

STATE OF WASHINGTON
JOINT LEGISLATIVE AUDIT AND REVIEW COMMITTEE



**Basic Health Plan Study – Part 2:
Who Is Enrolled?
What Services Do They Use?**

Briefing Report 06-9

November 29, 2006

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in alternative formats for persons with disabilities*

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JLARC staff, under the direction of the Committee and the Legislative Auditor, conduct performance audits, program evaluations, sunset reviews, and other policy and fiscal studies. These studies assess the efficiency and effectiveness of agency operations, impacts and outcomes of state programs, and levels of compliance with legislative direction and intent. The Committee makes recommendations to improve state government performance and to correct problems it identifies. The Committee also follows up on these recommendations to determine how they have been implemented. JLARC has, in recent years, received national recognition for a number of its major studies.

**BASIC HEALTH
PLAN STUDY –
PART 2
BRIEFING REPORT
06-9**

REPORT DIGEST



NOVEMBER 29, 2006

STATE OF WASHINGTON
JOINT LEGISLATIVE AUDIT
AND REVIEW COMMITTEE

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Background

In 1987, the Legislature established the Basic Health Plan (BHP) with the intent of making basic health care services available for low-income residents of Washington State. In 2005, the BHP provided state-subsidized health care coverage to an average of 101,869 Washington residents each month. For the 2005-07 Biennium, the Legislature has appropriated approximately \$500 million toward BHP benefits and \$16 million for BHP administrative costs.

This Joint Legislative Audit and Review Committee (JLARC) study is the second part of a two-part review of the Health Care Authority's (HCA) Basic Health Plan. This study examines the characteristics of BHP enrollees and their use of health care services. Part 1 of the BHP review examined the extent to which the BHP's policies and procedures promote or discourage the provision of appropriate, high-quality, cost-effective care for enrollees (JLARC Report 06-1).

Study Objectives

The 2005-07 Operating Budget directed JLARC to answer six specific questions. Following are those study questions along with brief answers to each question. The full report includes more information related to these and other questions about Basic Health Plan enrollees.

How long are individuals enrolled in the BHP?

Thirty-three percent of individuals enrolled in the Basic Health Plan have been enrolled one year or less. (See Chapter 2.)

What circumstances led individuals to enroll in the BHP?

Fifty-five percent of enrollees were uninsured before enrolling in the Basic Health Plan. Of those who were insured, the two most common reasons for switching to the Basic Health Plan were that the cost of individuals' insurance was too high (30 percent) or they lost or changed jobs (21 percent). (See Chapter 3.)

How did BHP enrollees obtain health care before enrolling in the BHP?

Forty-five percent of respondents were insured before enrolling in the Basic Health Plan. Of those who were insured, 46 percent were insured through an employer or union plan. (See Chapter 3.)

What kind of health care coverage do other members of enrollees' households have?

Just over 30 percent of enrollees have at least one household member who is also on the Basic Health Plan, and just under 20 percent have at least one household member on a Department of Social and Health Services program, such as Healthy Options. (See Chapter 4.)

What are the service utilization patterns of BHP enrollees?

Eighty-six percent of enrollees reported visiting the doctor in the last year. Twenty-three percent reported visiting the emergency room. (See Chapters 6 and 7.)

What is the employment status of BHP enrollees? By whom are BHP enrollees employed?

Sixty-one percent of enrollees are employed, and, of those, nearly half (48 percent) are employed full-time. Over three-quarters of employed enrollees are either employed in the private sector or are self-employed. (See Chapter 5.)

Committee Addendum

The Joint Legislative Audit and Review Committee believes that the information provided in this report is a critical tool for the Legislature's deliberations on the Basic Health Plan and the role that it plays in the statewide health care system. Accordingly, the Health Care Authority should develop and maintain sources of information on the Basic Health Plan relating to the following:

- Basic demographics and enrollment status of enrollees, including total lifetime length of enrollment for each enrollee;
- Enrollees' prior health coverage and reasons for enrolling;
- Enrollees' employment status;
- Health coverage of other members of enrollees' households;
- Enrollees' use of health care services; and
- Enrollees' satisfaction with the program.

In developing plans for future data and management systems, the Committee recommends that the Health Care Authority specifically address these areas and identify any accompanying costs and implementation challenges to developing and maintaining these sources of information. The Health Care Authority should report to the Committee by July 2007 on the plans and status of maintaining this information.

TABLE OF CONTENTS

CHAPTER ONE – INTRODUCTION	1
STUDY MANDATE	1
STUDY APPROACH	2
OVERVIEW OF THE BASIC HEALTH PLAN	3
JLARC’S BASIC HEALTH PLAN STUDY: PART 1	4
REPORT ORGANIZATION.....	5
CHAPTER TWO – BASIC INFORMATION, DEMOGRAPHICS, AND LENGTH OF ENROLLMENT	7
CHAPTER THREE – PRIOR INSURANCE COVERAGE AND REASONS FOR ENROLLMENT IN THE BASIC HEALTH PLAN.....	15
CHAPTER FOUR – INSURANCE COVERAGE OF HOUSEHOLD MEMBERS.....	21
CHAPTER FIVE – EMPLOYMENT	23
CHAPTER SIX – HEALTH STATUS AND ACCESS TO CARE	33
CHAPTER SEVEN – USE OF HEALTH CARE SERVICES	39
APPENDIX 1 – SCOPE AND OBJECTIVES.....	49
APPENDIX 2 – AGENCY RESPONSES	51

CHAPTER ONE – INTRODUCTION

STUDY MANDATE

The 2005-07 Operating Budget directs the Joint Legislative Audit and Review Committee (JLARC) to conduct a two-part study of the Basic Health Plan. In **Part 1**, the Legislature asked JLARC to examine the extent to which BHP policies and procedures promote or discourage the provision of appropriate, high-quality, cost-effective care to enrollees. JLARC completed Part 1 in January 2006 (Report 06-1), and the recommendations from that report are summarized at the conclusion of this chapter.

For **Part 2**, the Legislature asked JLARC to examine the characteristics of individuals enrolled in the BHP, and their use of health care services, including the following:

1. How long are individuals enrolled in the Basic Health Plan?
2. What circumstances led individuals to enroll in the Basic Health Plan?
3. How did Basic Health Plan enrollees obtain health care before enrolling in the program?
4. What kind of health care coverage do other members of Basic Health Plan enrollees' households have?
5. What are the service utilization patterns of Basic Health Plan enrollees?
6. What is the employment status of Basic Health Plan enrollees? By whom are enrollees employed?

STUDY APPROACH

To answer the study objectives, we reviewed four primary sources of information, which are described below:

We used the **Health Care Authority’s administrative data** to describe basic information about individuals who are enrolled in the Basic Health Plan and their families. This data provided information on the 100,619 subsidized BHP enrollees as of February 2006.

We **surveyed BHP enrollees** to find out about the following: health insurance coverage of enrollees and members of their households; employment of enrollees; and enrollees’ health status and their use of health care services. JLARC contracted with the Social and Economic Sciences Research Center (SESRC) at Washington State University to conduct a telephone survey of current enrollees in the Basic Health Plan in early 2006. To ensure statewide coverage, SESRC stratified their sample of enrollees by the six Department of Social and Health Services regions. The sample consisted of 6,500 enrollees out of a total of 64,100 subsidized primary account holders as of February 2006. Of that sample, 1,825 enrollees completed the survey.

We used the **Health Care Authority’s “Employment Status of Basic Health Adult Enrollees” report** to provide information on the employment of BHP enrollees. Issued in response to the Governor’s direction provided in her veto of SHB 1486 of 2005, the Health Care Authority’s report contains information concerning hours worked, quarters worked, employer size, and industry type. The report is limited to subsidized adult enrollees in the Basic Health Plan with identifiable social security numbers who could be matched with the Employment Security Department’s data for calendar year 2004, and thus excludes 14 percent of subsidized adult enrollees who had not provided the Health Care Authority with their social security numbers.

We used **data from the Health Care Authority’s actuary** (Milliman) to look at the health care services that Basic Health Plan enrollees use, and health care expenses within the Basic Health Plan. This data is based on the utilization and expense information that the health plans participating in the Basic Health Plan provided to Milliman for calendar year 2004. Milliman provided JLARC with aggregate expense data, which lacks comprehensive details about all of the services provided, for all enrollees. This data does *not* represent the amount paid by the state or by enrollees themselves for their care under the Basic Health Plan.

We also looked for **comparison data** to provide a statewide context for the information relating to Basic Health Plan enrollees. In making comparisons to data from our survey of enrollees, we used data from the Office of Financial Management’s 2004 **State Population Survey** for individuals ages 18 to 64 whose family incomes are under 200 percent of the federal poverty level since this is the general demographic of Basic Health Plan enrollees. In making comparisons to data from the Health Care Authority’s “Employment Status of Basic Health Adult Enrollees” report, we used 2004 **data from the Employment Security Department** for the statewide population.

OVERVIEW OF THE BASIC HEALTH PLAN

In 1987, the Legislature established the Basic Health Plan with the intent of providing, or making more readily available, basic health care services for low-income residents of Washington State. The program began as a five-year demonstration project with openings for 4,000 King and Spokane County residents. In 1993, the Legislature made the Basic Health Plan a statewide program.

To qualify for the BHP, enrollees must:

- Be a Washington resident;
- Not be eligible for Medicare;

Basic Health Plan Study – Part 2

- Have a gross family income at or below 200 percent of the federal poverty level;
- Not be institutionalized at the time of enrollment; and
- Not be an international student on a visa.

Enrollment in the BHP fluctuates slightly each month. In 2005, the BHP provided state-subsidized health care coverage to an average of 101,869 Washington residents each month.

For the 2005-07 Biennium, the Legislature has appropriated \$16 million for BHP administrative costs and approximately \$500 million toward BHP benefits, of which \$80 million are enrollee premiums.

The Health Care Authority (HCA) contracts with health plans to provide health care coverage under the Basic Health Plan to qualified Washington State residents. Currently, there are five health plans that contract with the HCA for participation in the BHP.

All health plans that participate in the BHP offer the same base benefits, but monthly premiums, providers, and some details of coverage vary, such as whether the plan offers any additional preventive services.

The Health Care Authority pays negotiated premiums directly to the health plans participating in the BHP, with BHP enrollees reimbursing the HCA for a portion of the premium. The amount that enrollees pay is determined on a sliding scale based on their age, family size, gross family income, county of residence, and the particular health plan that they choose.

JLARC'S BASIC HEALTH PLAN STUDY: PART 1

In Part 1 of this review of the Basic Health Plan, JLARC evaluated the Health Care Authority's policies and procedures for the Basic Health Plan to determine the extent to which they are aligned with the roles and responsibilities of the HCA provided in statute

Basic Health Plan Study – Part 2

(Report 06-1). We reviewed the HCA’s contract with health plans to determine what kind of guidance related to appropriate, high-quality, cost-effective care the HCA provides the plans. Additionally, we reviewed how the HCA monitors the performance of health plans.

JLARC made the following recommendations in Part 1 of this study:

- The HCA should develop goals and objectives for the BHP, focused on the statutory requirements to (1) assure quality; (2) use evidence-based treatment; and (3) explore chronic disease management.
- The HCA should develop more specific guidelines and performance requirements for future contracts, including defining key terms and developing clinical health-related performance measures for the health plans.
- The HCA should improve its system of monitoring health plans.

REPORT ORGANIZATION

Chapter 2 provides some basic demographic and enrollment information about the people enrolled in the Basic Health Plan. This chapter answers the study objective: How long are people enrolled in the Basic Health Plan?

Chapter 3 addresses prior insurance coverage of enrollees in the Basic Health Plan and their reasons for enrolling in the program. This chapter answers the study objectives: What circumstances led people to enroll in the Basic Health Plan? How did Basic Health Plan enrollees obtain health care before enrolling in the program?

Chapter 4 answers the study objective: What kind of health care coverage do other members of Basic Health Plan enrollees’ households have?

Basic Health Plan Study – Part 2

Chapter 5 answers the study objective: What is the employment status of Basic Health Plan enrollees? By whom are enrollees employed?

Chapter 6 describes the health status of enrollees and their access to care. This chapter addresses the study objective: What are the service utilization patterns of Basic Health Plan enrollees?

Chapter 7 describes Basic Health Plan enrollees' use of health care services. This chapter also addresses the study objective: What are the service utilization patterns of Basic Health Plan enrollees?

CHAPTER TWO – BASIC INFORMATION, DEMOGRAPHICS, AND LENGTH OF ENROLLMENT

This section uses the Health Care Authority’s administrative data to describe basic information about individuals who are enrolled in the Basic Health Plan and their families.

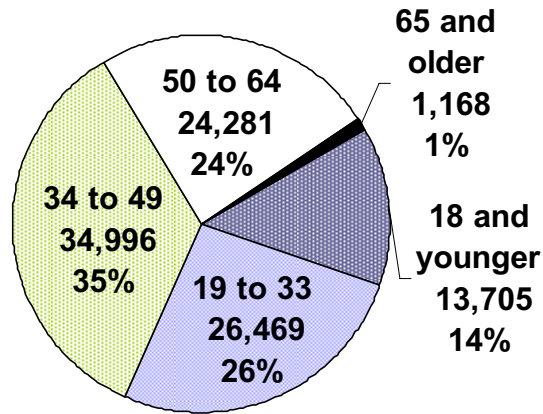
In brief, we found that **33 percent** of individuals enrolled in the Basic Health Plan have been **enrolled for one year or less**.

We answer six key questions about current enrollees in this section:

- **What are the ages of individuals enrolled in the Basic Health Plan?**
- **How many enrollees are male, and how many are female?**
- **What are the family incomes of individuals enrolled in the Basic Health Plan?**
- **Where do enrollees live?**
- **Which health plan are they enrolled in?**
- **How long are individuals enrolled in the Basic Health Plan?**

What Are the Ages of Individuals Enrolled in the Basic Health Plan?

Figure 1: 85% of Enrollees Are Between the Ages of 19 and 64



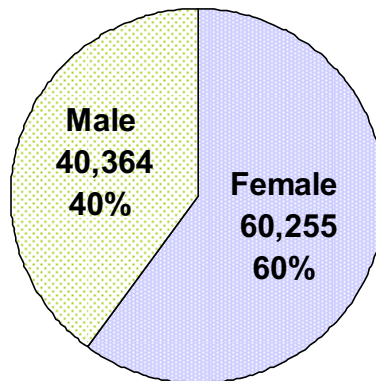
Total Enrollees = 100,619

Source: Health Care Authority administrative data on Basic Health Plan enrollees for February 2006.

The vast majority of enrollees fall between 19 and 64 years of age, while 14 percent are 18 or younger, and only 1 percent are 65 or older. Children of enrollees under 19 can be enrolled in Medicaid if they are eligible, which requires being a U.S. citizen or having legally resided in the country for at least five years. Few enrollees are 65 and older because individuals who are eligible for Medicare are not eligible to enroll in the Basic Health Plan.

How Many Enrollees Are Male, and How Many Are Female?

Figure 2: More Females Than Males Are Enrolled in the Basic Health Plan

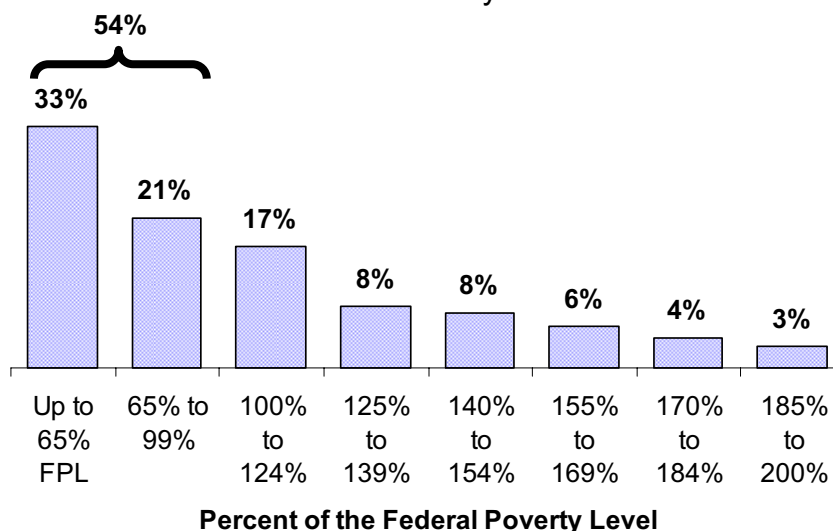


Total Enrollees = 100,619

Source: Health Care Authority administrative data on Basic Health Plan enrollees for February 2006.

What Are the Family Incomes of Individuals Enrolled in the Basic Health Plan?

Figure 3: 54% of Enrollees Have Incomes Below the Federal Poverty Level



Total Enrollees = 100,619

Source: Health Care Authority administrative data on Basic Health Plan enrollees for February 2006.

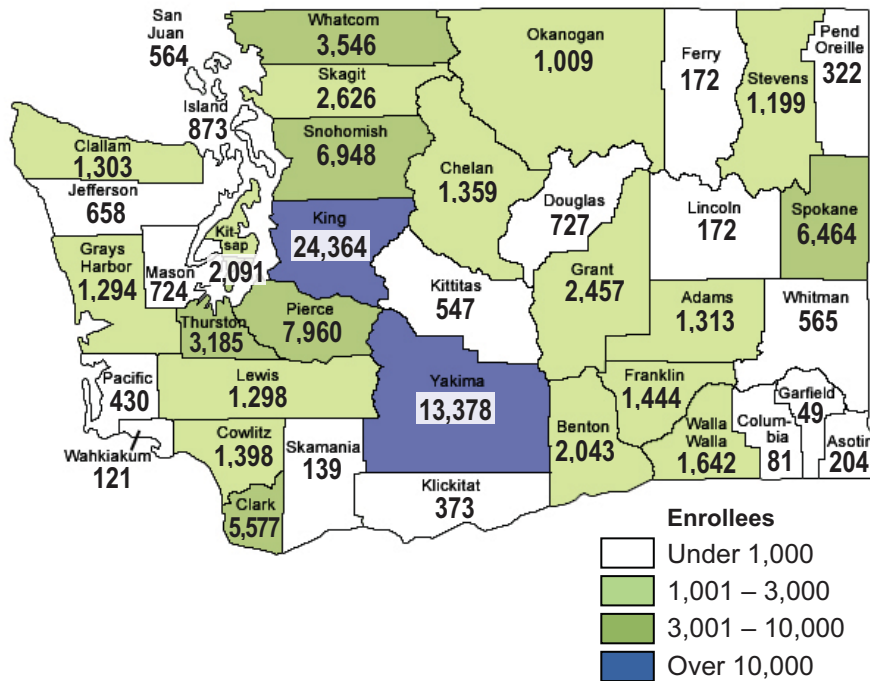
As the chart above illustrates, the largest portion of individuals enrolled in the Basic Health Plan have family incomes of no more than 65 percent of the federal poverty level. That translates to the following actual dollar amounts:

- Family of one: Annual income of \$6,221
- Family of two: Annual income of \$8,340
- Family of four: Annual income of \$12,578

To be eligible for the Basic Health Plan, an individual’s family income must be no more than 200 percent of the federal poverty level. That translates to a maximum annual income of \$38,700 for a family of four.

Where Do Enrollees Live?

Figure 4: Basic Health Plan Enrollees Live in All Parts of the State

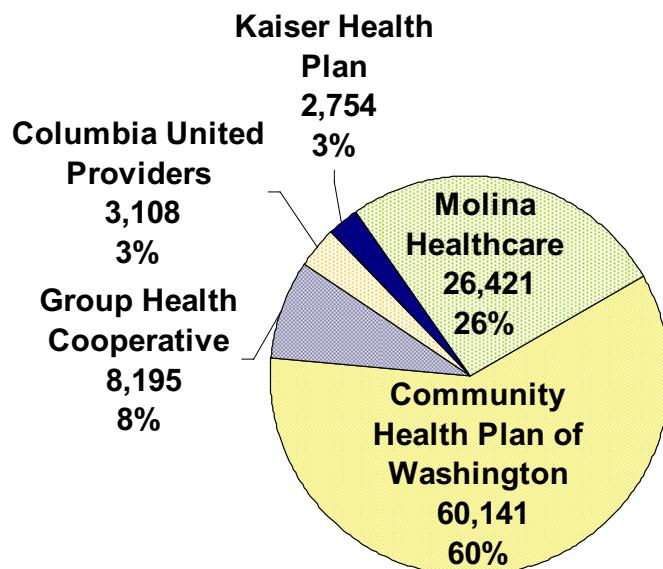


Total Enrollees = 100,610

Source: Health Care Authority administrative data on Basic Health Plan enrollees for February 2006.

Which Health Plan Are They Enrolled In?

Figure 5: 86% of Enrollees Are Enrolled in Two of the Five Available Health Plans



Total Enrollees = 100,619

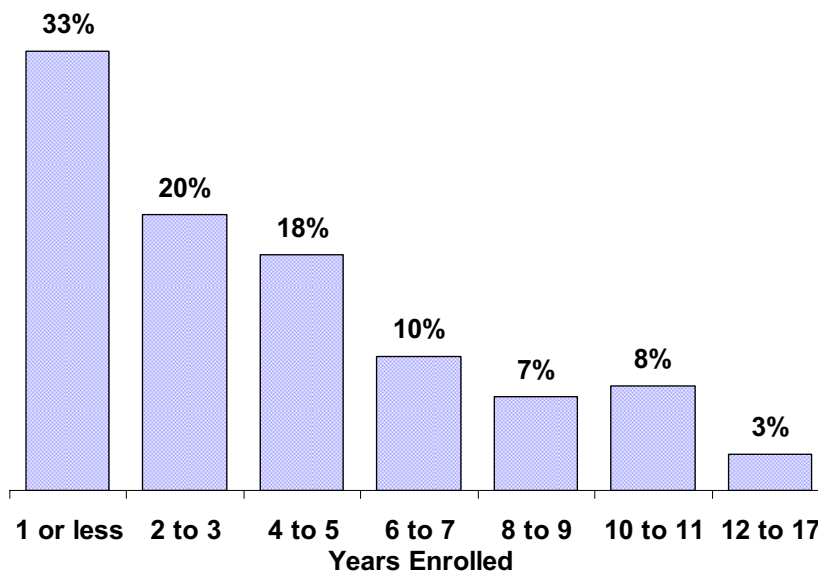
Source: Health Care Authority administrative data on Basic Health Plan enrollees for February 2006.

Individuals enrolled in the Basic Health Plan are not enrolled in equal numbers with the five available health plans. The vast majority of individuals enrolled in the Basic Health Plan are enrolled with either the Community Health Plan of Washington or Molina Healthcare.

One reason for this is that not every health plan is offered in all areas of the state. Community Health Plan of Washington is offered in 33 counties in the state, and Molina Healthcare is offered in 24 counties in the state.

How Long Are Individuals Enrolled in the Basic Health Plan?

Figure 6: 33% of Enrollees Have Been Enrolled for One Year or Less



Total Enrollees = 100,619

Note: This information only reflects individuals' most recent enrollment in the Basic Health Plan so it would not include the total length of enrollment for any individual who has enrolled in the program more than once.

Source: Health Care Authority administrative data on Basic Health Plan enrollees for February 2006.

The majority of individuals (53 percent) currently enrolled in the Basic Health Plan have been enrolled for less than four years. Only three percent enrolled 12 or more years ago.

Basic Health Plan Study – Part 2

CHAPTER THREE – PRIOR INSURANCE COVERAGE AND REASONS FOR ENROLLMENT IN THE BASIC HEALTH PLAN

This section uses the results of a phone survey of individuals enrolled in the Basic Health Plan to answer questions about what, if any, health insurance individuals had before enrolling in the Basic Health Plan, whether their employers offer health insurance, and why they enrolled in the Basic Health Plan.

In brief, we found that **45 percent of respondents were insured** before enrolling in the Basic Health Plan. Of those who were insured, 46 percent were insured through an employer or union plan.

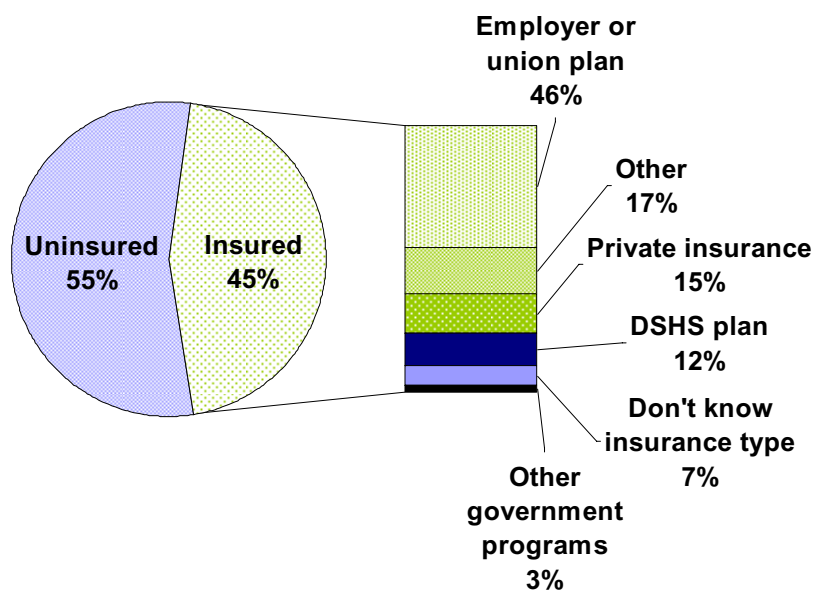
The **two most common reasons for switching to the Basic Health Plan** were that the **cost of their prior insurance was too high** (30 percent) or they **lost or changed jobs** (21 percent).

We answer five key questions about enrollees' prior insurance coverage and reasons for enrolling in the Basic Health Plan in this section:

- **Did enrollees have health insurance before they joined the Basic Health Plan?**
- **Why did individuals who were previously insured switch to the Basic Health Plan?**
- **How long were enrollees uninsured before enrolling in the Basic Health Plan?**
- **Why were enrollees previously uninsured?**
- **Why don't employed enrollees use their employers' health insurance?**

Did Enrollees Have Health Insurance Before They Joined the Basic Health Plan?

Figure 7: 55% Were Uninsured Before Enrolling in the Basic Health Plan



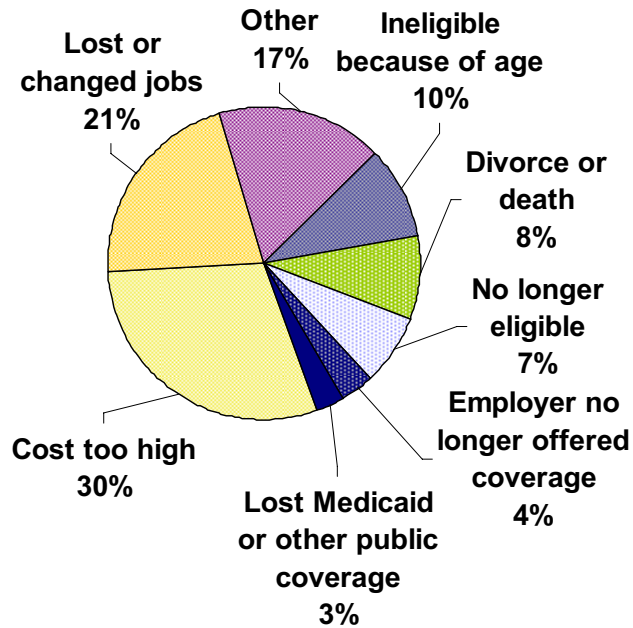
Survey Respondents = 1,795

Source: JLARC's survey of Basic Health Plan enrollees conducted by the Social and Economic Sciences Research Center in 2006.

As shown in this diagram, 55 percent of survey respondents were not insured before they enrolled in the Basic Health Plan. Of those who were insured, 46 percent were insured through an employer or union plan.

Why Did Individuals Who Were Previously Insured Switch to the Basic Health Plan?

Figure 8: 30% of Respondents Who Had Been Insured Enrolled in the Basic Health Plan Because the Cost of Their Insurance Was Too High



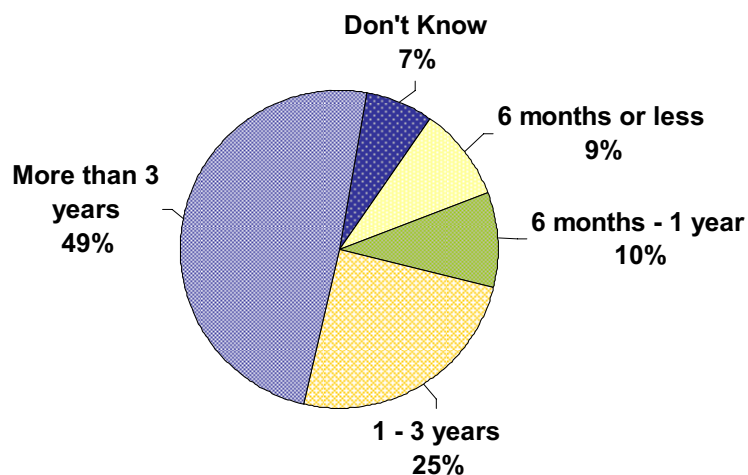
Survey respondents = 794

Source: JLARC's survey of Basic Health Plan enrollees conducted by the Social and Economic Sciences Research Center in 2006.

Of the survey respondents who were previously insured, 30 percent switched to the Basic Health Plan because the cost of their insurance was too high. Another 21 percent switched because they had lost or changed jobs.

How Long Were Enrollees Uninsured Before Enrolling in the Basic Health Plan?

Figure 9: 49% of Respondents Who Were Uninsured Before Enrolling in the Basic Health Plan Had Been Uninsured for More Than 3 Years

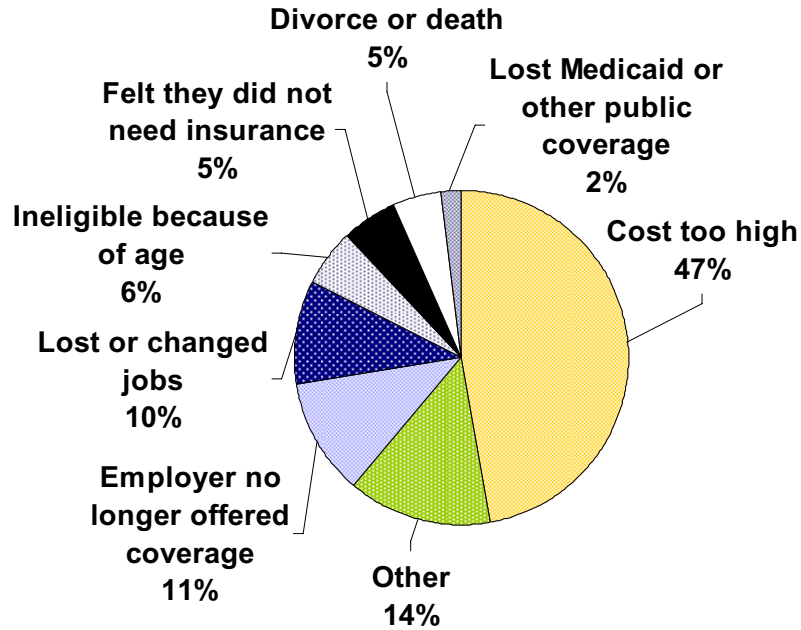


Survey Respondents = 1,008

Source: JLARC's survey of Basic Health Plan enrollees conducted by the Social and Economic Sciences Research Center in 2006.

Why Were Enrollees Previously Uninsured?

Figure 10: 47% of Respondents Had Been Uninsured Because of the Cost of Insurance



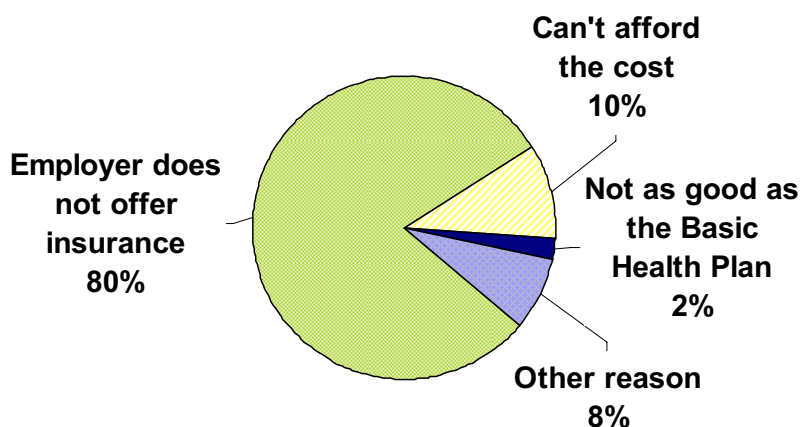
Survey Respondents = 987

Source: JLARC’s survey of Basic Health Plan enrollees conducted by the Social and Economic Sciences Research Center in 2006.

Of the survey respondents who were previously uninsured, almost half (47 percent) were uninsured because the cost of insurance was too high.

Why Don't Employed Enrollees Use Their Employers' Health Insurance?

Figure 11: 80% of Employed Respondents Work for Employers That Do Not Offer Them Health Insurance



Survey Respondents = 1,072

Source: JLARC's survey of Basic Health Plan enrollees conducted by the Social and Economic Sciences Research Center in 2006.

Of the survey respondents who are employed, 80 percent are not offered insurance by their employers. Of the 20 percent whose employers offer them insurance, half could not afford the cost of the employer's insurance.

CHAPTER FOUR – INSURANCE COVERAGE OF HOUSEHOLD MEMBERS

This section uses the phone survey of individuals enrolled in the Basic Health Plan to look at the health insurance coverage of household members of Basic Health Plan enrollees.

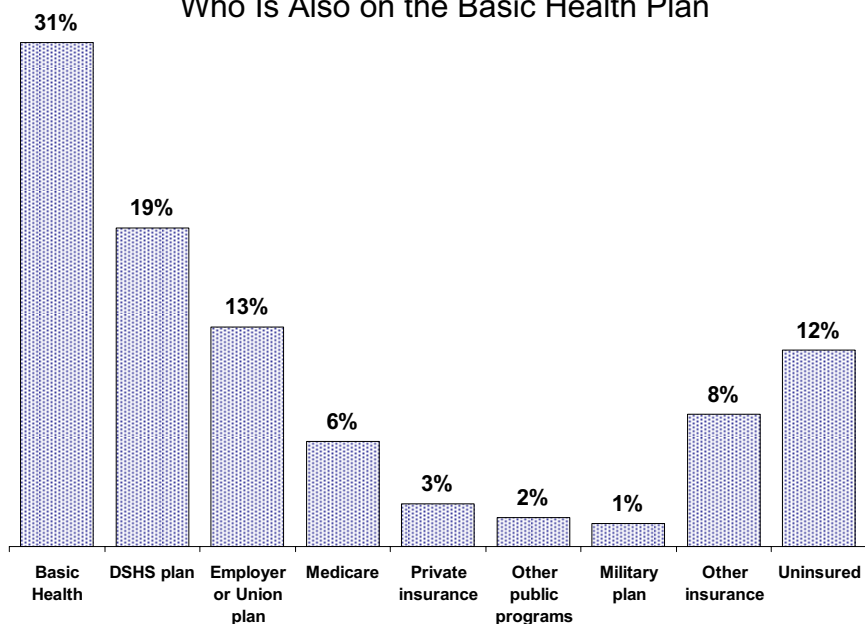
We found that **31 percent of enrollees have at least one household member who is also on the Basic Health Plan** and just under 20 percent have at least one household member on a Department of Social and Health Services program, such as Healthy Options.

We answer one key question about household health insurance coverage in this section:

- **What insurance coverage do household members of enrollees have?**

What Insurance Coverage Do Household Members of Enrollees Have?

Figure 12: 31% of Enrollees Have a Household Member Who Is Also on the Basic Health Plan



Survey Respondents = 1,750

Note: Since households are different sizes and can have members on multiple plans, the total does not add to 100%.

Source: JLARC's survey of Basic Health Plan enrollees conducted by the Social and Economic Sciences Research Center in 2006.

Eighty percent of survey respondents have one or more additional individuals living in their household.

As shown in the table above, 31 percent of respondents have a member of their household who is enrolled in the Basic Health Plan. Slightly less than 20 percent have a household member who is enrolled in a Department of Social and Health Services plan, such as Healthy Options. Twelve percent have a household member who is uninsured.

CHAPTER FIVE – EMPLOYMENT

This section uses the phone survey of individuals enrolled in the Basic Health Plan and the Health Care Authority’s “Employment Status of Basic Health Adult Enrollees” report to provide information on the employment of enrollees.

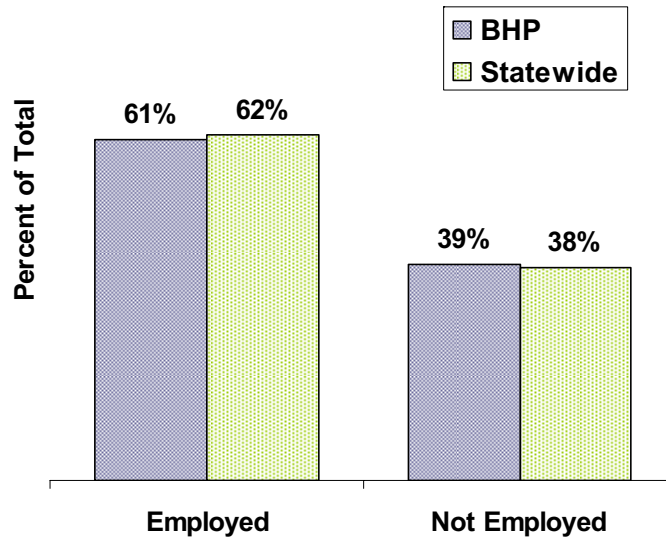
In brief, we found that **61 percent of survey respondents are employed**, and, of those, 48 percent are employed full-time.

We answer seven key questions about employment of enrollees in this section:

- **How many individuals enrolled in the Basic Health Plan are employed?**
- **Do they work full-time or part-time?**
- **What types of employers do enrollees work for?**
- **What industries do enrollees work in?**
- **How many employers do enrollees work for?**
- **What size of employers do enrollees work for?**
- **Of those enrollees who are unemployed, why are they unemployed?**

How Many Individuals Enrolled in the Basic Health Plan Are Employed?

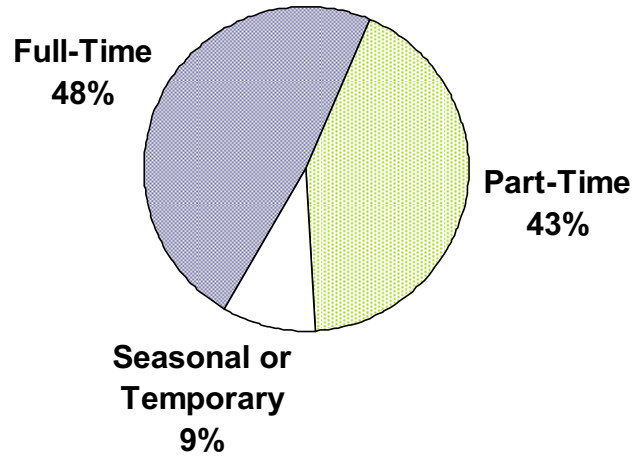
Figure 13: Over 60% of Basic Health Plan Respondents and the Statewide Population Are Employed



Source: BHP data is from JLARC's survey of Basic Health Plan enrollees conducted by the Social and Economic Sciences Research Center in 2006 (Survey Respondents = 1,821). Statewide data is from OFM's 2004 State Population Survey for individuals 18 to 64 years of age with family incomes under 200 percent of the federal poverty level (Survey Respondents = 2,689).

Do They Work Full-Time Or Part-Time?

Figure 14: 48% of Respondents Work Full-Time



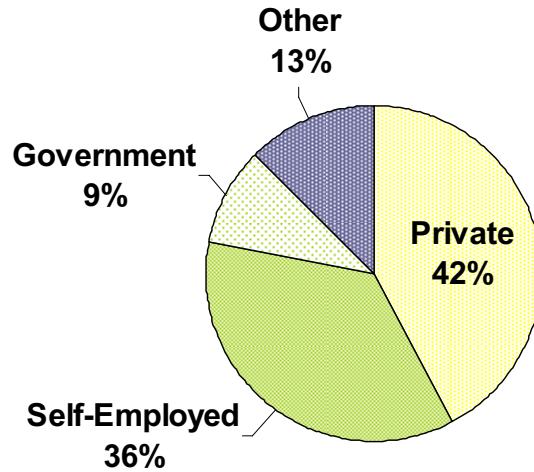
Survey Respondents = 1,097

Source: JLARC's survey of Basic Health Plan enrollees conducted by the Social and Economic Sciences Research Center in 2006.

Ninety-one percent of employed survey respondents are either employed full-time or part-time. An additional nine percent are employed on a seasonal or temporary basis.

What Types of Employers Do Enrollees Work For?

Figure 15: 36% of Respondents Are Self-Employed



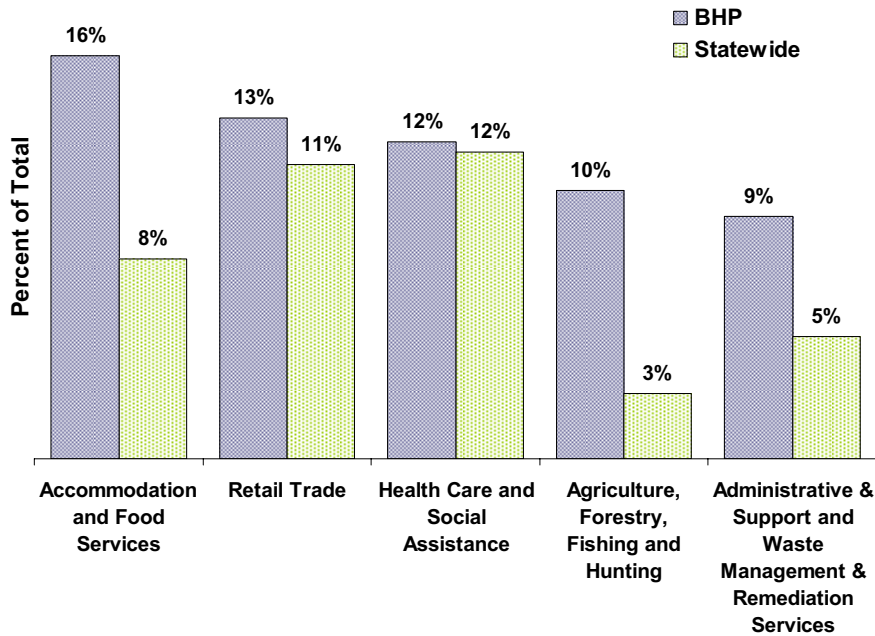
Survey Respondents = 1,086

Source: JLARC's survey of Basic Health Plan enrollees conducted by the Social and Economic Sciences Research Center in 2006.

Over three-quarters of employed survey respondents are either employed in the private sector or are self-employed. An additional nine percent are employed by a local, state, or the federal government, and 13 percent are employed by another type of entity.

What Industries Do Enrollees Work In?

Figure 16: Twice As High a Rate of Enrollees Are Employed in the Accommodation and Food Service Industry as the Statewide Population

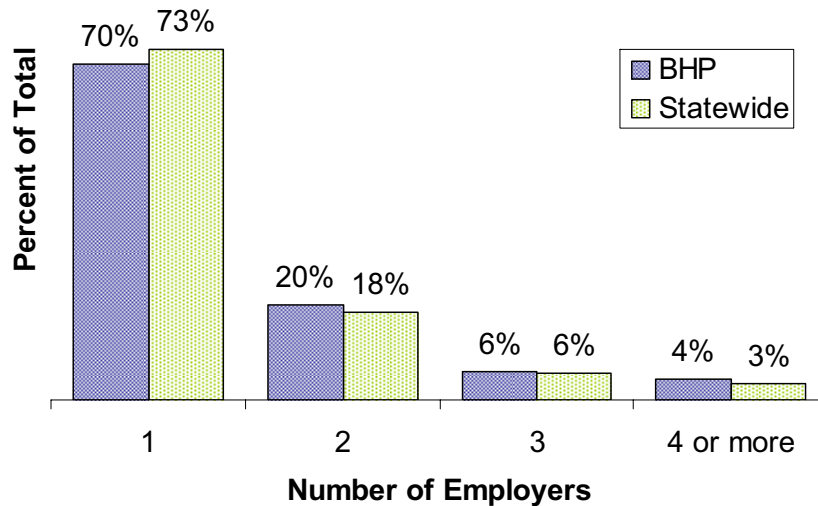


Source: BHP data is from Health Care Authority’s “Employment Status of Basic Health Adult Enrollees” report to the Legislature as directed by the Governor’s request per veto of SHB 1486 (2005) (Enrollees = 36,775). Statewide data is from Employment Security Department data for the first quarter of 2004 (Employees = 2,633,630).

Individuals enrolled in the Basic Health Plan who were employed in 2004 worked in a total of 20 different industries. Employment was not concentrated in any one industry, with the top-five industries employing from 16 percent to nine percent of employed enrollees.

How Many Employers Do Enrollees Work For?

Figure 17: Over 70% of Employed Basic Health Plan Enrollees and the Statewide Population Worked for One Employer

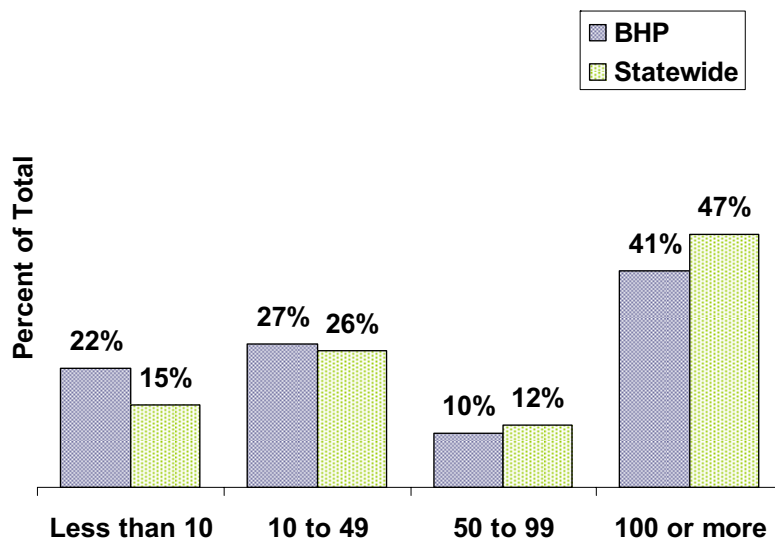


Source: BHP data is from Health Care Authority’s “Employment Status of Basic Health Adult Enrollees” report to the Legislature as directed by the Governor’s request per veto of SHB 1486 (2005) (Enrollees = 36,775). Statewide data is from Employment Security Department data for 2004 (Employees = 3,231,348).

The vast majority of individuals enrolled in the Basic Health Plan who were employed in 2004 worked for one employer during that year. However, 30 percent worked for two or more employers.

What Size of Employers Do Enrollees Work For?

Figure 18: 41% of Employed Enrollees Worked for Large Firms, Similar to the Statewide Population

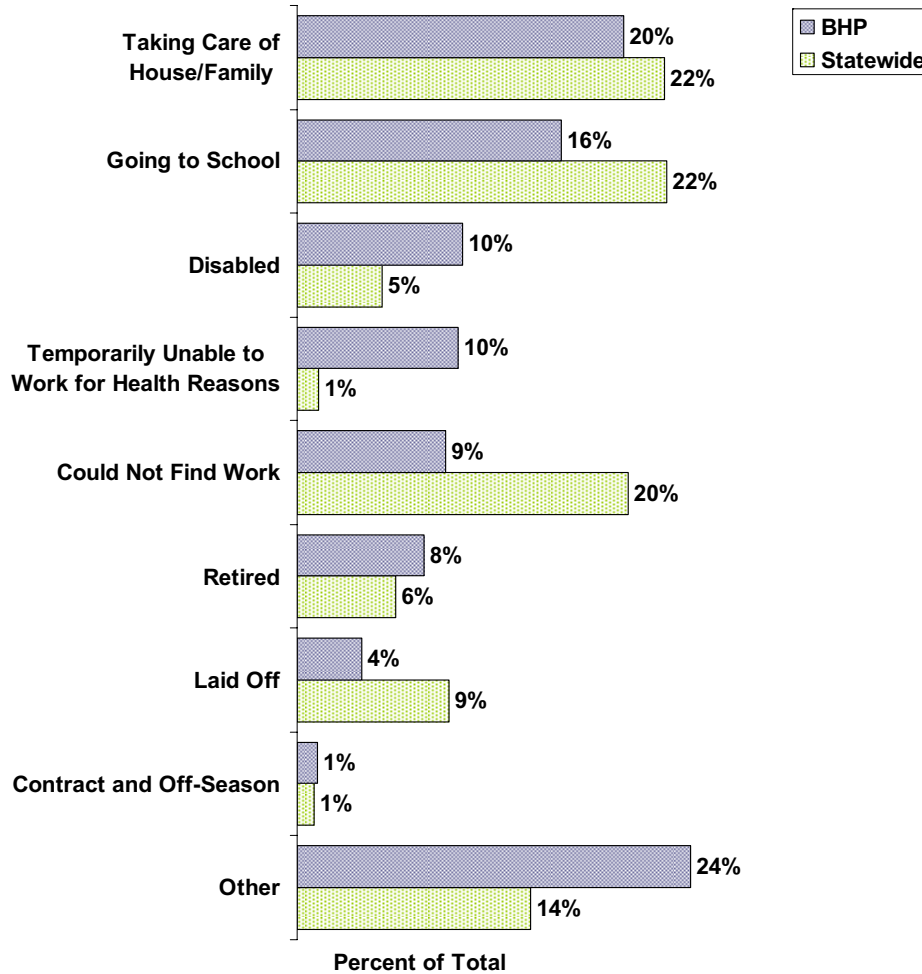


Source: Health Care Authority's "Employment Status of Basic Health Adult Enrollees" Report to the Legislature as directed by the Governor's request per veto of SHB1486 (2005). (Enrollees = 36,775). Statewide data is from Employment Security Department data for the first quarter of 2004 (Employees = 2,633,630).

The largest group of individuals enrolled in the Basic Health Plan who were employed in 2004 worked for the largest employers, who employed 100 or more employees. The second largest group worked for the smallest employers who employed less than 10 employees.

Of Those Enrollees Who Are Unemployed, Why Are They Unemployed?

Figure 19: Reasons Why Respondents Are Not Employed, With Comparable Statewide Rates



Source: BHP data is from JLARC’s survey of Basic Health Plan enrollees conducted by the Social and Economic Sciences Research Center in 2006 (Survey Respondents = 690). Statewide data is from OFM’s 2004 State Population Survey for individuals 18 to 64 years of age with family incomes under 200 percent of the federal poverty level (Survey Respondents = 980).

Basic Health Plan Study – Part 2

Of the 39 percent of survey respondents who are not employed, there is a great deal of variation in the reasons for being unemployed, ranging from taking care of a house or family to being laid off to having a disability.

Survey respondents selecting “other” provided specific answers that, in some cases, fell under one of the eight offered options. However, they also provided answers that fell within four new categories: lack of education, age, working without pay, having no need to work.

CHAPTER SIX – HEALTH STATUS AND ACCESS TO CARE

This section uses the phone survey of individuals enrolled in the Basic Health Plan to describe enrollees' health status and their access to health care.

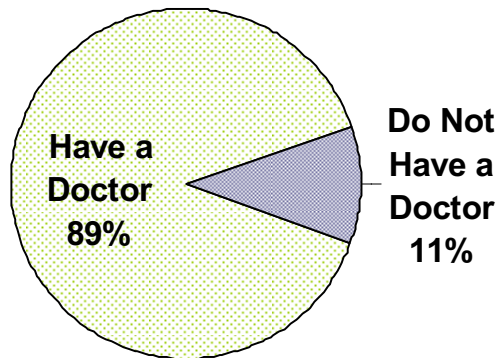
In brief, we found that nearly **90 percent** of survey respondents **have a doctor**, and that **62 percent** describe themselves as being in **good or very good health**.

We answer five key questions about enrollees' health status and access to care in this section:

- **How many enrollees have a doctor?**
- **How far do enrollees have to travel to receive health care?**
- **How do enrollees describe their health?**
- **What chronic conditions do enrollees have?**
- **How many chronic conditions do individual enrollees have?**

How Many Enrollees Have a Doctor?

Figure 20: 89% of Respondents Have a Doctor



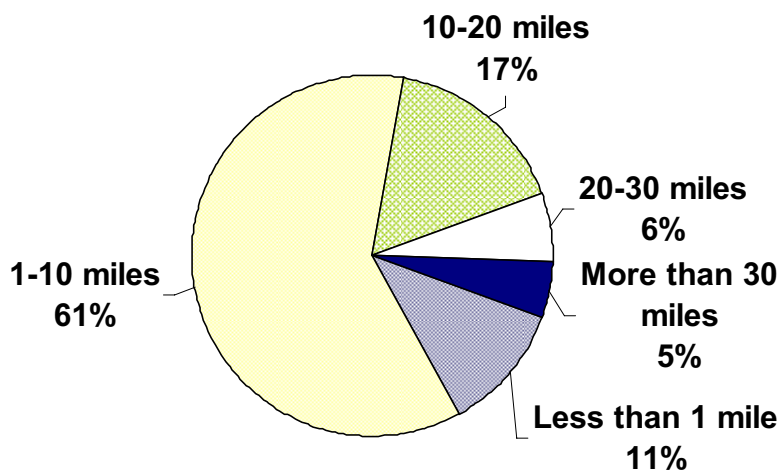
Survey Respondents = 1,804

Source: JLARC's survey of Basic Health Plan enrollees conducted by the Social and Economic Sciences Research Center in 2006.

Nearly 90 percent of survey respondents reported having a doctor. Some health plans do not assign enrollees to an individual doctor, rather they assign enrollees to a specific clinic. So while 11 percent of respondents said they do not have a doctor, they may have a clinic where they can access care.

How Far Do Enrollees Have to Travel to Receive Health Care?

Figure 21: 72% of Respondents Travel 10 Miles or Less



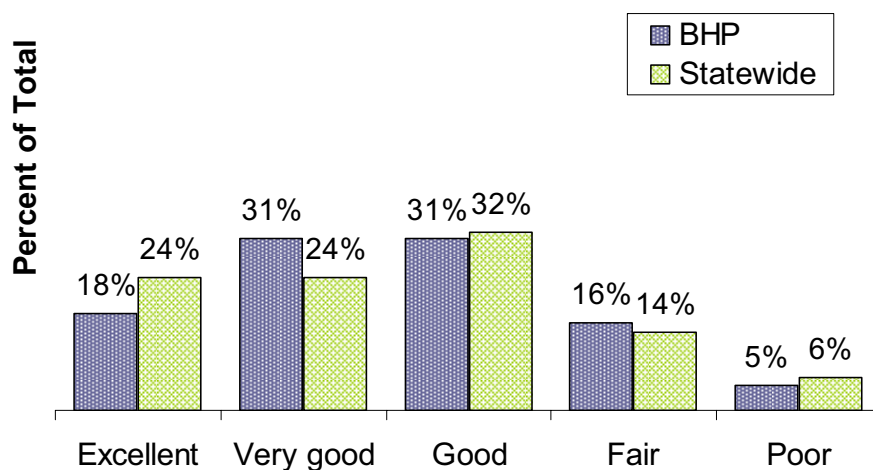
Survey Respondents = 1,803

Source: JLARC's survey of Basic Health Plan enrollees conducted by the Social and Economic Sciences Research Center in 2006.

Almost three-quarters of survey respondents travel 10 miles or less each way to receive health care. Twenty-eight percent travel 10 miles or more to access care.

How Do Enrollees Describe Their Health?

Figure 22: A Greater Percent of the Statewide Population Describes Their Health as Excellent as Basic Health Plan Respondents



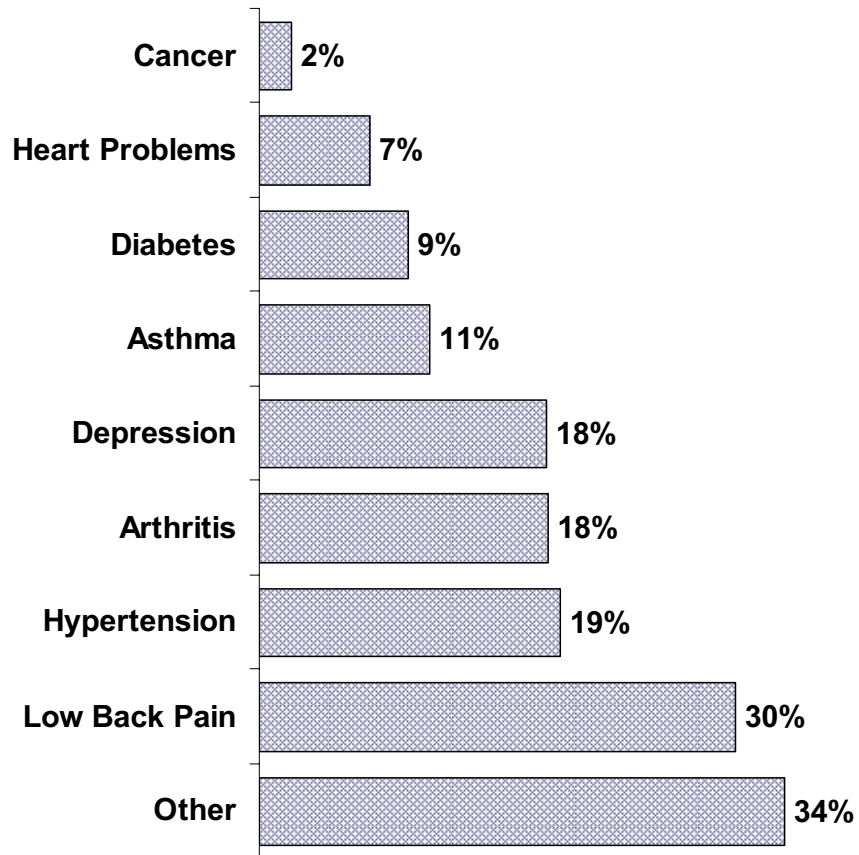
Source: BHP data is from JLARC’s survey of Basic Health Plan enrollees conducted by the Social and Economic Sciences Research Center in 2006 (Survey Respondents = 1,810). Statewide data is from OFM’s 2004 State Population Survey for individuals 18 to 64 years of age with family incomes under 200 percent of the federal poverty level (Survey Respondents = 3,152).

Nearly even numbers of Basic Health Plan survey respondents (49 percent) and the statewide population (48 percent) describe their health as excellent or very good.

The statewide population and Basic Health Plan survey respondents describe their health as good, fair, or poor at similar rates.

What Chronic Conditions Do Enrollees Have?

Figure 23: Chronic Conditions Reported by Enrollees



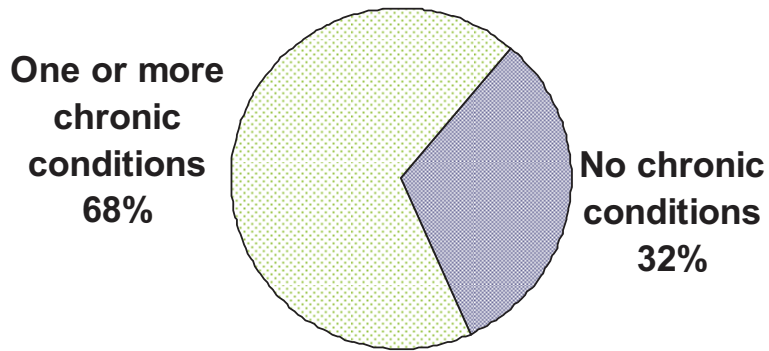
Survey Respondents = 1,825

Source: JLARC's survey of Basic Health Plan enrollees conducted by the Social and Economic Sciences Research Center in 2006.

At least some survey respondents have one or more of each of eight specific chronic conditions. The most common chronic conditions are low back pain at 30 percent and hypertension at 19 percent.

How Many Chronic Conditions Do Individual Enrollees Have?

Figure 24: 68% of Respondents Reported Having At Least One Chronic Condition



Survey Respondents = 1,825

Source: JLARC's survey of Basic Health Plan enrollees conducted by the Social and Economic Sciences Research Center in 2006.

Although 32 percent of survey respondents have no chronic conditions, nearly 70 percent do.

CHAPTER SEVEN – USE OF HEALTH CARE SERVICES

This section uses the phone survey of individuals enrolled in the Basic Health Plan and data provided by the Health Care Authority's actuary (Milliman) to look at the health care services that Basic Health Plan enrollees use.

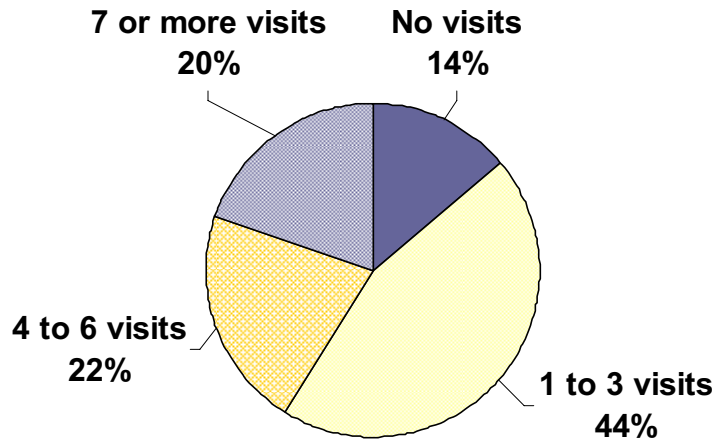
In brief, **86 percent** of survey respondents **visited the doctor at least once** in the last year. **Twenty-three percent visited the emergency room** in that same year.

We answer five key questions about enrollees' use of health care services in this section:

- **How often did individual enrollees visit the doctor last year?**
- **How many times did individual enrollees stay overnight in the hospital in the last year?**
- **How many trips to the emergency room did individual enrollees make last year?**
- **How many prescription drugs did individual enrollees use in the last year?**
- **What are the health plans' total medical expenses for caring for their Basic Health Plan enrollees?**

How Often Did Individual Enrollees Visit the Doctor Last Year?

Figure 25: 86% of Respondents Visited the Doctor At Least Once



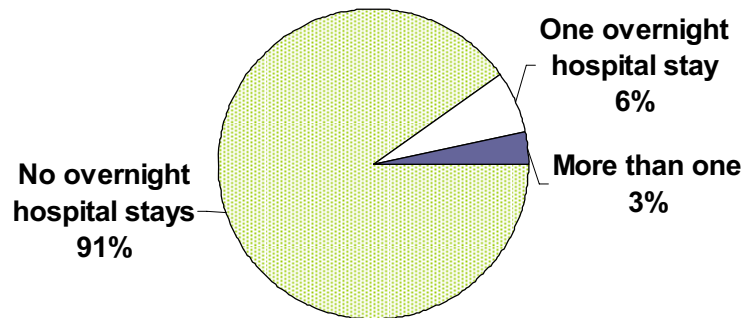
Survey Respondents = 1,805

Source: JLARC's survey of Basic Health Plan enrollees conducted by the Social and Economic Sciences Research Center in 2006.

Fourteen percent of survey respondents did not visit the doctor in the last year. Twenty percent went to the doctor seven or more times in that same time period.

How Many Times Did Individual Enrollees Stay Overnight in the Hospital in the Last Year?

Figure 26: 9% of Respondents Stayed in the Hospital Overnight At Least Once



Survey Respondents = 1,822

Source: JLARC's survey of Basic Health Plan enrollees conducted by the Social and Economic Sciences Research Center in 2006.

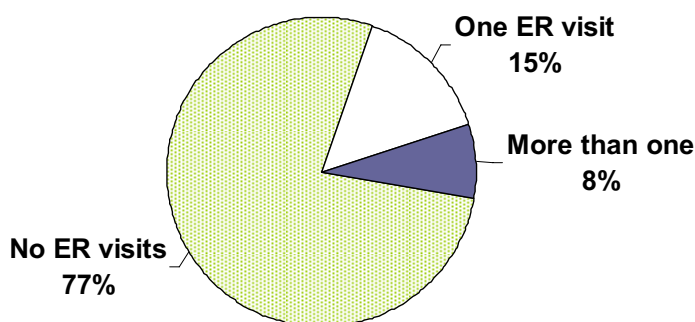
Over 90 percent of survey respondents did not have any overnight hospital stays in the previous year. Three percent had more than one overnight hospital stay.

More information on overnight hospital stays

The utilization data that the Health Care Authority's actuary collects includes some information on inpatient hospital visits. In calendar year 2004, Basic Health Plan enrollees had a total of **3,417 inpatient hospital visits**. These visits averaged 4.5 days each.

How Many Trips to the Emergency Room Did Individual Enrollees Make Last Year?

Figure 27: 23% of Respondents Visited the Emergency Room At Least Once



Survey Respondents = 1,819

Source: JLARC's survey of Basic Health Plan enrollees conducted by the Social and Economic Sciences Research Center in 2006.

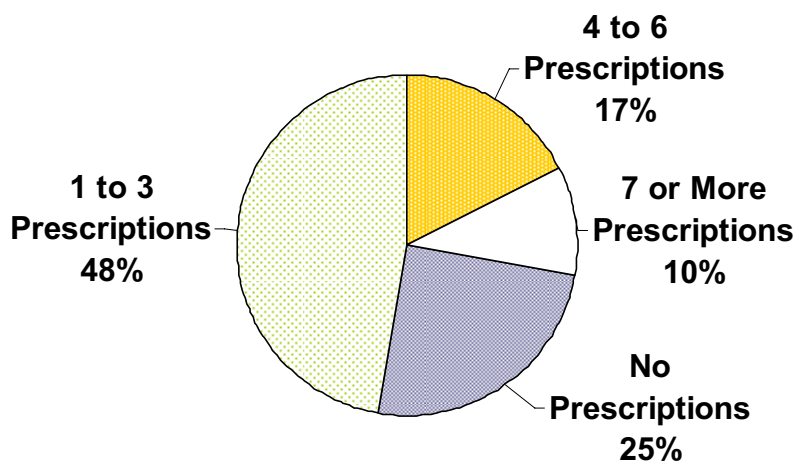
Just over three-quarters of survey respondents did not go to the emergency room in the last year. Eight percent made more than one trip to the emergency room in the last year.

More information on emergency room visits

The utilization data that the Health Care Authority's actuary collects includes some information on emergency room visits. In calendar year 2004, Basic Health Plan enrollees had a total of **15,115 emergency room visits**.

How Many Prescription Drugs Did Individual Enrollees Use in the Last Year?

Figure 28: 75% of Respondents Used At Least One Prescription Drug



Survey Respondents = 1,802

Source: JLARC's survey of Basic Health Plan enrollees conducted by the Social and Economic Sciences Research Center in 2006.

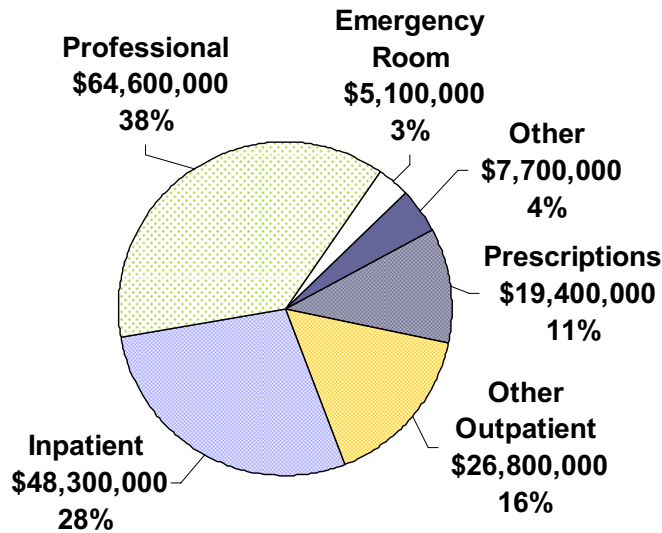
One-fourth of survey respondents did not use any prescriptions in the last year. At the other end of the scale, 10 percent said they used seven or more prescriptions.

More information on prescriptions

The utilization data that the Health Care Authority's actuary collects includes some information on prescriptions. In calendar year 2004, Basic Health Plan enrollees had a total of **886,553 prescriptions**.

What Are the Health Plans’ Total Medical Expenses for Caring for Their Basic Health Plan Enrollees?

Figure 29: Medical Professional Services Accounted for 38% of Basic Health Plan Medical Expenses



Total = \$171.9 Million

Source: Washington State Institute for Public Policy analysis of Milliman data for 2004.

The largest category of medical expenses is for professional services (38 percent), such as visits to the doctor’s office. The next highest category is for hospital inpatient services, which makes up 28 percent of medical expenses.

This data gives us a picture of the **expenses that the health plans pay for the medical care of their members**. These expenses are taken into consideration when the Health Care Authority negotiates the premiums to be paid to each health plan participating in the Basic Health Plan. However, this data **does not represent the amount paid by the state or by enrollees themselves for their care under the Basic Health Plan**.

Basic Health Plan Study – Part 2

The categories in this section were defined by the Health Care Authority's actuary. Generally, the costs of professionals and prescriptions are listed in their own category unless those costs are included in the charges for a facility. For example, doctors' charges are included in "Professional" services unless the hospital includes charges for that doctor's time together with its other hospital charges.

AGENCY RESPONSES

We have shared this report with the Health Care Authority and the Office of Financial Management and provided them with an opportunity to submit written comments. The Health Care Authority's response is included in Appendix 2.

ACKNOWLEDGEMENTS

We appreciate the assistance provided by Health Care Authority staff in conducting this study. We also want to thank the Social and Economic Sciences Research Center at Washington State University and the Washington State Institute of Public Policy for their contributions.

Ruta Fanning
Legislative Auditor

On November 29, 2006, this report was approved for distribution by the Joint Legislative Audit & Review Committee.

Representative Ross Hunter
Chair

Committee Addendum


The Joint Legislative Audit and Review Committee believes that the information provided in this report is a critical tool for the Legislature’s deliberations on the Basic Health Plan and the role that it plays in the statewide health care system. Accordingly, the Health Care Authority should develop and maintain sources of information on the Basic Health Plan relating to the following:

- Basic demographics and enrollment status of enrollees, including total lifetime length of enrollment for each enrollee;
- Enrollees’ prior health coverage and reasons for enrolling;
- Enrollees’ employment status;
- Health coverage of other members of enrollees’ households;
- Enrollees’ use of health care services; and
- Enrollees’ satisfaction with the program.

In developing plans for future data and management systems, the Committee recommends that the Health Care Authority specifically address these areas and identify any accompanying costs and implementation challenges to developing and maintaining these sources of information. The Health Care Authority should report to the Committee by July 2007 on the plans and status of maintaining this information.

Basic Health Plan Study – Part 2

APPENDIX 1 – SCOPE AND OBJECTIVES

<p>Basic Health Plan Study: Part 2</p>	<p>MANDATE</p> <p>The 2005-07 Operating Budget directs the Joint Legislative Audit and Review Committee (JLARC) to conduct a performance audit of the Health Care Authority’s (HCA) Basic Health Plan (BHP). The BHP provides health insurance coverage to low-income residents of Washington State.</p> <p>This JLARC study will be Part 2 of a two-part review of the BHP. This second part of the study, which is to be completed by July 2006, will examine the characteristics of BHP enrollees and their use of health care services. Part 1 of the BHP review examined the extent to which the BHP’s policies and procedures promote or discourage the provision of appropriate, high-quality, cost-effective care for enrollees.</p>
<p>PROPOSED SCOPE AND OBJECTIVES</p> <p>NOVEMBER 30, 2005</p>	<p>BACKGROUND</p> <p>In 1987, the Legislature established the Basic Health Plan with the intent of providing, or making more readily available, basic health care services for low-income Washington residents. To qualify for the BHP, enrollees must (1) not be eligible for Medicare, and (2) have a gross family income at or below 200 percent of the federal poverty level.</p> <p>The Basic Health Plan was originally created as an independent state agency with its own administrator and staff. In 1993, the BHP was merged with the Health Care Authority. Currently, the BHP provides state-subsidized health care coverage to approximately 102,400 Washington residents each month. For the 2005-07 Biennium, the Legislature has appropriated approximately \$500 million toward health plan benefits and \$16 million for program administrative costs.</p> <p>As directed in statute—and within budget constraints—BHP benefits are determined by the HCA Administrator. The HCA contracts with managed health care plans to provide BHP services to enrollees. The HCA pays negotiated premiums directly to the health plans participating in the program, with BHP enrollees paying a portion of the premium. The amount that enrollees pay is determined on a sliding scale based on their age, family size, gross family income, county of residence, and the particular health plan that they choose.</p>
<p></p> <p>STATE OF WASHINGTON JOINT LEGISLATIVE AUDIT AND REVIEW COMMITTEE</p> <p>STUDY TEAM CYNTHIA L. FORLAND, PH.D. LISA JEREMIAH</p> <p>LEGISLATIVE AUDITOR RUTA FANNING</p> <p>Joint Legislative Audit & Review Committee 506 16th Avenue SE Olympia, WA 98501-2323</p> <p>(360) 786-5171 (360) 786-5180 Fax</p> <p>Website: http://jlarc.leg.wa.gov e-mail: neff.barbara@leg.wa.gov</p>	

Basic Health Plan Study – Part 2

STUDY SCOPE

In this study, JLARC will review the characteristics of the individuals currently enrolled in the Basic Health Plan and the health services they use.

STUDY OBJECTIVES

As directed by proviso language in the 2005-07 Operating Budget, JLARC's objectives are to answer the following questions:

1. How long are individuals enrolled in the BHP?
2. What circumstances led individuals to enroll in the BHP?
3. How did BHP enrollees obtain health care before enrolling in the BHP?
4. What kind of health care coverage do other members of enrollees' households have?
5. What are the service utilization patterns of BHP enrollees?
6. What is the employment status of BHP enrollees? By whom are BHP enrollees employed?

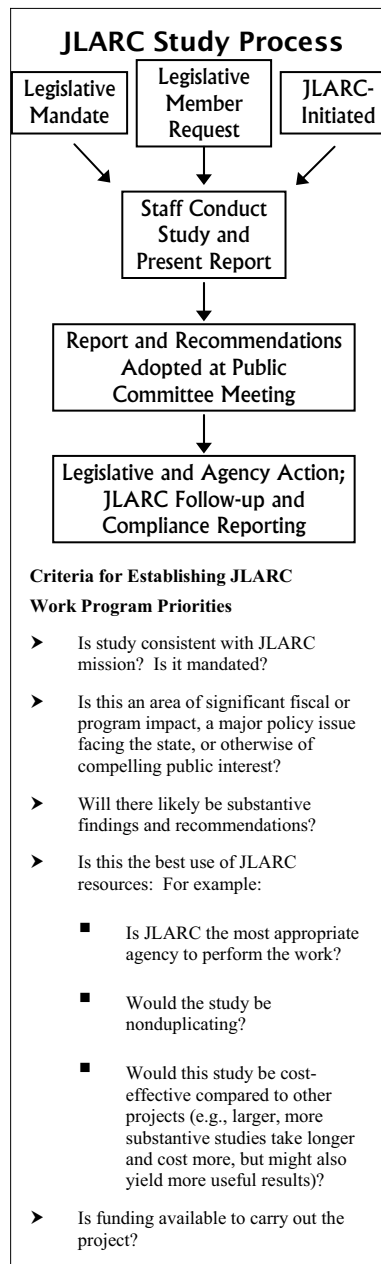
TIMEFRAME FOR THE STUDY

Staff will present its preliminary report to JLARC in June 2006, and the proposed final report in August 2006.

JLARC STAFF CONTACT FOR THE STUDY

Cynthia L. Forland (360) 786-5178
forland.cynthia@leg.wa.gov

Lisa Jeremiah (360) 786-5293
jeremiah.lisa@leg.wa.gov



APPENDIX 2 – AGENCY RESPONSES

- Health Care Authority

Basic Health Plan Study – Part 2



**Washington State
Health Care Authority**

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360-923-2828 • FAX 360-923-2606 • TTY 360-923-2701 • www.hca.wa.gov

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JUL 19 2006

JLARC

July 19, 2006

Ruta Fanning
Legislative Auditor
Joint Legislative Audit and Review Committee
Post Office Box 40910
Olympia, Washington 98504-0910

Dear Ms. Fanning:

We would like to thank the JLARC analysts for this opportunity to comment on the Basic Health Plan Study – Part 2. We appreciate the incorporation of our earlier comments; however two areas of concern remain.

We would like to caution that comparing Basic Health (BH) enrollees to the general state population or to Employment Security data may be misleading. This is particularly evident in the wording on page 36, "How do enrollees describe their health?" The text indicates that "even numbers" of BH respondents and the state population say their health is excellent or very good. This should actually indicate that a similar percentage reported their health as excellent or very good, not "even numbers." The numbers are vastly different. The wording on page 27, "What industries do enrollees work in?" is not as misleading, but is confusing.

We would also like to caution against misinterpreting the information on page 34, "How many enrollees have a doctor?" The text correctly states that these enrollees may be receiving their care through a clinic, for example, but we are concerned that a quick scan of this information may lead the reader to conclude that BH enrollees do not have access to care. That would not be accurate. BH plans are required by contract to maintain an adequate provider network, and BH enrollees are required to choose a primary care provider, so all enrollees "have a doctor." However, enrollees may not see the same provider every time they receive services, which may have prompted survey respondents to state they do not have a doctor.

Overall, we believe this report has compiled useful information, particularly from the enrollee survey, and appreciate the insight it will provide.

Sincerely,

Steve Hill
Administrator

cc: JLARC members

