



# New York

PROFILE ON THE UNINSURED

January 10, 2001

Passage of the Health Care Reform Act of 2000 makes hundreds of thousands of uninsured New Yorkers newly eligible for coverage. At the local level, New York City's HealthStat program could eventually enroll as many as 900,000 uninsured city residents who are eligible for existing coverage.

Having health insurance makes a difference, and not having it hurts tens of millions of Americans. Individuals with health insurance generally enjoy easier access to care and their health is often better as a result. Tragically, uninsured Americans often delay seeking necessary care, and in some cases they suffer severe illness and even die prematurely. Being uninsured has profound consequences.

Policymakers across the country have proposed a variety of approaches to dealing with the problem of the uninsured, and the states have become an important forum for discussion and experimentation. As a result, some of the most creative and energetic responses to the problem of the uninsured have been developed by the states. Consequently, some of the considerable challenges to expanding health coverage to the uninsured have emerged in the states.

In New York State, sweeping insurance market reforms in 1993 did not reduce the number of uninsured. The percentage of uninsured New Yorkers declined slightly from 1994 to 1995, then rose again for the next two years at a pace faster than the nation as a whole. But the passage of the Health Care Reform Act of 2000 makes hundreds of thousands of uninsured New Yorkers newly eligible for coverage, primarily through two new programs. At the local level, New York City's HealthStat program, announced in June 2000, could eventually enroll as many as 900,000 uninsured city residents who are eligible for existing coverage.

## New York in Brief

To better understand the problems posed by lack of health coverage in New York, it is helpful to first view the state as a whole. New York is the third most populous state with almost 18.5 million residents, more than 90 percent of whom live inside metropolitan areas.

The state is more diverse racially and ethnically than the nation as a whole, a characteristic that affects health coverage. Non-Hispanic whites made up fewer than two-thirds of New York's population in 1999, compared to 72 percent nationally. African-Americans comprised 18 percent of the population, while white Hispanics were 11 percent of the total.

**HEALTHCOVERAGE**

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*Meeting the Challenge of the Uninsured*

Health coverage statistics are also affected by the size of New York's immigrant population. In 1997, more than one out of every three New Yorkers were foreign-born. The state ranked second only to California in the net gain in residents moving in from outside the U.S. between 1990 and 1999.

New York has an older population than most states. The state's total population has been fairly stable, increasing by less than 1 percent between 1990 and 1995. But that statistic masks considerable movement: the number of people leaving New York is balanced by the in-migration of populations who are less likely to have health coverage.

The state provides a wide variety of employment. Concentrations of

workers are found in fields such as financial services; information services and mass media; fashion, apparel and textiles; computer hardware and software; and industrial machinery. Per capita income in 1995 was well above the national average — \$27,678 versus \$23,208. But, paradoxically, New York is also the nation's eighth poorest state. The percentage of people living below the federal poverty level for the years 1997 to 1999 was 15.7 percent compared to 12.6 percent nationally.

Unemployment statewide in September 2000 stood at 4.6 percent, near the all-time low for the decade. New York City recorded a somewhat higher unemployment rate of 5.6 percent.

## Federal Poverty Level, Income Guidelines, 2000

### Size of

Family	100% FPL	200% FPL
1	\$8,350	\$16,700
2	\$11,250	\$22,500
3	\$14,150	\$28,300
4	\$17,050	\$34,100

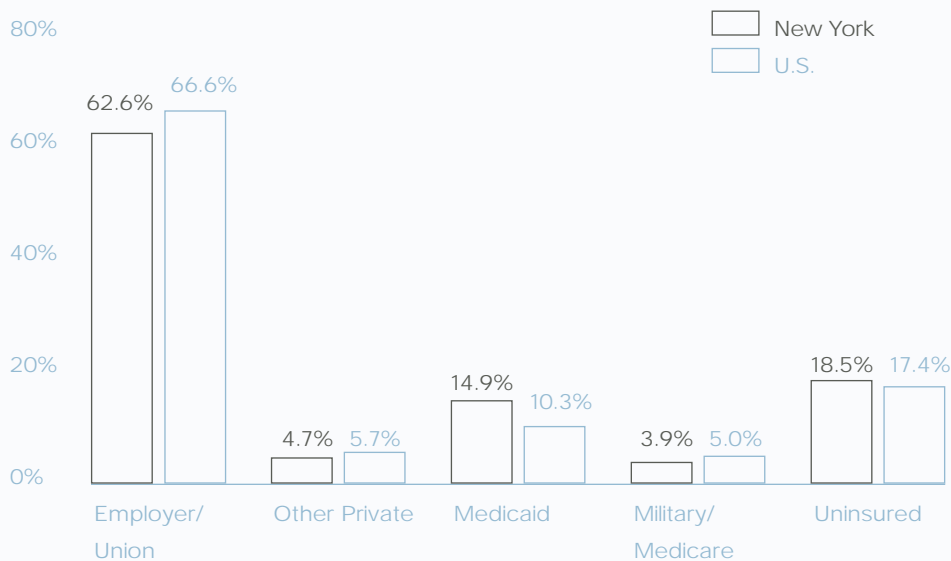
## Coverage Patterns

Income correlates with health coverage in New York, as elsewhere. More than nine out of ten New Yorkers with incomes above 300 percent of the federal poverty level had some coverage in 1996. Fewer than 70 percent of New Yorkers with incomes below the federal poverty level had coverage, provided largely through the Medicaid program.

Despite the good economic times that have generated an increase in the number of Americans with employer sponsored health coverage, the number of New Yorkers with such coverage is shrinking. Between 1990 and 1999 employment-based insurance coverage increased nationally by two and a half percentage points to 66.6 percent. In New York, however, employment-based coverage shrank by almost the same percentage, from 65 percent of residents to 62.6 percent. In 1999, 72.7 percent of workers in the state were offered coverage, compared to 73.9 percent in 1995.

Employer sponsored health insurance is unavailable or unaffordable for many low-wage workers. The United Hospital Fund, a New York based health policy organization, found that, over time, even when coverage is offered, fewer workers have signed up. The percentage of New York workers accepting coverage

## Sources of Coverage, New York and U.S., 1999 (< Age 65)



**Note:** Some persons get coverage from more than one source, so totals exceed 100 percent.

**Source:** U.S. Census Bureau

when it is offered went down between 1995 and 1999, from 57.8 percent of workers to 55.3 percent. Cost — the share of the premium employees must contribute, and the size of deductibles and copayments — is the issue for most consumers who decline coverage and remain uninsured.

At present, there are few options for low-income families without employer coverage. To qualify for Medicaid, parents must have incomes below the poverty level. Single adults and childless couples don't qualify if they make more than 54 percent of the poverty level. The cost of private coverage ranges from \$384 to \$864 per month, unaffordable for many low-income families.

New York's Medicaid program is the largest in the country with more than 2.4 million beneficiaries. The state spends more per Medicaid beneficiary than any other state and more than twice the national average on a

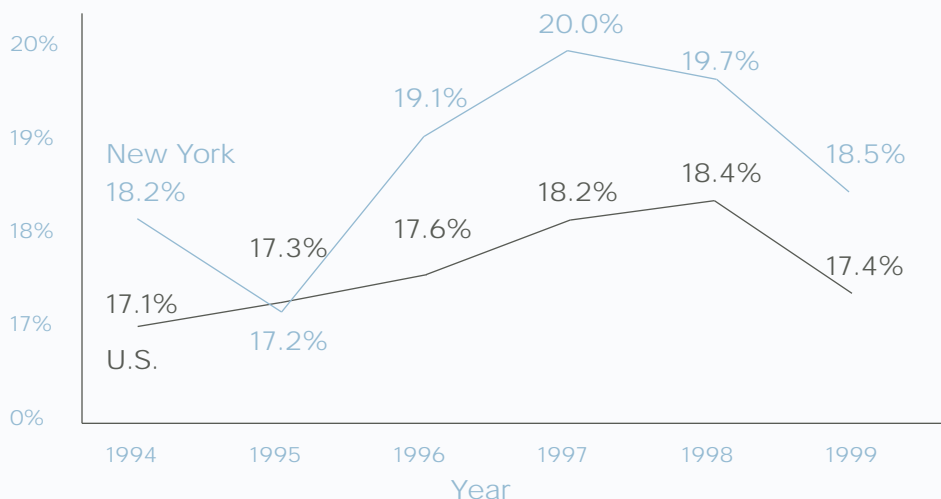
per capita basis. The majority of New York's Medicaid dollars go for care for the elderly and persons with disabilities, rather than for acute or preventive care for younger low-income enrollees. In late 1999, New York expanded Medicaid eligibility for parents and for childless adults through legislation described in detail below. These expansions are scheduled to take effect in 2001, although implementation has been delayed.

New York experienced substantial declines in Medicaid coverage between 1996 and 1999. The decline was associated with the implementation of new welfare policies which discouraged people from applying for assistance. The screening process in New York City was so rigorous that a U.S. District Court judge ordered city "job centers" to stop requiring applicants to return again and again before they could receive Medicaid, food stamps and other benefits.

As a result of these screening policies, many eligible individuals never obtained the cash benefits or Medicaid coverage for which they qualified. The Medicaid rolls were further diminished as other New Yorkers were improperly dropped from Medicaid when they stopped receiving cash assistance as a result of the federal welfare reform.

Nationally, two-thirds of those who lost Medicaid coverage due to welfare reform were children. This initial decline was offset by expansions of the Medicaid program and the establishment of the State Children's Health Insurance Programs in 1997. In New York, Child Health Plus, a state coverage program for children, was created before any federal programs directed at low-income children. There have been no comparable national efforts and few state efforts to provide coverage for parents and other adults. From January 1996 to December 1999, New York experienced the second greatest decline of any state in low-income parents enrolled in Medicaid, a drop of 25 percent.

## Percent of Population Uninsured, New York and U.S., 1994—1999 (< Age 65)



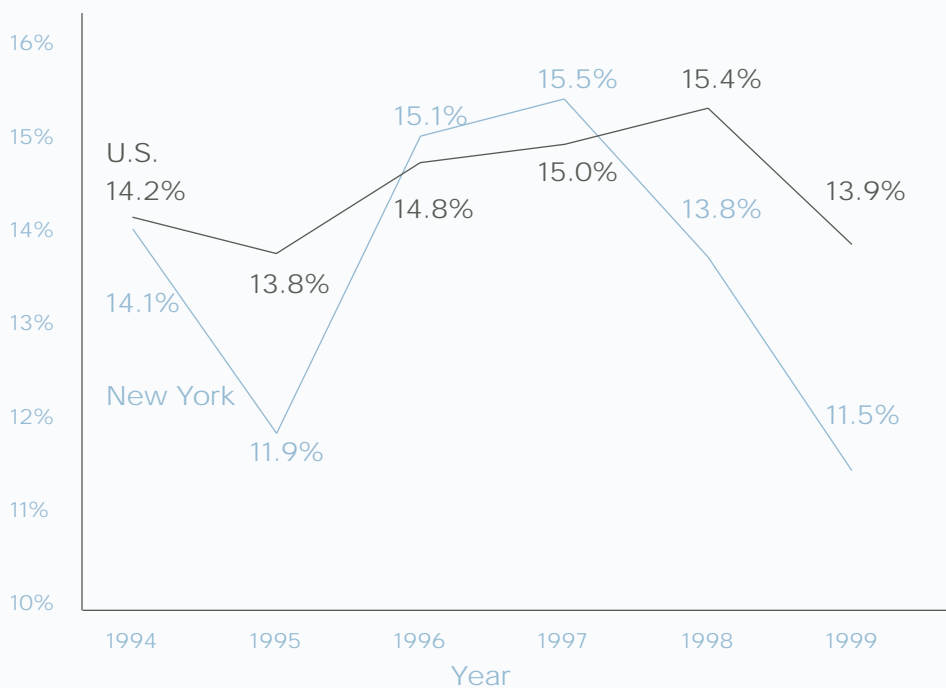
Source: U.S. Census Bureau

## The Uninsured in New York

Despite New York's prosperity, 3.1 million residents lacked health insurance in 1999. The percentage of New Yorkers under age 65 without health coverage, after reaching a 13-year high of 20 percent in 1997, declined in 1999 to 18.5 percent.

Until 1997 the number of uninsured in New York rose faster than in the rest of the country. From 1987 to 1997, the number of non-elderly uninsured in the state increased 57 percent, compared to 40 percent nationally.

## Uninsured Children (< Age 18), New York and U.S., 1994–1999



Source: U.S. Census Bureau

A sixth of New York's uninsured are children. Between 1997 and 1999, the percentage of uninsured children in New York dropped from 15.5 percent to 11.5 percent. Even so, an estimated 551,000 of the state's children under age 18 had no health insurance in 1999, according to the U.S. Census Bureau.

Citizenship status matters. In 1996, 46 percent of non-U.S. citizens in New York were uninsured in comparison with 15 percent of U.S. citizens. While one in six of all New Yorkers lacks coverage, nearly half of New York non-citizens, 47 percent, are uninsured.

New York City residents are less likely to have insurance than other New Yorkers. The city accounts for 41

percent of the state's population, but 58 percent of its uninsured. There were 1.8 million uninsured in the city in 1999, 24 percent of the population. This includes 412,000 uninsured children, almost one out of every five children in the city.

A United Hospital Fund report notes that workers in New York are less likely to have coverage than workers in many other states. In 1999, more than 17 percent of workers in the state were uninsured, compared to 15.6 percent of workers nationally. Of the 1.4 million uninsured New York workers in 1999, 1 million were employed in firms that do not offer insurance benefits.

Approximately two-thirds of New York City's uninsured live in a family with at least one worker. More than 200,000 are low-income children and adults who are eligible for Medicaid but are not enrolled. A 1997 survey found 28 percent of adults age 18-64 in New York City were uninsured — a rate 50 percent higher than the state or nation.

## Steps Taken and Results

### State Initiatives in the '90's

New York State has taken a number of actions affecting insurance coverage, public and private, over the past decade.

**Coverage for children.** Since 1991 the state has offered Child Health Plus, which became the largest non-Medicaid, publicly funded child health insurance program in the country. The program began receiving federal matching funds for children enrolling after the passage of the State Children's Health Insurance Program. In 1998 eligibility was expanded after the federal government agreed to let the state spend \$256 million annually in federal funds for uninsured children. In addition to making more children eligible, the program also expanded its services to include dental, speech and hearing, vision and mental health. As of December 2000, about 550,000 children were enrolled.

The eligibility expansion was needed. In 1998, 469,000 children at or below 200 percent of federal poverty level lacked health insurance in New York State.

**Insurance reforms.** In 1993 New York enacted reforms of its small group and individual insurance markets. The state became the first to bar insurers from charging different rates based on an applicant's age, sex or health condition. Premium increases and enrollment declines followed. Some analysts question, however, whether this occurred as a result of the insurance reforms. Whatever the reason, there was a loss of enrollment of about 27 percent in the individual market and 4 percent in the small-group market between 1992 and 1995. Nine insurers stopped offering health coverage in New York altogether.

**Indigent care subsidies.** When New York deregulated hospital rates in 1996, it retained subsidies for indigent care, graduate medical education and transitional programs. The indigent care pool reimburses health care providers over \$800 million annually. The pool is created by an 8.18 percent tax on payments by insurance companies and Medicaid for services at hospitals and some outpatient clinics.

## Health Care Reform Act 2000

Passage of the Health Care Reform Act of 2000 provided an opportunity to extend coverage to many hundreds of thousands of uninsured New Yorkers, largely through two new programs, Family Health Plus and Healthy New York. Funding for these programs will come from a portion of the state's approximately \$500 million annual tobacco settlement payment and a 55 cent per pack increase in the state cigarette tax. The new legislation targets hard-to-insure groups: parents of children eligible for Medicaid or

Child Health Plus, low-income adults who are not parents, low-income workers and small firms with substantial numbers of low-income workers.

Family Health Plus is designed to extend coverage, with no out-of-pocket costs, for parents with incomes up to 150 percent of the federal poverty level and for single adults and childless couples with incomes up to 100 percent of the federal poverty level. Implementation of this program requires federal approval, still pending as of December 2000. Between 400,000 and 600,000 New Yorkers may qualify. Legal immigrants are not eligible, however.

Healthy New York is designed to provide basic coverage for small businesses and for individual uninsured workers and their families with incomes up to 250 percent of the federal poverty level. The state would subsidize the coverage by creating a fund to reimburse insurers for 90 percent of the high-cost claims paid — between \$30,000 and \$100,000 in medical costs per member during a single year. The expectation is that this "stop loss" provision, and the pared-back benefits package, would make coverage more affordable.

The program is targeted at firms with a workforce of at least 30 percent low-income individuals. The firm must pay at least half the premium and offer coverage to all low-wage workers, including those who work part-time. Employees will pay up to half the premium plus substantial co-payments for covered services. Up to 300,000 people could participate.

In June 2000 the New York Senate established a Task Force to Study Health and Wellness. The body will

look into state policies on existing medical insurance mandates, the costs and benefits of proposed new mandated coverage, and the availability of treatment and early detection programs.

## City Initiatives

New York City, with its disproportionate share of the uninsured, has taken its own steps. In 1998 nearly three-quarters of uninsured children in New York City were eligible for, but not enrolled in, either Medicaid or Child Health Plus. Responding to this gap, Mayor Guiliani in June 2000 announced HealthStat, a plan to enroll some 900,000 eligible but uninsured adults and children in Medicaid, Child Health Plus and Family Health Plus. The program will use schools, hospitals, police and fire stations and other community facilities to distribute information and register eligible residents.

Other New York City initiatives are underway.

- The Small Business Health Insurance Demonstration through Group Health Inc. is offering a low cost comprehensive health insurance package to businesses. It relies on selected Health and Hospitals Corporation facilities. HHC agreed to significant discounts in order to offer a plan at rates below those of other insurers.
- The City and the New York Business Group on Health have launched Health Pass, a small business purchasing alliance. Four plans will offer 20 benefit options. In March 2000 Health Pass had enrolled 120 groups covering approximately 1,300 individuals.

## Conclusion

New York is a study in contrasts. New York State residents are richer than the national average, but the state also has a higher-than-average percentage of poor people. The state is home to dozens of Fortune 500 corporations. Yet workers in New York are more likely to be uninsured than workers nationwide.

The passage of the Health Care Reform Act of 2000 in Albany could make hundreds of thousands of uninsured New Yorkers eligible for coverage. In addition, HealthStat in New York City offers hope for as many as 900,000 uninsured adults and children. If these programs and others work as planned, they could dramatically boost health coverage and access to care in the state.

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Sources for facts and figures cited in this profile are available by calling the Alliance for Health Reform at 202/466-5626 or by e-mailing [NPeavy@allhealth.org](mailto:NPeavy@allhealth.org).

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This Profile was compiled by the Alliance for Health Reform, a bipartisan, not-for-profit group committed to the education of journalists, elected officials and shapers of public opinion, helping them understand the causes of the nation's health care problems and the trade-offs posed by various proposals for change.

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