



**The Hilltop Institute**

*analysis to advance the health of vulnerable populations*

# **Evaluating Small Group Employer Participation in New Mexico's SCI Program**

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June 12, 2011

AcademyHealth Annual Research Meeting

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Funded by the State Health Access Reform Evaluation,  
a national program of the Robert Wood Johnson Foundation

# Overview of the State Coverage Insurance (SCI) Program

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- Three-share program funded through federal Medicaid/CHIP subsidies, state funds, and employer/enrollee premium payments
- Comprehensive benefit package with a \$100,000 annual benefit maximum
- 3 managed care organizations (MCOs)
- Insurance brokers market SCI to employers and individuals alongside other commercial products

# Eligibility for SCI

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- Individuals may enroll in SCI directly or through an employer
  - Adults aged 19-64 years and w/ household income <200% of the FPL
  - May not have dropped commercial insurance in past 6 months
- Employers may choose to sponsor SCI
  - <50 eligible employees
  - May not have dropped commercial insurance in past 12 months

# Premium Obligations in SCI

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% FPL	Individuals	Employers
0–100*	\$0	\$75
101-150	\$20	\$75
151-200	\$35	\$75

\*The state has provided assistance for this premium bracket since August 2007.

# Study Objective

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- Identify factors that have facilitated or discouraged employer participation in New Mexico's SCI program

# Increasing Employer Participation: Two Target Populations

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1. Employers who inquire about SCI but choose not to participate
2. Non-participating employers with workers who are enrolled in SCI directly

# 1. Inquiring Employers

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- Data Sources
  - Inquiring Employers (n=148)
    - Called the state about SCI between 9/07 and 5/08
    - Had not enrolled by 8/08
    - 75% response rate
  - Newly Participating Employers (n=269)
    - Enrolled between 6/07 and 8/08
    - 88% response rate
  - Samples were unweighted
  - Descriptive and multivariate analysis using Stata 10.0

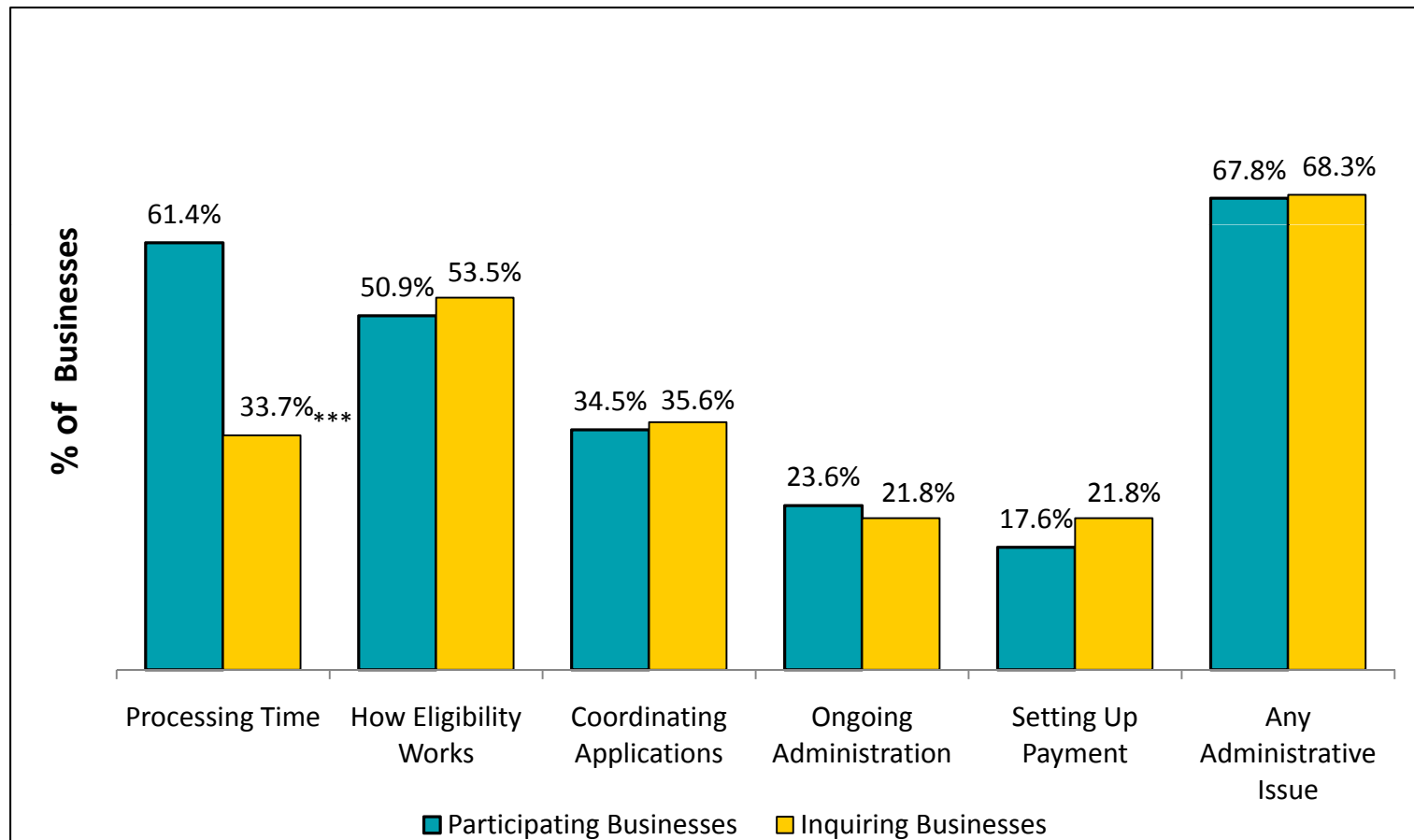
# Comparison of Unadjusted Means, Participating and Inquiring Businesses

	Participating	Inquiring
<b>Number/Type of Workers</b>	<b>%</b>	<b>%</b>
0-2 FT	27.2	41.2***
3 -5 FT	24.3	21.4
6-20 FT	29.1	29.0
21-50 FT	16.0	6.1***
51+ FT	3.4	2.3
Retains contract workers	16.5	26.7**
<b>Region of State</b>		
Urban	44.0	56.2**
Rural	38.0	40.8
Frontier	18.1	6.9***
>50% employees earn <\$10/hr	36.3	25.8**

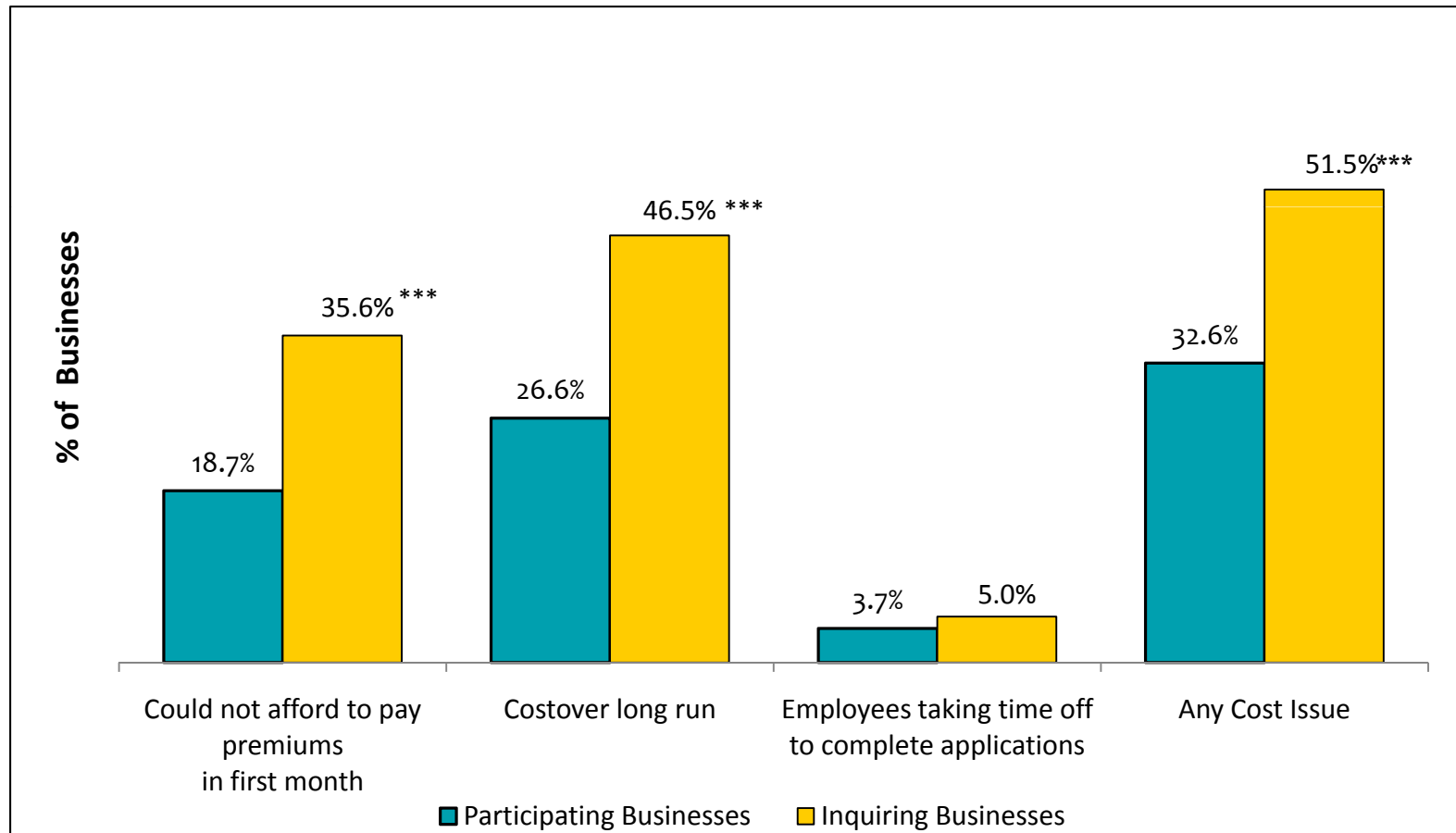
Significant at \*\* $p < .05$  and \*\*\* $p < .01$



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



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



# Maximum Amount per Month a “Business Like Yours Should Be Asked to Spend on Health Care Coverage?”

	Participating Employers	Inquiring Employers
Amount	%	%
>= \$75	68.4	61.5
\$0 – 49	13.6	7.7
\$50 – 75	41.7	44.4
\$76 – 100	21.9	25.6
\$101 – 150	11.4	6.8
\$151 or more	11.4	15.4

# Logistic Regression to Identify Factors Associated with Participation

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- Dependent variable was “had SCI service agreement”
- 6% of inquiring employers had signed an agreement by the time of the interview
- Explanatory variables: number and type of workers, years in operation, region, industry type, profit status, and whether a low-wage employer

# Marginal Effects of Participation

Key Explanatory Variables	Percentage Point Difference
Frontier County	16.26***
Rural County	2.72
Urban County	Reference
Retains Workers on Contract	-12.51*
Retains No Workers on Contract	Reference
0-2 Full-Time Employees	-18.73***
3-5 Full-Time Employees	-2.0
6+ Full-Time Employees	Reference
Low-Wage Employer	4.8
Non-Low-Wage Employer	Reference

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

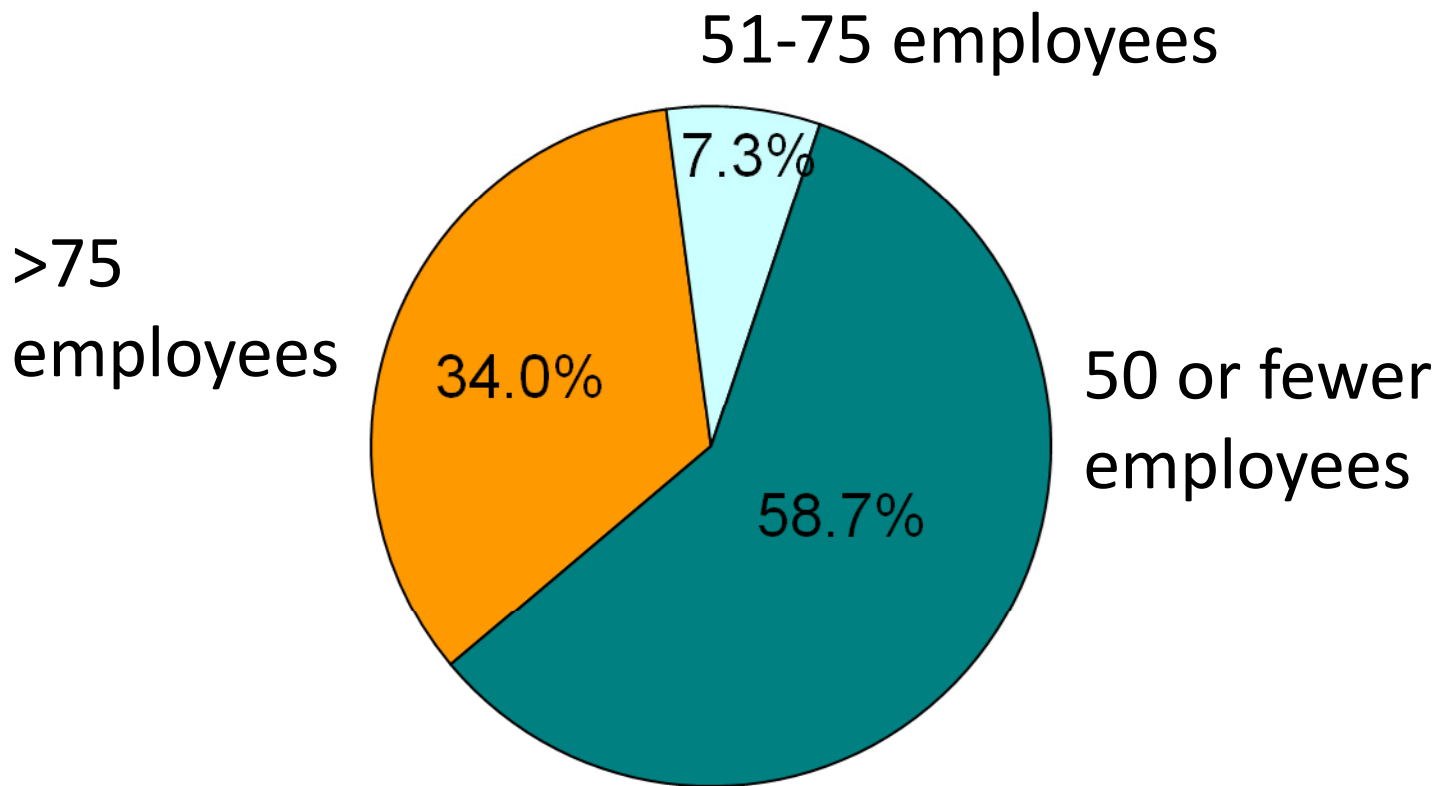
## 2. Non-Participating Employers

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- Data Sources
  - Random sample of SCI enrollees with no group sponsor (n=1,160)
  - 64% consent rate
  - Weighted to account for non-response bias
    - Based on gender, age, premium bracket
  - Subsample of employed enrollees (n=541)
  - Descriptive analysis in Stata 10.0

# Most Workers without Group Sponsorship Work at a Firm of 50 or Fewer Employees

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# Most Workers Had Strong Workplace Attachment

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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 of the above AND reported working at a small firm
- 50% of the sample worked for a business that offers private coverage, but the rate of offer was only 38% for small firms



# Affordability of SCI

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- Reported enrollee ability to pay for medical care was low
  - 75% reported the max they could spend was <\$75/month
  - 38% were unable to pay rent, mortgage, or a utility bill in the past 6 months
  - 23% could not make ends meet on their household income
- Suggests that premium subsidies were warranted

# Implications: The Affordable Care Act (ACA)

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- Provides small business tax credits to encourage lower wage, small employers to offer coverage through a reduction in price
- Businesses  $\leq 25$  full-time employees and an average annual payroll per worker  $< \$50,000$  may claim tax credits up to 35% of the employer's premium contribution through 2013
- Tax credit increases up to 50% of the employer's premium contribution, but it may be taken for only 2 years

# Implications continued

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- Employers have to apply for the credit and administer the group benefit.
- This study found that administrative burden was a concern among small businesses and cost incentives alone were not enough to encourage small employer take-up.
- The 2-year time limit on the ACA tax credit in 2014 may also be a barrier to take-up. This study found that uncertainty about premium obligations both today and in the future was a barrier to take-up.

# 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 wellbeing of vulnerable populations. Hilltop conducts research, analysis, and evaluations on behalf of government agencies, foundations, and nonprofit organizations at the national, state, and local levels.

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

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