, 323,762 Washingtonians had newly enrolled in private health coverage or Medicaid.

Insurance enrollment in Washington state under the Affordable Care Act (as of January 23, 2014)	
Qualified Health Plans	86,031
Medicaid Newly Eligible Adults	160,587
Medicaid Previously Eligible but not Enrolled	77,144
Medicaid Redeterminations (Previously Covered)	233,888
Total	557,650

These enrollment numbers represent a strong start for the Affordable Care Act in Washington state.

Immediate and longer-term challenges remain

In the near term, Washington state must continue outreach efforts to help the younger, healthier populations get covered. These residents have lower health risks, so their participation is critical in keeping health insurance costs low.

In addition, the state must carefully monitor vulnerable populations who currently receive Medicaid, the Children’s Health Insurance Program, or state-based programs. Some of these populations are transitioning to new coverage options, while others must use Washington Healthplanfinder to renew their coverage. Without attention, these changes could cause some enrollees to lose coverage.

Over the longer term, Washington state will continue to face challenges in its health care system. The Affordable Care Act is not a panacea, but a monumental first step. In future years, Washington will need to focus on:

Access to covered services

The Affordable Care Act is making great strides in improving peoples' access to meaningful health coverage. We anticipate that as people begin to use their coverage, they will have questions both about the reforms, as well as which health care providers they can see in their new plans.

In 2014, some of the Qualified Health Plans available through Washington's Healthplanfinder have narrower provider networks than previously seen in our individual health insurance market. This trend raises concerns about whether enrollees will have sufficient access to the services covered under their health plans, without unreasonable delay.

To begin the process of addressing these concerns, the Office of the Insurance Commissioner is issuing rules early this year to help clarify provider network standards. However, further work will be needed to ensure that Washingtonians understand their rights to services if they encounter network challenges, as well as further analysis and monitoring to understand the root causes of narrower networks.

Health care costs

The Affordable Care Act contains a number of measures intended to impact health care costs. In the years since the law's passage, health care spending has slowed, with real per capita health care spending growing at an estimated average annual rate of just 1.3 percent—the lowest rate on record for any three-year period stretching back to 1965. Health care inflation is at its lowest rate in 50 years.

To address future cost concerns, the state should continue to encourage innovation in its health care delivery system. Washington state is currently exploring a range of tools to reduce costs, such as new purchasing strategies and increased transparency of health care pricing.

Additional coverage solutions

The Affordable Care Act ensures that most Washington residents have access to health insurance, but some critical gaps remain.

In particular, the law does not include new coverage opportunities for immigrants who lack documentation. This group, which makes up 12-13 percent of Washington's uninsured population, may continue to purchase coverage in the commercial market, but will not have access to new coverage options such as Medicaid or subsidies to help them buy Qualified Health Plans through Washington Healthplanfinder.

The law also retains existing limitations for immigrants in other public coverage programs, such as a five-year waiting period before many lawfully present immigrants can gain access to Medicaid. Without further commitment from employers or government, these access barriers will mean that many immigrants will remain uninsured or underinsured.

As implementation proceeds, federal and state entities will need to address these and similar concerns to maximize insurance opportunities for Washington residents.

Sources

This report uses the most recent available data (as of Dec. 31, 2013) from several federal and state agencies and some key non-profit organizations as its primary basis. Among these sources are:

- **The U.S. Census Bureau** (2010 and 2012 American Community Survey, 2010 Census, 2011 Small Area Health Insurance Estimates)
- **The federal Agency for Healthcare Research and Quality** (2012, 2011 and 2010 Medical Expenditure Panel Survey)
- **The U.S. department of Health and Human Services** (National Health Expenditure Data)
- **The Washington State Office of Financial Management** (2013 Washington State Population Survey, population projections to 2040)
- **The Washington State Department of Health** (2012 Hospital Year-End Financial Reports, Community Hospital Quarterly Files for 2010-2012)
- **The Washington State Caseload Forecast Council** (Medicaid and state health program enrollment data)
- **The Washington State Health Care Authority** (Basic Health Plan and Public Employees Benefit Board enrollment data)
- **The Washington State Office of the Insurance Commissioner** (enrollment data from the 2010-2012 Additional Data Statements and the 2013 Quarterly Statements)
- **The National Association of Insurance Commissioners** (2010-2012 Annual Reports from insurers, 2010-2012 Annual Health Supplement reports)
- **The Kaiser Family Foundation** (Medicare enrollment data by state, 2010-2012; analysis of the 2012 American Community Survey and Medical Expenditure Panel Survey on a national basis, 2013 Uninsured Primer, 2012 Report on Health Care for low income immigrants)
- **The Robert Wood Johnson Foundation and Urban Institute** (2013 report on Employer Sponsored Insurance)
- **The U.S. Department of Defense** (Evaluation of the TRICARE Program for years 2010 through 2013)

