



**The Hilltop Institute**

*analysis to advance the health of vulnerable populations*

# Evaluating Small Group Employer Participation in New Mexico's State Coverage Insurance Program

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Anna S. Sommers, Laura Spicer, Asher Mikow, Jean Abraham  
Presented by Laura Spicer

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*The Hilltop Institute was formerly the Center for Health Program Development and Management.*

# Overview of the NM SCI Program

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## Funding a “three-share” public/private partnership

- SCHIP funds (71%), state funds (18%), employer and individual premiums (11%)

## Other Features

- Comprehensive benefit with \$100K annual benefit limit
- Contracts with 3 managed care organizations
- Insurance brokers market SCI to employers and individuals

# Eligibility for SCI

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- Individuals (can enroll in SCI)
  - Adults aged 19-64 and household income <200% FPL
  - May not have dropped commercial HI in past 6 months
  - May enroll directly or through employers
- Employers (can choose to sponsor SCI)
  - Fewer than 50 employees
  - May not have voluntarily dropped commercial HI in past 12 months
  - May offer commercial HI plan for upper management

# Premium Obligations in SCI by Enrollee's Income Bracket as of August 2007

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Income Level	Individual	Employer
0-100% FPL*	\$0	\$0
101-150% FPL	\$20	\$75
151-200% FPL	\$35	\$75

\*The state has provided assistance with premiums for this income bracket since August 2007.

# Study Objective

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Identify factors that influence small employers' decisions to participate in SCI.

# Expanding Employer Participation: Two Target Populations

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1. Employers who inquire about SCI, but choose not to participate as a group
2. Non-participating employers with workers who are enrolled in SCI (directly)

# Option 1.

## Target Inquiring Employers

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### ■ Data Sources

#### ■ Inquiring Employers (N=148)

- Called for information between 9/07-5/08
- Had not enrolled by 8/08
- 75% response rate

#### ■ Newly Participating Employers (N=269)

- Enrolled between 6/07-8/08
- 88% response rate

#### ■ Samples are unweighted

#### ■ Descriptive and multivariate analysis using Stata 10.0

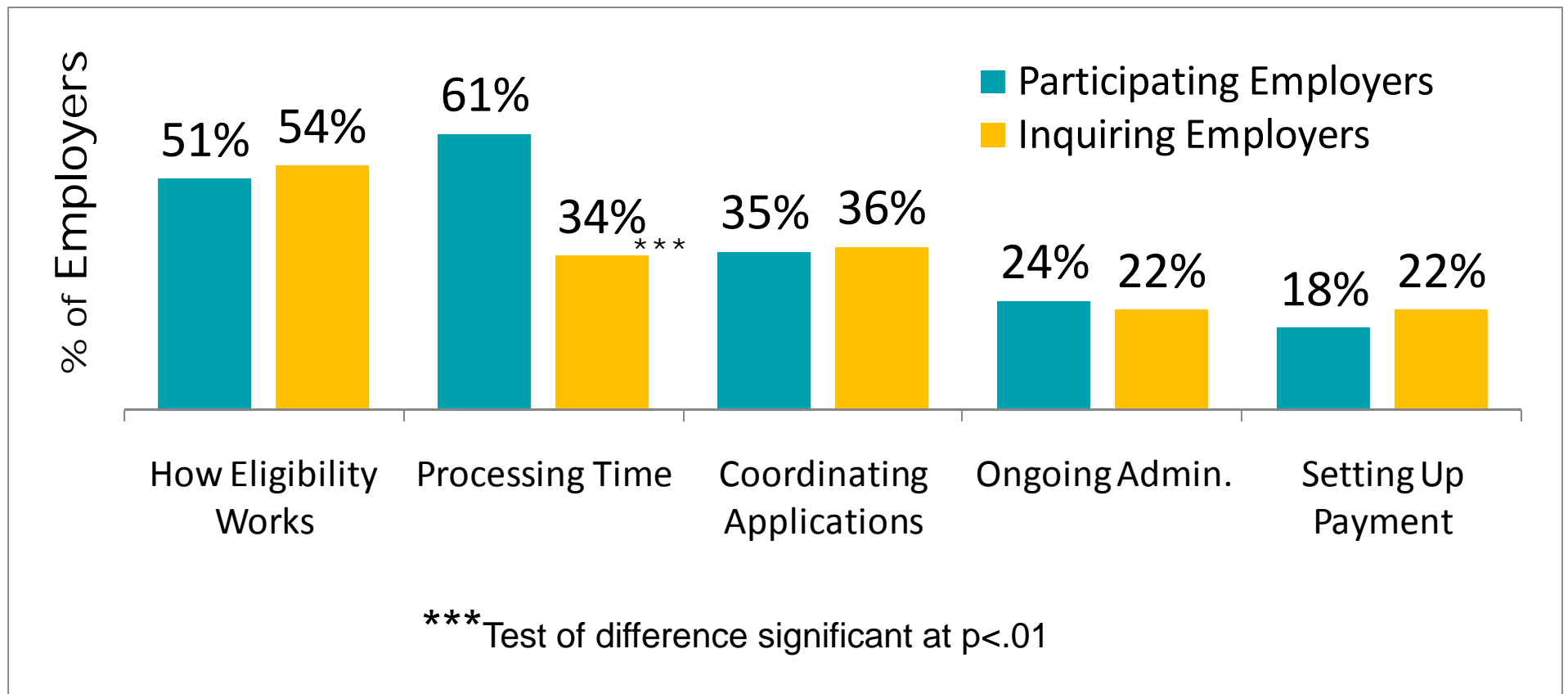
# Comparison of Unadjusted Means, Participating and Inquiring Businesses

	Participating Employers	Inquiring Employers	HPC Employer Survey 2005
<b>Total Full and Part-time Employees</b>	%	%	%
0-5 employees	41.8	54.8**	52.4
6-20 employees	28.4	34.3	34.2
21-50 employees	22.4	5.5***	8.8
51 or more employees	7.4	5.5	4.6
<b>Region of State</b>			
Frontier	18.1	7.6***	8.2
Rural	38.0	40.0	33.2
Urban	44.0	55.9**	58.6
<b>More than half of employees earn &lt;\$10/hr</b>	36.3	24.5**	N/A

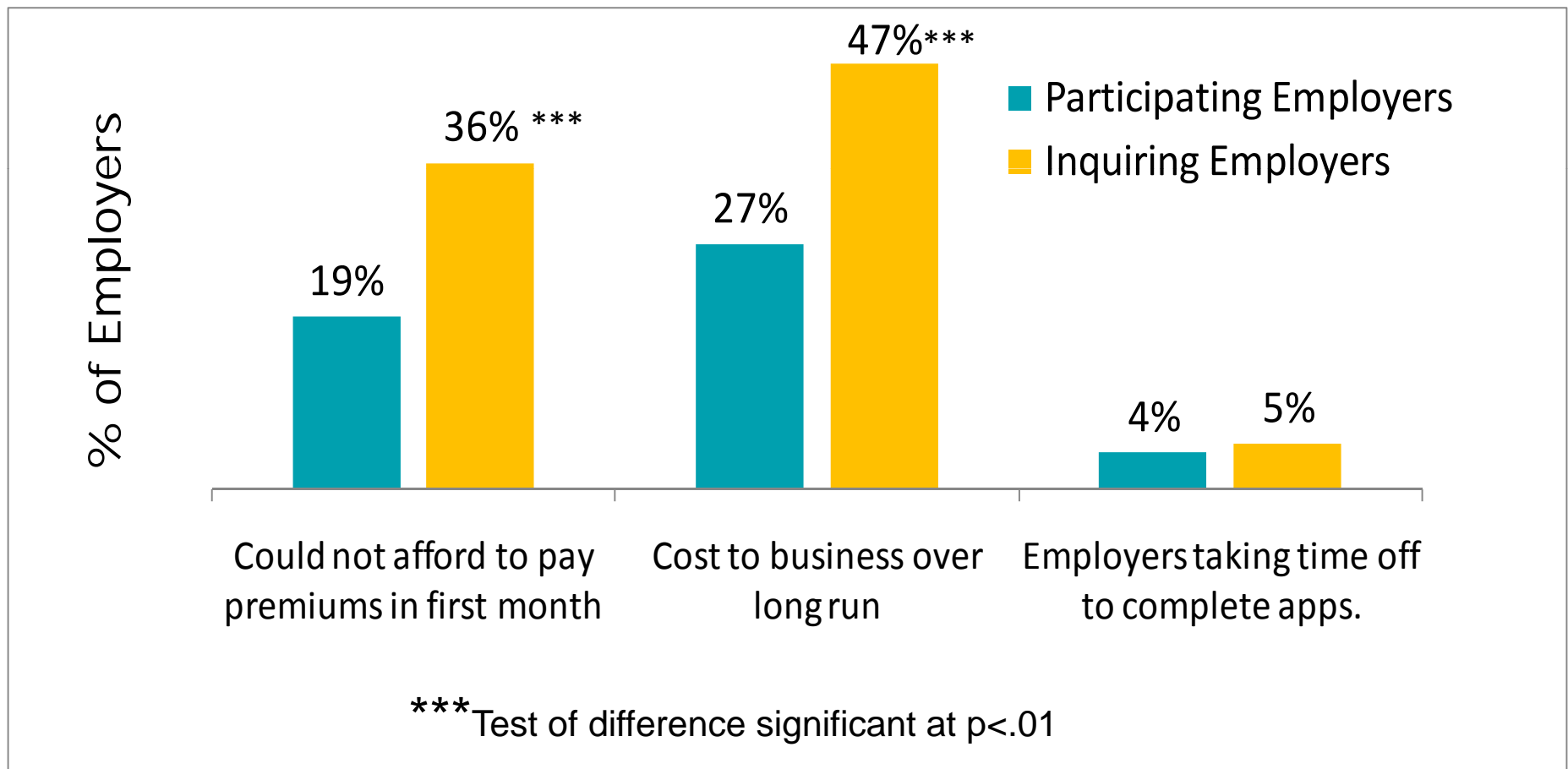
Significant at \* $p < .10$ , \*\* $p < .05$ , and \*\*\*  $p < .01$



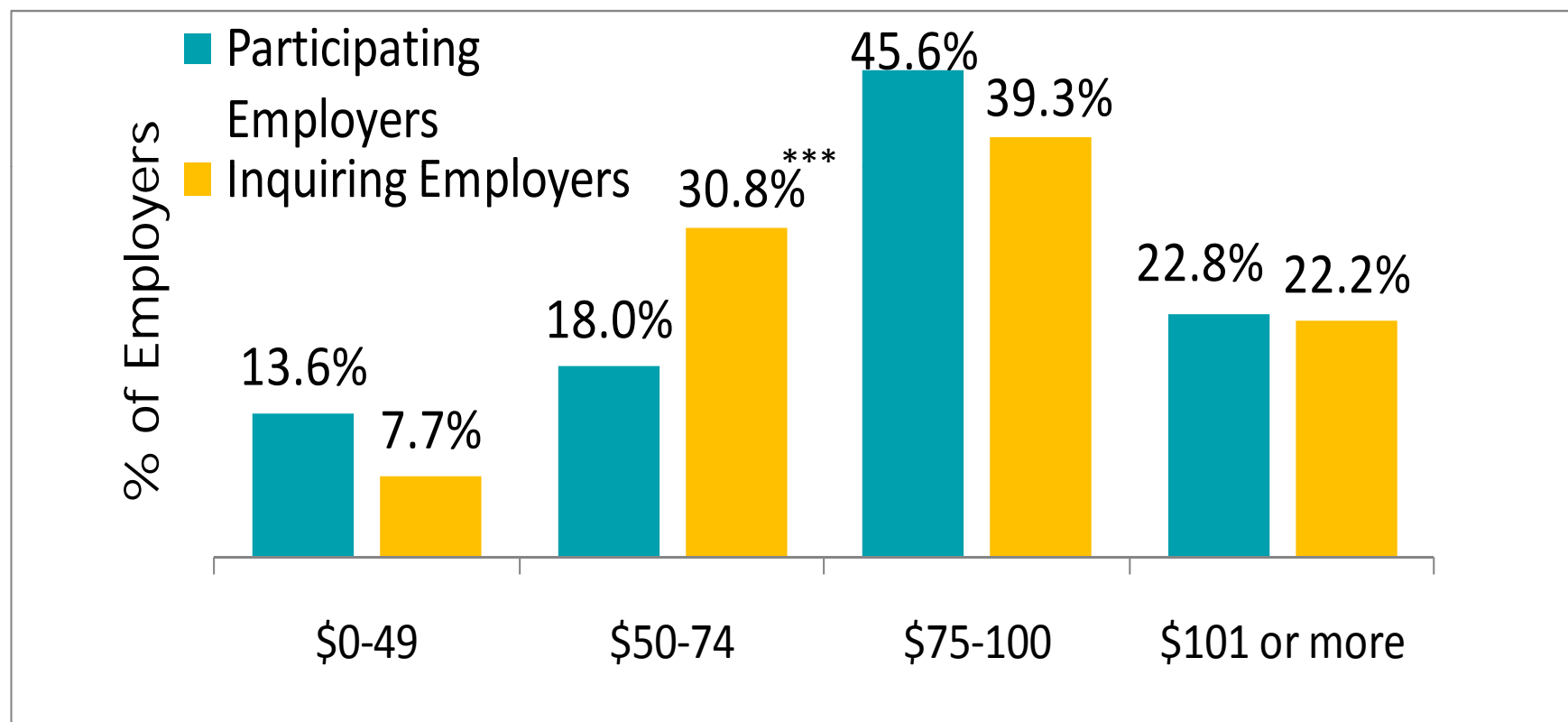
# Concerns that Applied to Business when Deciding to Participate in SCI: Administrative Issues



# Concerns that Applied to Business when Deciding to Participate in SCI: Cost Issues



# Maximum Amount a "Business Like Yours Should Be Asked to Spend on Health Care Coverage?"



\*\*\* Test of difference significant at  $p < .01$

# Option 2. Target Non-Participating Employers with Workers Enrolled in SCI

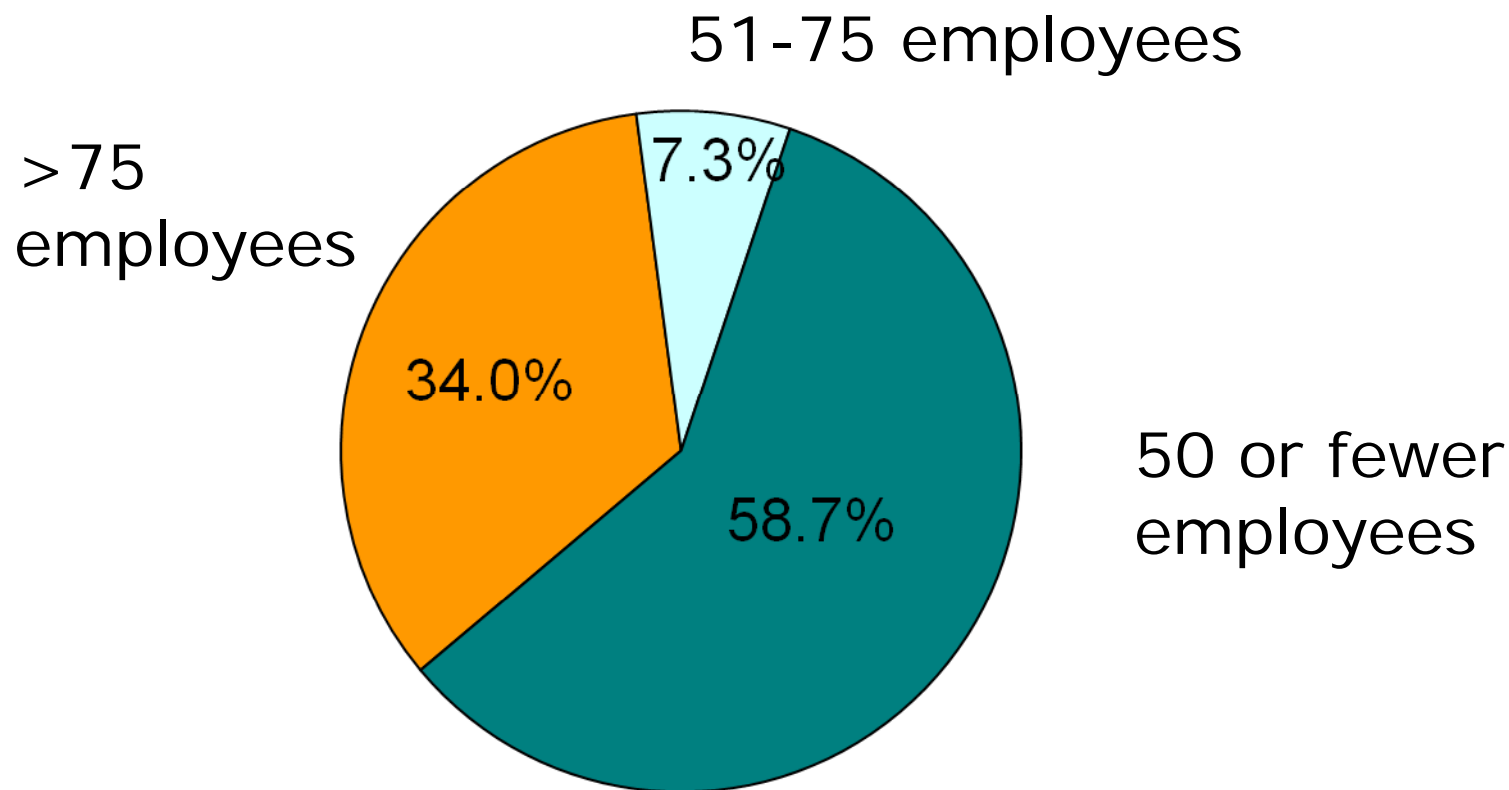
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## ■ Data Sources

- Random sample of SCI enrollees with no group sponsor (n = 1,160)
  - 36% of sample list had bad contact information
  - 64% consent rate among remaining sample
- Weighted to account for non-response bias
  - (gender, age, premium bracket)
- Subsample of employed enrollees (n = 541)
- Descriptive analysis in Stata 10.0 using svy estimates

# 60% of All Workers with no Group Sponsor Work at a Firm of 50 or Fewer Employees

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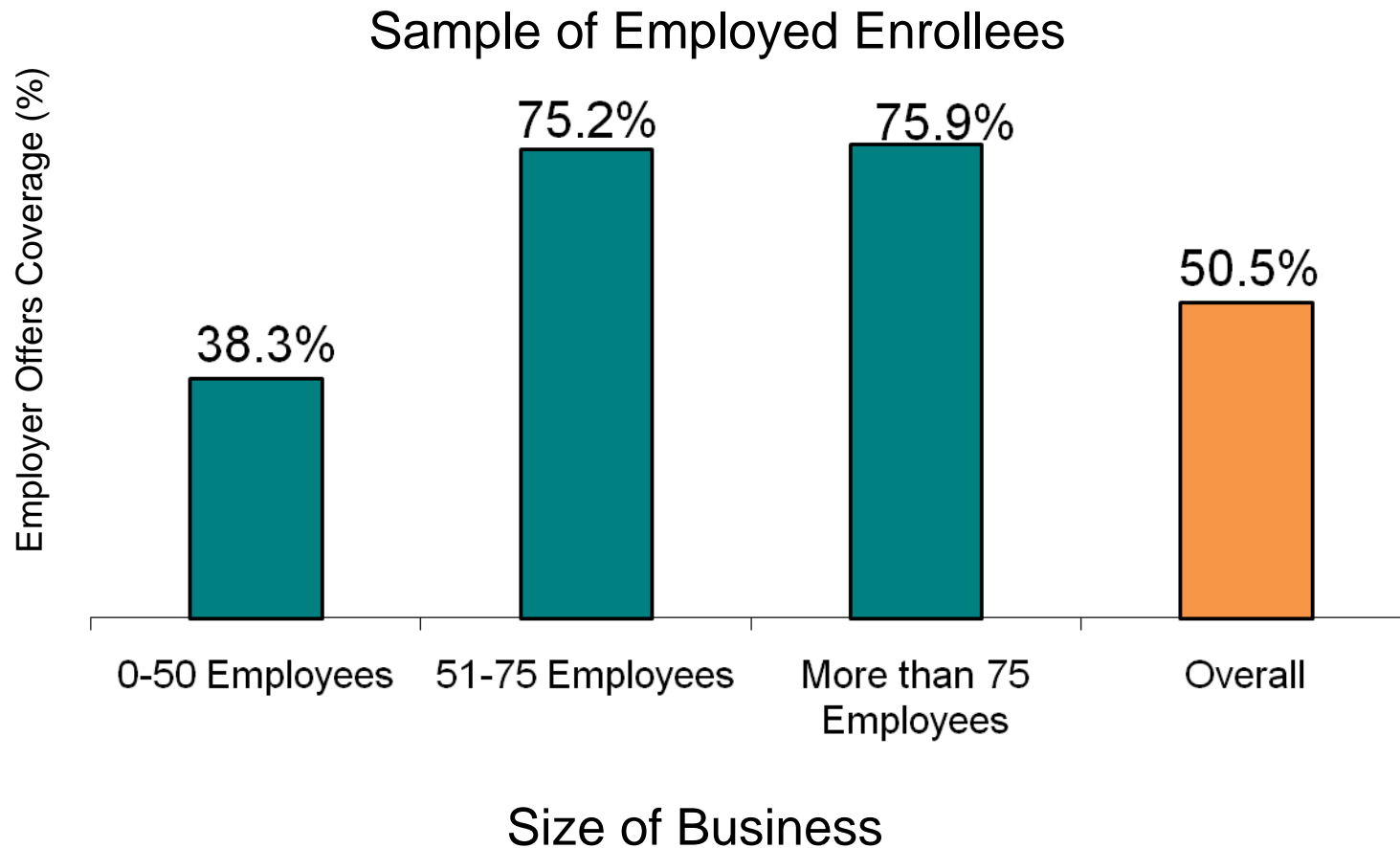


# Almost All Workers Had Strong Ties to Their Employer

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- 98% reported at least one characteristic:
  - Permanent year-round employee
  - Typically work 20 or more hours a week
  - Worked at job 6 months or more
- 55% reported at least one above AND works for small firm
  - Represents 26% of all non-group enrollment

# Half of Employed Enrollees Work for a Business with No Offer of Coverage



# Implications for Other States:

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- Significant tradeoff between accessing federal \$ and employer recruitment
  - Eligibility of workers (and cost to business) not transparent
  - Requires adherence to burdensome application process
- Engaging the smallest businesses may require different strategies
- Targeting mid-size and large businesses may bring in more premium revenue.



# Implications for Federal Reform:

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- “Free rider penalty” provision could change incentives that small employers face in insurance market
  - Large penalty against employers may make SCI more attractive
  - The smallest employers are exempt from this penalty
- Federal subsidy to individuals could provide states with greater flexibility

# About The Hilltop Institute

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The Hilltop Institute at the University of Maryland, Baltimore County (UMBC) is a nationally recognized research center dedicated to improving the health and social outcomes of vulnerable populations. Hilltop conducts research, analysis, and evaluation on behalf of government agencies, foundations, and other non-profit organizations at the national, state, and local levels.

[www.hilltopinstitute.org](http://www.hilltopinstitute.org)

# Contact Information

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Anna S. Sommers, Ph.D., principal investigator  
asommers@hilltop.umbc.edu  
410-455-6280

[www.hilltopinstitute.org](http://www.hilltopinstitute.org)

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