

# Expanding Health Coverage to South Carolinians



## South Carolina Department of Insurance

South Carolina is home to more than 4.1 million people and is the 40<sup>th</sup> largest state geographically with 31,055 square miles. The State has 46 counties, 7 metropolitan areas, 267 cities/towns and 4 major geographic sub-state regions: Upstate, Pee Dee, Midlands and Low Country. The age distribution of South Carolinians appears to mirror that of the nation, but we are more racially diverse than the nation as a whole. There are 69 cities/towns with an African American population of 50% or more. The median age in South Carolina is now 35, up from 25 in 1970. Educationally, South Carolina ranks 39<sup>th</sup> in the nation for the percentage of the population with less than a 9<sup>th</sup> grade education. Economically, South Carolinians are employed in manufacturing, construction, retail, hospitality services and healthcare services. South Carolina ranks 6<sup>th</sup> in the nation for the highest percentage of the population employed in the manufacturing industry, with 19.4% as compared to 14.1% for the entire nation. Twenty-nine percent of the civilian population is employed in management, professional, and related occupations in South Carolina, compared with 33.6% of the civilian population nationwide.

### How many South Carolinians are uninsured?

Nineteen point four percent of the population in South Carolina is uninsured at any point during the year, which is higher than the nation (15.2%). Twenty-one percent of South Carolinians under 65 are uninsured. Over 8% of the population of South Carolina has been uninsured for a year or more. South Carolina's percentage of uninsured whites (18.1%) and Hispanics (42.2%) is higher than the nation (14.2% and 32.4%, respectively). Thirteen percent of the population under age 65, or about 533,000 individuals, are currently uninsured. Fifty-eight percent of South Carolinians have employer-sponsored or individual private coverage; 27% have some type of public coverage, such as Medicaid or Medicare; and 13% are without any type of insurance coverage at any point in time.

Rates of uninsurance vary across the state. The Pee Dee Region (Florence/Myrtle Beach) and the Low Country (Charleston) have more uninsured than the entire state at 25.5% and 20.0% respectively. The Upstate (Greenville/Spartanburg/Anderson) and the Midlands (Richland, Lexington) have fewer uninsured compared to the rest of the state at 15.9% and 17.9% respectively.

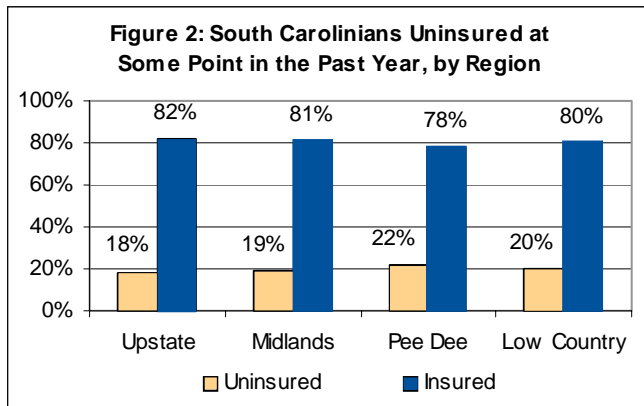
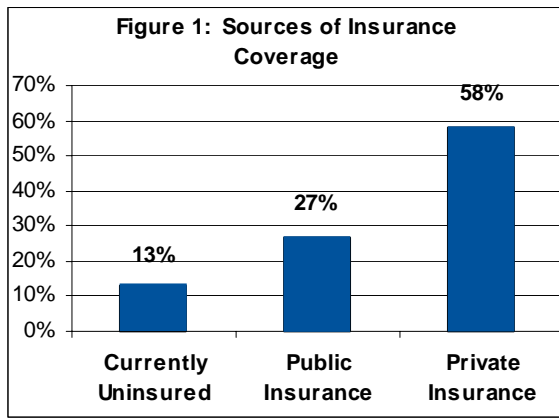
### How does employment affect insurance?

Most uninsured individuals in South Carolina work or are the dependent of someone who works. Construction, professional, retail and hospitality industries have the highest percentage of employers not offering insurance. Since 1994, South Carolina has lost nearly 62,000 manufacturing jobs, which usually offer health insurance benefits. These jobs are being replaced by jobs in the service/hospitality industries, which are much less likely to provide health insurance. Small employers have the most difficult time offering health insurance to their employees. Fifty-three percent of small employers with 1-10 employees do not offer group-sponsored health insurance to their employees. Thirty-nine percent of small employers with 11-20 employees do not offer group-sponsored health insurance to their employees. Seventy-four percent of the uninsured list affordability as the reason they have not purchased health insurance. Thirty-six percent of the uninsured that are eligible for an employer-sponsored plan listed affordability as the reason they were not enrolled in the plan at work. Sixty-two percent of eligible individuals do not enroll in public programs because they do not want to receive government support or do not want the government to provide their health coverage.

### Targeting Employees of Small Employers

From its inception, the goal of this grant was to identify the working uninsured, as well as all other uninsured, and to formulate policy options that address expansion and affordability of the insurance products available to small businesses in South Carolina. The data proved that the majority of the uninsured are hard working citizens and the main reason they were not covered was because they could not afford the group or individual health insurance plans available. In addition, small employers have been affected by a difficult economy and are overwhelmingly choosing to pass more of the costs for health insurance and out-of-pocket costs (co-payments and deductibles) on to their employees. Some have taken more drastic measures and dropped coverage completely.

The problems facing the uninsured and the small employer health insurance market that were considered during the grant research and findings include the following issues:



**Figure 3: SC Small Employers by Insurance Offer**

	Offer Insurance	Do Not Offer Insurance
<b>Agriculture</b>	56%	44%
<b>Construction</b>	75%	25%
<b>Government</b>	100%	0%
<b>Hotel, Motel, Rest., Entert.</b>	77%	23%
<b>Manufacturing</b>	92%	8%
<b>Medical</b>	83%	17%
<b>Professional &amp; Related Services</b>	73%	27%
<b>Retail Trade</b>	83%	17%
<b>Other</b>	75%	25%

*For more information, please contact: The Department of Insurance, 803-737-6094. Funded by a grant from the Health Resources and Services Administration, U.S. Department of Health and Human Services.*

- Affordability,
- Increased cost sharing for employees,
- Decreased benefit plans,
- Decreased competition,
- Lack of familiarity about the public programs available to the working poor among small employers, employees and agents,
- Lack of awareness of the small group insurance laws, and
- Inappropriate use of the health care system.

**What are the next steps?**

The Health Insurance Policy Advisory Committee (HIPAC), led by the South Carolina Department of Insurance, has spent the past year collecting and analyzing data in an effort to examine the problems facing the uninsured. Following this research phase, HIPAC formulated three policy recommendations to be considered by the Governor, the General Assembly, the business community, and all citizens of South Carolina. The details of these policy options are under constant discussion and may change dramatically as we seek feedback from all concerned parties. However, it is HIPAC’s opinion that the following policy recommendations should be considered for implementation in South Carolina:

- A Medicaid Expansion Program for working adults of small business. This program will provide a statewide employer coverage option that would cover all of the employees in a group plan, and will subsidize the premium for individuals/families who fall at or below 150% of the federal poverty level.
- Create appropriate legislation that will allow existing and new non-profit community-based health care programs to raise funds through prepayment fees. These fees will be used to expand programs, increase participant size, and/or increase provider reimbursement. Since each program is community based, the plan design, fees, and networks will be determined based on the community needs.
- Seek funding to develop educational programs to prepare South Carolinians to be more informed health care consumers. Beneficiaries of these programs will include children, adults, employers and providers.

During the next eight months the Department of Insurance will be traveling across the State conducting business forums and attending community meetings. We are very interested in your experiences, your ideas, and your attendance.