



# IOWA'S HEALTH BENEFIT EXCHANGE PROJECT

## IOWA'S CURRENT HEALTH COVERAGE MARKETPLACE: BACKGROUND RESEARCH

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# 1. SUMMARY

The impetus for the State of Iowa to examine the health care status and needs of its citizens is a result of the Affordable Care Act (ACA) enacted by congress and signed into law by President Obama in March 2010. The first part of the act is the Patient Protection and Affordable Care Act (PPACA). The second part is the Health Care and Education Reconciliation Act (HCERA). Together, these two acts make up what is known as the Affordable Care Act (ACA) or more broadly referred to as the health care reform law.

The PPACA consists of 10 sections which aim to extend health care coverage to many currently uninsured Americans. It contains a provision for states to establish a state health insurance exchange, which is the focus of this report. Other provisions include the expansion of Medicaid eligibility, a mandate for most U.S. residents to obtain health insurance, addressing healthcare workforce issues, increased care coordination, improved quality of care, encouraging better health prevention activities, and an overall reduction of health care costs.

The HCERA contains two titles, one which amends and further defines coverage, Medicare, Medicaid, and revenues in the original PPACA, and the other which authorizes federal programs involving post-secondary education and other amendments to the PPACA.

According to the Congressional Budget Office (CBO) and the Joint Committee on Taxation (JCT), the ACA is estimated to reduce federal budget deficits by \$143 billion over the 2010-2019 period.<sup>(1)</sup> Following is a timeframe of some of the major pieces of the legislation adapted from healthcare.gov.<sup>(2)</sup>

Timeframe	ACA Implementation Feature
March 23, 2010	President signs Patient Protection and Affordable Care Act (PPACA, P.L. 111-148) into law (H.R. 3590).
March 30, 2010	President signs the Health Care and Education Reconciliation Act (HCERA, P.L. 111-152) into law (HR4872).
January 1, 2010	Small business health insurance tax credits allow up to four million small businesses to offer a tax credit up to 35% of the employer's contribution to the employee's health insurance. Small non-profits may receive a 25% credit.
January 1, 2010	Expand number of healthcare workers in underserved areas via scholarships and loan forgiveness.
Starting in 2010	<ul style="list-style-type: none"> <li>• Grants for states to help residents navigate private health insurance system and track trouble spots.</li> <li>• Disease prevention fund grants.</li> <li>• Community Health Center expansion.</li> <li>• Rural Health Care provider expansion.</li> </ul>



Timeframe	ACA Implementation Feature
April 1, 2010	States eligible to receive matching federal funds for covering some additional low-income individuals under Medicaid that were not previously eligible.
June 1, 2010	Expanded coverage for early retirees until exchanges are created.
July 1, 2010	Pre-existing Condition Insurance Plan for those uninsured because of pre-existing condition.
September 23, 2010	Young adults allowed to stay on their parent's plan until age 26.
September 23, 2010	Requires new health plans to cover certain preventative services.
September 23, 2010	Prohibits insurance companies to use a technical mistake or error on application to deny coverage at a later date.
January 1, 2011	Part D Medicare prescription drug 50% discount for seniors in coverage gap. Free preventative care for seniors on Medicare.
January 1, 2011	Ensure health care dollars are spent primarily on health care, not profits; 85% of premium must be spent on health care services.
January 1, 2012	Encourage integrated health systems that provide incentives for physicians to form groups to reduce readmissions and improve care. If successful, they can keep a portion of the savings.
October 2012	Standardize billing and utilize secure, electronic record system. Link Medicare incentives to hospitals for improved care.
January 1, 2013	New funding to states to expand preventative care.
January 1, 2013	Pay Medicaid services at same rate as Medicare.
January 1, 2013	Reduce paperwork by reimbursing hospitals, doctors, and providers a flat rate for an episode of care rather than the current system where each service, test, or bundle of items or services are billed separately to Medicare.
January 1, 2014	Affordable Insurance Exchanges become available for individuals not covered under employer.
January 1, 2014	Under the new law, most individuals who can afford it will be required to obtain basic health insurance coverage or pay a fee to help offset the costs of caring for uninsured Americans.
January 1, 2014	Workers meeting certain requirements who cannot afford the coverage provided by their employer may take whatever funds their employer might have contributed to their insurance and use these resources to help purchase a more affordable plan in the new Affordable Insurance Exchanges.



Timeframe	ACA Implementation Feature
January 1, 2014	Americans who earn less than \$14,000 for an individual or \$29,000 for a family of four will be eligible to enroll in Medicaid. States will receive 100% federal funding for the first three years to support this expanded coverage, phasing to 90% federal funding in subsequent years.
January 1, 2014	Tax credits to help the middle class afford insurance will become available for those with an income less than \$43,000 for an individual or \$88,000 for a family of four.
January 1, 2014	New plans and existing group plans cannot impose annual dollar limits on the amount of coverage an individual may receive.
January 1, 2014	The second phase of the small business tax credit up to 50% of the employer's contribution to provide health insurance for employees. There is also up to a 35% credit for small non-profit organizations.
On-going	Fraud prevention efforts returned 2.5 billion dollars to Medicare Trust fund in FY 2009.



## 2. INTRODUCTION

### 2.1 Purpose

One of the provisions of the Affordable Care Act (ACA) authorizes each state to establish a Health Care Benefits Exchange (Exchange) for individuals and those working for small employers to obtain health insurance. The state may create its own exchange, use the federal exchange, or use a hybrid of both. David P. Lind Benchmark and Data Point Research, Inc. have prepared this report as background research to assist the State of Iowa in evaluating the options the State must consider.

### 2.2 Background

This report, also known as Milestone Two, comprises analysis of current population statistics and detailed modeling simulations to provide specific profiles of the insured and the uninsured. Further, David P. Lind Benchmark and Data Point Research, Inc. conducted the 2012 Iowa Health Insurance Survey which helped illuminate Iowa's population of underinsured to help model how the uninsured and underinsured may react to the Exchange.

### 2.3 Data Sources

Information was collected from a variety of sources including the following:

- U.S. Census Bureau data
- The State of Iowa Department of Public Health
- Centers for Disease Control and Prevention
- U.S. Department of Health and Human Services
- Research completed by David P. Lind Benchmark
- The Iowa Behavioral Risk Factor Surveillance System
- The Iowa Health Insurance Study, conducted by Data Point Research
- Iowa Workforce Development
- American Community Survey
- Kaiser State Health Facts
- Analyses conducted by other states



## 3. MILESTONE 2

### 3.1 Executive Summary

#### Affordable Care Act

- One of the provisions of the Affordable Care Act (ACA) authorizes each state to establish a Health Care Benefits Exchange (Exchange) for individuals and those working for small employers to obtain health insurance.

#### Iowa Demographics

- Iowa's population is stable and growing slowly (Table 4.2.1).
- Iowa has a resilient, diversified economic base with low unemployment in comparison to the U.S. average (Tables 4.3.1 and 4.3.2).
- Average household income is slightly below the U.S. average, but Iowa has more middle-class earners and fewer low- and high-income earners (Figure 4.4.1).
- Iowans live longer and on average are slightly older than the U.S. population (Figure 4.5.2).
- While more Iowans now live in urban than rural areas, Iowa is still decidedly more rural than the nation as a whole (Figure 4.6.1).
- Iowans are generally healthier than the U.S. as a whole (Figure 4.8.1).
- Iowa has a population of approximately three million residents, which ranks 30<sup>th</sup> of the 50 states.

#### Iowa Insurance Demographics

- While the percentage of those with health coverage is dropping, Iowans carry health insurance at a higher percentage than the national average (Figure 4.9.1).
- Of Iowans of working ages 18-64, 84 percent currently have health insurance coverage. This compares to a nationwide average of approximately 78 percent (Figure 5.0.1).
- Just under 40 percent of households with incomes below \$25,000 have private health insurance coverage, while 93 percent of those with incomes over \$75,000 have private health insurance (Figure 5.1.2).
- Of Iowa households with incomes under \$25,000, three in ten rely on public insurance coverage. Only about one in twenty households with annual income of \$75,000 or more have public insurance coverage (Figure 5.1.3).



- While 37 percent of those with a household income under \$25,000 are uninsured, only 5 percent of those with an income over \$75,000 are uninsured (Figure 6.1.1).
- Of households with annual incomes under \$25,000, over two-thirds are uninsured or have public insurance. Meanwhile, only 10 percent of households with incomes over \$75,000 are uninsured or hold public insurance (Figure 6.1.2).
- Among working-aged Iowans, the incidence of being uninsured is greatest during younger working years and decreases with age (Figure 6.2.1).
- Those working less than full-time are more likely to be uninsured than either those who did not work or those working full-time (Figure 6.4.1).
- Insured Iowans are more likely to be covered by an employer-based health care plan than by any other source (Figure 5.2.4). Employer-based coverage is the primary health insurance source for approximately 81 percent of insured Iowans aged 18-64 while 10 percent are covered by individual policies and 14 percent by public plans.
- Individual policies are most frequent for those in the older age brackets (Figure 5.2.4).
- The insured are more likely to report excellent or very good health, while the uninsured are more likely to report their health as good, fair, or poor (Figure 5.5.2).
- Of those insured, only 13 percent reported having seven or more poor health days per month. More than 20 percent of the uninsured reported seven or more poor health days (Figure 5.5.4).

### **Iowa Organizations**

- Out of Iowa's 209,000 employers, 98 percent (205,900) have less than 50 employees. Less than 1 percent (1,800) fall within the 51-100 employee size (Figures 8.1.1 and 8.1.2).
- The majority of organizations in Iowa (149,100 or 71 percent) have no employees, with most of the remaining organizations having between 1 and 50 employees (Figure 8.2.1).
- Approximately 531,300 Iowa employees work for organizations with between 1 and 50 employees. An additional 125,700 employees work for organizations with 51 to 100 employees (Figure 9.2.2).
- The number of Iowa employers offering health insurance to their employees has been decreasing. In 2009, 84 percent of employers offered health insurance. That number dropped to 81 percent in 2011 (Figure 9.4.1).



## Insurance Costs

- Average Iowa premiums compare favorably to the national premiums reported in the 2011 Kaiser/HRET study. The annual single and family premiums from Kaiser/HRET are \$5,429 and \$15,073 respectively, while the Iowa annual premiums are \$5,047 single and \$13,295 family (Figure 9.4.4).
- In 2011, the average out-of-pocket maximum was \$2,859 for a single coverage plan and \$6,305 for a family plan (Figure 9.4.12).
- Costs are rising.
  - With the exception of two years (2007 & 2008), Iowa employers have reported double-digit increases in insurance premiums each year since 2001 (Figure 9.4.3).
  - Since 2002, single health insurance premiums have increased by 65 percent and family premiums have increased by 71 percent (Figure 9.4.4).
  - In-network deductibles average almost \$1,500 per employee for single coverage and \$3,181 for family coverage (Figure 9.4.9).
  - Copayments for office visits have increased by 60 percent from 2002 to 2011 (Figure 9.4.10).
  - Since 2004, the single out-of-pocket expense has increased by 75 percent while the family amount has increased by 92 percent (Figure 9.4.13).
- Smaller organizations bear higher costs.
  - Smaller organizations continue to receive higher increases than their larger counterparts (Table 9.4.1).
  - Employers in the three smallest size categories are requiring their employees to pay considerably higher in-network deductibles when compared to larger organizations (Figure 9.4.9).
  - The smaller organizations are more likely to offer higher office visit copayments to keep their premiums affordable (Figure 9.4.11).
  - Smaller employers are offering health plans that have drastically higher out-of-pocket maximums than the larger employers in Iowa (Figure 9.4.12).

## Exchange, SHOP, and Basic Health Plan Eligibility

- Of the 318,250 Iowans who work for small organizations offering employer-based health coverage, approximately 244,000 would be likely to obtain insurance through their workplace using the SHOP (Table 9.3.1).
- Currently, 64 percent of working aged Iowans receive health insurance through their employer, 12 percent are insured through public plans, 11 percent purchase insurance directly, and 13 percent remain uninsured (Figure 10.2.2).



- The Federal Poverty Level (FPL) for 2012 is \$11,170 per year; 400 percent of the FPL for 2012 is \$44,680.
- Of the more than 1.8 million lowans between 18 and 64 years of age:
  - More than 617,700 (34 percent) earn between 200 and 400 percent of the FPL.
  - About 506,400 lowans (28 percent) earn below 200 percent of the FPL.
  - About 686,800 (38 percent) of lowans have incomes higher than 400 percent of the FPL (Figures 13.2.1 and 13.2.2).
- Of the 1.4 million lowans between the ages of 18 and 64 with employer or direct-purchase insurance:
  - Almost half (47 percent, Figure 11.3.1) are at or above the 400 percent FPL, representing nearly 680,000 lowans.
  - Just over a third (37 percent, Figure 11.3.2) of lowans with insurance fall within 200 to 400 percent of the FPL, representing more than 530,000 lowans.
- According to a model developed by the Urban Institute, about 2.4 percent (62,200) of 2,612,000 Iowa residents under age 65 are estimated to be eligible for the Basic Health Program (BHP) (Table 12.1.1). Of these, about 40,000, or 1.5 percent of the population, are expected to enroll.
- The Urban Institute model suggests that if the state of Iowa implemented the BHP for qualified low-income adults, the number of uninsured people would be reduced by 5,650 residents (Table 12.1.2).
- Of the nearly 700,000 lowans without current employer-based insurance coverage, more than one-third, or 262,000, fall below the 133 percent FPL cutoff and would be covered by Medicaid and other need-based programs (Table 14.3.1, Figure 14.3.1).
- About 222,700 lowans who earn between 133 and 400 percent of the FPL currently report either directly purchasing their own insurance or being uninsured, and thus would have subsidized access to insurance through the HBE. Of these lowans, 124,100 report being uninsured and would be required to access subsidized plans through the HBE (Table 14.3.1, Figure 14.3.1).
- Of the 127,000 lowans without employer insurance who earn more than 400 percent of the FPL, 21,800 are currently uninsured, meaning that they would be required to purchase an insurance plan (Figure 14.3.1).
- It is anticipated that, as a result of HBE implementation, almost all organizations will provide at least 60 percent coverage, and very few lowans will have employer insurance that does not meet this standard.
- It is estimated that very few lowans would qualify for subsidized plans through the HBE based on the “affordability of employer-based plan” criterion.



## 4. IOWA OVERVIEW

### 4.1 Introduction

This section includes an overview of the following demographic characteristics regarding Iowa residents:

- Population Overview
- Economic Overview
- Household Income
- Age and Gender
- Place of Residence
- Employment Status
- Health Status
- Health Insurance Coverage

In addition, Iowa's demographic and health rankings compared to other states are presented.

Key findings from this section include:

- Iowa's population is stable and slowly growing.
- Iowa has a resilient, diversified economic base with low unemployment in comparison to the U.S. average.
- Average household income is slightly below the U.S. average, but Iowa has more middle-class earners and fewer low- and high-income earners.
- Iowans live longer and, on average, are slightly older than the U.S. population.
- While more Iowans now live in urban than rural areas, Iowa is still decidedly more rural than the nation as a whole.
- Iowans are generally healthier than the U.S. as a whole.
- While the percentage of those with health coverage is dropping, Iowans carry health insurance at a higher percentage than the nation.



## 4.2 Population Overview

Iowa has a population of approximately three million residents, which ranks 30<sup>th</sup> of the 50 states. Iowa is made up of 99 counties. County populations range from 430,640 in Polk county to 4,030 in Adams county.

**Table 4.2.1. Iowa Vital Statistics 2005-2010**

Year	Population <sup>(3)</sup>	Annual Increase	Births <sup>(4)</sup>	Deaths <sup>(4)</sup>
2005	2,973,700	9,011	39,275	27,770
2006	2,982,331	8,631	40,592	27,289
2007	2,990,331	8,000	40,835	27,126
2008	2,997,608	7,277	40,221	28,370
2009	3,004,163	6,555	39,662	27,450
2010	3,046,355	5,744	38,514	27,682

## 4.3 Economic Overview

Iowa's economy typically does not expand or contract at rates experienced by other states. A diversity of industry types allows Iowa to maintain stable growth patterns. See Table 4.3.1 for a listing of Iowa employees by industry type, and Table 4.3.2 for a listing of revenues by industry type. Because Iowa does not rely on a single economic sector, the state's economy is resilient.

According to the Iowa Workforce Development, the workforce is stable as well. The average Iowan stays on a job twelve years. Iowa had the fourth-lowest unemployment rate in the nation in 2010 at 6.1 percent.



**Table 4.3.1. Iowa Industry by Number of Employees** <sup>(5)</sup>

<b>Establishment</b>	<b>Employees</b>
Trade, Transportation, and Utilities	303,100
Government	248,000
Educational and Health Services	215,100
Manufacturing	214,900
Leisure and Hospitality	130,300
Professional and Business Services	121,600
Financial Services	99,900
Farm Operators	92,000
Construction	63,900
Other Services	57,900
Information Technology	27,400
Mining and Logging	2,200



**Table 4.3.2. Iowa Industry by Gross Sales** <sup>(6)</sup>

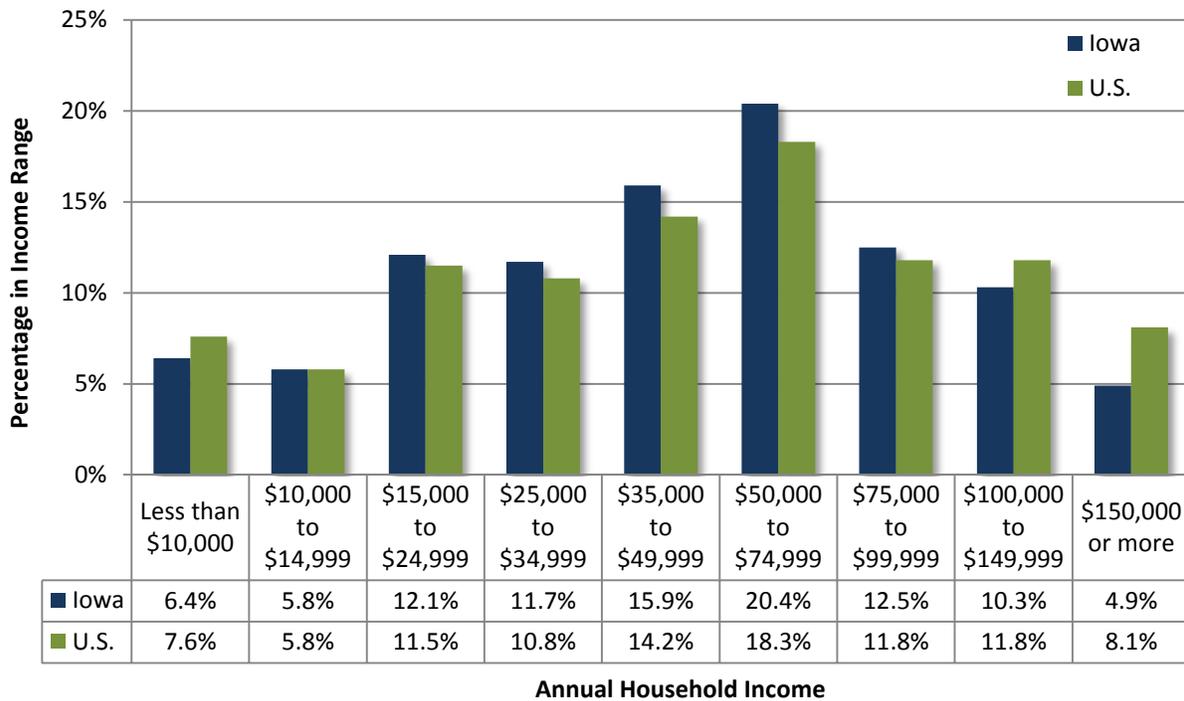
Industry (2010)	Gross Domestic Product (in millions)
Manufacturing	\$25,354
Finance and Insurance	\$19,666
Government	\$16,392
Real Estate, Rental and Leasing	\$13,788
Health Care and Social Assistance	\$9,905
Agriculture, Forestry, Fishing & Hunting	\$8,423
Retail Trade	\$8,276
Wholesale Trade	\$8,055
Transportation and Warehousing	\$4,750
Professional & Technical Services	\$4,686
Construction	\$4,312
Information	\$4,041
Accommodation and Food Service	\$2,827
Administrative and Waste Management	\$2,796
Utilities	\$2,555
Educational Services	\$1,257
Arts, Entertainment and Related	\$1,204
Management	\$1,174
Mining	\$111



## 4.4 Household Income

Iowa's average household annual income is \$47,961 which is slightly below the U.S. average of \$50,046. The distribution of annual household income for Iowa compared to the U.S. population is somewhat more centered to the average (Figure 4.4.1).<sup>(7)</sup> Iowa has a smaller percentage of households earning less than \$10,000 and more than \$100,000, but a higher percentage in the middle ranges.

**Figure 4.4.1. Comparison of Iowa Household Annual Income to U.S. Average**



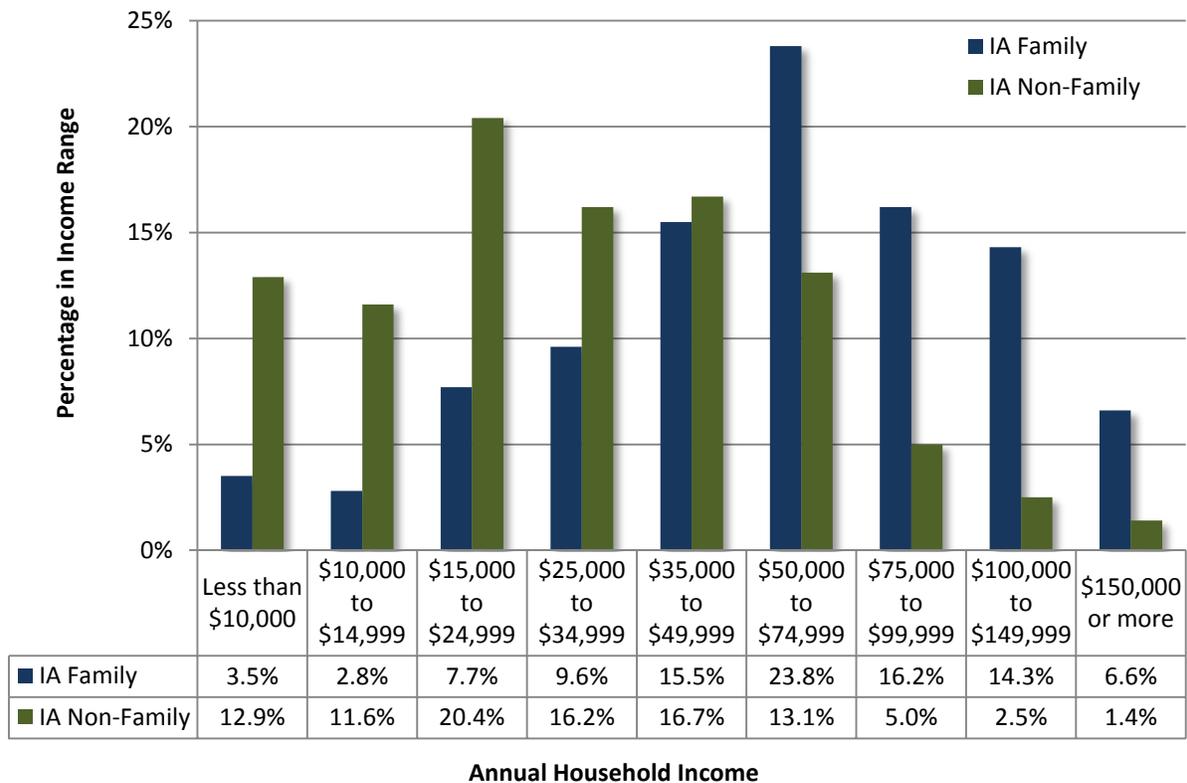
IA Households= 1,223,439; U.S. Households = 114,567,419



Another way to look at lowa income is by household type. Households with at least one parent and a child are considered family households, and those with unrelated people living together are defined as non-family.

Family annual household incomes are much more likely to exceed \$50,000 (Figure 4.4.2).<sup>(7)</sup> Conversely, non-family households are much more likely to report household incomes below \$25,000.

**Figure 4.4.2. Iowa Family vs Non-Family Household Income**



IA Family = 793,768, IA Non-Family = 429,671

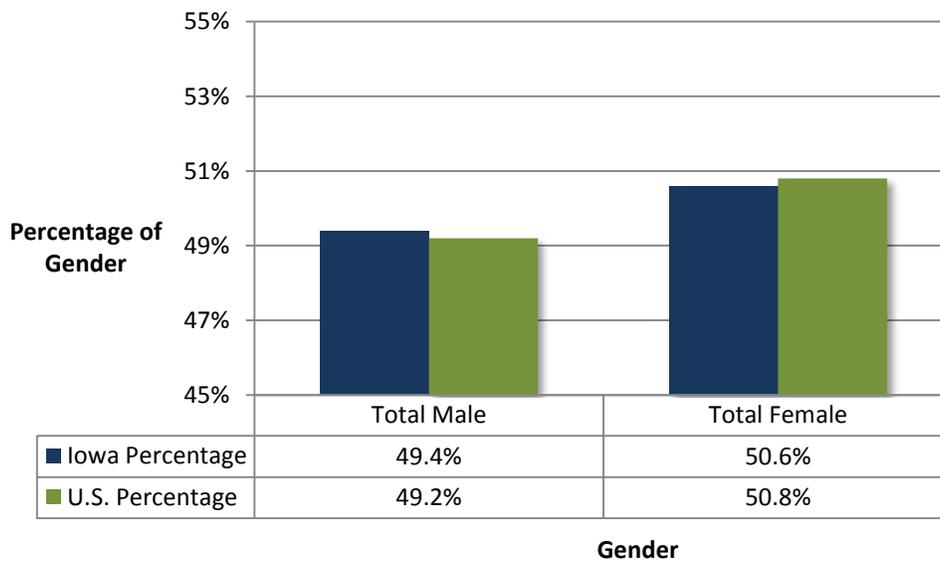


## 4.5 Age and Gender

Of the 3,050,000 Iowans, 50.6 percent are female, and 49.4 percent are males (Figure 4.5.1).<sup>(8)</sup> Iowa is composed of a more equal gender balance than the nation as a whole. Iowa has a slightly lower population of females and a higher population of males than the rest of the nation.

The average life expectancy of an Iowan is 79.7 years, about a year longer than the U.S. average. Females outlive males in Iowa by about five years.<sup>(9)</sup>

**Figure 4.5.1. Iowa’s Gender Breakdown in Comparison to U.S.**



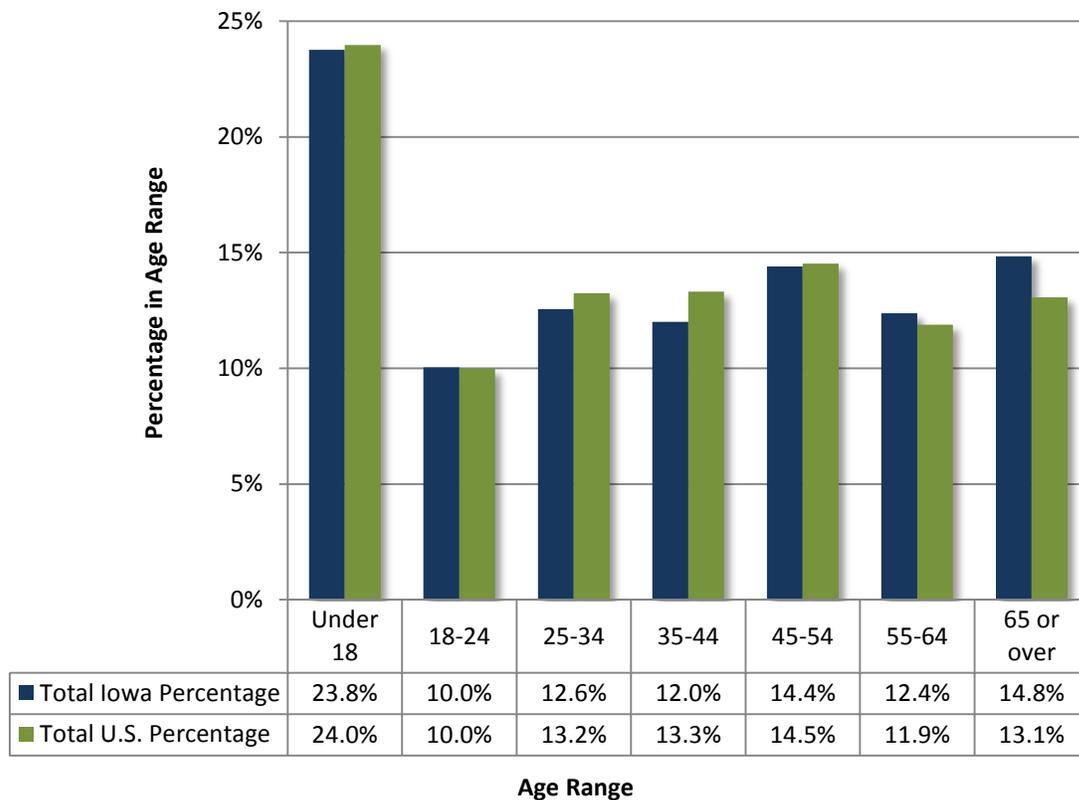
IA Male= 1,505,879; IA Female = 1,544,004, Total Iowans = 3,049,883



When looking at Iowa’s age ranges in comparison to the U.S., Iowa is generally slightly older than the rest of the country. The median age of an Iowan is 38, compared to 37 in the U.S.

The 453,000 Iowans aged 65 or older make up about 15 percent of the state population while 13 percent of the country as a whole is over 65 years old. From birth to age 24, Iowa’s population distribution follows the nation. Not until around the time of college graduation does Iowa’s young population differ from the nation, with Iowa’s 25-34 year olds leaving the state at higher rates. The difference closes in the 45-54 age range. Iowa has a larger percentage of those aged 55+ than the rest of the nation (Figure 4.5.2).<sup>(8)</sup>

**Figure 4.5.2. Iowa’s Age Ranges in Comparison to U.S.**



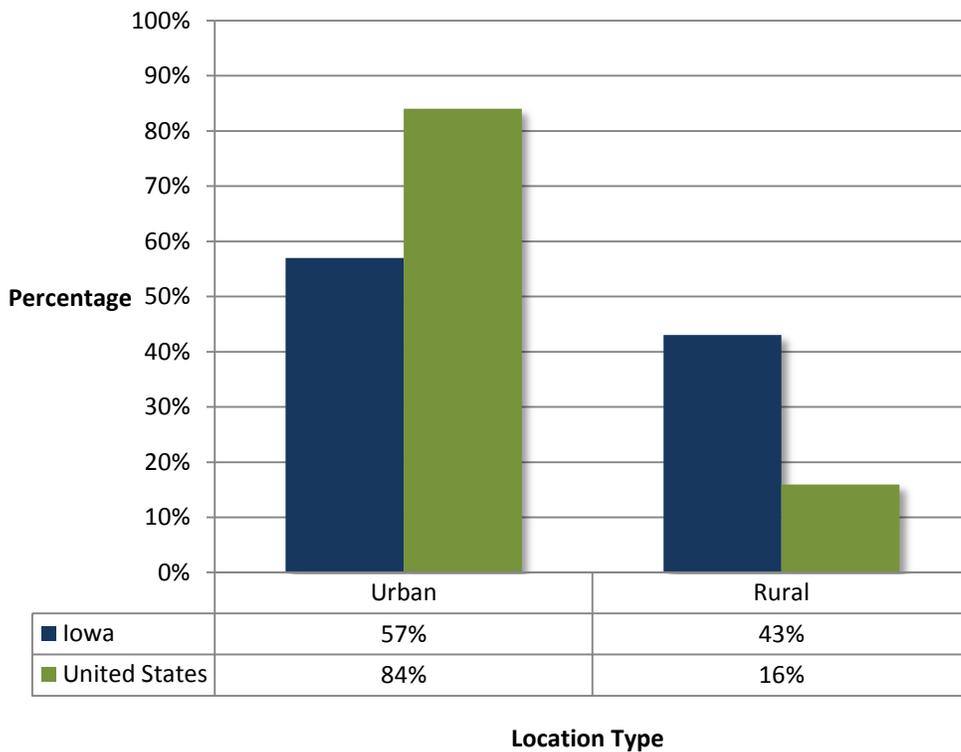
IA Under 18 = 724,674; IA 18-24 = 306,424; IA 25-34 = 383,022; IA 34-44 = 366,296; IA 45-54 = 439,176; IA 55-64 = 377,468; IA 65 or Over = 452,823; Total Iowans = 3,049,883



## 4.6 Place of Residence

Iowa is decidedly more rural than the nation as a whole, but more lowans live in urban than rural areas. Figure 4.6.1 shows that urban residents comprise 84 percent of the U.S. population, whereas only 57 percent of lowans live in a urban area.<sup>(9)</sup>

**Figure 4.6.1. Iowa's Metropolitan Population in Comparison to U.S.**

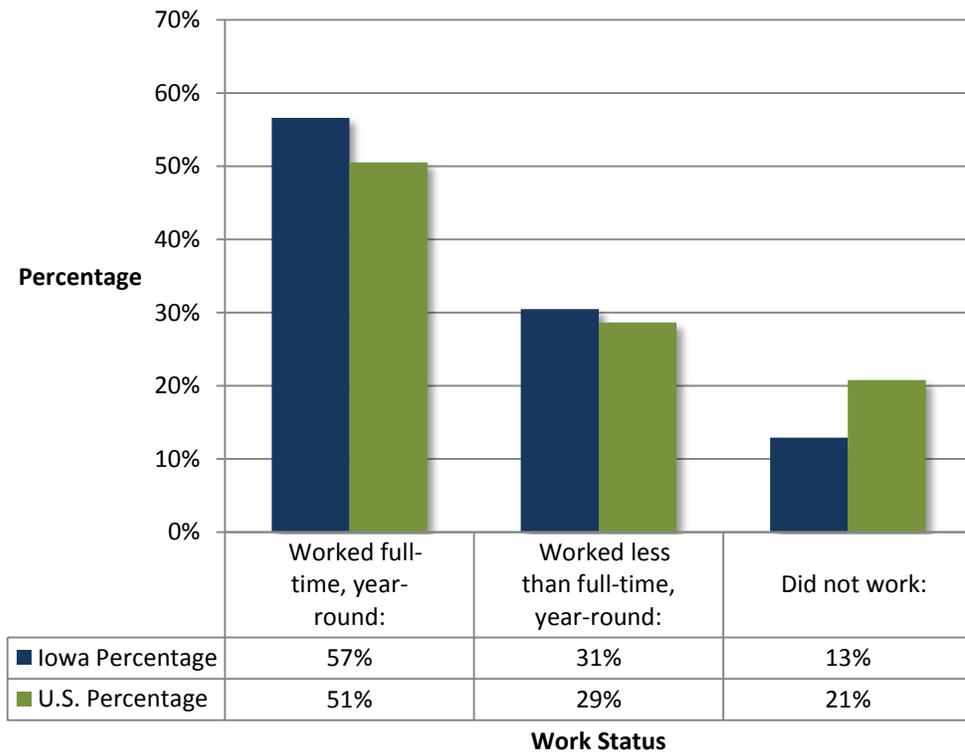




## 4.7 Employment Status

Iowans aged 18-64 are more likely to be employed compared with the nation as a whole. A full 87 percent of Iowa's 1,872,000 working-aged residents work full- or part-time, while on average only 79 percent of the nation works (Figure 4.7.1).<sup>(10)</sup> This fact has implications for a society where health insurance tends to be employer-sponsored.

**Figure 4.7.1. Iowa's Work Status in Comparison to U.S.**

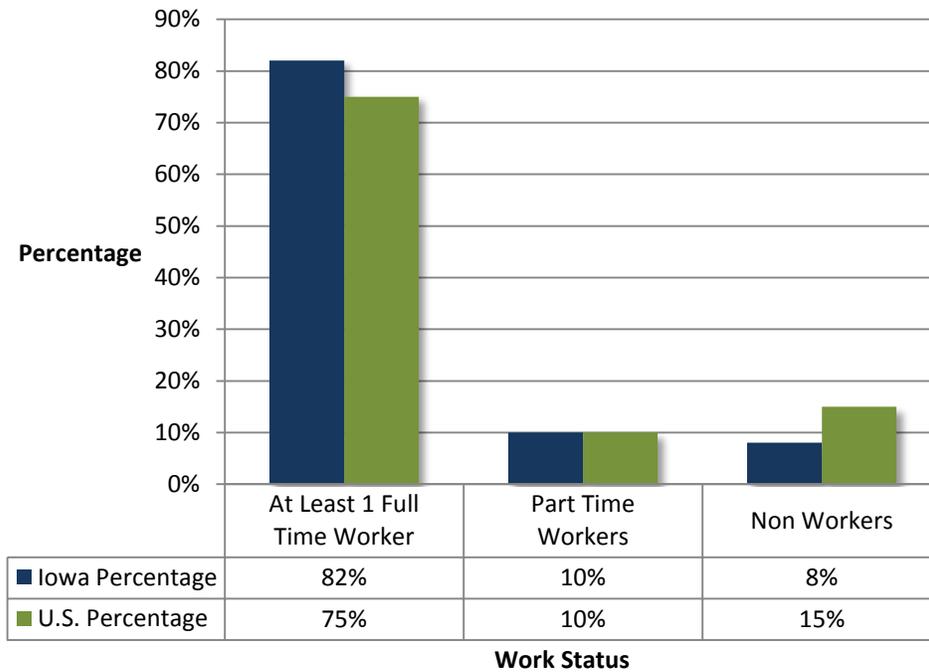


IA Full-time = 1,040,617; IA Less than full-time 560,713; IA Did not Work = 236,993; Total Working-Aged Iowans = 1,872,386



More Iowa households have a full-time worker in comparison to the nation. Figure 4.7.2 shows that 82 percent of Iowa households have a full-time worker, compared to a nationwide average of 75 percent.<sup>(10)</sup>

**Figure 4.7.2. Iowa’s Household Work Status in Comparison to U.S.**



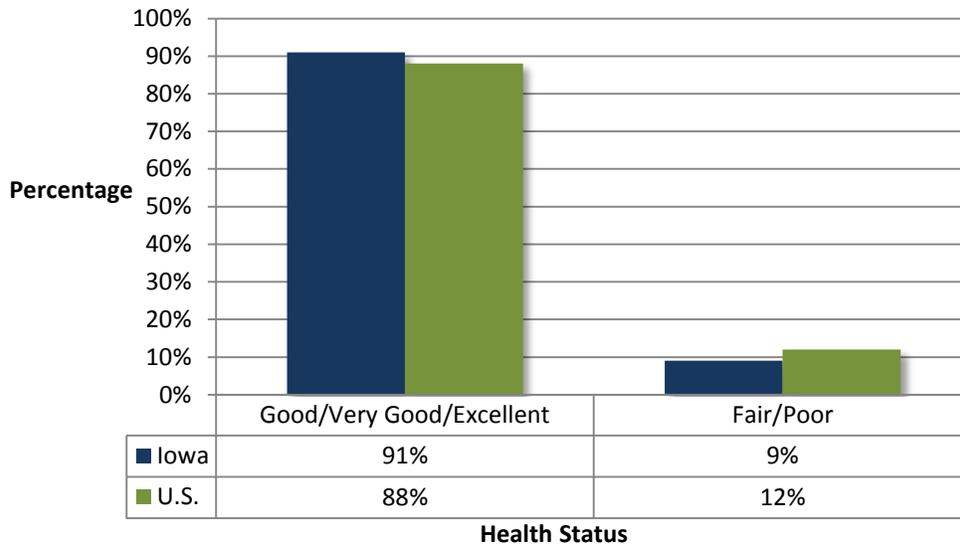
IA Full-time = 1,522,800; IA Less than full-time 179,300; IA Did not Work = 148,000



## 4.8 Health Status

Figure 4.8.1 shows that Iowans generally report better health than their counterparts in other states.<sup>(11)</sup>

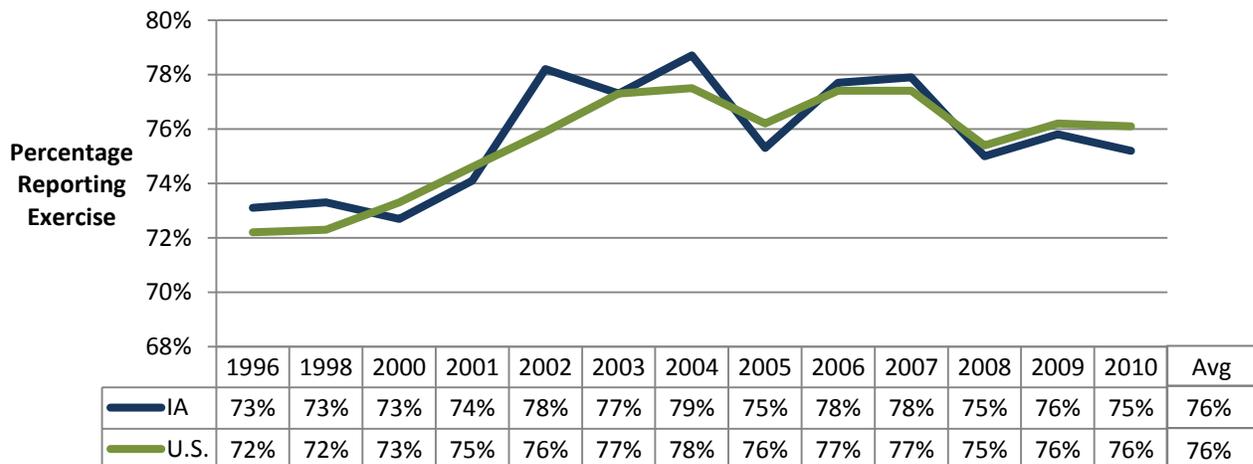
**Figure 4.8.1. Iowa's Health Status in Comparison to U.S.**



U.S. Census Bureau, Health Insurance Coverage Estimates, CPS, 18-64 Years, Calendar Year 2010

In regards to exercise, Iowans tend to generally follow the nation's average as well (Figure 4.8.2).<sup>(12)</sup>

**Figure 4.8.2. Iowa's Exercise Frequency in Comparison to U.S.**



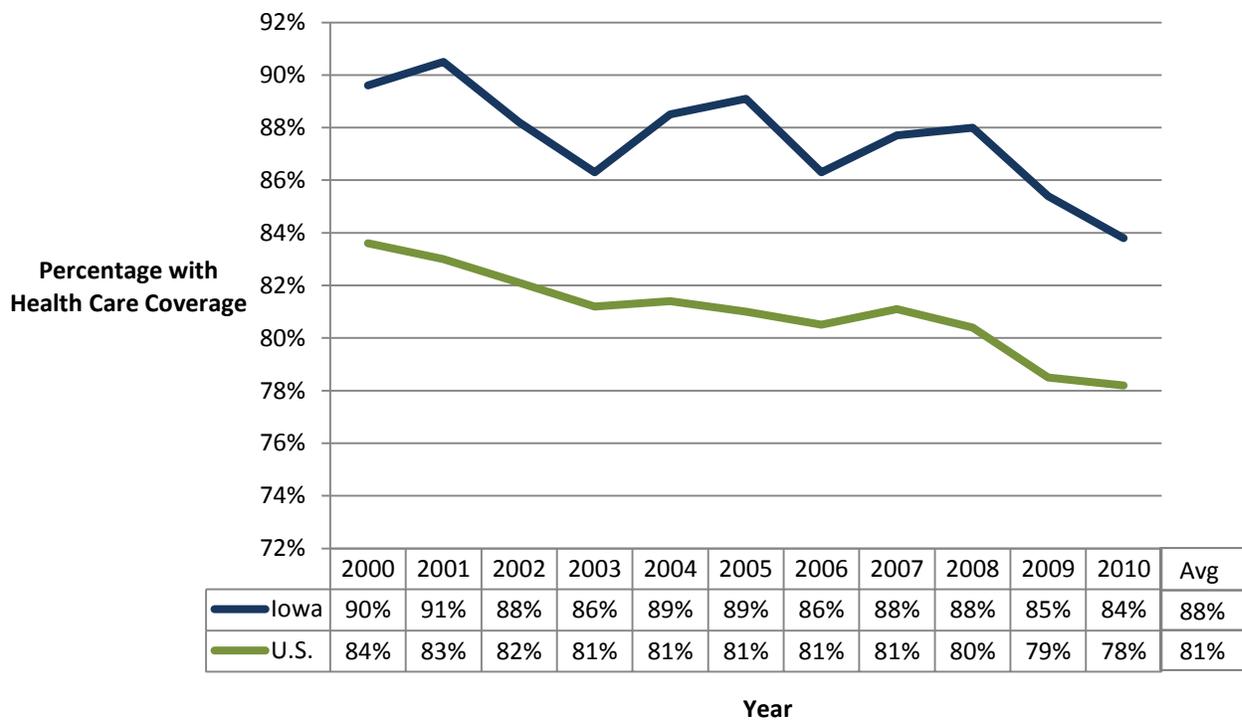


## 4.9 Health Insurance Coverage

Over the past 10 years, the percent of individuals with health care coverage has generally dropped, with the lowest number of insured in 2010. The number of uninsured in Iowa reached 307,000 in 2010, or 16 percent, compared to 22 percent nationwide.

Figure 4.9.1 shows that Iowans have a higher incidence of health insurance coverage than the nation as a whole. The average insured rate for Iowa over the past 10 years is 88 percent, while the nation's rate is 81 percent.<sup>(11)</sup>

**Figure 4.9.1. Health Care Coverage for 18-64 Year-Olds in Iowa vs. U. S.**





## 5. IOWA'S INSURED POPULATION

This section of the report includes demographic information associated with Iowa's insured population. A subsequent section (section 6.0) describes the demographics of Iowa's uninsured population, and then a description of the underinsured population follows in section 7.0.

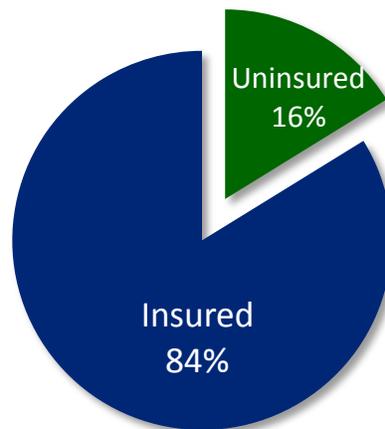
In examining Iowa's insured population, the relationships between health insurance coverage and the following attributes are discussed:

- Income.
- Age and gender.
- Area of residence in Iowa.
- Work status.
- Selected health status indicators.

The Current Population Survey (CPS), sponsored jointly by the U.S. Census Bureau and the U.S. Bureau of Labor Statistics (BLS), is the primary source of labor force statistics for our nation's population. According to the 2010 CPS, Iowa has a relatively high percentage of insured citizens compared to the nation as a whole. Approximately 84 percent of working-aged Iowans (18-64) currently have health insurance coverage (Figure 5.0.1). This compares to a nationwide average of approximately 78 percent.<sup>(11)</sup>

Iowa is a leader in the percentage of working adults with health coverage; only Massachusetts, Hawaii, and Minnesota have a higher percentage of insured adults aged 18-64.

**Figure 5.0.1 Percentage of Health Insurance Coverage for Iowans 18-64 Years Old.**



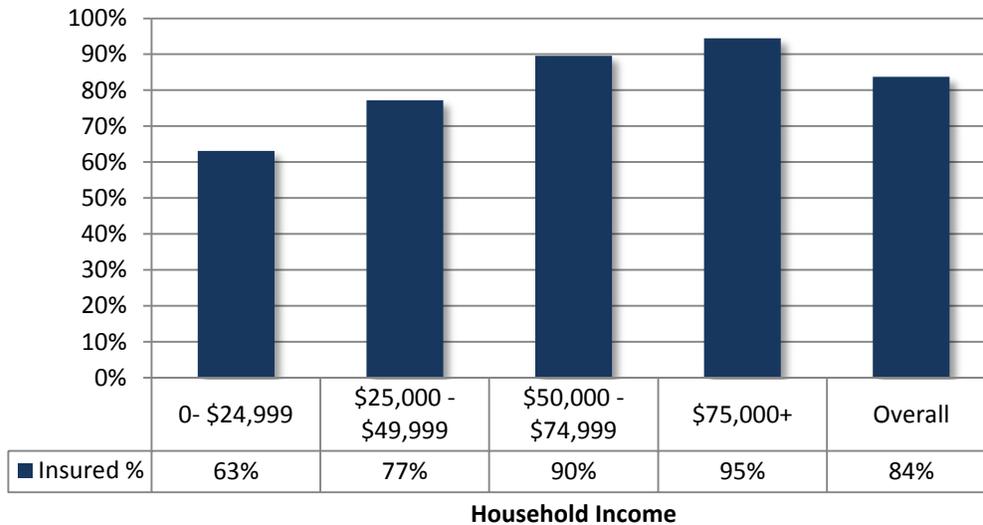


## 5.1 Iowa’s Insured Population by Income

This section examines the relationship between health care coverage and household income. Specifically, differences in household incomes in relation to public and private health insurance are summarized.

The median household income in Iowa is \$48,000. Among Iowans, the likelihood of possessing insurance coverage dramatically increases with household income. Figure 5.1.1 shows that 63 percent of those with a household income under \$25,000 are insured, while 95 percent of those with an income over \$75,000 are insured.<sup>(11)</sup>

**Figure 5.1.1. Health Insurance by Household Income for Insured 18-64 Year-Olds.**



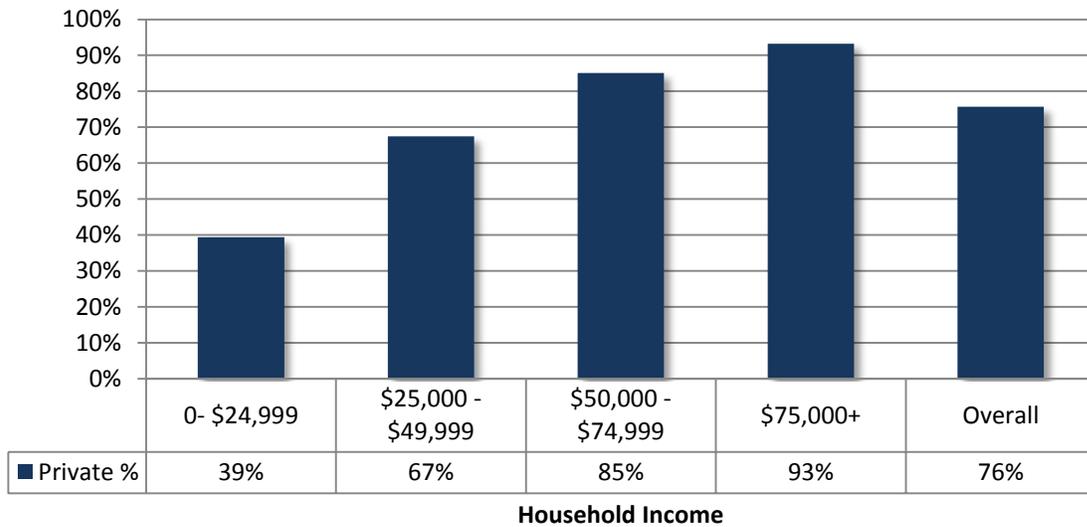
Household \$0-24,999 = 221,000; \$25,000–49,999 = 339,000; \$50,000-74,999 = 336,000; \$75,000+ = 688,000; Total = 1,584,000



Examining the differences between private and public health care coverage is important when determining the extent to which the health exchanges will be used. Those individuals with private insurance are most often covered through an employer-sponsored insurance plan. Therefore, if the ACA remains in effect, these individuals will be ineligible for Iowa’s Basic Health Program (BHP).

Differences in private health care coverage are highly dependent on household income. Figure 5.1.2 shows that only 39 percent of households with incomes below \$25,000 have private health insurance coverage, while 93 percent of those with incomes over \$75,000 have private health insurance. <sup>(11)</sup>

**Figure 5.1.2. Private Health Insurance by Household Income for Insured 18-64 Year-Olds.**



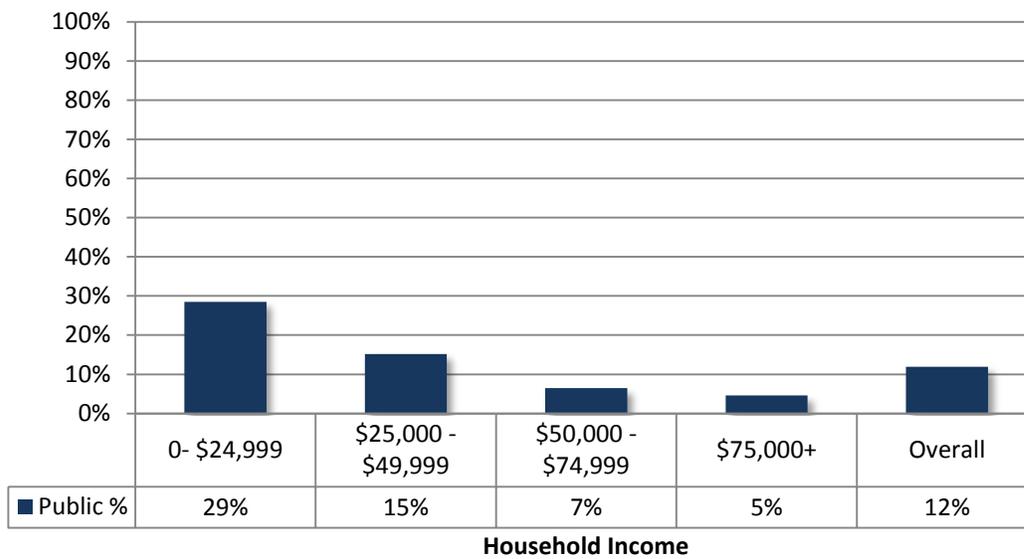
Household \$0-24,999 = 138,000; \$25,000–49,999 = 296,000; \$50,000-74,999 = 319,000; \$75,000+ = 679,000; Total = 1,432,000  
Households may have more than once source of insurance.



When looking at lowans with public health coverage, the differences in coverage in relation to income are reversed in comparison to lowans with private coverage. Those in the lower income brackets who are insured rely much more heavily on public sources than those in the higher income brackets (Figure 5.1.3).<sup>(11)</sup>

Of Iowa households with incomes under \$25,000, three in ten rely on public insurance coverage. Only one in twenty households with annual income of \$75,000 or more have public insurance coverage.

**Figure 5.1.3. Public Health Insurance by Household Income for Insured 18-64 Year-Olds.**



Household \$0-24,999 = 100,000; \$25,000–49,999 = 67,000; \$50,000-74,999 = 24,000; \$75,000+ = 34,000; Total = 224,000

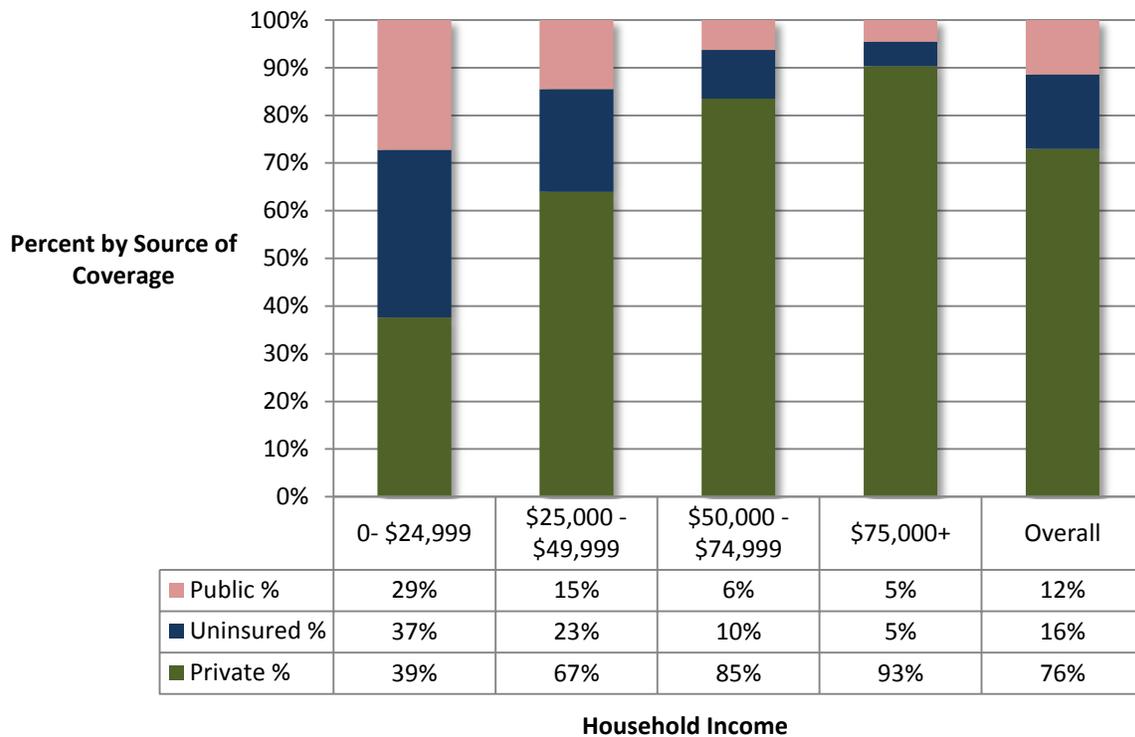
Households may have more than once source of insurance.



Figure 5.1.4 is a compilation of the previous three graphs. This figure clearly shows that as household income rises for lowans, so do the number of households that hold private health insurance. It is noteworthy that 10 percent of the households of working-aged lowans that make more than \$75,000 are either uninsured or have public insurance.<sup>(11)</sup>

However, when reviewing the number of insured, it is useful to keep in mind that no assessment is made as to the *quality* of coverage, such whether there are high deductibles or limited benefits policies. Section 7 will assess the characteristics of the underinsured.

**Figure 5.1.4. Source of Health Coverage by Household Income for 18-64 Year-Olds.**



Public = 224,000; Private = 1,448,000; Uninsured = 307,000; Total 1,892,000

Those who report multiple types of insurance coverage (i.e., private, public, or military) are included in each category; therefore, row totals may add to more than 100 percent.

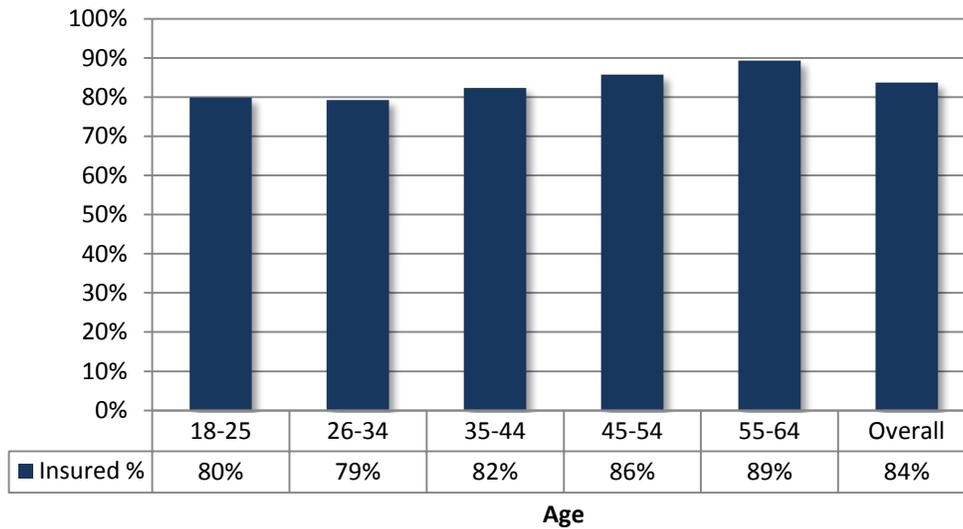


## 5.2 Iowa’s Insured Population by Age

This section examines the relationship between health care coverage, age, and gender for Iowans aged 18-64.

Among working-aged Iowans, the likelihood of having insurance coverage increases with age. According to the CPS, about eight in ten 18 to 34 year olds have coverage in Iowa; that figure increases to nine in ten by the time an Iowan reaches 55 years old (Figure 5.2.1).<sup>(11)</sup>

**Figure 5.2.1. Health Insurance by Age for Insured 18-64 Year-Olds.**

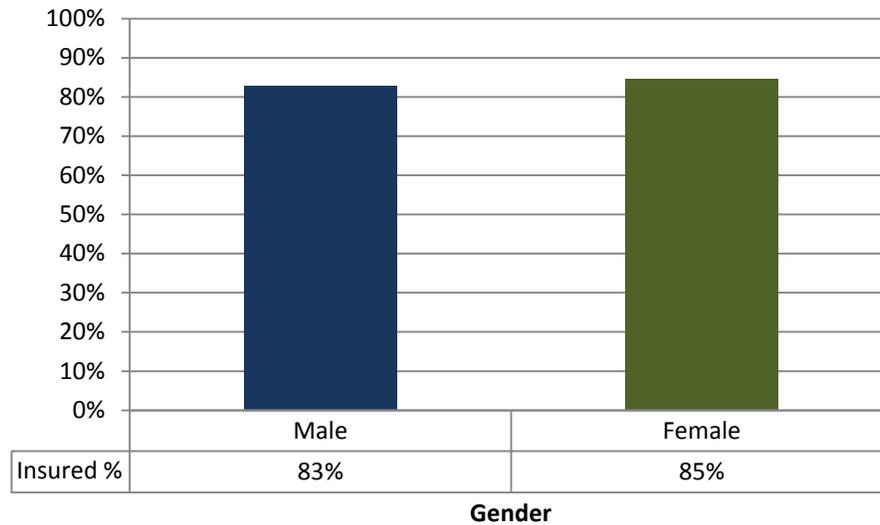


IA 18-25 = 348,000; IA 26-34 = 352,000; IA 35-44 = 323,000; IA 45-54 = 448,000; IA 55-64 = 422,000; Total = 1,892,000



Women are only slightly more likely to have insurance in Iowa. Figure 5.2.2 shows that 85 percent of females and 83 percent of males have insurance.<sup>(11)</sup>

**Figure 5.2.2 Health Insurance by Gender for Insured 18-64 Year-Olds.**

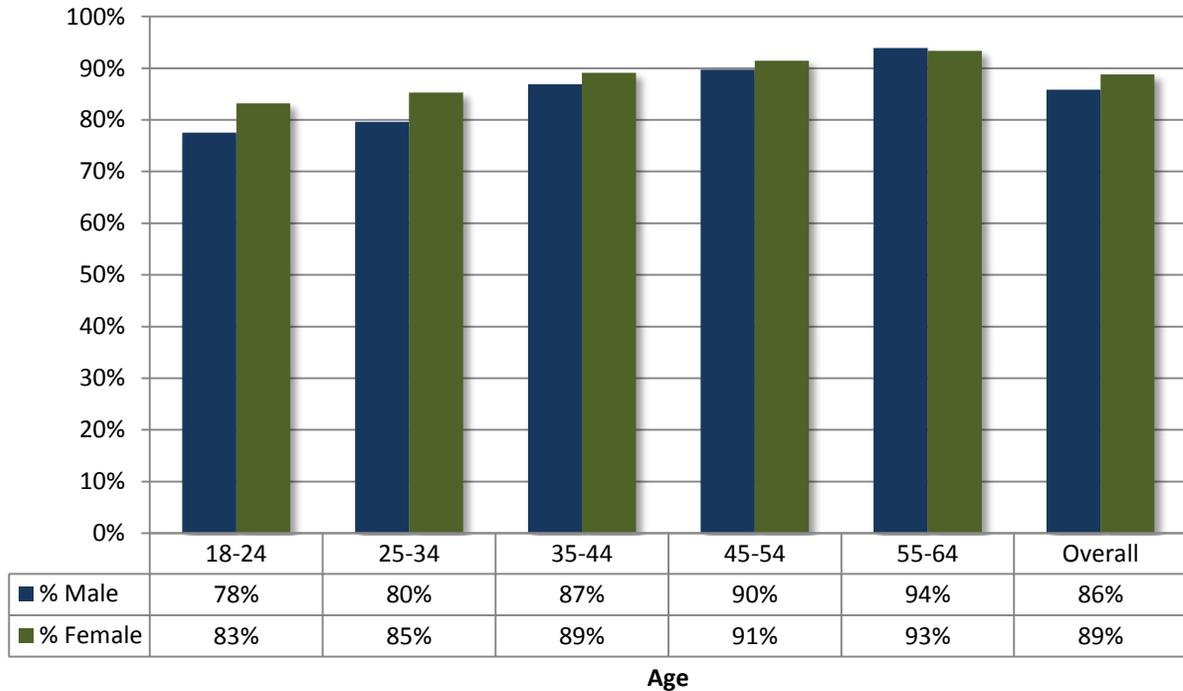


IA Male = 935,000; IA Female = 957,000; Total Population = 1,892,000



There are, however, some gender differences in coverage, especially during the late teens to early 30s when females are more likely to be insured (Figure 5.2.3).<sup>(13)</sup> The gender difference tends to dissipate with age and is erased by 55 years old.

**Figure 5.2.3. Health Insurance by Age and Gender for Insured 18-64 Year Olds.**



IA Male = 921,431; IA Male Insured = 791,357; IA Female = 916,892; IA Female Insured = 814,213

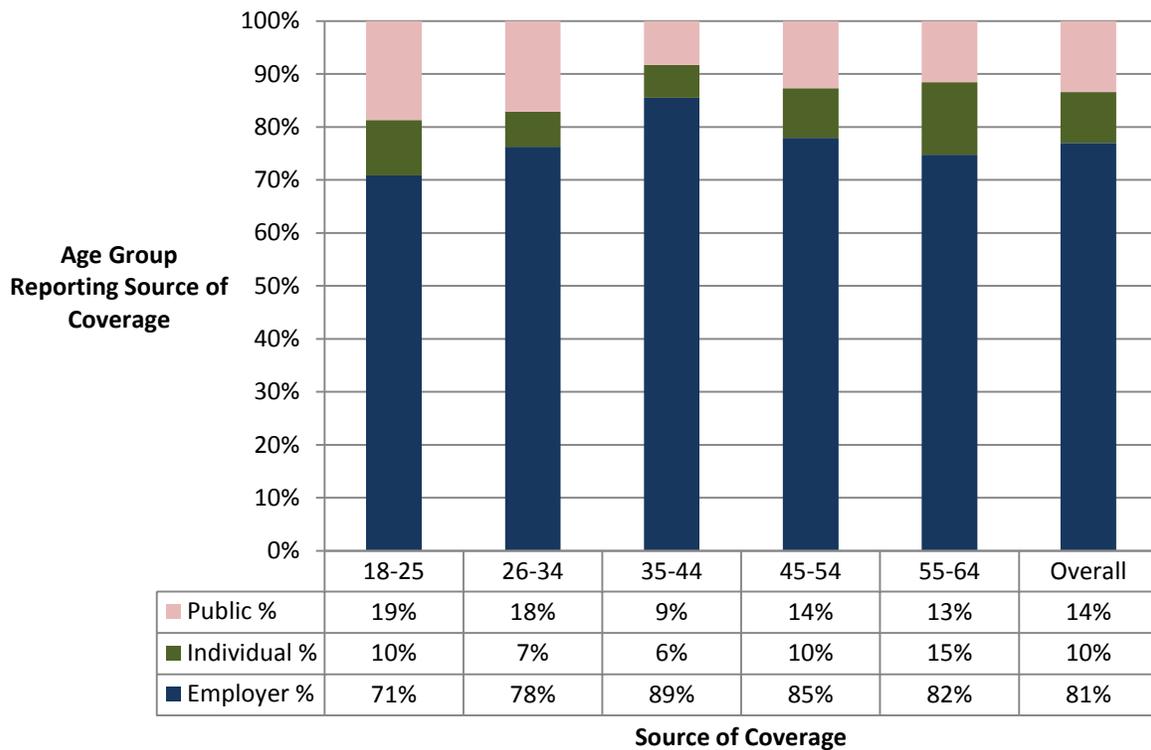
Percentages for this figure, which is based on 3-yr averages, may differ from data in previous figures which are based on 1-yr averages.



Insured Iowans are more likely to be covered by an employer-based health care plan than by any other source (Figure 5.2.4).<sup>(11)</sup> Employer-based coverage is the primary health insurance source for approximately 81 percent of insured Iowans aged 18-64, while 10 percent are covered by individual policies and 14 percent by public plans.

Individual policies are most frequent for those in the younger and older age brackets. The rise and fall of Iowans covered by employer-sponsored plans is clearly seen in the figure below.

**Figure 5.2.4. Health Coverage Sources for Insured Iowans Aged 18-64.**



Public = 224,000; Individual = 161,000; Employer = 1,287,000; Total = 1,584,000

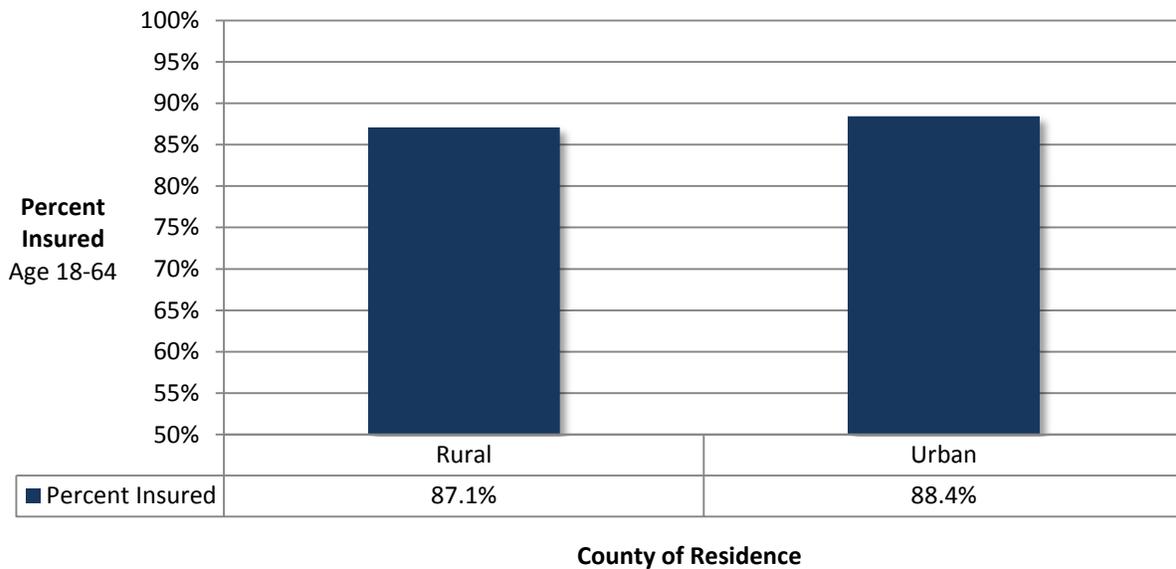
Those who report multiple types of insurance coverage (i.e., private, public, or military) are included in each category; therefore, row totals may add to more than 100 percent.





Surprisingly, insurance coverage in Iowa is not significantly different between urban and rural populations. Figure 5.3.2 shows that 88.4 percent of Iowans in urban areas are insured while about 87 percent of rural Iowans have health insurance coverage.<sup>(14)</sup>

**Figure 5.3.2. Urban and Rural Residence Insured Percentage Age 18-64.**



Rural Population = 736,915; Urban Population = 1,050,084; Total Insured Population Age 18-64 = 1,786,999



Another method of examining a geographical view of the insured is to look at coverage by region of the state. For this purpose, the six regions defined by the Iowa Department of Public Health were examined (Figure 5.3.3).<sup>(15)</sup>

**Figure 5.3.3. Iowa Local Public Health Regions.**

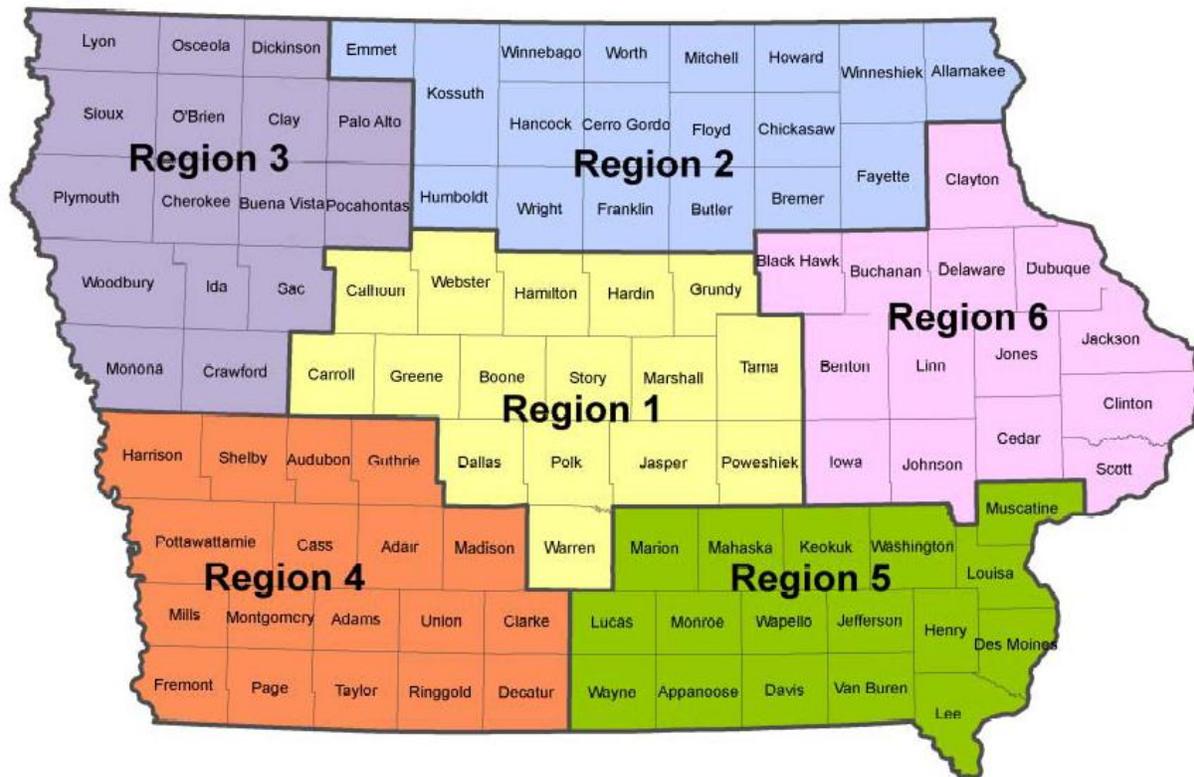
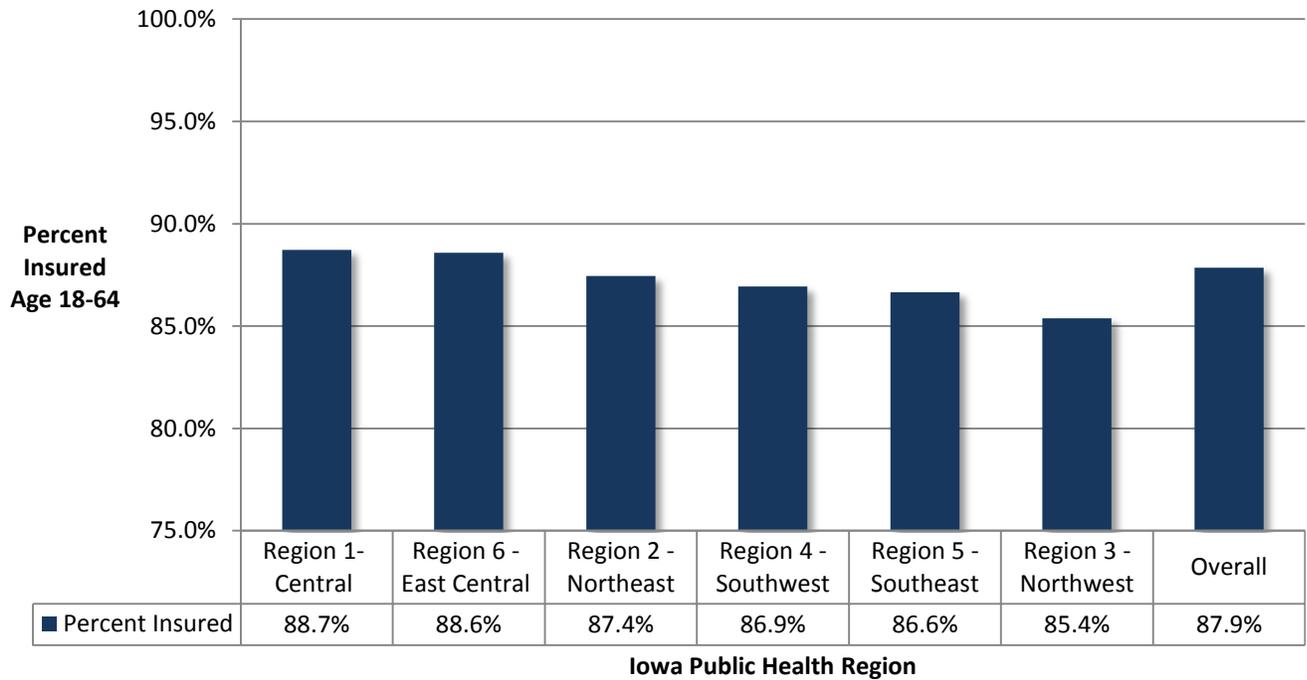




Figure 5.3.4 shows that Regions 1 and 6 have the highest percentage of coverage in the state with about 88 percent of each region’s population being insured. The least insured area is Region 3 in the northwest, in which insured residents account for 85.4 percent of the area’s population.<sup>(14)</sup>

**Figure 5.3.4. Public Health Region Insured Percentage Age 18-64.**

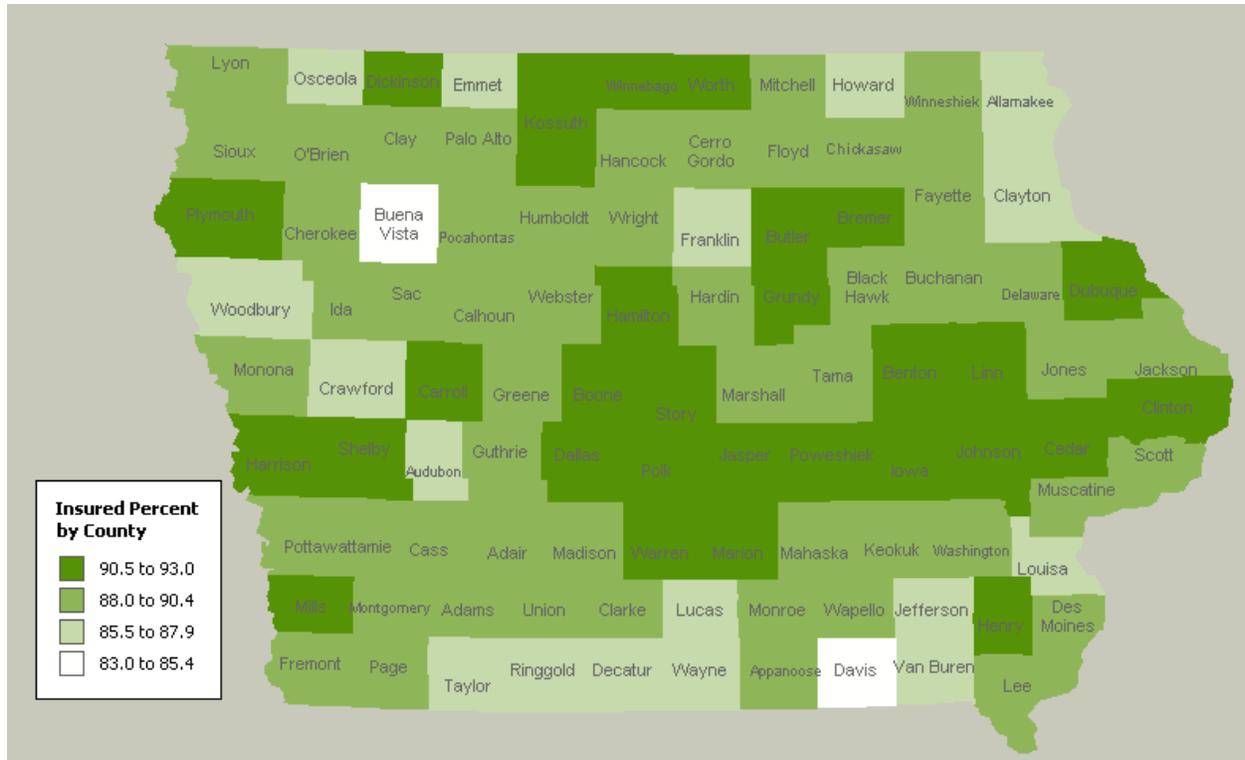


Insured Population Age 18-64: Region 1 = 537,014; Region 2 = 153,828; Region 3 = 176,696; Region 4 = 151,595; Region 5 = 196,212; Region 6 = 571,654; Total Insured Population = 1,786,999



When looking more specifically at the county level, Figure 5.3.5 shows distinct variations among insured populations in Iowa. The least insured counties tend to be along the state’s southern border. However, it is important to remember that even the least insured Iowa county still has an insured population well above the national average of 78 percent. <sup>(14)</sup>

**Figure 5.3.5. County Insured Percentage for Residents under 65.**



Includes all Iowans age 65 and under



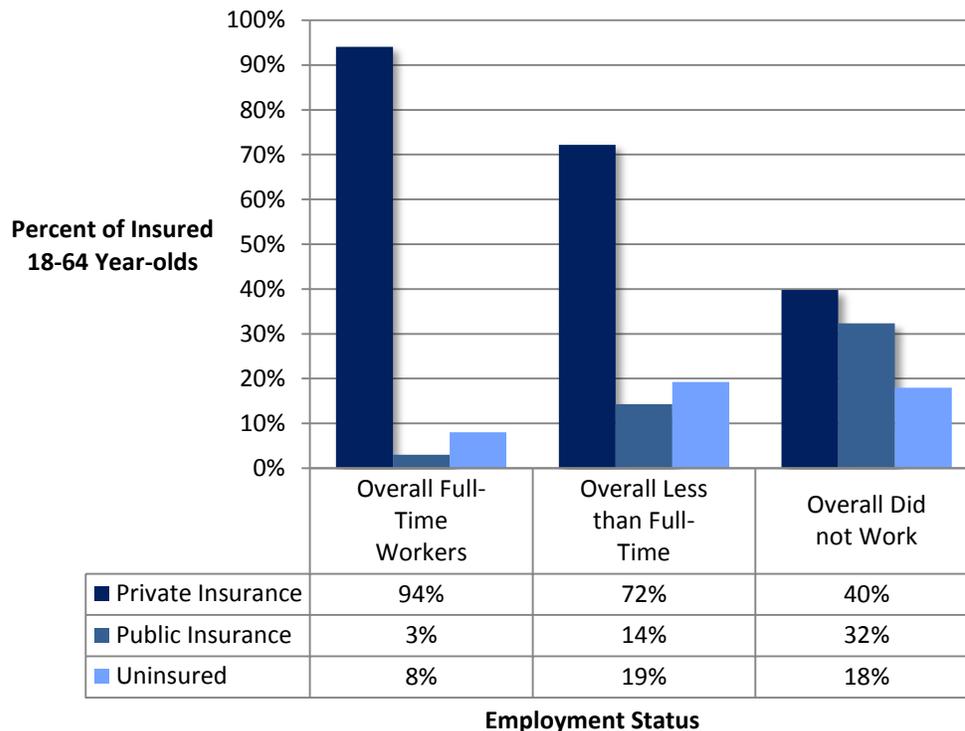
## 5.4 Iowa’s Insured Population by Work Status

This section contains information outlining Iowa’s insured population in relation to work status. Full-time workers and those not in the labor force are more likely to be insured than those employed less than full-time. Figure 5.4.1 shows that approximately 97 percent of full-time workers are insured, while 86 percent of those working less than full-time are covered. Some individuals who do not work but who have health insurance may be covered under a working spouse’s policy.<sup>(16)</sup>

Among working-aged Iowans, reliance on public insurance is greatest for those that did not work. Nearly one-third of non-working Iowans have public-funded health insurance, while just 17 percent of employed Iowans have public-funded insurance. Of those working full-time, only three percent are enrolled in a public plan.

These figures suggest that most private insurance is gained through employer-sponsored health plans. Over 90 percent of individuals with full-time employment have private insurance. For those working less than full-time, 72 percent are covered by private insurance. Only four in ten of those individuals not working are covered by private insurance.

**Figure 5.4.1 Employment Status Percentage of Insured 18-64 Year-Olds.**



IA Full-Time = 1,040,617; IA Less than Full-Time = 560,713; Iowa Did not Work = 236,993; Total = 1,838,323

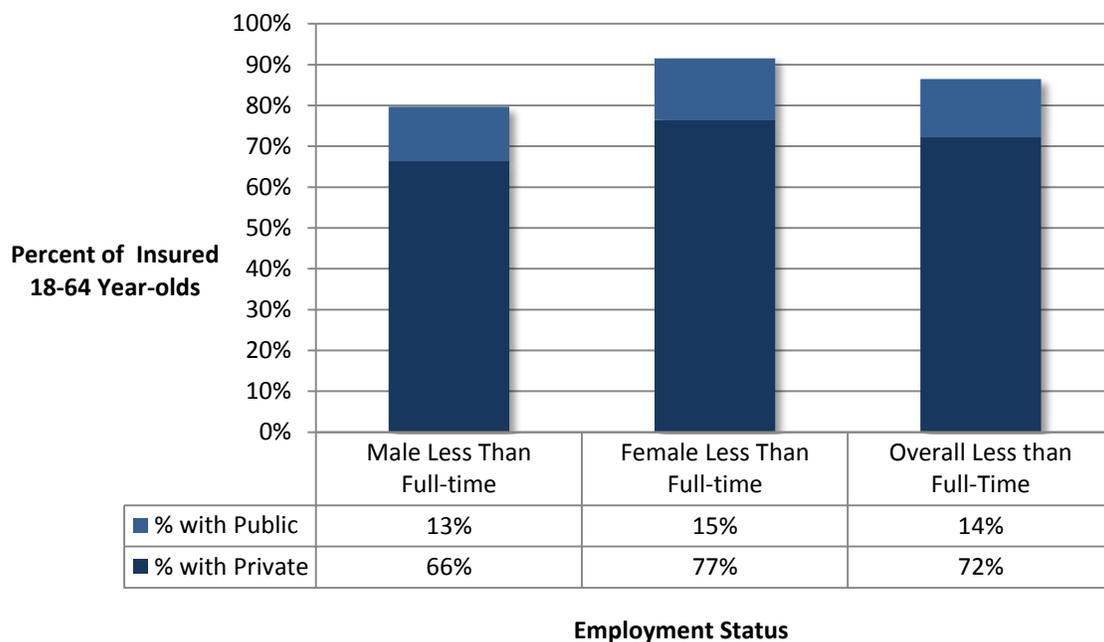
Those who report multiple types of insurance coverage (i.e., private, public, or military) are included in each category; therefore, totals may add to more than 100 percent.



About eight in ten lowans working less than full-time are insured. Gender differences in the prevalence of insurance coverage are more apparent for this group than for full-time workers. About 93 percent of females working part-time are insured while only 75 percent of males are insured.

Females working less than full-time are also more likely to have private insurance. More than 75 percent of females are enrolled in private insurance, whereas only 66 percent of males have private insurance (Figure 5.4.2).<sup>(16)</sup>

**Figure 5.4.2. Part-Time Employed by Gender: Percentage of Source of Coverage 18-64 Year-Olds.**



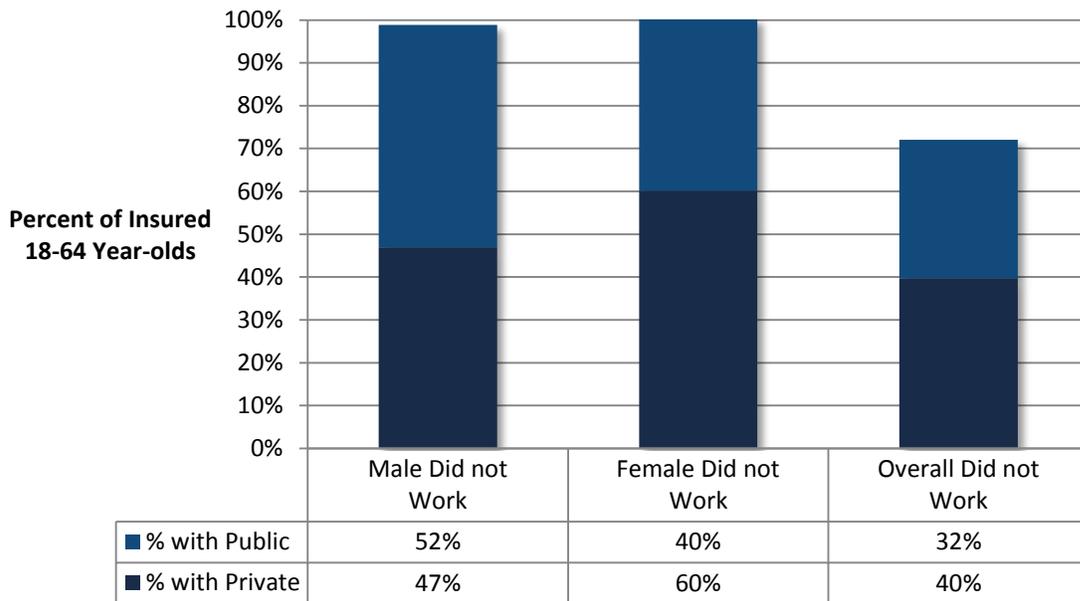
Insured IA Male Less than Full-Time = 178,768; Insured IA Female Less than Full-Time = 273,886; Total = 452,654

Those who report multiple types of insurance coverage (i.e., private, public, or military) are included in each category.



Among lowans who are not working, many are still insured: 73,350 unemployed Iowa males and 122,560 unemployed Iowa females are covered by health insurance. Figure 5.4.3 shows that males are more likely to be covered by public insurance than females.<sup>(16)</sup> At first glance, it appears that nearly 100 percent of all non-working lowans are insured. However, it is important to remember that many non-working lowans have more than one source of coverage.

**Figure 5.4.3. Not Employed by Gender: Percentage of Source of Coverage 18-64 Year-Olds.**



**Employment Status**

Insured IA Male Did Not Work = 73,352; Insured IA Female Did Not Work = 122,560

Those who report multiple types of insurance coverage (i.e., private, public, or military) are included in each category; therefore, row totals may add to more than 100 percent.



## 5.5 Iowa’s Insured Population by Health Status

This section contains information investigating Iowa’s insured population in relation to health status. Factors that contribute to health status include general health, number of poor health days per month, presence of a primary health care provider, time since last check-up, and frequency of exercise.

Data in this section of the report originates from the 2010 Iowa Behavioral Risk Factor Surveillance System (BRFSS). The BRFSS is a nationwide study supported by the Centers for Disease Control and Prevention (CDC) to assist states in conducting a risk factor survey to monitor behaviors associated with premature death and disability. The State of Iowa BRFSS coordinator provided data specific to 18-64 year-old Iowans.

### 5.5.1 General Health Status of the Insured

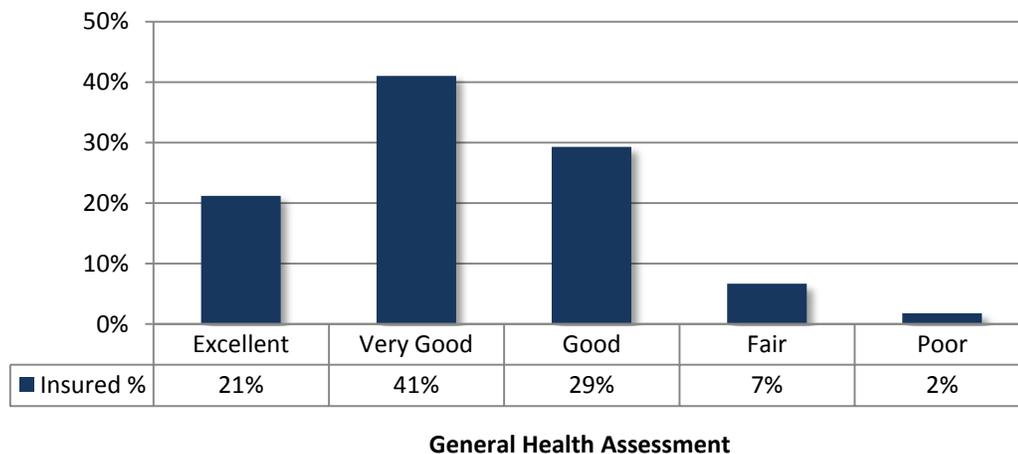
One of the questions on the 2010 BRFSS attempts to gauge the participant’s overall health status:

*Would you say that in general your health is:*

1. *Excellent,*
2. *Very good,*
3. *Good,*
4. *Fair, or*
5. *Poor?*

Of the insured population, nine in ten Iowans reported their health status as excellent, very good, or good. Only one in ten reported their health as fair or poor (Figure 5.5.1).<sup>(17)</sup>

**Figure 5.5.1. General Health Assessment of Insured 18-64 Year-Olds.**

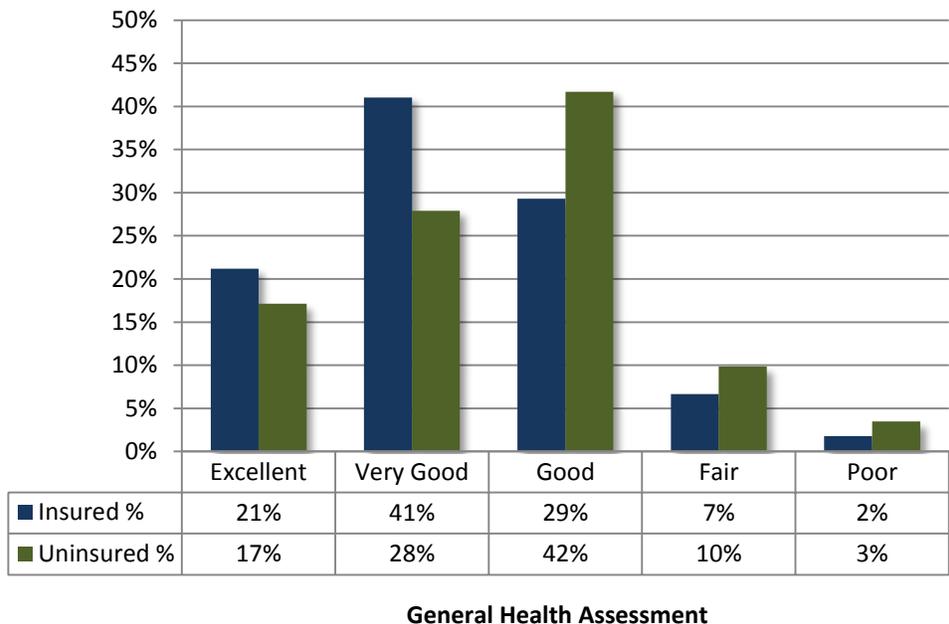


Insured = 1,594,745



In order to better understand the general health assessment of the insured, a comparison to the uninsured is provided in Figure 5.5.2.<sup>(17)</sup> In general, the insured are more likely to report excellent or very good health, while the uninsured are more likely to report their health as good, fair, or poor.

**Figure 5.5.2. General Health Assessment of Insured vs Uninsured 18-64 Year-Olds.**



Insured = 1,594,745; Uninsured = 229,622



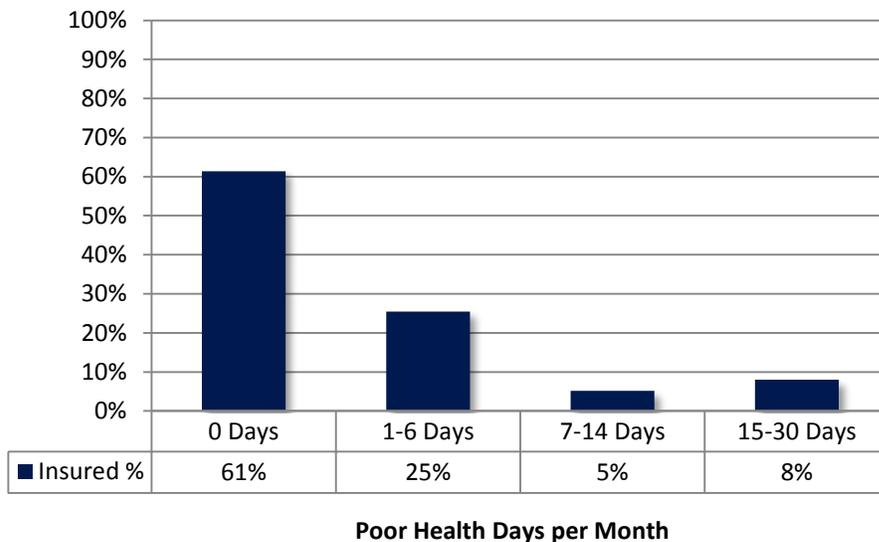
### 5.5.2 Poor Health Days Status of the Insured

The BRFSS attempts to gauge a participant’s health by asking how many days per month poor physical or mental health interfered with their usual activities.

*During the past 30 days, for about how many days did poor physical or mental health keep you from doing your usual activities, such as self-care, work, or recreation?*

Iowans tend to report that they enjoy good health. Figure 5.5.3 shows that over sixty percent of insured Iowans report that they had 0 days of poor health in the past month. Less than 10 percent of the insured report more than 14 days of poor health.<sup>(17)</sup>

**Figure 5.5.3. Poor Health Days per Month of Insured 18-64 Year-Olds.**

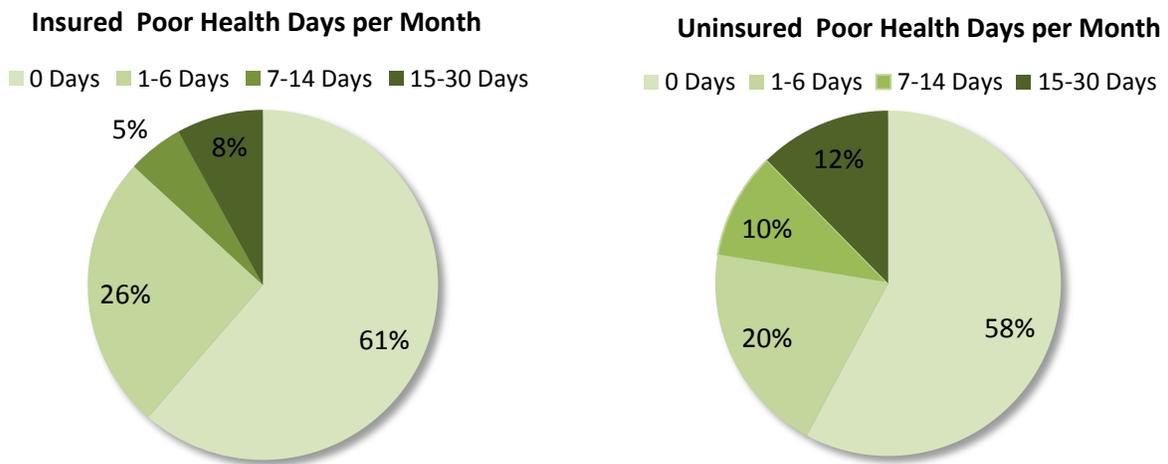


Insured = 764,093



To better understand the health assessment of the insured based on poor health days per month, a comparison to the uninsured is provided in Figure 5.5.4.<sup>(17)</sup> In general, the insured are more likely to report fewer bad health days per month. Of those insured, only 13 percent reported having seven or more poor health days per month. More than 20 percent of the uninsured reported seven or more poor health days. However, when looking at how many individuals had no poor health days, the insured and uninsured responded similarly.

**Figure 5.5.4. Poor Health Days per Month of Insured vs Uninsured 18-64 Year-Olds.**



Insured = 764,093; Uninsured = 100,333



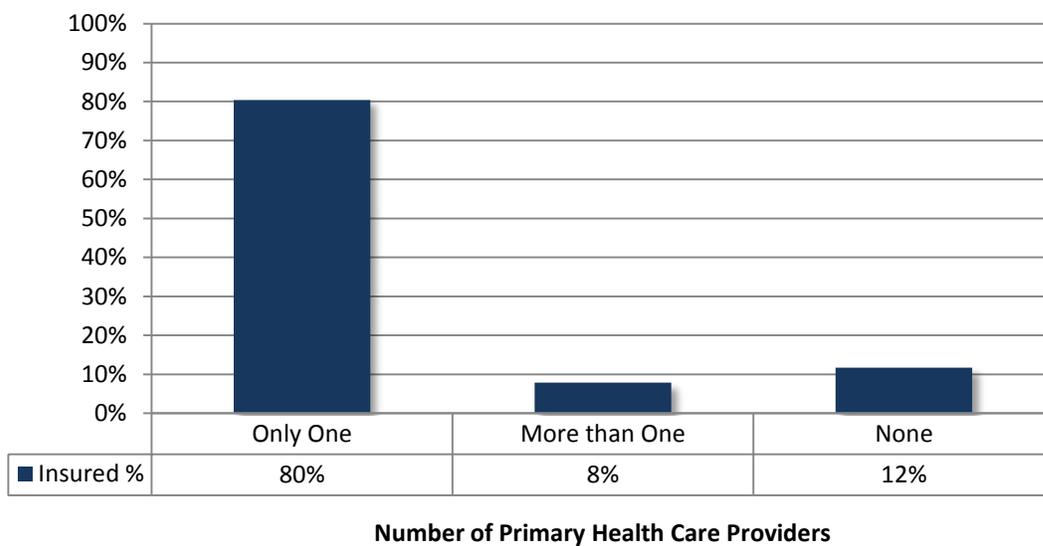
### 5.5.3 Primary Health Care Providers of the Insured

The BRFSS attempts to gauge the participant’s access to health care by asking if the respondent has a primary health care provider. Many insured lowans have a primary care physician who can monitor their overall health care.

*Do you have one person you think of as your personal doctor or health care provider?*

Figure 5.5.5 shows that a robust 88 percent of insured lowans report that they have at least one primary health care provider, whereas 12 percent do not have a primary health care provider.<sup>(17)</sup>

**Figure 5.5.5. Number of Primary Health Care Providers of Insured 18-64 Year-Olds.**

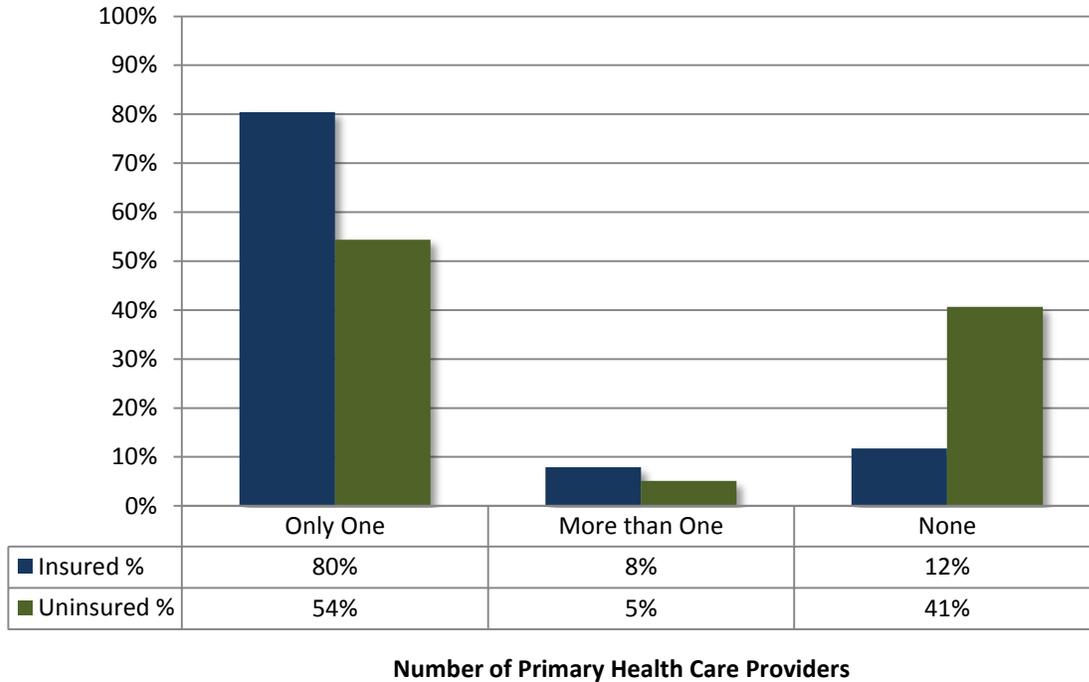


Insured = 1,587,317



In order to get a better view of the prevalence of a primary health care provider, a comparison to the uninsured is provided in Figure 5.5.6. Of the insured, 88 percent report that they have at least one primary care provider while only 59 percent of the uninsured report the same.<sup>(17)</sup>

**Figure 5.5.6. Primary Health Care Providers of Insured vs Uninsured 18-64 Year-Olds.**



Insured = 1,587,317; Uninsured = 228,180



### 5.5.4 Time Since Last Check-up of the Insured

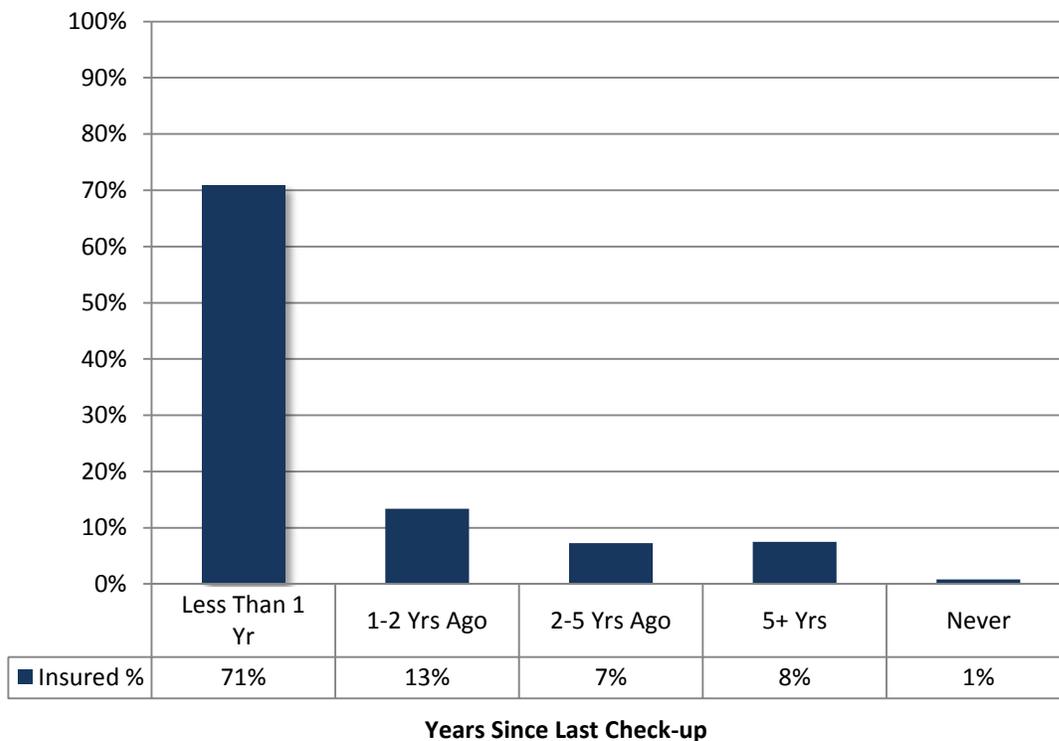
Another way the BRFSS attempts to gauge the participant’s access to health care is by asking how long it has been since a participant’s last check-up.

*About how long has it been since you last visited a doctor for a routine checkup? A routine checkup is a general physical exam, not an exam for a specific injury, illness, or condition.*

- *Within past yr (any time less than 12 months ago)*
- *Within past 2 yrs (one year but less than 2 years ago)*
- *Within past 5 yrs (two years but less than 5 years ago)*
- *5 yrs or more*

Figure 5.5.7 shows that over 70 percent of those insured have had a routine checkup in the last year; 84 percent have had a checkup within the last two years.<sup>(17)</sup>

**Figure 5.5.7 Time Since Last Check-up for Insured 18-64 Year-Olds.**

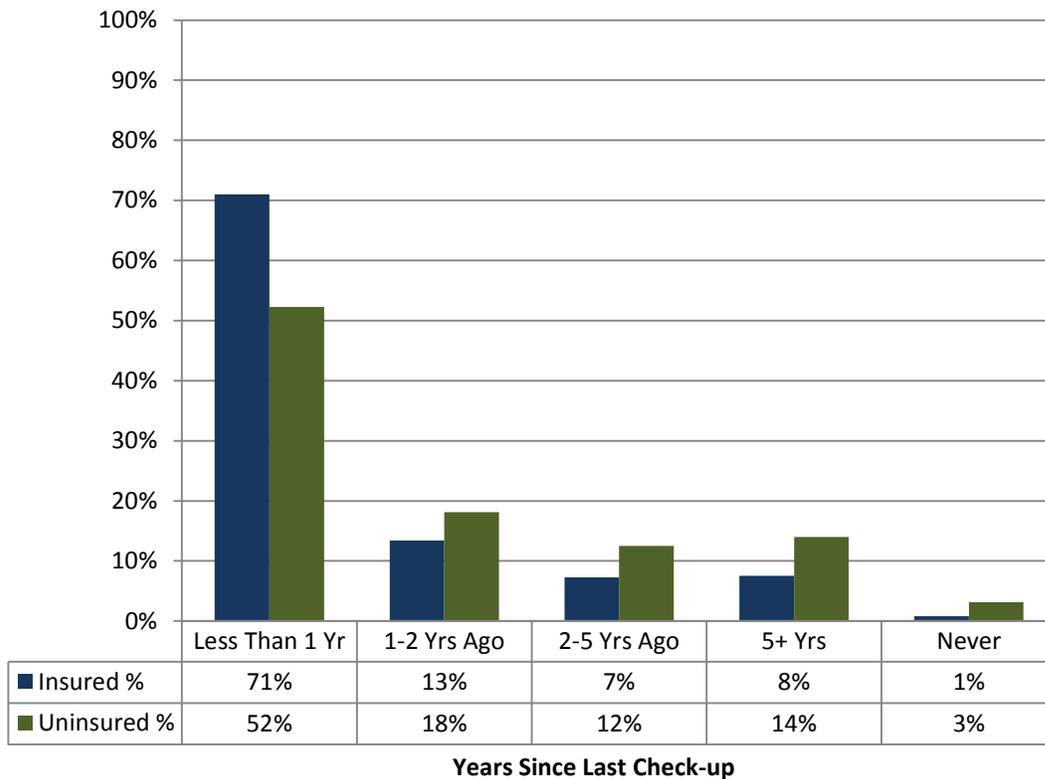


Insured = 1,573,403



To gain a better perspective on the time since the last check-up for the insured population, a comparison to the uninsured is provided in Figure 5.5.8. <sup>(17)</sup> The insured are more likely to obtain regular check-ups; more than 70 percent had a check-up within the past year compared to just over half of the uninsured.

**Figure 5.5.8. Time Since Last Check-up of Insured vs Uninsured 18-64 Year-Olds.**



Insured = 1,573,403; Uninsured = 292,062



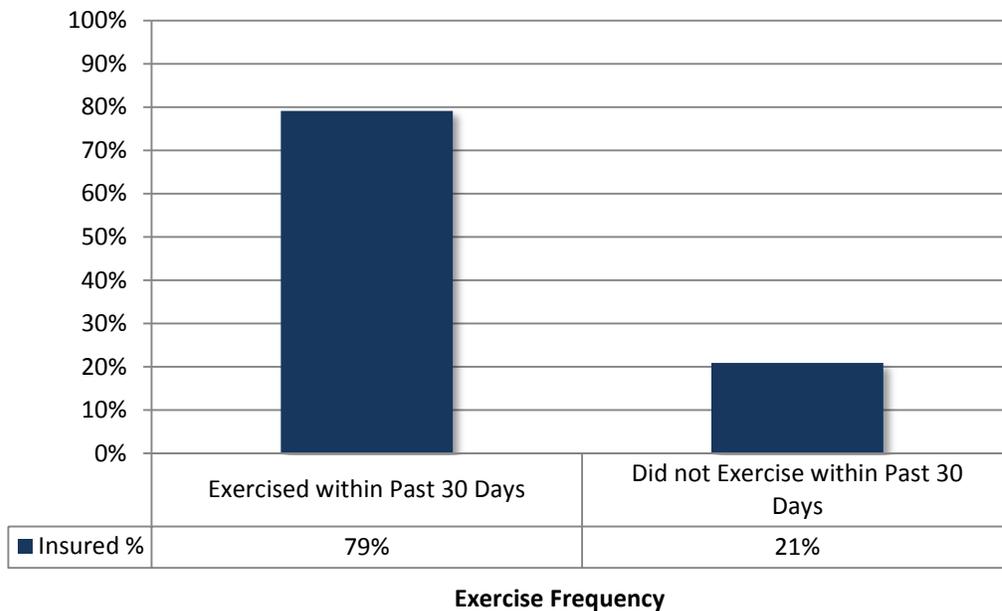
### 5.5.5 Exercise Frequency of the Insured

In order to gauge the participant’s commitment to a healthy lifestyle as related to exercise, the BRFSS asks respondents how frequently they exercise. Regular physical activity is associated with a decreased risk for cardiovascular illness, cancer, osteoporosis, and other negative health outcomes.

*During the past month, other than your regular job, did you participate in any physical activities or exercises such as running, calisthenics, golf, gardening, or walking for exercise?*

Figure 5.5.9 shows that, of the insured population, nearly 80 percent reported exercising within the past 30 days.<sup>(17)</sup>

**Figure 5.5.9. Frequency of Exercise of Insured vs Uninsured 18-64 Year-Olds.**

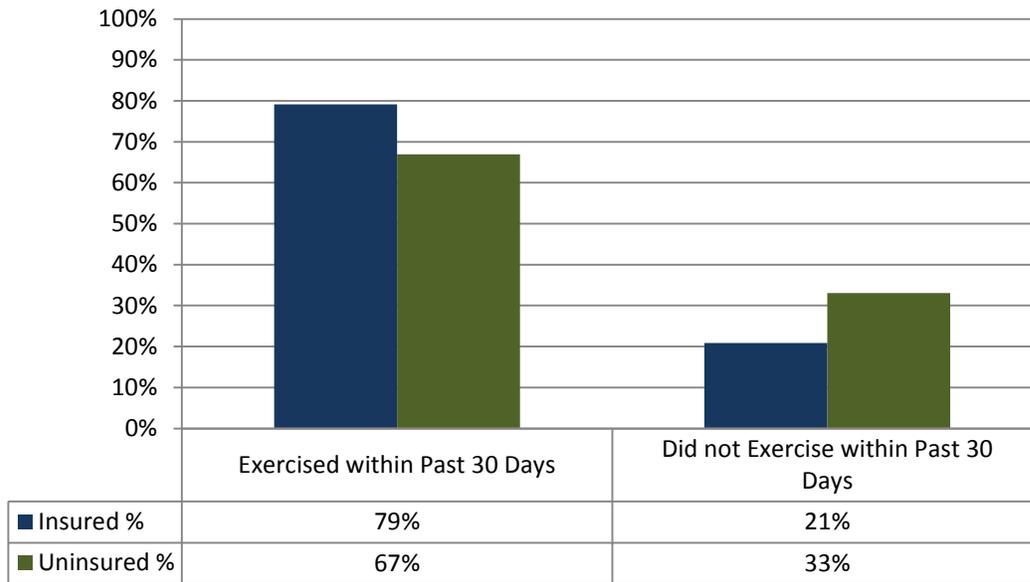


Insured = 1,595,639



To put the frequency of exercise for the insured population in perspective, a comparison to the uninsured is provided in Figure 5.5.10.<sup>(17)</sup> The insured are somewhat more likely to exercise, with nearly 80 percent reporting exercise, compared to 67 percent of the uninsured. Those who reported that they did not exercise in the past 30 days were more likely to be uninsured. It should be noted that the lack of exercise may be due to poor health or disabilities.

**Figure 5.5.10. Frequency of Exercise of Insured vs Uninsured 18-64 Year-Olds.**



**Exercise Frequency**

Insured = 1,595,639; Uninsured = 230,354



## 6. IOWA'S UNINSURED POPULATION

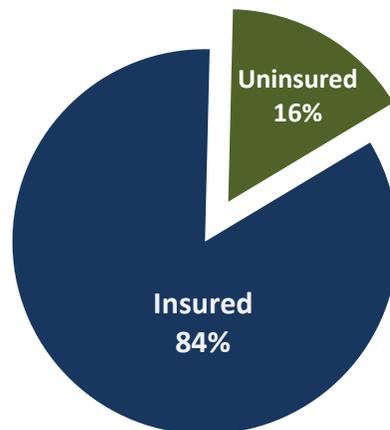
This portion of the report includes demographic information associated with Iowa's uninsured population. Specifically, the following sections examine the relationship between the following attributes:

- Income and lack of health insurance coverage.
- Age, gender, and lack of health insurance coverage.
- Area of residence and lack of health insurance coverage.
- Work status and lack of health insurance coverage.
- Health status indicators and lack of health insurance coverage.

A similar examination of insured Iowans precedes these sections and began in section 5.0.

The Current Population Survey (CPS), sponsored jointly by the U.S. Census Bureau and the U.S. Bureau of Labor Statistics (BLS), is the primary source of labor force statistics for the population of the United States. According to the 2010 CPS, Iowa has a relatively low percentage of uninsured citizens in relation to the nation as a whole. Of 18-64 year-old Iowans, 16 percent, or 366,000, currently lack health insurance coverage (Figure 6.0.1).<sup>(11)</sup> This compares to a nationwide average of approximately 22 percent.

**Figure 6.0.1 Percentage of Health Insurance Coverage for Iowans 18-64 Years Old.**



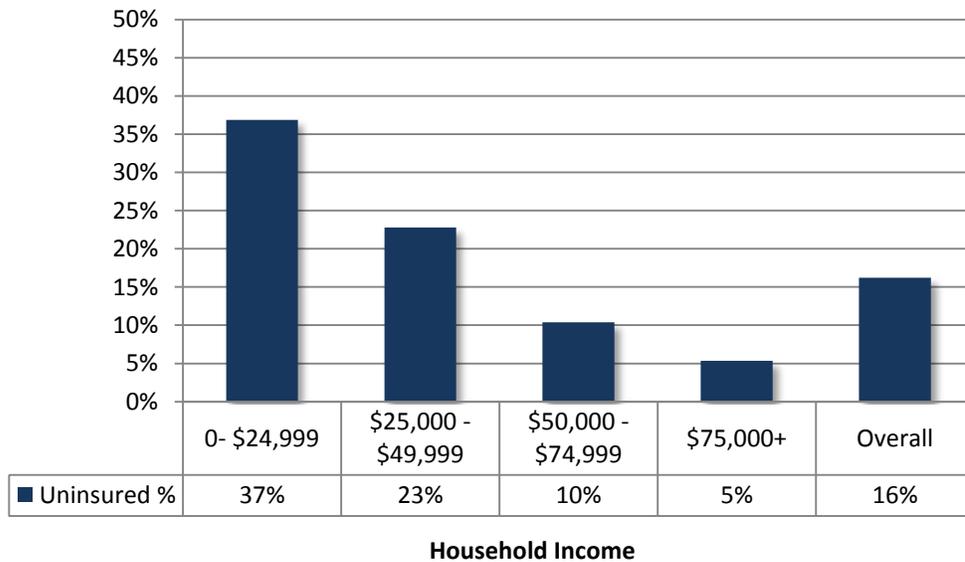


## 6.1 Iowa's Uninsured Population by Income

This section examines the relationship between health care coverage and household income. Specifically, differences in household incomes in relation to an absence of health care coverage are summarized.

The median household income in Iowa is \$48,000. Among Iowans, the likelihood of being uninsured dramatically decreases as household income increases. Figure 6.1.1 shows that while 37 percent of those with a household income under \$25,000 are uninsured, only 5 percent of those with an income over \$75,000 are uninsured.<sup>(11)</sup>

**Figure 6.1.1. Health Insurance by Household Income for Uninsured 18-64 Year-Olds.**

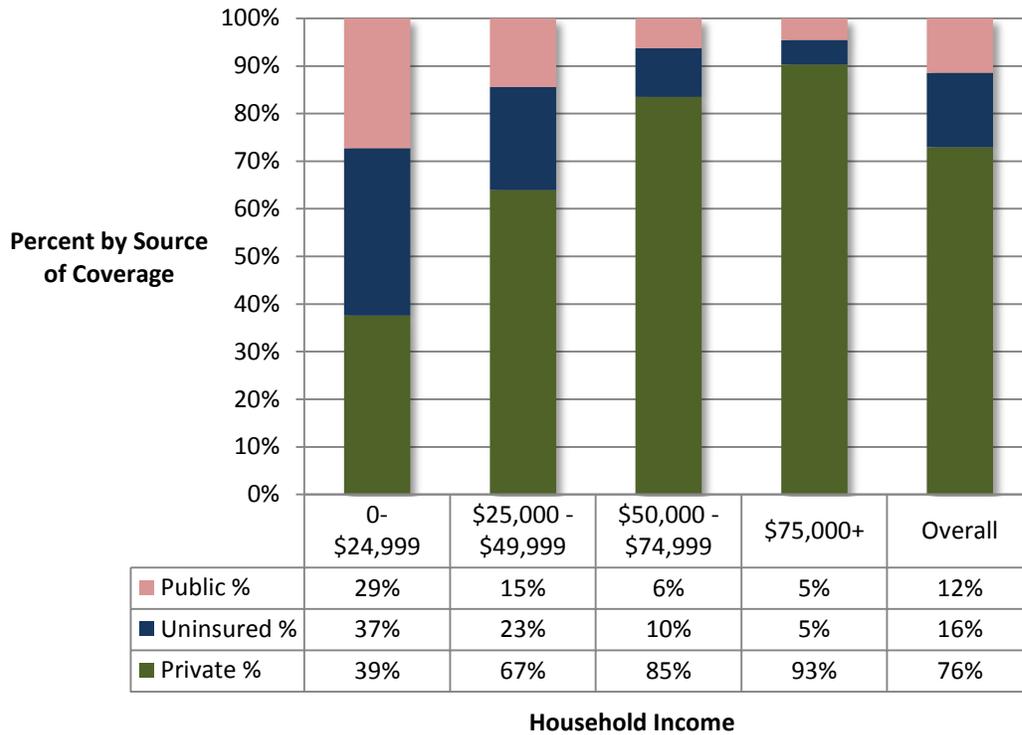


Households \$0-24,000 = 129,000; \$25,000-\$49,999 = 100,000; \$50,000-74,999 = 39,000; \$75,000+ = 39,000; Total = 307,000



Figure 6.1.2 shows that as household income drops, so do the number of households that have private insurance. Of households with annual incomes under \$25,000, two-thirds are uninsured or have public insurance. Meanwhile, only ten percent of households with incomes over \$75,000 are uninsured or hold public insurance.<sup>(11)</sup>

**Figure 6.1.2. Source of Health Coverage by Household Income for 18-64 Year-Olds.**



Public = 224,000; Private = 1,448,000; Uninsured = 307,000; Total = 1,892,000

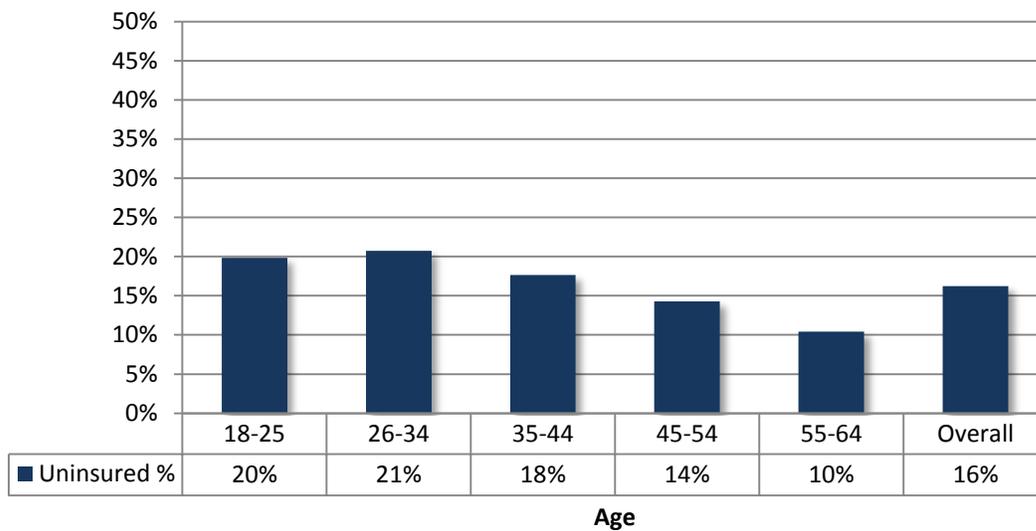
Some households have more than one type of insurance.



## 6.2 Iowa's Uninsured Population by Age

This section examines the prevalence of uninsured lowans in relation to age and gender for lowans aged 18-64. Among working-aged lowans, the incidence of being uninsured is greatest during younger working years and decreases with age. According to the CPS (2010), two in ten 18 to 34 year olds are uninsured in Iowa; that figure decreases to about one in ten by the time an Iowan reaches 55 years old (Figure 6.2.1).<sup>(11)</sup>

**Figure 6.2.1. Health Insurance by Age for Uninsured 18-64 Year-Olds.**

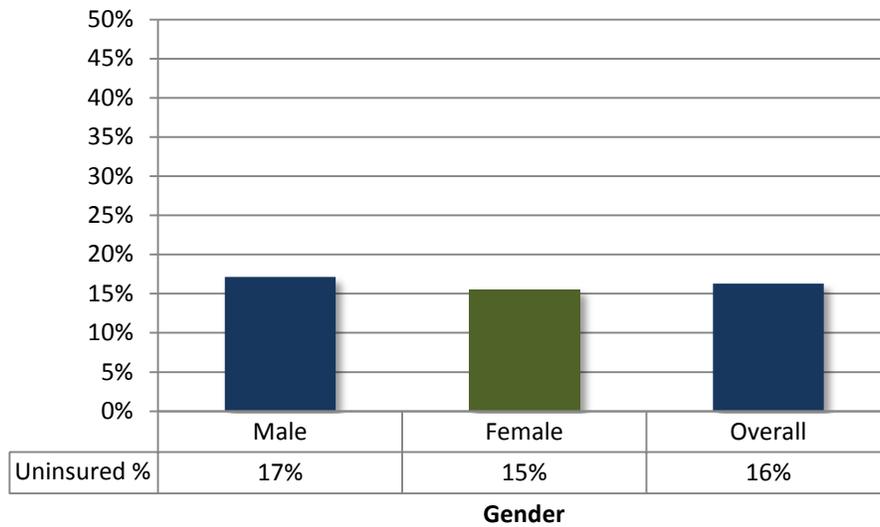


IA 18-25 = 69,000; IA 26-34 = 73,000; IA 35-44 = 57,000; IA 45-54 = 64,000; IA 55-64 = 44,000; Total = 307,000



Men are slightly less likely to be uninsured in Iowa. Figure 6.2.2 shows that out of approximately 308,000 uninsured Iowans, 17 percent are males and 15 percent are females. <sup>(11)</sup>

**Figure 6.2.2. Health Insurance by Gender for Uninsured 18-64 Year-Olds.**

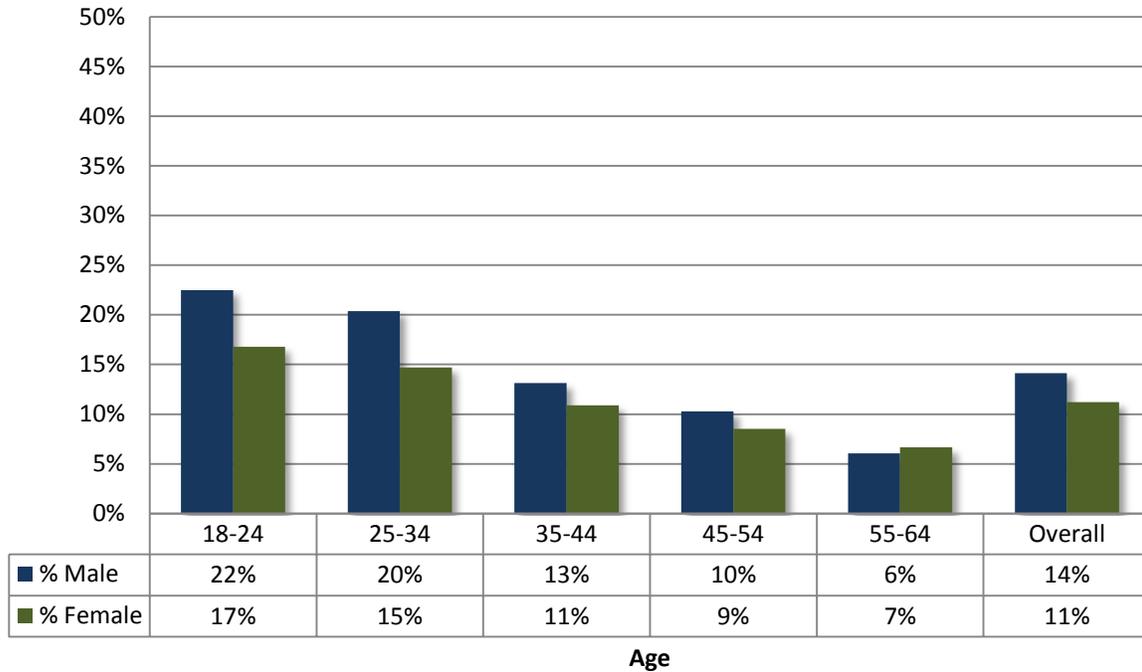


IA Male = 160,000; IA Female = 148,000; Total = 308,000



There are, however, some gender differences in coverage, especially during the late teens to early 30s when males are significantly more likely to be uninsured (Figure 6.2.3). The gender difference tends to dissipate with age and is erased by 55 years old. <sup>(18)</sup>

**Figure 6.2.3. Health Insurance by Age and Gender for Uninsured 18-64 Year Olds.**



IA Male = 921,431; IA Males Uninsured = 130,074; IA Female = 916,892; IA Females Uninsured = 102,679

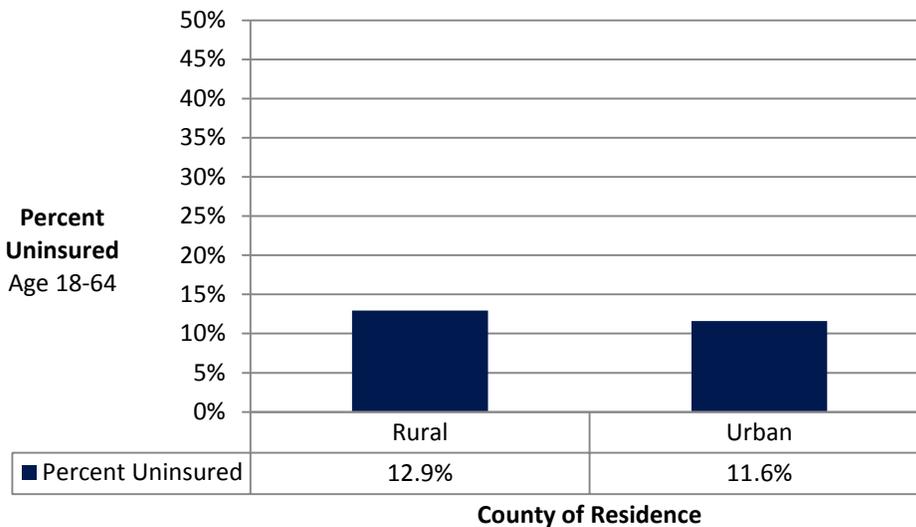
Percentages for this figure, which is based on 3-yr averages, may differ from data in previous figures which are based on 1-yr averages.





Surprisingly, insurance coverage in Iowa is not significantly different between urban and rural populations. Figure 6.3.2 shows that nearly 13 percent of Iowans in rural areas are uninsured while 11.6 percent of urban Iowans are without health insurance coverage.<sup>(14)</sup>

**Figure 6.3.2 Urban and Rural Residence Uninsured Percentage Age 18-64.**



Rural Population = 95,348; Urban Population = 121,688; Total Uninsured Population Age 18-64 = 217,036



Another method of examining a geographical view of the insured is to look at coverage by region of the state. For this purpose, we used the six regions defined by the Iowa Department of Public Health (Figure 6.3.3).<sup>(15)</sup>

**Figure 6.3.3. Iowa Local Public Health Regions.**

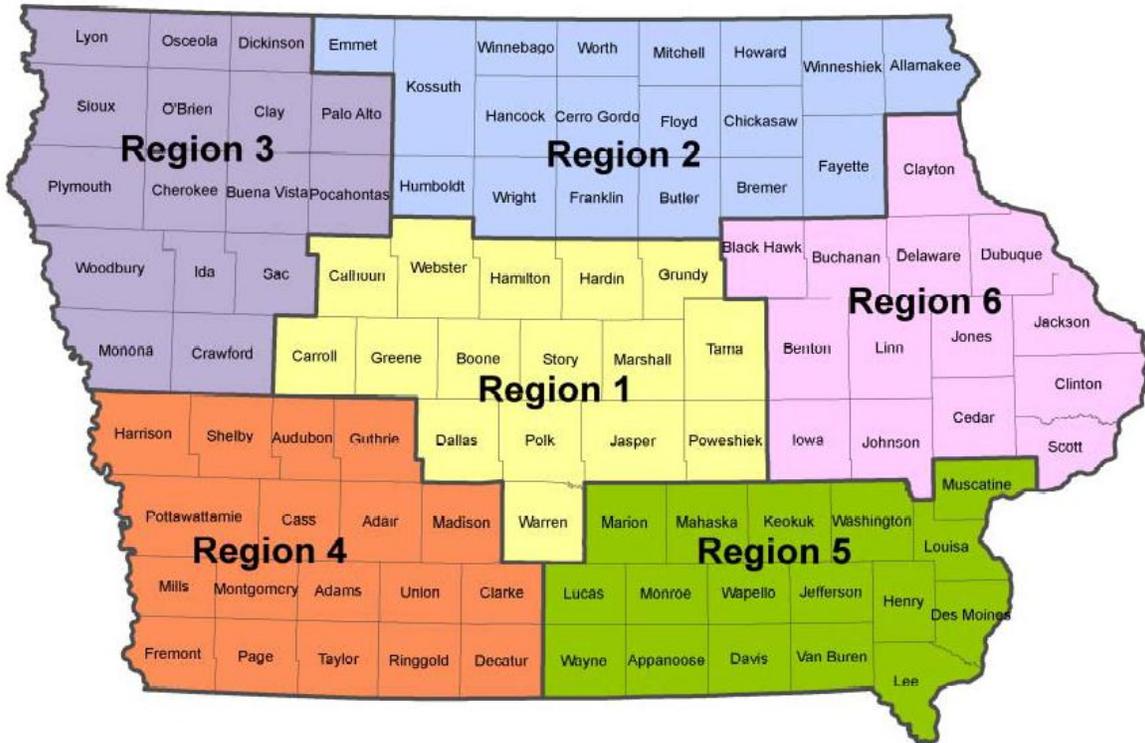
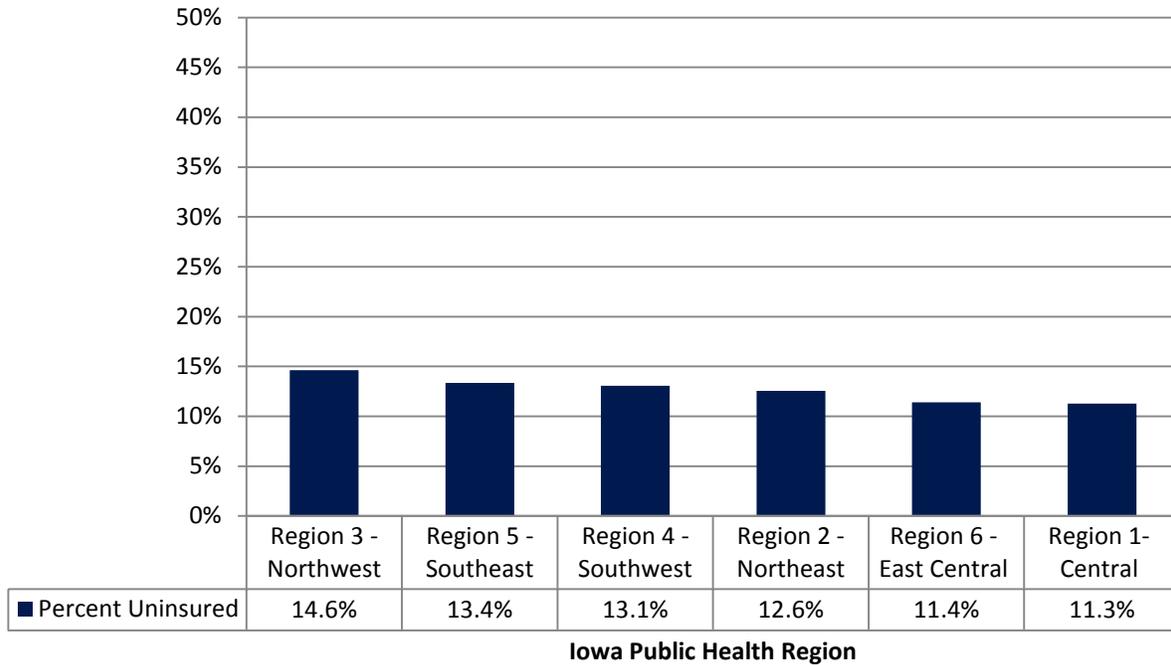




Figure 6.3.4 shows the regional breakdown in the uninsured.<sup>(14)</sup> Generally, the regions in the corners of the state have slightly more uninsured than in the central region.

**Figure 6.3.4. Public Health Region Uninsured Percentage Under Age 65.**

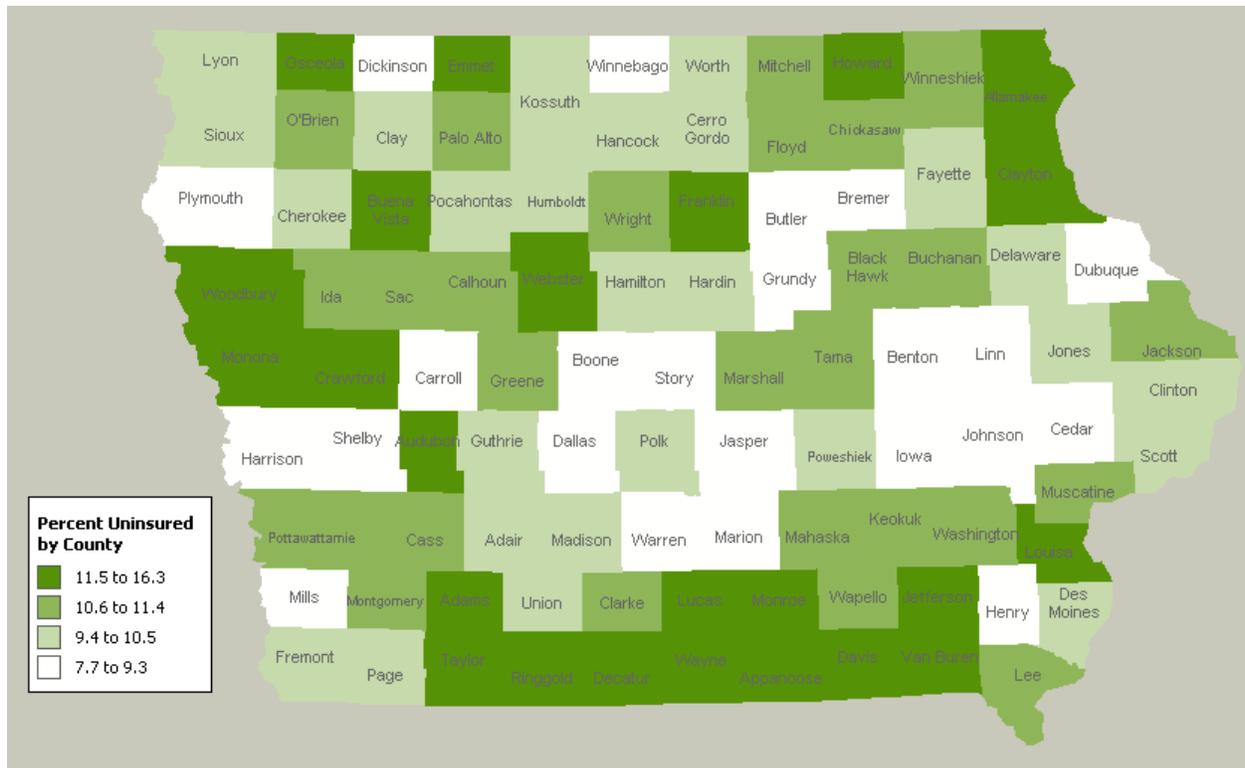


Uninsured Population Age 18-64: Region 1 = 60,574; Region 2 = 19,318; Region 3 = 25,844; Region 4 = 19,823; Region 5 = 26,196; Region 6 = 65,281; Total Uninsured Population = 217,036



When looking more specifically at the county level, Figure 6.3.5 shows distinct variations among uninsured populations in Iowa. Interestingly, the least insured counties tend to be along the state borders. However, it is important to remember that even the least insured Iowa county still has an insured population well above the national average of 78 percent.<sup>(14)</sup>

**Figure 6.3.5. County Uninsured Percentage for Residents under 65.**

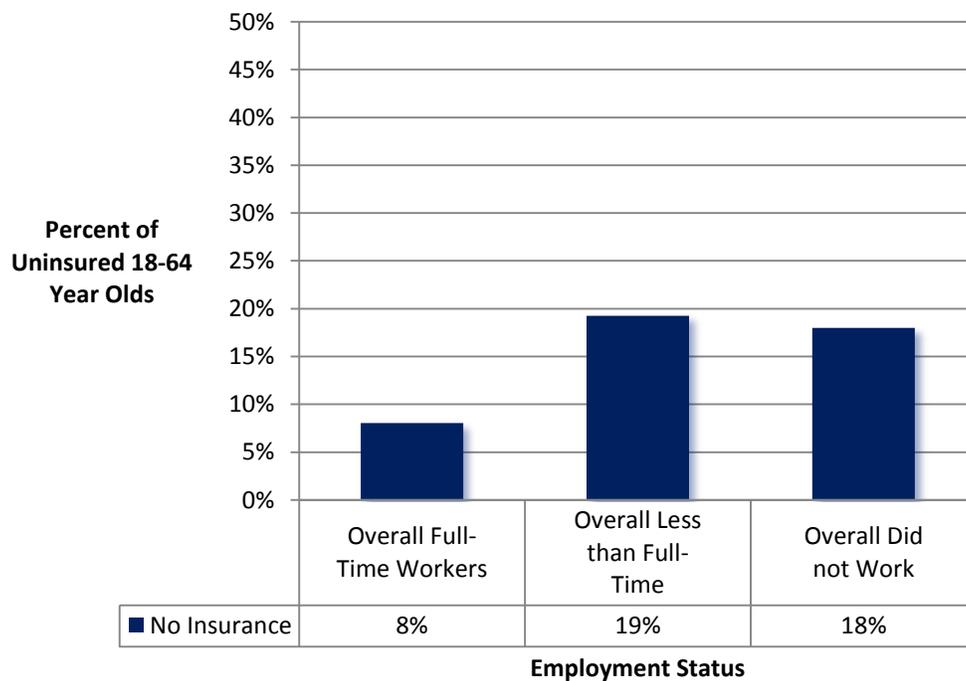




## 6.4 Iowa’s Uninsured Population by Work Status

This section contains information outlining Iowa’s uninsured population in relation to work status. Those working less than full-time are more likely to be uninsured than either those who did not work or those working full-time. Figure 6.4.1 shows that approximately 19 percent of those working less than full-time and 8 percent of full-time workers are uninsured. Additionally, 17 percent of those not working are uninsured. Some individuals who do not work but who have health insurance may be covered under a working spouse’s policy.<sup>(16)</sup>

**Figure 6.4.1. Employment Status Percentage of Uninsured 18-64 Year-Olds.**

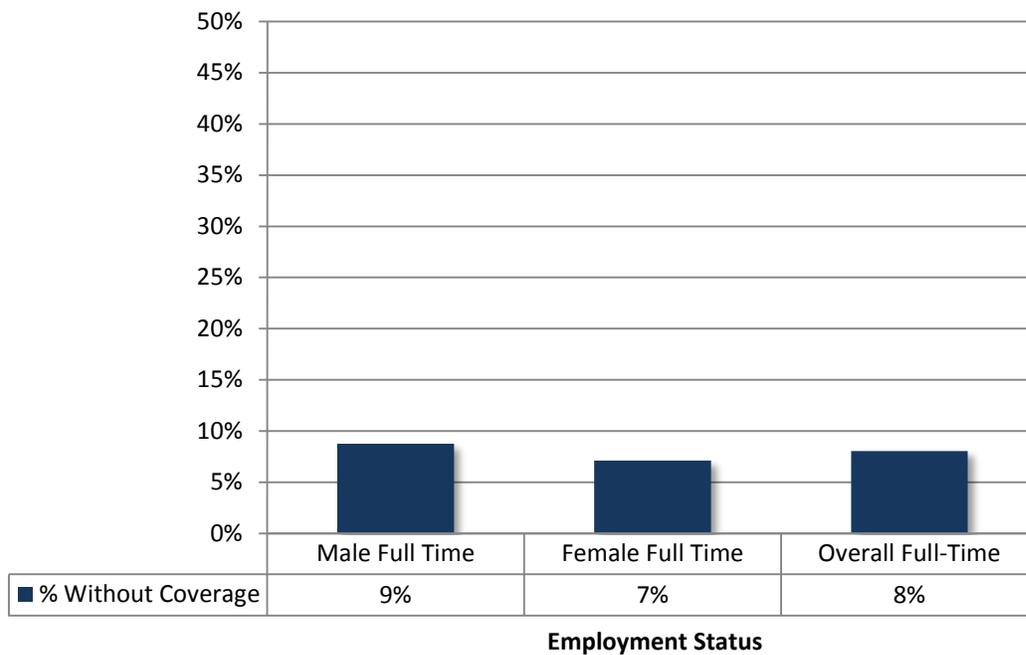


IA Full-Time = 83,613; IA Less than Full-Time = 108,059; Iowa Did not Work = 59,021



Full-time workers are unlikely to be uninsured. However, even though only eight percent of full-time workers are uninsured, that still means that 83,600 full-time Iowa workers lack health insurance. Figure 6.4.2 shows approximately nine percent of males and seven percent of females who work full-time are uninsured. Clearly, gender differences are not pronounced for full-time uninsured workers.<sup>(16)</sup>

**Figure 6.4.2. Full-Time Employed by Gender: Percentage of Uninsured 18-64 Year-Olds.**

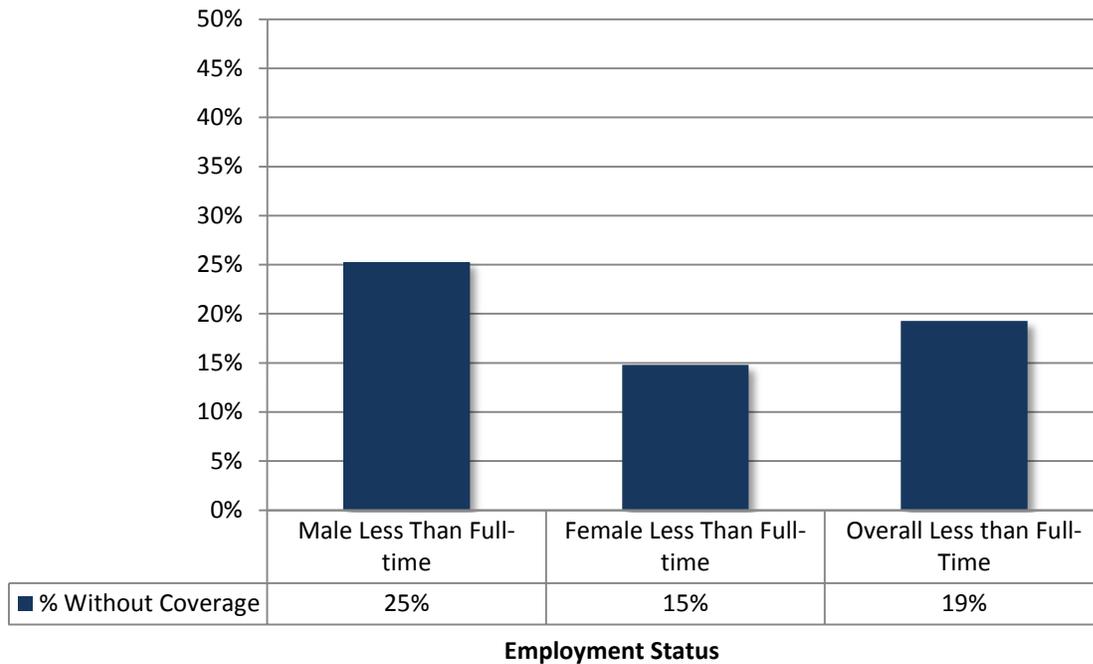


IA Male Full-Time = 51,656; IA Female Full-Time = 31,957; Total = 83,613



About two in ten lowans working less than full-time are uninsured. Gender differences in terms of insurance coverage are more apparent for part-time than full-time workers. Figure 6.4.3 shows that among part-time workers, 15 percent of females are uninsured while one quarter of males are uninsured.<sup>(16)</sup>

**Figure 6.4.3. Part-Time Employed by Gender: Percentage of Uninsured 18-64 Year-Olds.**

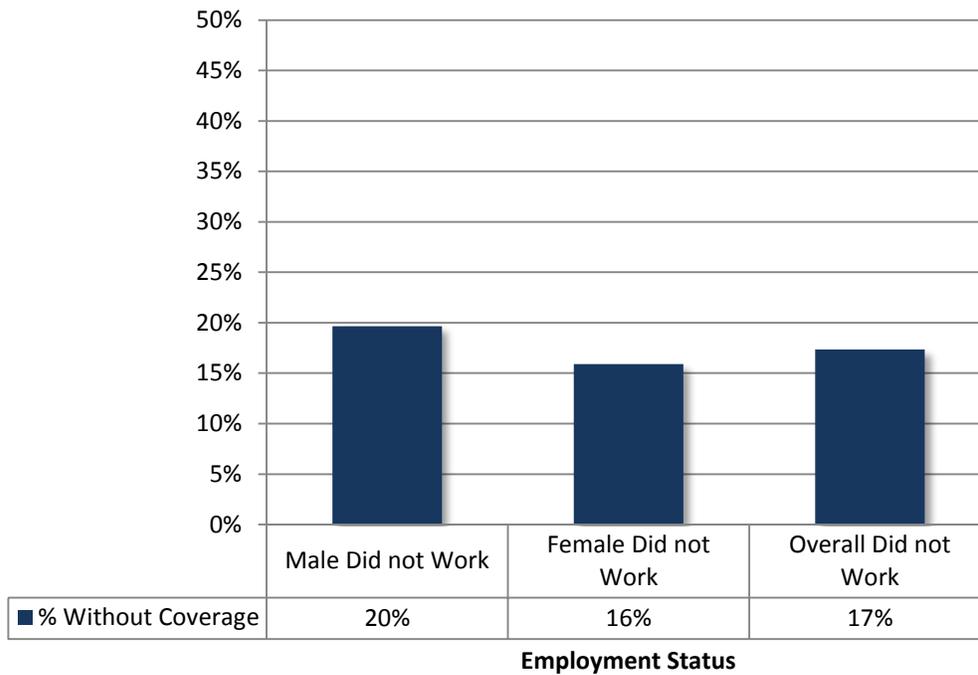


IA Male Less than Full-Time = 60,478; IA Female Less than Full-Time = 47,581; Total = 108,059



There are approximately 237,000 Iowans who do not work. Of those, about 91,300 are male and 145,700 are female. Figure 6.4.4 shows that among those Iowans who are not working, about 41,000, or 17 percent, are uninsured.<sup>(16)</sup> Males who did not work were slightly more likely to be uninsured than females who did not work.

**Figure 6.4.4. Not Employed by Gender: Percentage of Uninsured 18-64 Year-Olds.**



IA Male Did not Work = 17,940; IA Female Did not Work = 23,141; Total = 41,081



## 6.5 Iowa’s Uninsured Population by Health Status

This section contains information investigating Iowa’s uninsured population in relation to health status. Factors that contribute to health status include general health, poor health days per month, presence of primary health care provider, time since last check-up and frequency of exercise.

Data in this section is from the 2010 Iowa Behavioral Risk Factor Surveillance System (BRFSS). The BRFSS is a nationwide study championed by the Centers for Disease Control and Prevention (CDC) to assist states in conducting a risk factor survey to monitor behaviors associated with premature death and disability. The State of Iowa BRFSS coordinator provided data specific to 18-64 year-old Iowans.

### 6.5.1 General Health Status of the Uninsured

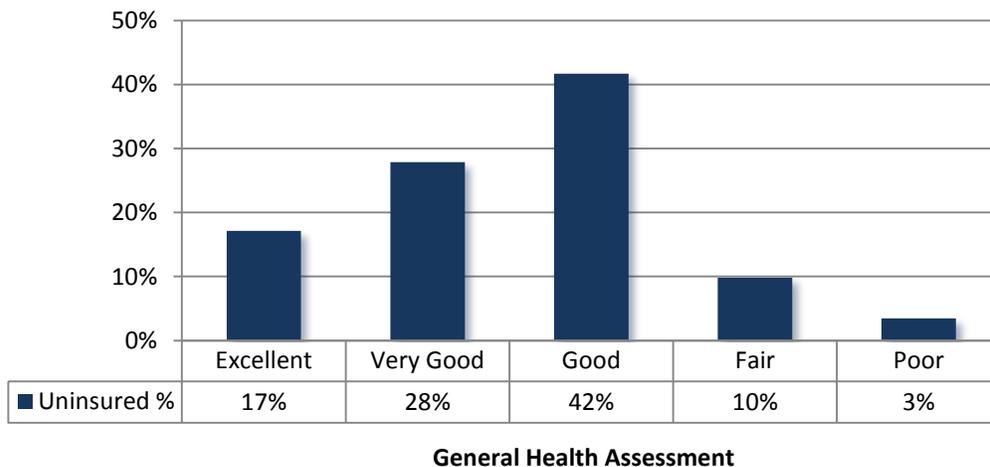
One of the questions on the 2010 BRFSS attempts to gauge the participant’s overall health status:

*Would you say that in general your health is:*

- Excellent,*
- Very good,*
- Good,*
- Fair, or*
- Poor?*

Figure 6.5.1 shows that most of the uninsured rate their health as good.<sup>(17)</sup>

**Figure 6.5.1. General Health Assessment of Uninsured 18-64 Year-Olds.**

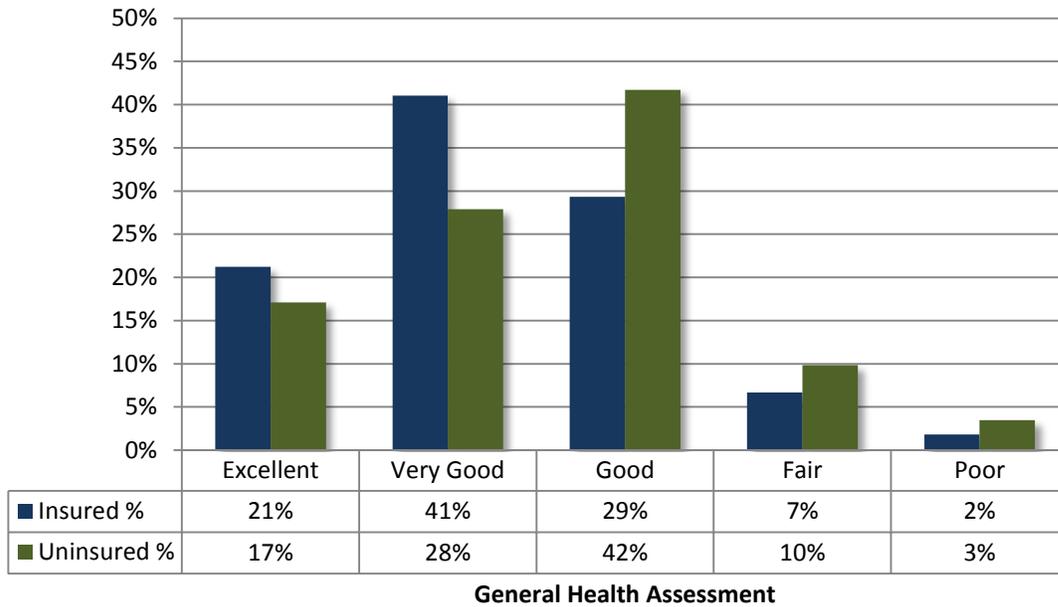


Uninsured = 229,622



In order to more completely understand the general health assessment of the uninsured, a comparison to the insured is provided in Figure 6.5.2. In general, the uninsured are more likely to report poor, fair or good health, while the insured are more likely to report excellent or very good health.<sup>(17)</sup>

**Figure 6.5.2. General Health Assessment of Uninsured vs Insured 18-64 Year-Olds.**



Insured = 1,594,745; Uninsured = 229,622



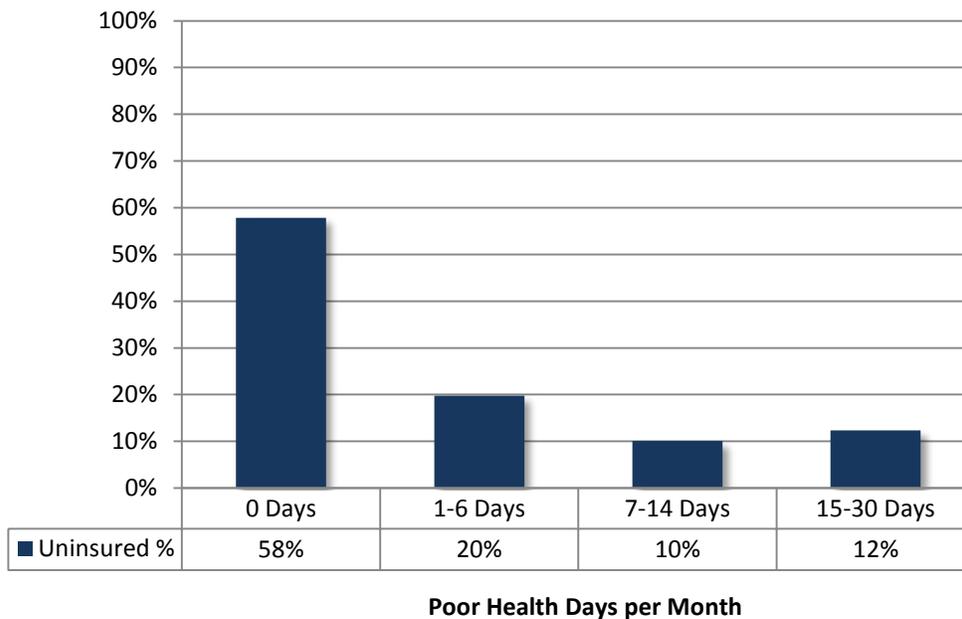
### 6.5.2 Poor Health Days Status of the Uninsured

The BRFSS attempts to gauge a participant’s health by asking how many days per month poor physical or mental health interfered with their usual activities.

*During the past 30 days, for about how many days did poor physical or mental health keep you from doing your usual activities, such as self-care, work, or recreation?*

Figure 6.5.3 shows that 22 percent of the uninsured reported seven or more days of poor health days per month, while 78 percent reported poor health for six days or less per month. <sup>(17)</sup>

**Figure 6.5.3. Poor Health Days per Month of Uninsured 18-64 Year-Olds.**

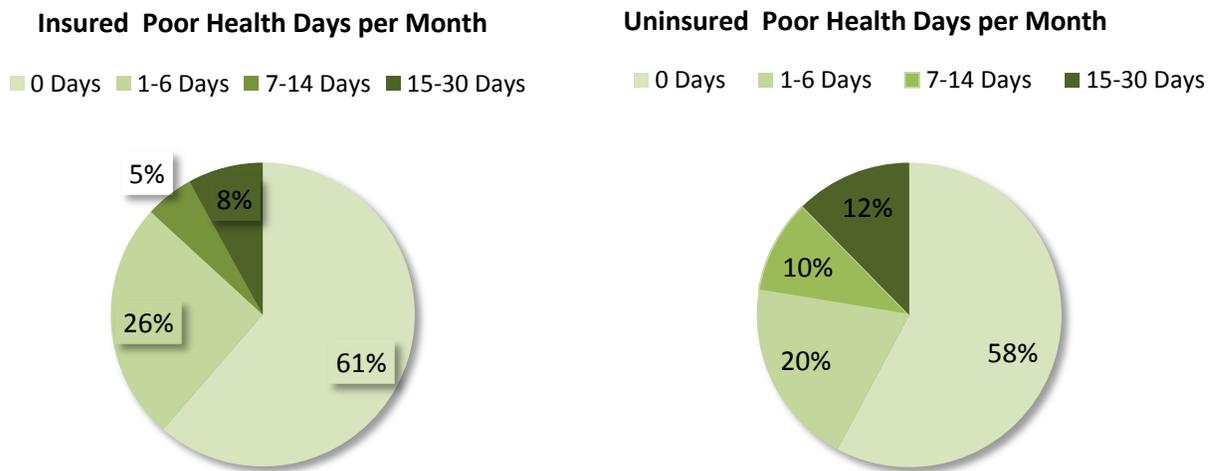


Uninsured = 100,333



In order to more completely understand the health assessment of the uninsured based on poor health days per month, a comparison to the insured is provided in Figure 6.5.4. In general, the uninsured are more likely to report more bad health days per month. Of those uninsured, 22 percent reported having seven or more poor health days per month. About 13 percent of the insured reported seven or more poor health days. <sup>(17)</sup> However, when looking at how many individuals had no poor health days, the insured and uninsured responded similarly.

**Figure 6.5.4. Insured vs. Uninsured Poor Health Days per Month.**



Insured = 764,093; Uninsured = 100,333



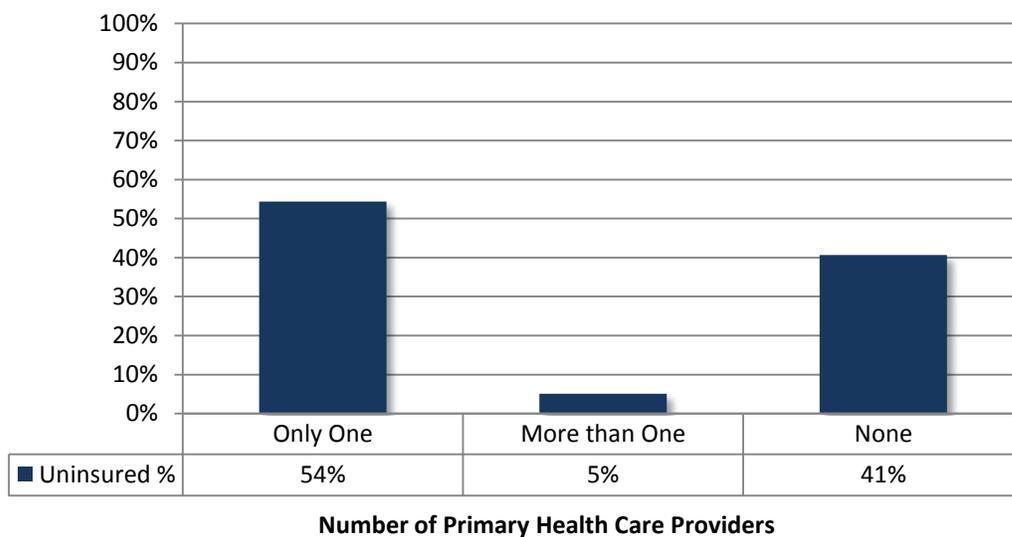
### 6.5.3 Primary Health Care Providers of the Uninsured

The BRFSS attempts to gauge the participant’s access to health care by asking if the respondent has a primary health care provider. Many uninsured lowans rely on emergency room, free clinics and other various providers to take care of health care needs.

*Do you have one person you think of as your personal doctor or health care provider?*

About 54 percent of uninsured lowans report that they have a primary health care provider. Conversely 94,500, or 41 percent, do not have at least one primary health care provider (Figure 6.5.5).<sup>(17)</sup>

**Figure 6.5.5. Number of Primary Health Care Providers of Uninsured 18-64 Year-Olds.**

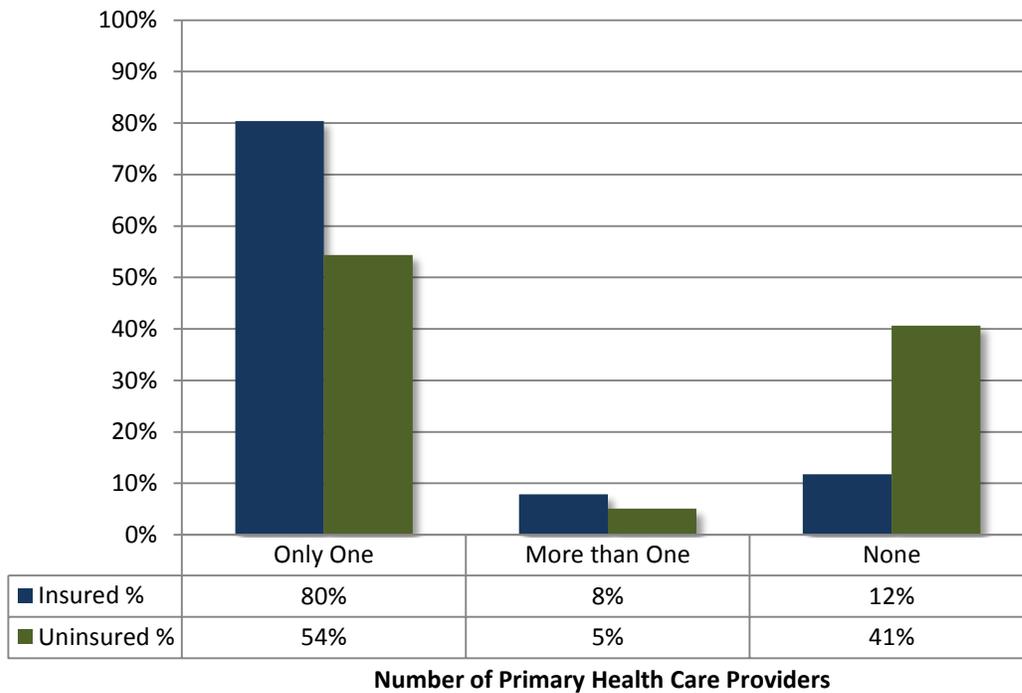


Uninsured = 228,180



In order to more completely understand the prevalence of a primary health care provider, a comparison to the insured is provided in Figure 6.5.6. Of the uninsured, 41 percent report that they do not have a primary care provider. <sup>(17)</sup> This is more than three times the number of insured individuals who report not having a primary health care provider.

**Figure 6.5.6. Primary Health Care Providers of Uninsured vs Insured 18-64 Year-Olds.**



Insured = 1,587,317; Uninsured = 228,180



### 6.5.4 Time Since Last Check-up of the Uninsured

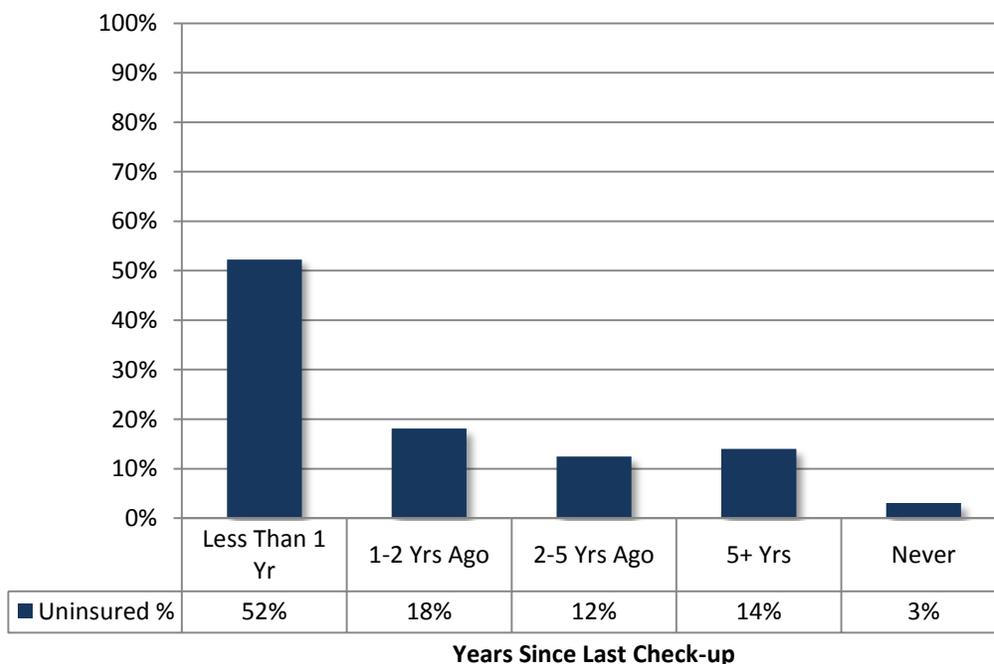
The BRFSS attempts to gauge the participant’s access to health care by asking how long it has been since the participant’s last check-up.

*About how long has it been since you last visited a doctor for a routine checkup? A routine checkup is a general physical exam, not an exam for a specific injury, illness, or condition.*

- *Within past yr (any time less than 12 months ago)*
- *Within past 2 yrs (one year but less than 2 years ago)*
- *Within past 5 yrs (two years but less than 5 years ago)*
- *5 yrs or more*

Figure 6.5.7 shows that only about half of those who are uninsured report having a routine check-up in the last year. Nearly 30 percent, or 67,400, of the uninsured have not had a checkup in the last two years. <sup>(17)</sup>

**Figure 6.5.7. Time Since Last Check-up for Uninsured 18-64 Year-Olds.**

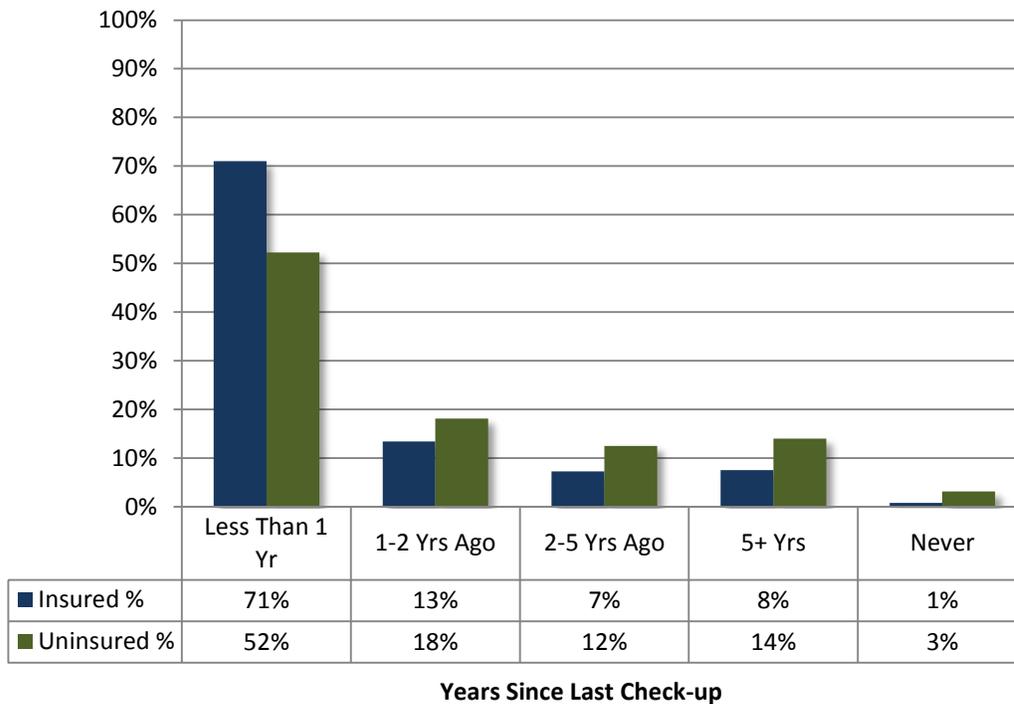


Uninsured = 292,062



To put the time since the last check-up for the uninsured population in perspective, a comparison to the insured is provided in Figure 6.5.8. The uninsured are less likely to obtain regular check-ups, with 48 percent of the uninsured reporting their last checkup more than a year ago in comparison to 29 percent of the insured having a recent check-up.<sup>(17)</sup>

**Figure 6.5.8. Time Since Last Check-up of Uninsured vs Insured 18-64 Year-Olds.**



Insured = 1,573,403; Uninsured = 292,062



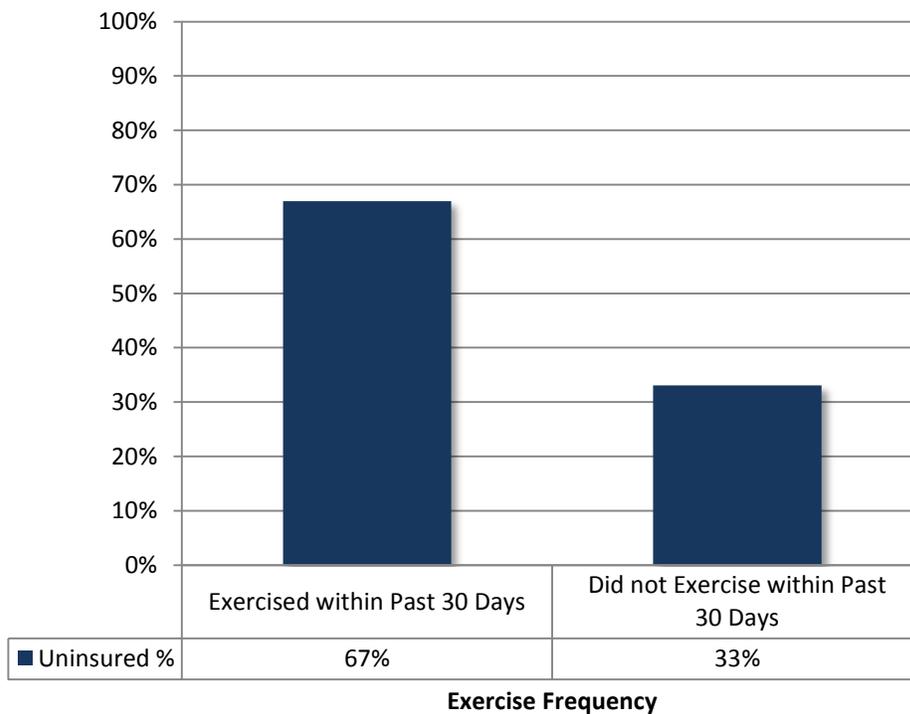
### 6.5.5 Exercise Frequency of the Uninsured

The BRFSS also attempts to gauge the participant’s commitment to a healthy lifestyle as related to exercise. Regular physical activity has been associated with a decreased risk for cardiovascular illness, cancer, osteoporosis, and other negative health outcomes.

*During the past month, other than your regular job, did you participate in any physical activities or exercises such as running, calisthenics, golf, gardening, or walking for exercise?*

Figure 6.5.9 shows that two in three of the uninsured population reported exercising within the past 30 days.<sup>(17)</sup>

**Figure 6.5.9. Frequency of Exercise of Uninsured 18-64 Year-Olds.**

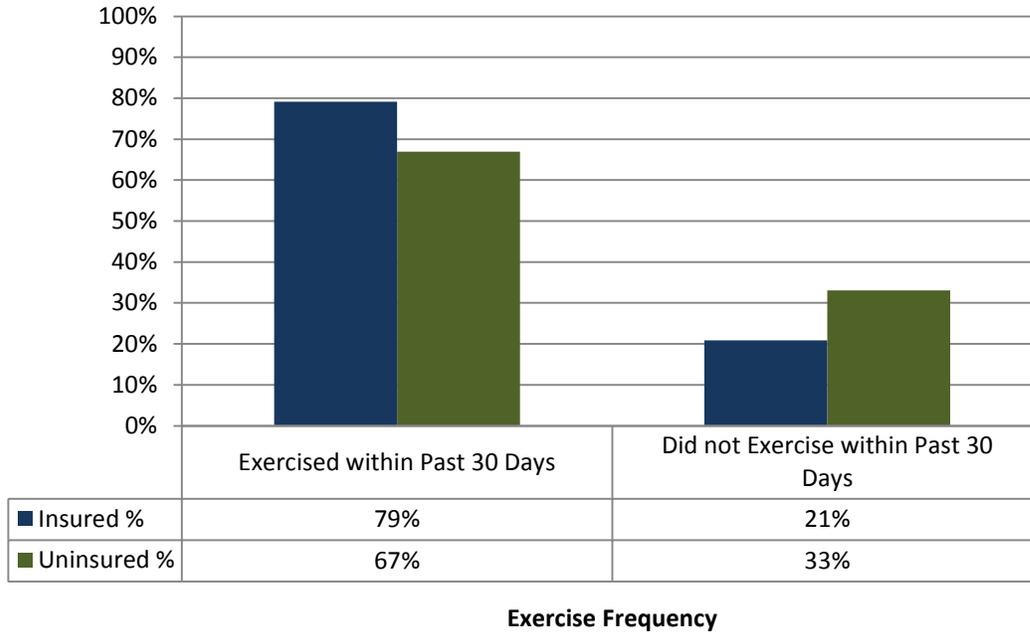


Uninsured = 230,354



To put the frequency of exercise for the uninsured population in perspective, a comparison to the insured is provided in Figure 6.5.10. The uninsured are less likely to exercise, with 33 percent of the uninsured reporting no exercise, compared to 21 percent of the insured.<sup>(17)</sup>

**Figure 6.5.10. Frequency of Exercise of Uninsured vs Insured 18-64 Year-Olds.**



Insured = 1,595,639; Uninsured = 230,354



## 7. IOWA'S UNDERINSURED POPULATION

### 7.1 Overview

Iowa's *underinsured* population is a subset of its insured population. The underinsured have health insurance, but their insurance coverage is not considered adequate for their needs nor would it meet the essential health benefit requirements under ACA Section 1302.

Understanding health insurance coverage tends to be complex and many Iowans do not comprehend the coverage they have. The research below shows that almost half of Iowans do not know if their plan has an annual or lifetime maximum benefit amount.

To better understand the prevalence of the underinsured, Data Point Research conducted a methodologically valid telephone study of 1,008 randomly selected Iowans. This survey, the 2012 *Iowa Health Insurance Study*, scientifically selected cell phone and landline numbers in Iowa, then selected a working-aged adult in the household to answer questions about themselves and others living in their household. The main results of this study are accurate to within plus or minus 3.1 percent, at a 95 percent confidence level. For these results, the reader can be 95 percent certain that the survey percentages presented are equal to those for all working-aged Iowans plus or minus 3.1 percent.

For the purposes of this research, the underinsured are defined as:

- Consumers who expressed concern about the adequacy of their health insurance coverage and stated that they were underinsured.
- Those who purchased their health plans directly and who do not have any of the following: indemnity, basic medical, major medical, or comprehensive plans, or an HMO, PPO, or POS. Rather, these consumers purchased the following types of plans for their health insurance coverage: mini-medical, limited benefit plans, dread disease plans, long term care insurance, or funeral insurance.
- Iowans who stated that they were ever denied coverage or had their benefits limited due to pre-existing conditions.

For the purposes of this research, those individuals who were enrolled in public plans were not considered well-insured or underinsured regardless of their opinion to the question on coverage.



As shown in Figure 5.0.1 of this report, the U.S. Census Bureau's Current Population Survey statistics show that 84 percent of lowans insured while 16 percent remain uninsured. In addition to the occurrence of insurance coverage, the *Iowa Health Insurance Study* also reviewed a variety of health insurance issues facing lowans. The main study findings are presented below.

## 7.2 The Uninsured

- Almost one third (31.4 percent) of the uninsured stated that they dropped coverage because it became too expensive.
- More than a quarter of those without health insurance either work for employers who do not offer health insurance or are not eligible for the health insurance offered.
- One in five lowans without health insurance lost their coverage within the past 12 months.
- Of those who are uninsured, 18 percent report that they applied for health insurance but were turned down.

## 7.3 Underinsured with Employer-Sponsored Health Insurance

- Nearly 26 percent of those with employer-sponsored health insurance receive that coverage via their spouse or partner.
- Of those with employer-sponsored health care, 43 percent do not know if their plan has an annual or lifetime maximum benefit amount. Similarly, 42 percent of those who purchase their insurance directly do not know if their plan has an annual or lifetime maximum benefit amount.

## 7.4 The Underinsured

- Approximately 17 percent of lowans with private or employer-sponsored health insurance report that they are underinsured. This figure is not evenly distributed by insurance provider; 3.3 percent of those with employer-sponsored health care report that they are underinsured while 13.8 percent of those who purchase their health insurance privately say they are underinsured.
- Of those with IowaCare, a limited benefit plan for low-income lowans who do not qualify for Medicare, 38.4 percent report they are underinsured.
- When asked about health insurance coverage denial or limitations, 4 percent of lowans with private insurance report that they have been denied coverage or had benefits limited due to a pre-existing condition.



## 7.5 Underinsured with Privately Purchased Individual Insurance

- Only 30 percent of those who purchase their health insurance privately consider themselves “well-insured” whereas 51 percent of those with employer-sponsored plans consider themselves well-insured.
- Over one quarter (28.5 percent) of those who purchase their own insurance have “mini-medical” or limited benefit plans, or are covered by plans that only cover critical illnesses, commonly referred to as “dread disease plans” or catastrophic insurance.



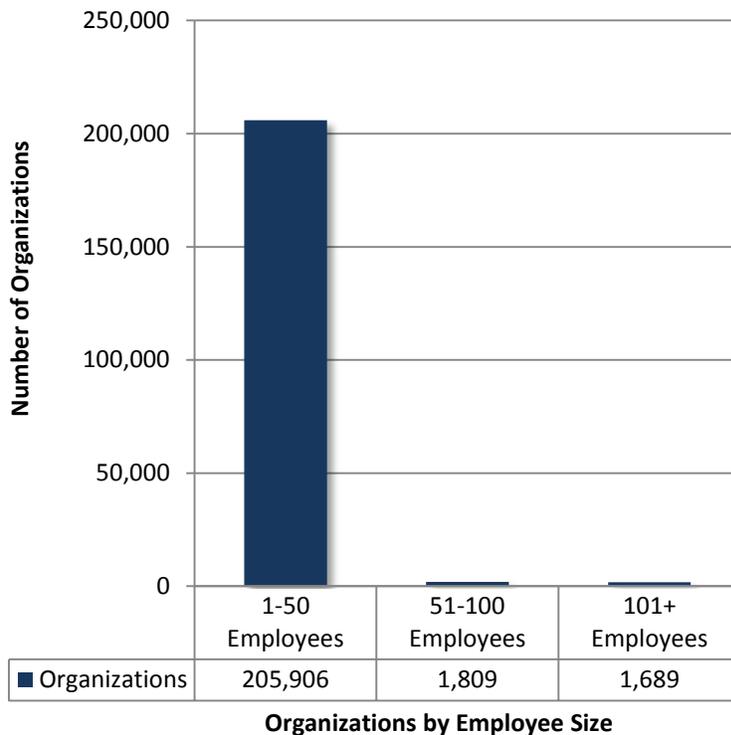
## 8. NUMBER OF IOWA ORGANIZATIONS EMPLOYING 1 TO 50 INDIVIDUALS AND 51 TO 100 INDIVIDUALS

### 8.1 Iowa Organizations by Number of Employees

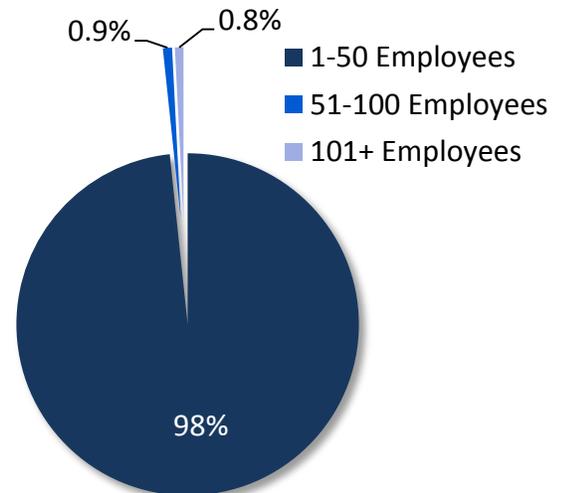
If it remains in effect, in 2014 the Affordable Care Act will initially define Small Groups as organizations with 50 or fewer employers. However, in 2016, the Small Group definition will change to include organizations with 100 or fewer employees. Thus, this section presents data for Iowa organizations with respect to both of these organization sizes.

The number and percentage of Iowa employers is presented in Figures 8.1.1 and 8.1.2. Organizations are divided into three categories: 50 or fewer employees, 51 to 100 employees, and 100 or more employees. Out of Iowa’s 209,400 employers, 98 percent have less than 50 employees. Less than 1 percent fall within the 51-100 employee size and an even smaller fraction have over 100 employees.<sup>(19)</sup>

**Figure 8.1.1.**  
Number of Iowa Organizations by Size.



**Figure 8.1.2.**  
Percent of Iowa Organizations by Size.



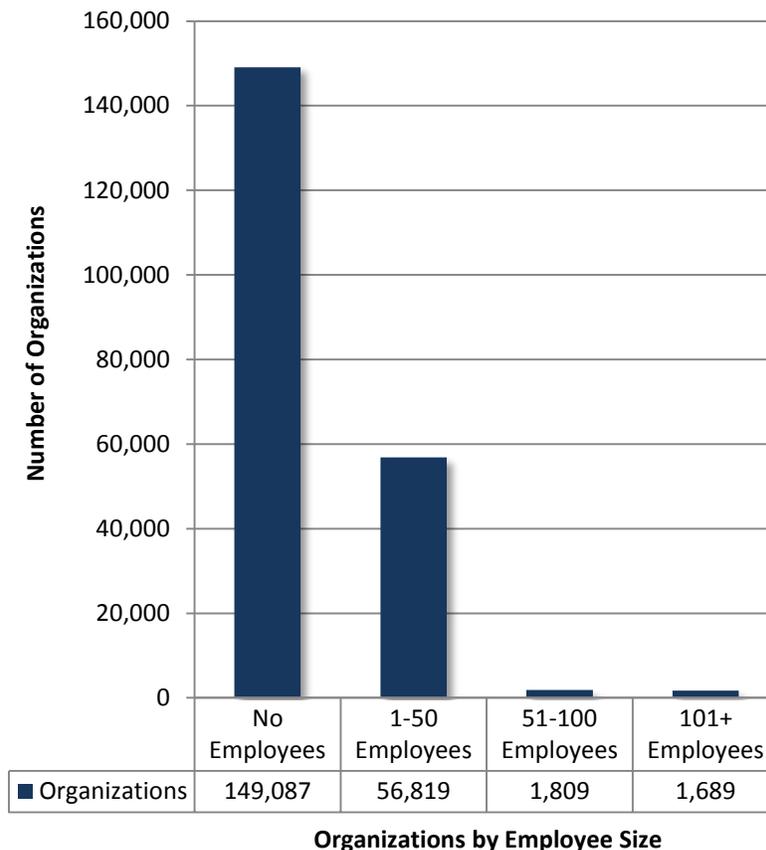


## 8.2 Iowa Organizations by Size: Sole-Proprietor and Self-Employed

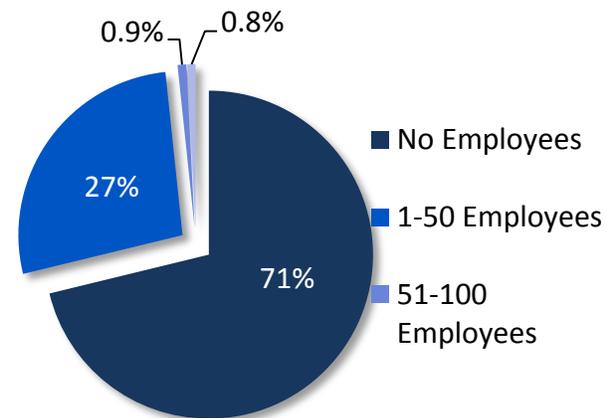
When considering how the HBE will be used, it is important to consider the self-employed. Their HBE use could vary widely from that of individuals employed by a larger organization. The number and percentage of Iowa employers who are self-employed are presented separately from the data for organizations with fewer than 50 employees below (Figures 8.2.1 and 8.2.2).

The majority of organizations in Iowa (149,100 or 71 percent) have no employees, with most of the remaining organizations having between 1 and 50 employees. <sup>(19)</sup>

**Figure 8.2.1.**  
**Number of Iowa Organization by Size.**



**Figure 8.2.2.**  
**Percentage of Iowa Organizations by Size**



The next section uses this information to determine how many Iowans will be eligible for the Small Business Health Option (SHOP).



## 9. ELIGIBILITY FOR SMALL BUSINESS HEALTH OPTION

This section considers how many Iowans would be eligible for the Small Business Health Option Program (SHOP) using the following employer size categories: 1 to 50 employees, 51 to 100 employees, and more than 100 employees. The report also shows the number of Iowa employers by size category and the estimated covered employees included within each size category.

### 9.1 Brief Background Information on SHOP

If permitted by the US Supreme Court, beginning in 2014, the Affordable Care Act (ACA) would require each state to set up a health benefit exchange to offer a variety of health insurance options to individuals and small businesses. The ACA allows considerable discretion for states to develop the exchanges, based on the unique issues inherent within the state. All exchanges will consist of a number of qualified health plans (QHPs), which must be offered by health insurance “issuers” and be certified by the state. An issuer is an entity such as an insurance company that is regulated by state insurance laws and is licensed to issue policies of insurance.

Each state’s exchange must also offer the following, at a minimum:

1. One QHP run by a non-profit health insurance issuer, known as a Consumer Operated and Oriented Plan (CO-OP); and
2. Two multistate plans, both of which are QHPs that are offered in a number of different state exchanges.

Also in 2014, the ACA would require individuals to either purchase health insurance or pay a tax penalty, and would require large employers to either provide insurance or pay a penalty. Large employers are defined as having at least 51 employees. These two requirements are designed to mitigate adverse selection issues by compelling healthy individuals to purchase coverage and by inducing large employers to offer coverage. By doing this, the overall cost of insuring unhealthy individuals will be spread out among a larger population of covered lives.

It is important to point out that the ACA does not require individuals or businesses to participate in the exchanges or to enroll in a QHP. Although subject to the individual mandate, individuals may still satisfy the requirement by enrolling in “minimum essential coverage” through an employer, a public plan, or an individual policy offered outside of the exchanges. Likewise, employers can also satisfy the employer mandate by participating in multi-employer plans or by offering other self-funded or insured plans outside of the exchanges.

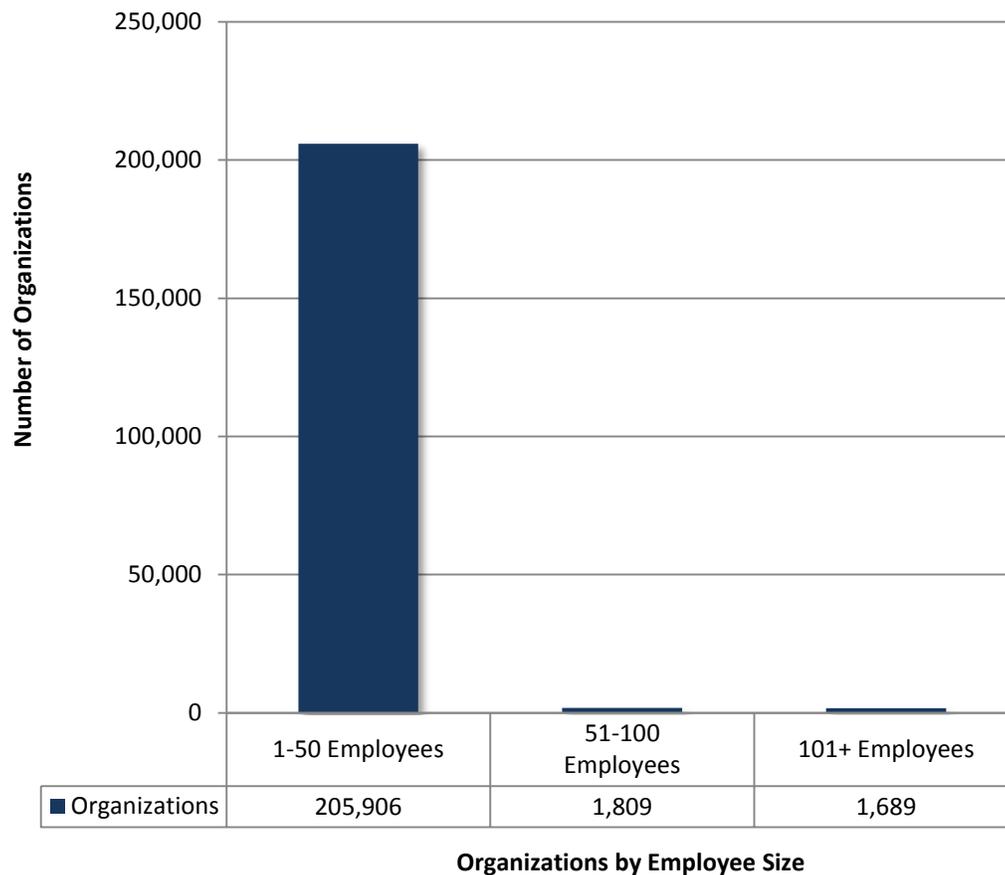
One of the key decisions that Iowa will need to make prior to 2014 is whether to expand the exchange enrollment eligibility of small businesses from 1-50 employees to 1-100 employees. Each state has the flexibility to decide whether to include organizations with 51-100 employees as eligible to participate in the SHOP beginning January 1, 2014. As of January 1, 2016, all businesses with 100 or fewer employees would be able to purchase insurance through the SHOP exchange.



## 9.2 Number of Iowa Organizations and Employees

According to the Iowa Workforce Development, Iowa encompasses 209,400 organizations. This figure includes self-employed and sole proprietors. Figure 9.2.1 shows that there are vastly more small employers in the state than medium or large employers.<sup>(19)</sup> In Iowa 98 percent of organizations have 50 or fewer employees. Less than 1 percent of organizations fall within the 51-100 employee size.

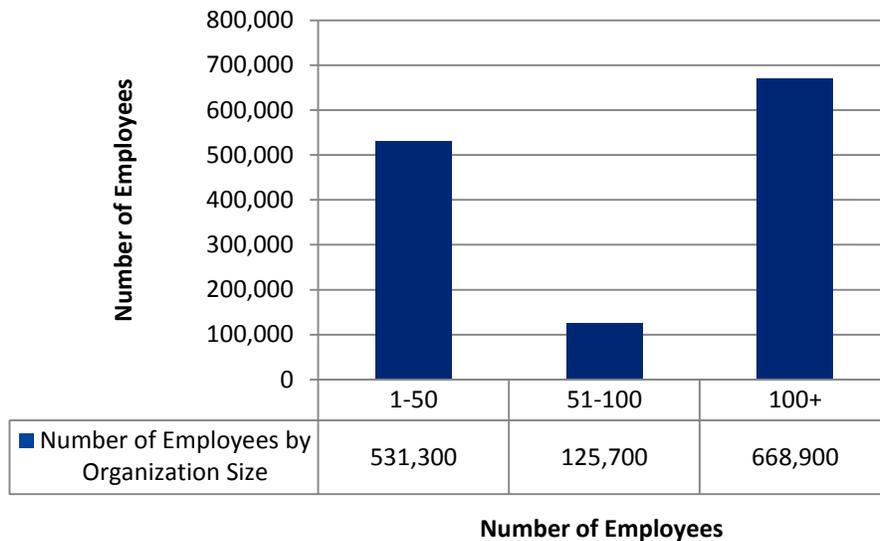
Figure 9.2.1 Number of Employees by Size





There are an estimated 1,325,900 million individuals currently working in Iowa. The number of working Iowans and their organization’s size is shown in Figure 9.2.2.<sup>(19)</sup> The Iowa Workforce Development reports that approximately 531,300 Iowa employees work for organizations with between 1 and 50 employees, including the self-employed. An additional 125,700 employees work for organizations with 51 to 100 employees.

**Figure 9.2.2. Number of Employees by Organization Size**



### 9.3 Eligibility for SHOP

Up to 531,000 Iowans work for organizations of 50 or fewer employees. However, less than 60 percent of smaller organizations currently offer health insurance to their employees (Table 9.3.1). This means that about 318,250 Iowans are currently eligible for employer-sponsored coverage.

Although large organizations (51 or more employees) would be penalized for not offering insurance under the ACA, small organizations will not incur a penalty other than potentially missing out on tax credits. Therefore, assuming that those small businesses who currently do not offer insurance will continue to not offer insurance once the ACA is enacted, a reasonable estimate is that the 318,250 Iowans who work at small organizations offering employer-based plans may transition to the SHOP exchange through their employer.

Another consideration is that, on average, less than 77 percent of employees offered employer-sponsored health insurance actually enroll in such plans. Some are covered under their spouse’s plan or opt out due to high premiums. Therefore, of the 318,000 Iowans who work for small organizations offering employer-based health coverage, 244,100 would be likely to obtain insurance through their work using SHOP. Table 9.3.1 below illustrates the dynamics of working Iowans and employer-sponsored health coverage.<sup>(20)</sup>



**Table 9.3.1. Estimates of the Number of Working Iowans Receiving Employer-sponsored Health Coverage.**

	<b>Businesses with 50 or fewer employees</b>	<b>Businesses with 51 to 100 employees</b>
Working Iowans	531,300	125,700
Percent of employers currently offering employer-sponsored health insurance	59.9%	98.9%
Number of working Iowans working in firms that offer employer-sponsored health insurance	318,250	124,300
Percent of working Iowans who work in firms offering employer-sponsored health insurance and are not covered by spouse's insurance or otherwise opt out	76.7%	79.1%
Number of working Iowans who work in firms offering employer-sponsored health insurance and are not covered by spouse's insurance or otherwise opt out	244,000	98,300
Number of working Iowans <i>not</i> eligible for needs-based coverage, such as Medicaid or Basic Health Plan (> 200% FPL)	209,900	84,600



## 9.4 Iowa Employer Benefits Study<sup>®</sup>

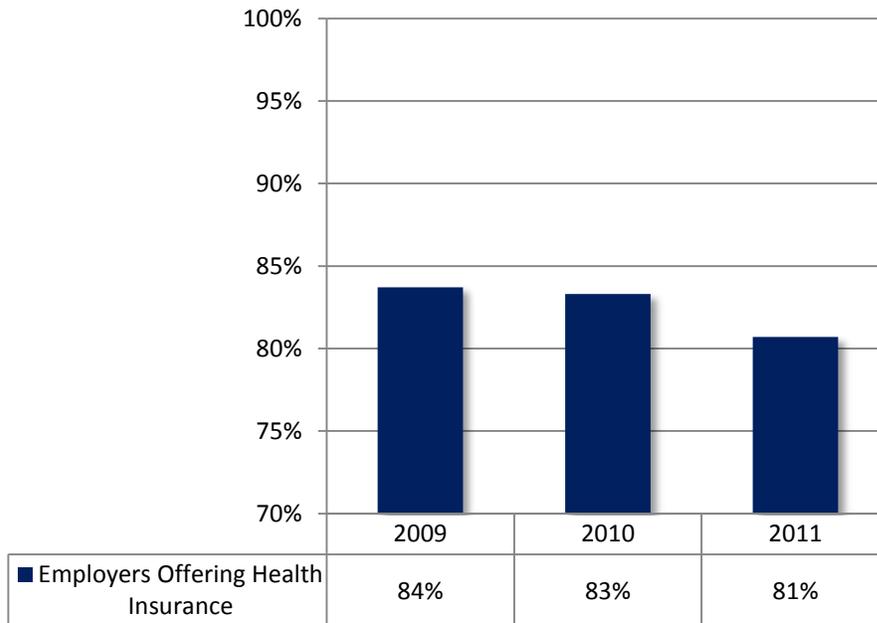
Employer-sponsored health insurance costs and coverage in Iowa have shown remarkable trends in the past 10 years. To help illustrate Iowa’s recent history and to provide a vision of how health insurance rates may change if ACA is repealed, trend data from the *Iowa Employer Benefits Study<sup>®</sup>* is presented in the remainder of this report section.

Since 1999, David P. Lind & Associates, L.L.C. (DBA David P. Lind Benchmark) and Data Point Research, Inc. have conducted the annual *Iowa Employer Benefits Study<sup>®</sup>*. For the past thirteen years, this study has measured a statistically valid sample of employers in all major industries, including both public service and private employers. The most recent study was published in September 2011 and is a compilation of benefits offered by the 958 Iowa employers who responded. For the overall sample in the *2011 Iowa Employer Benefits Study<sup>®</sup>*, the employee-size weighted percentages are all accurate to within plus or minus 3.2 percent, at a 95 percent confidence level. For this study, the reader can be 95 percent certain that the survey percentages presented are equal to those for all Iowa employers plus or minus 3.2 percent.

### 9.4.1 Employers Offering Health Insurance in Iowa

Figure 9.4.1 provides a three year history of the percentage of Iowa employers offering health insurance to their employees.<sup>(21)</sup>

**Figure 9.4.1. History of Percent of Employers Offering Health Insurance in Iowa.**



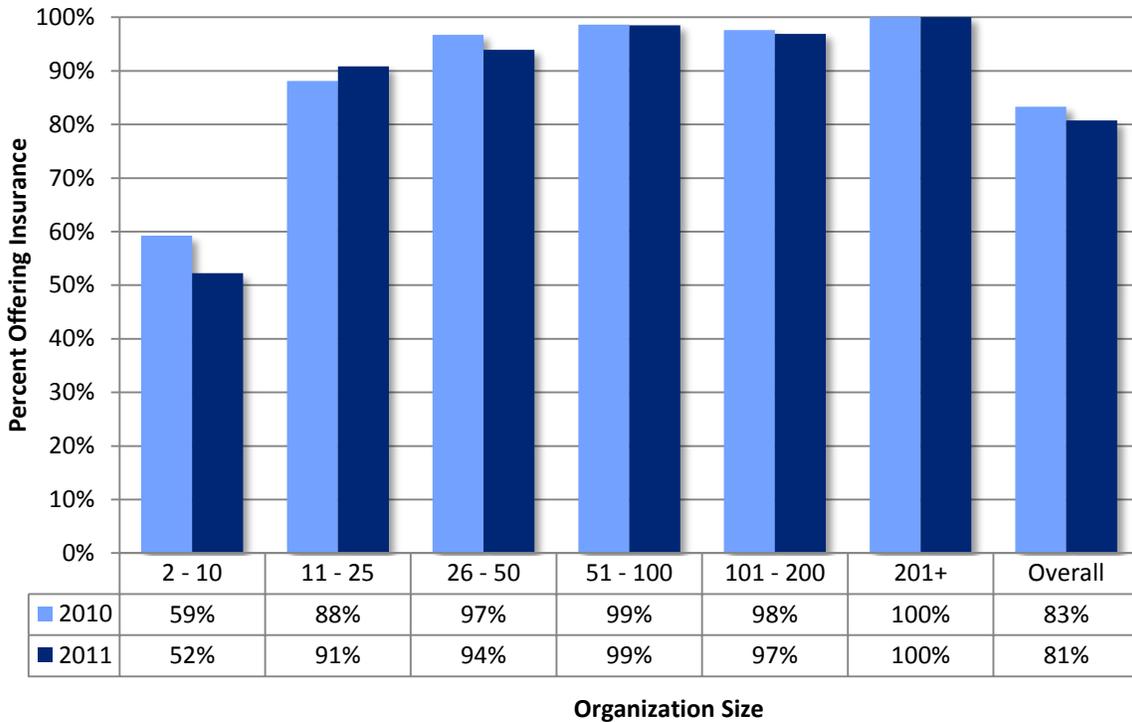


As observed throughout the country, the smaller the employer, the less likely they will offer health insurance coverage. Iowa is no exception. In 2011, about 52 percent of Iowa employers with 2 to 9 employees indicated that they offer health insurance to their employees (Figure 9.4.2).<sup>(21)</sup>

In comparable employer size categories under 50 employees, Iowa employers are more likely to offer health coverage when compared to their national counterparts. In 2011, the Kaiser Study<sup>(22)</sup> reported that 71 percent of U.S. organizations with 10 to 24 employees offered coverage, compared to 91 percent in Iowa. Likewise, 85 percent of U.S. organizations with 25 to 49 employees offered coverage, compared to 94 percent in Iowa. Similar differences have also been observed from prior studies.

Even in organizations that offer health benefits, not all workers are covered. Some workers are not eligible to enroll as a result of waiting periods or part-time employment status. Other employees do not enroll in coverage offered to them because of the cost of coverage or because they have access to coverage through a spouse.

**Figure 9.4.2. Percentage of Iowa Employers Offering Health Insurance by Organization Size.**

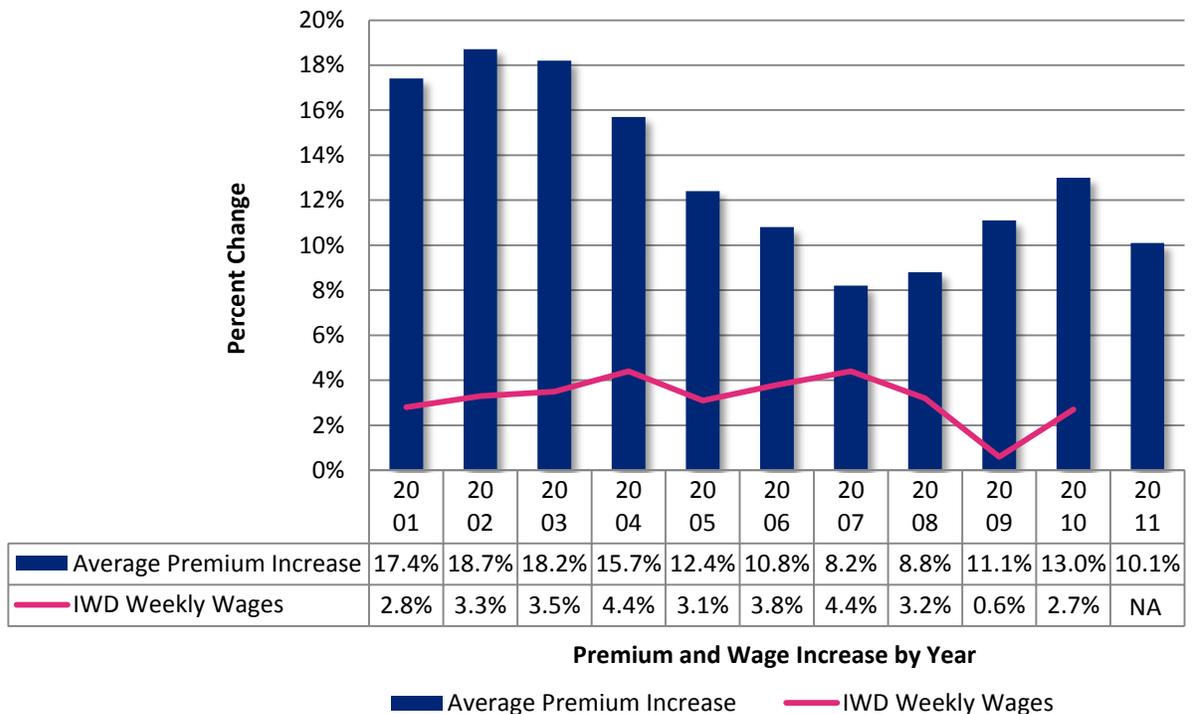




### 9.4.2 Premiums Paid in Iowa

With the exception of two years (2007 & 2008), Iowa employers have reported double-digit premium increases since 2001. <sup>(21)</sup> Figure 9.4.3 shows the average rate increase or decrease reported each year. It is important to note that these increases occurred *prior* to employers making adjustments to their plan designs, such as raising deductibles or copayments. This figure suggests that Iowa employers change their benefit plan designs annually to keep premiums more affordable. Insurance premium increases continue to greatly outpace the average weekly wage increases as reported by the Iowa Workforce Development.

**Figure 9.4.3. History of Health Insurance Rate Increases Compared to Statewide Average Weekly Wage Increases.**





When comparing insurance premium increases by organization size, without exception the smaller organizations continue to receive higher increases than their larger counterparts. In 2011, the average premium increase was 10.1 percent, but each of the three smallest employer-size categories averaged higher increases. These averages take into account employers who experienced either no rate change or a rate decrease. As we will see later, smaller employers' benefits plans are less generous to the employee when compared to larger organizations (Table 9.4.1).<sup>(21)</sup>

**Table 9.4.1. Average Health Insurance Rate Adjustments by Organization Size.**

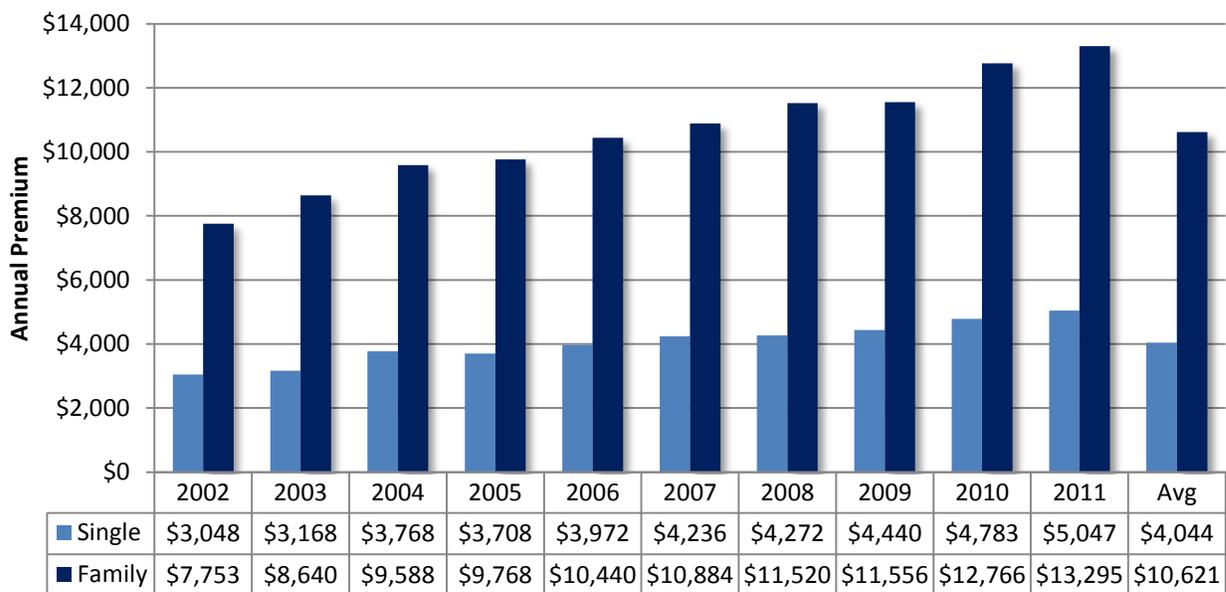
Average Rate Change	
Number of Employees	Average % Increase (2011)
2 - 10	13.7%
11 - 25	12.1%
26 - 50	12.0%
51 - 100	9.9%
101 - 200	8.8%
201+	7.7%
Overall	10.1%



Since 2002, single health insurance premiums have increased by 65 percent, and family premiums have increased by 71 percent (see Figure 9.4.4). These premiums represent all plan types (PPO, HMO, Traditional Indemnity, and Consumer-Driven Health Plans).<sup>(21)</sup>

Despite the annual rate increases observed in Iowa, the overall Iowa premiums compare favorably to the national premiums reported in the 2011 Kaiser/HRET study.<sup>(23)</sup> The annual single and family premiums from Kaiser/HRET are \$5,429 and \$15,073 respectively, while the Iowa annual premiums are \$5,047 single and \$13,295 family.

**Figure 9.4.4. History of Average Annual Premiums for Single and Family Coverage, 2002-2011.**



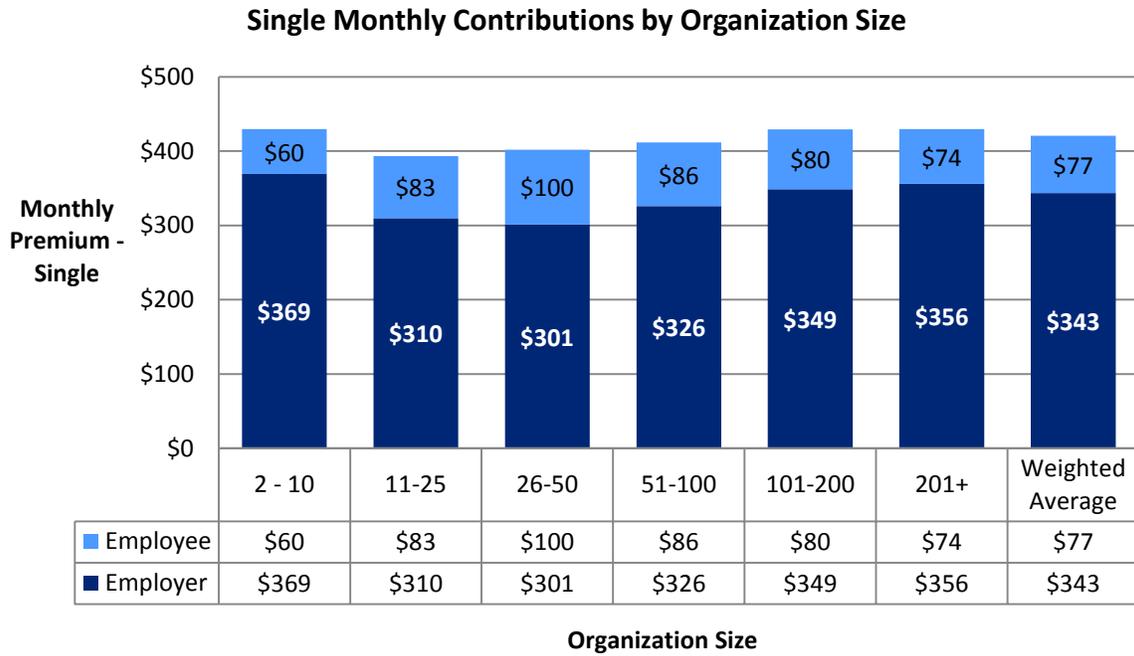
**Average Premiums by year**

Contrary to mainstream belief, smaller employers in Iowa are not paying higher premiums for health insurance when compared to their larger counterparts. In fact, employers in the smallest size category (2-10 employees) pay the *least* for family premiums compared to all other size categories. Likewise, employers in the 10-19 and 20-49 categories pay the least for single premiums, on average. (21) (Figure 9.4.5)

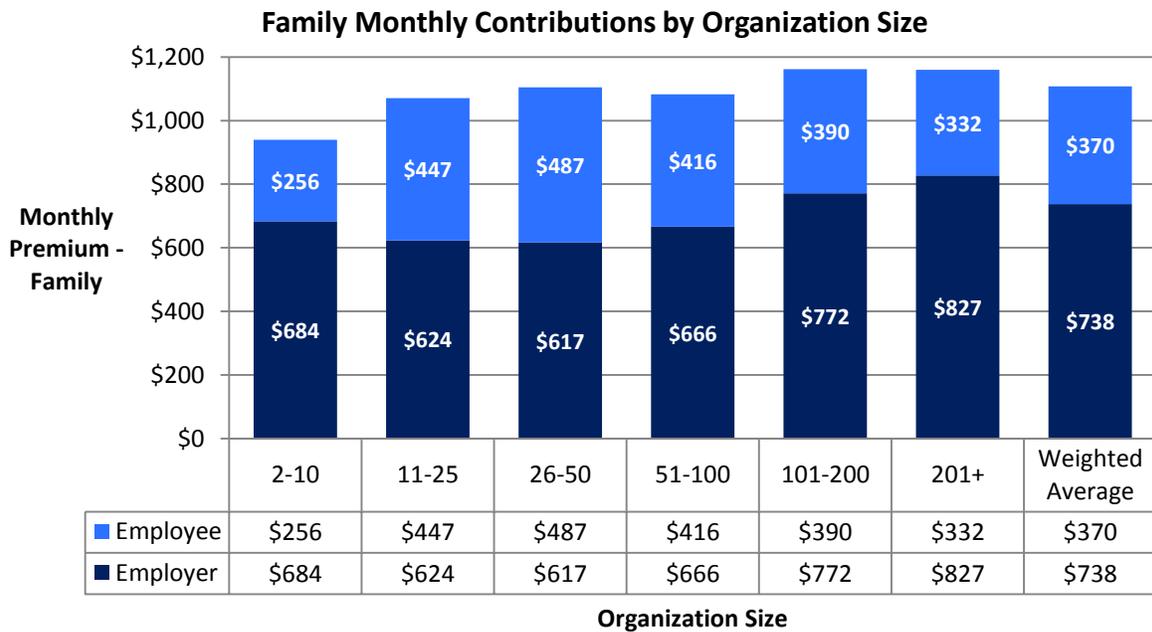
However, it is important to consider that small employers are paying large premiums for greatly reduced benefits for their employees. For example, these plans often carry higher deductibles, copayments, and out-of-pocket maximums. Despite the high cost of coverage, the smaller employer would rather offer reduced coverage than offer no coverage at all.



**Figure 9.4.5. Monthly Premium Contributions for Single Coverage by Organization Size (2011)  
– All Medical Plans Combined.**



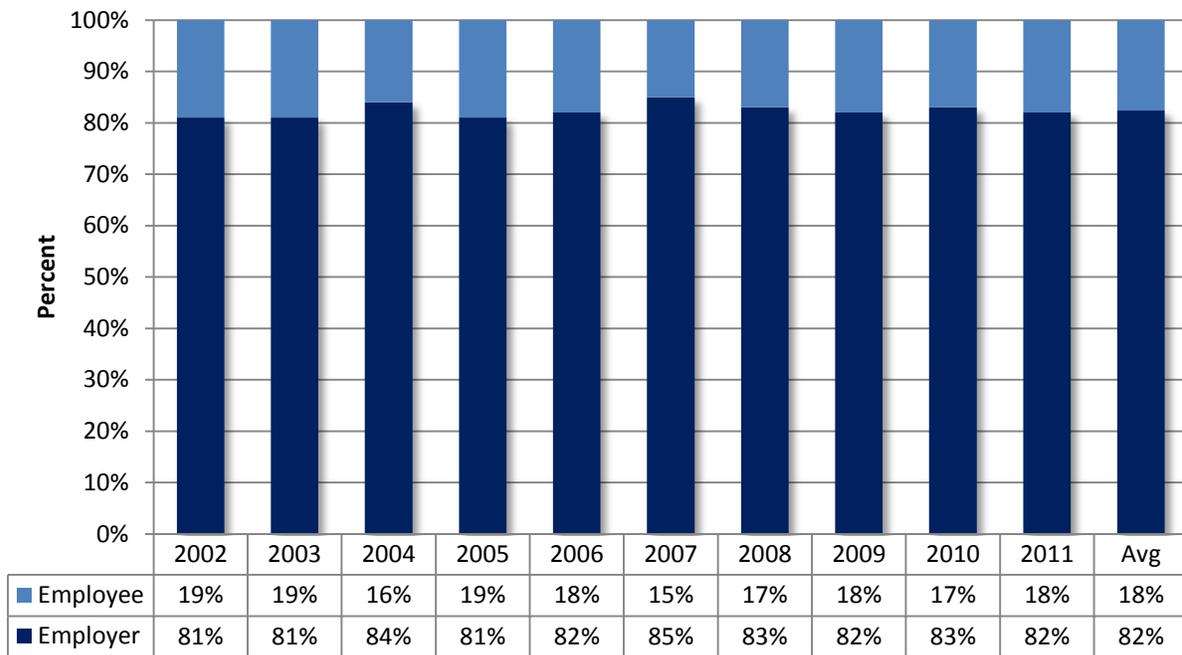
**Figure 9.4.6. Monthly Premium Contributions for Family Coverage by Organization Size (2011) – All Medical Plans Combined.**





Figures 9.4.7 and 9.4.8 provide the history of employer and employee contributions as a percentage of the total premium.<sup>(21)</sup> As shown in Figure 9.4.7, employees with single coverage contributed approximately 18 percent of the total premium in 2011, while the employer contributed the other 82 percent of the cost. This contribution sharing relationship has remained remarkably consistent over the past twelve years, with the employee contribution ranging from 15 to 19 percent of the premium.

**Figure 9.4.7. History of Employer and Employee Contribution for Single Coverage as a Percentage of Annual Premium.**



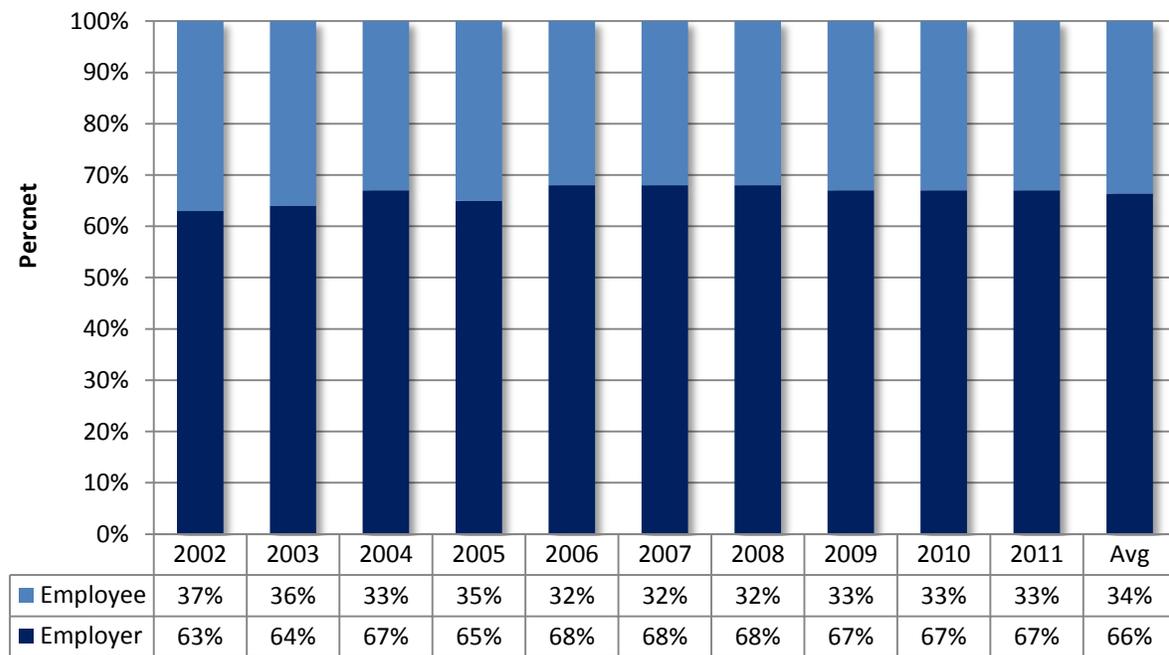
**Premium Contribution by Year - Single**



Employees with family coverage contributed 33 percent of the total premium in 2011. Similarly to the employee with single coverage, employees with family coverage have paid a consistent share of the premium over the last ten years, ranging from 32 to 37 percent of the premium. Despite the sizeable premium increases, Iowa employers continue to find ways to allow consistent employee sharing.<sup>(21)</sup>

From a national perspective, the Kaiser/HRET study<sup>(23)</sup> reported that the workers contribute an average of 18 percent of the premium for single coverage and 28 percent of the premium for family coverage. Iowa families do contribute a higher percentage of the premium when compared nationally.

**Figure 9.4.8. History of Employer and Employee Contribution with Family Coverage as a Percentage of Annual Premium (2002 – 2011).**



**Premium Contribution by Year - Family**



In-network deductibles average almost \$1,500 per employee for single coverage and \$3,180 for family coverage (Figure 9.4.9).<sup>(21)</sup> Employers in the three smallest size categories are requiring their employees to pay considerably higher deductibles when compared to larger organizations. As indicated earlier, smaller employers in Iowa receive higher premium increases and are forced to make more dramatic changes to the plan designs to help mitigate these annual increases.

**Figure 9.4.9. Overall In-Network Deductibles Reported in 2011 by Organization Size.**

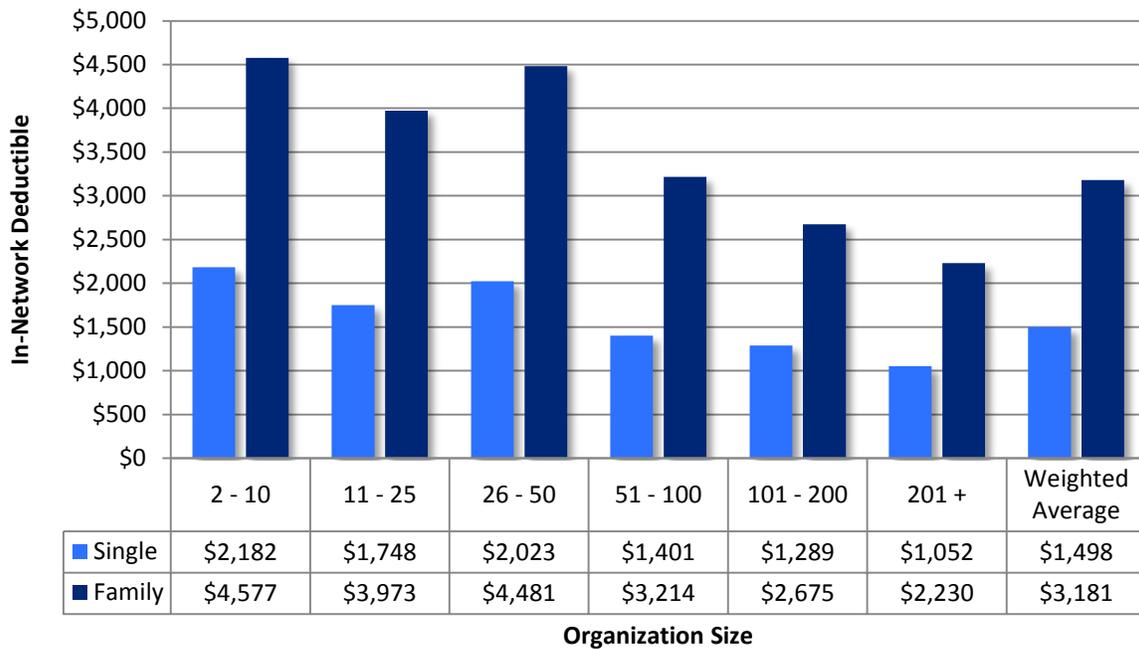
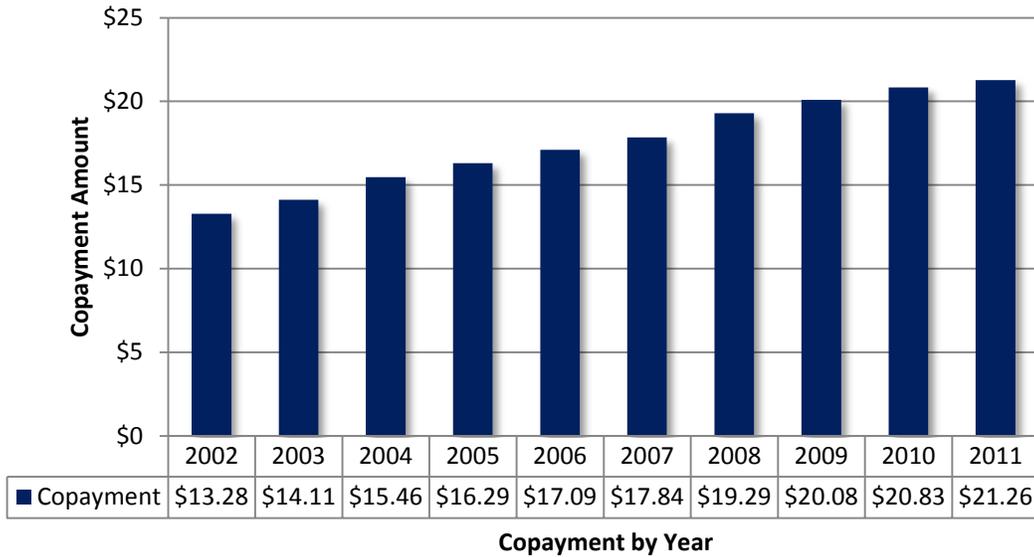




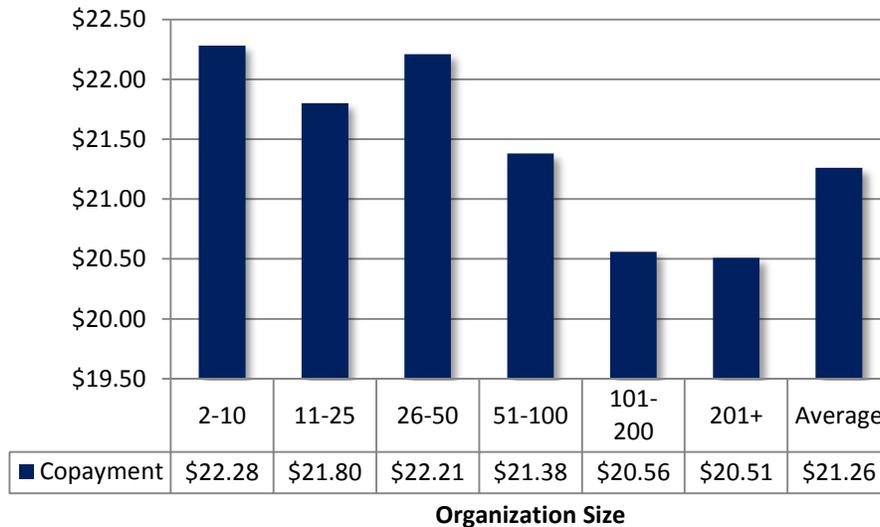
Figure 9.4.10 shows that copayments for office visits have increased by 60 percent from 2002 to 2011. <sup>(21)</sup>

**Figure 9.4.10. Average Office Copayments Reported 2002 - 2011.**



As with deductibles, the smaller organizations are more likely to offer higher office visit copayments to keep their premiums affordable (Figure 9.4.11). <sup>(21)</sup>

**Figure 9.4.11. Average Office Copayments Reported in 2011 by Organization Size.**





Similarly, smaller employers are offering health plans that have drastically higher out-of-pocket maximums than larger employers in Iowa (Figure 9.4.12).<sup>(21)</sup>

**Figure 9.4.12. Overall Maximum Out-Of-Pocket Expenses for Single and Family Coverage by Organization Size.**

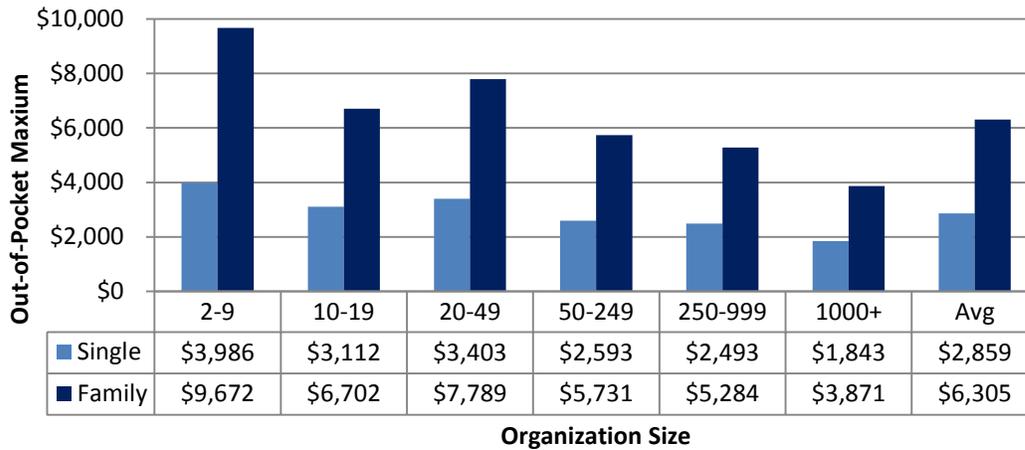
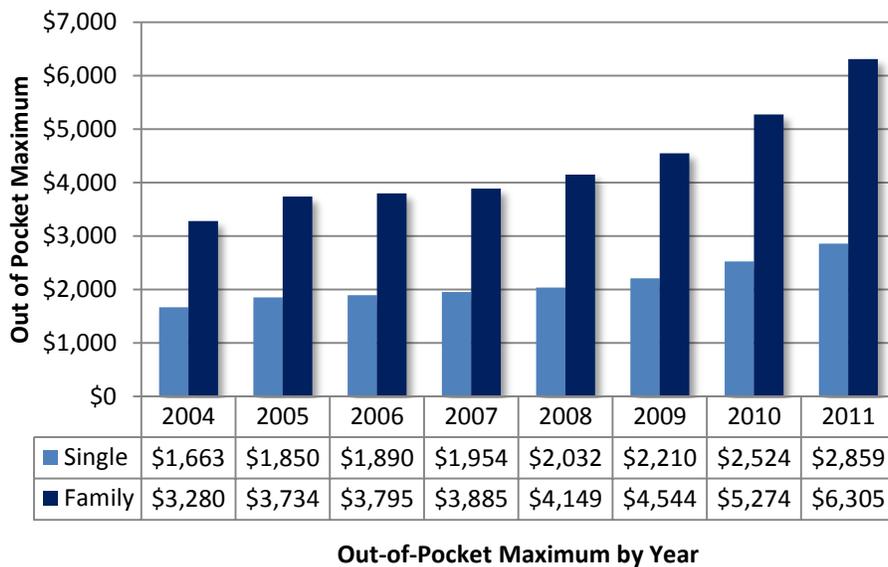


Figure 9.4.13 shows the average maximum out-of-pocket expense in 2011 was \$2,859 for single coverage and \$6,305 for family.<sup>(21)</sup> Since 2004, the single out-of-pocket expense has increased by 75 percent while the family amount has increased by 92 percent. The most recent two years show more dramatic increases, due largely to continued premium increases and employers embracing high deductible health plans.

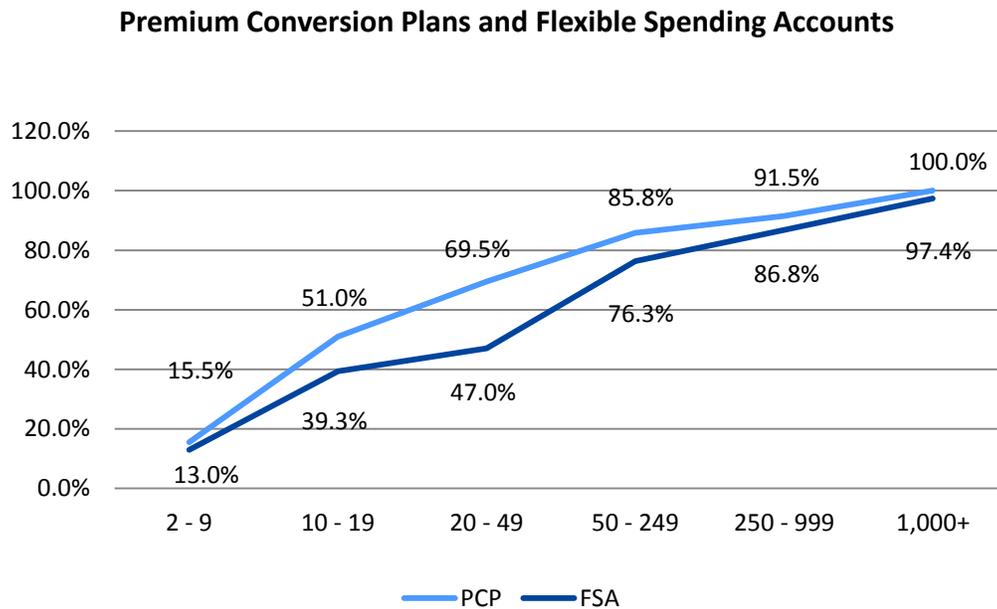
**Figure 9.4.13. Overall Maximum Out-Of-Pocket Expenses for Single and Family Coverage 2004-2011.**





Despite purchasing larger deductible and cost-sharing plans, the smaller employers in Iowa are considerably less likely to provide their employees with pre-tax premium plans and flexible spending accounts. Smaller employers may find immediate relief by offering these plans to their employees. By doing so, the employee would be paying both their premium portion and medical expenses on a pre-tax basis, while the employer would save on the FICA match (Figure 9.4.14).<sup>(21)</sup>

**Figure 9.4.14. Percentage of Employers with Premium Conversion Plans and Flexible Spending Accounts as Reported in 2011, by Organization Size.**





### 9.4.3 Summary of Iowa Employer Situation

Iowa employers are more likely than the average U.S. employer to offer health insurance coverage to their employees. Despite continued and unsustainable annual premium increases in Iowa, the average premium paid by Iowa employers and their employees is considerably lower when compared to national norms. Iowa employers are hesitant to discontinue offering health coverage, due largely to maintaining a competitive position for attracting and retaining qualified employees. However, Iowa employers, specifically the smaller employers, are more likely to offset the premium increases with greater plan design alterations that require more employee cost-sharing through higher deductibles, copayments, and out-of-pocket maximums. Iowa employers also continue to show interest in other plans such as consumer-driven health plans and the funding vehicles that typically accompany such plans (i.e., health savings accounts, health reimbursement arrangements, higher deductible plans, etc.).

Given the adverse economic climate during the past few years, both in Iowa and nationally, employee incomes continue to be suppressed due to the struggling economy and higher health insurance costs in regards to both premiums and plan design cost sharing arrangements. Iowa organizations are looking for short- and long-term relief from escalating health insurance costs, preferring that such relief will come in real cost savings versus merely cost-shifting between various stakeholders.



# 10. NUMBER OF IOWANS WHO HAVE INDIVIDUAL HEALTH INSURANCE

## 10.1 Individual Insurance

In the context of this report, individual insurance refers to non-group, non-employer policies. Self-employed and sole-proprietors in Iowa purchase insurance through the individual market and are therefore represented within the direct-purchase individual policy data presented below.

## 10.2 Iowans with Insurance

Of the more than 1.8 million Iowans between the ages of 18 and 64, approximately 218,000, or 11 percent, purchase insurance directly. Two-thirds of those with insurance are covered through their employer (Figure 10.2.1).<sup>(24)</sup>

Figure 10.2.1 Number of Iowans Aged 18 to 64 by Insurance Coverage.

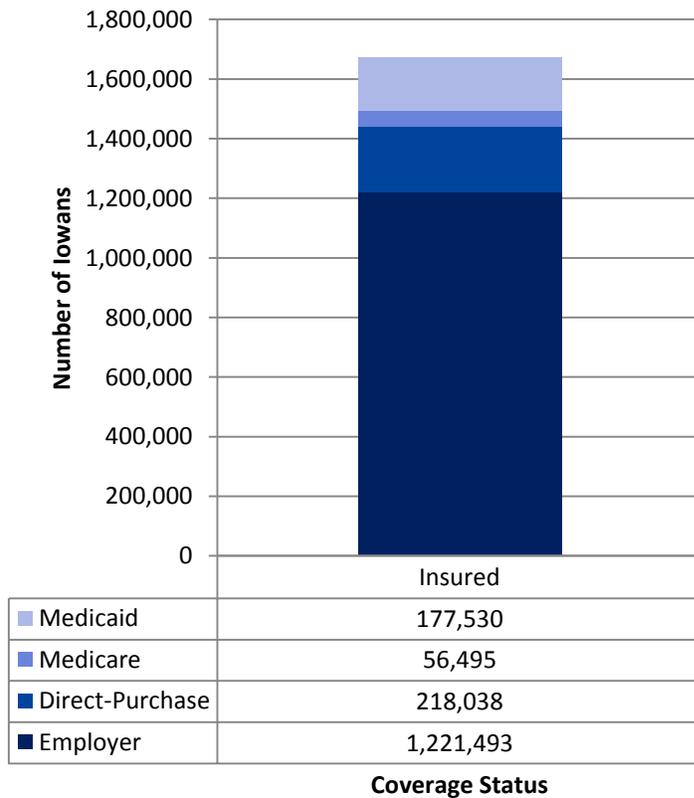
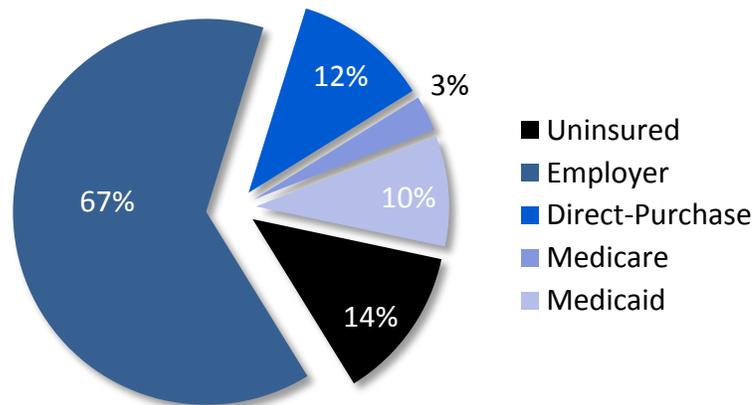




Figure 10.2.2 expresses the same information as above, but it is shown as percentages of lowans by their insurance coverage source rather than raw numbers. Currently, 67percent of working-aged lowans receive health insurance through their employer, 13 percent are insured through public plans, 12 percent purchase insurance directly, and 14 percent remain uninsured.  
(24)

The quality of the insurance purchased directly is not always equal to that of insurance provided through employer-sponsored group plans. Often, these individual plans exclude specific conditions and offer minimal coverage, leaving the policy holder underinsured. A discussion of the underinsured can be found in section 7 of this report.

**Figure 10.2.2. Percentage of lowans Aged 18 to 64 by Insurance Coverage.**



This data is from the American Community Survey 1-yr Estimate for 2010. This data fits best here because of breakdowns by Federal Poverty Levels.

Those who report multiple types of insurance coverage (i.e., private, public, or military) are included in each category; therefore, totals may add to more than 100 percent.



# 11. IOWANS WITH INSURANCE WITH RESPECT TO 400% FEDERAL POVERTY LEVEL

## 11.1 Federal Poverty Level

The Federal Poverty Level (FPL) is calculated each year by the U.S. Department of Health and Human Services and represents the minimum level of income deemed adequate in the U.S. Many low-income assistance programs are based on the FPL, and the Health Care Reform Act will use the FPL as a basis for determining eligibility for health-benefits exchanges (HBEs). The individual FPL for 2012 is \$11,170 per year.<sup>(25)</sup>

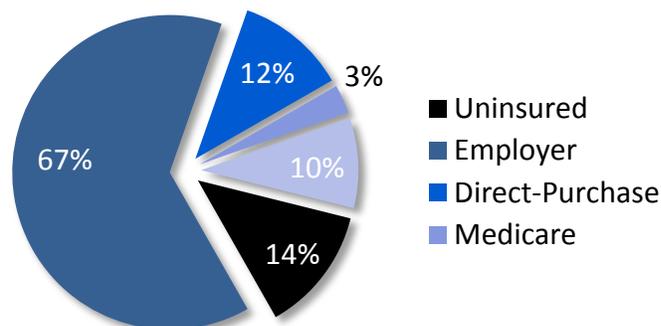
Individuals with existing insurance coverage will vary in eligibility for HBEs based on several factors. One important factor is having an income above 400 percent of the FPL (\$44,680 for 2012). At 400 percent of the FPL, individuals would be eligible for a plan through the HBE; however, the cost would not be subsidized through tax credits. Individuals with income below 400 percent of the FPL who are ineligible for Medicaid would be eligible for an HBE plan subsidized through tax credits.<sup>(26)</sup>

## 11.2 Iowans with Insurance

Of the more than 1.8 million Iowans between the ages of 18 and 64, a full 86 percent have some sort of coverage through either employer-based, direct-purchase, Medicare, or Medicaid plans.<sup>(24)</sup> Currently, 67 percent of working aged Iowans receive health insurance through their employer, 13 percent are insured through public plans, 12 percent purchase insurance directly, and 14 percent remain uninsured (Figure 11.2.1).<sup>(24)</sup>

The quality of the insurance purchased directly is not always equal to that of insurance provided through employer-sponsored group plans. Often, these individual plans exclude specific conditions and offer minimal coverage, leaving the policy holder underinsured. A discussion of the underinsured can be found in section 7 of this report.

**Figure 11.2.1. Percentage of Iowans Aged 18 to 64 by Insurance Coverage.**

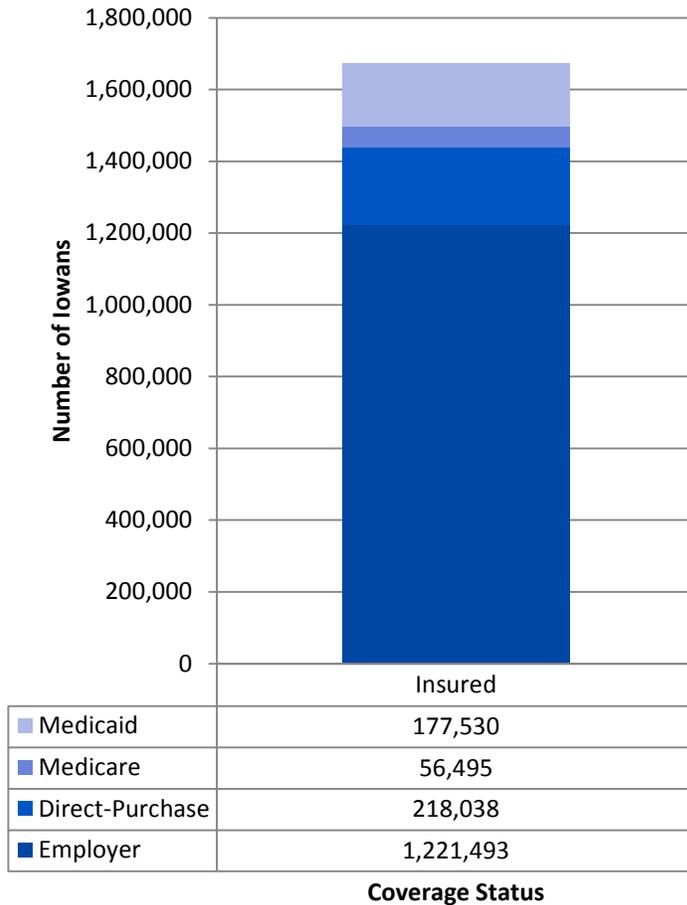


This data is from the American Community Survey 1-yr Estimate for 2010. This data fits best here because of breakdowns by Federal Poverty Levels.



Figure 11.2.2 expresses the same information as above, but it is shown in raw numbers of lowans by their insurance coverage source rather than as percentages. <sup>(24)</sup>

**Figure 11.2.2. Number of Aged 18 to 64 lowans by Insurance Coverage.**



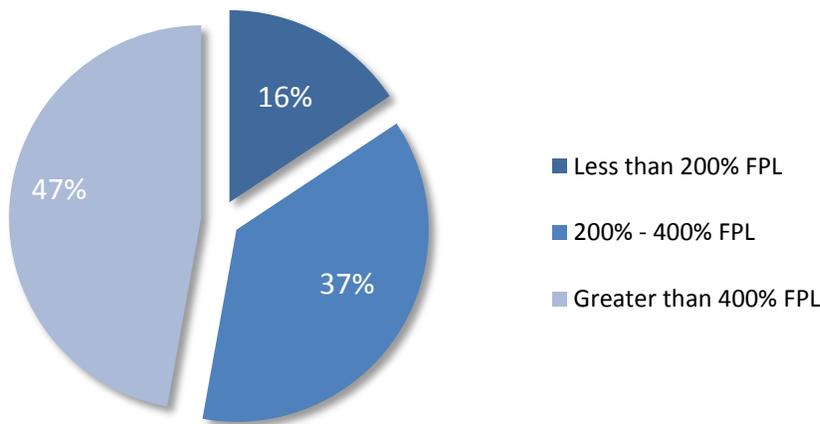
Those who report multiple types of insurance coverage (i.e., private, public, or military) are included in each category; therefore, row totals may add to more than 100 percent.



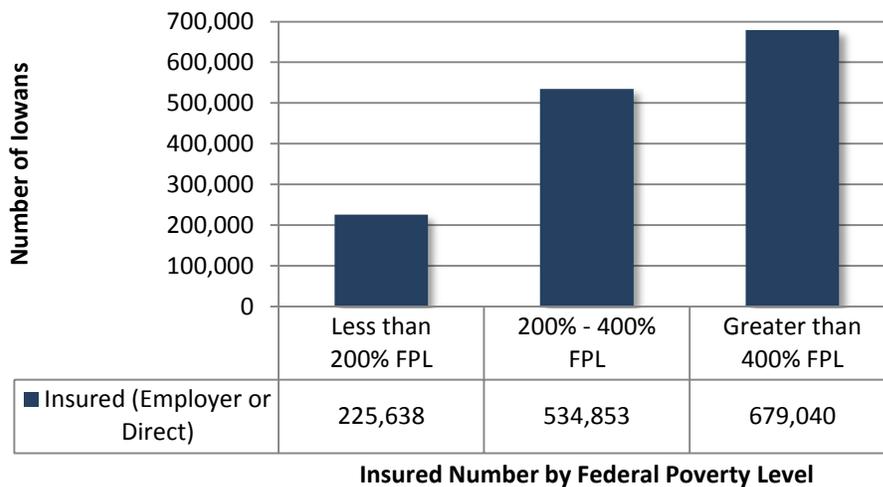
### 11.3 Iowans with Employer or Direct-Purchase Insurance by Federal Poverty Level

Of the 1.4 million Iowans between the ages of 18 and 64 with employer or direct-purchase insurance, almost half (47 percent, Figure 11.3.1) are at or above the 400 percent FPL, representing nearly 680,000 Iowans (Figure 11.3.2).<sup>(24)</sup> Just over a third, or 37 percent, of Iowans with insurance fall within 200 to 400 percent of the FPL, representing more than 530,000 Iowans.<sup>(24)</sup>

**Figure 11.3.1. Percentage of Iowans with Insurance by Federal Poverty Level.**



**Figure 11.3.2. Number of Iowans with Insurance By Federal Poverty Level.**



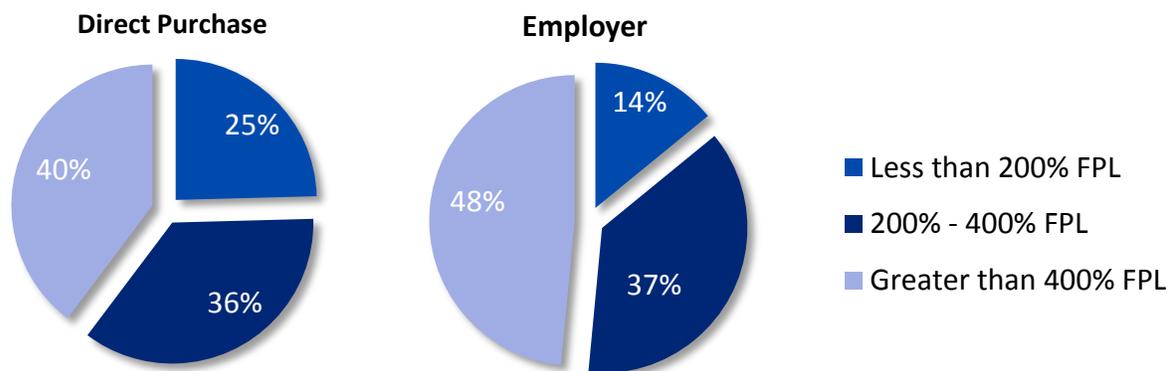
Total Insured = 1,439,500



## 11.4 Insurance Type by Federal Poverty Level

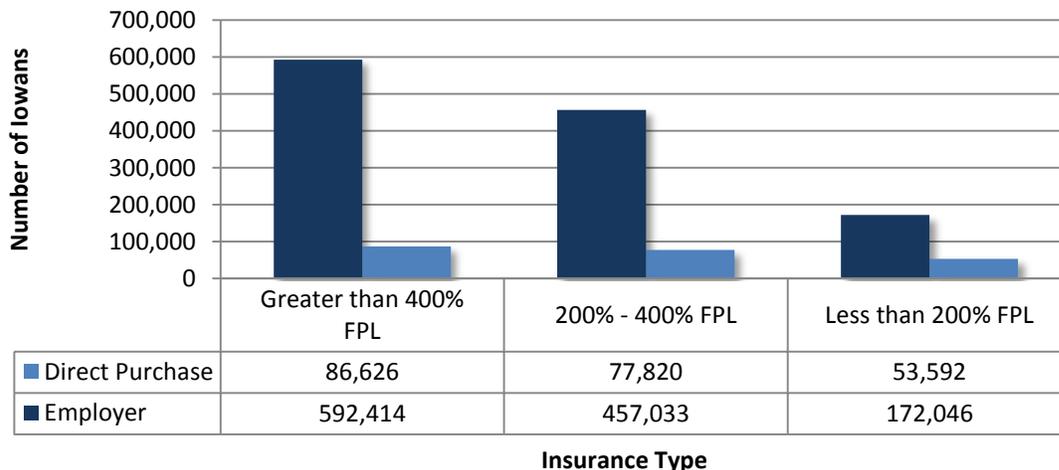
Even though the vast majority of lowans are covered through employer-based insurance rather than directly-purchased insurance (Figures 11.2.2 above, 11.4.2 below), the same percentage of each falls between the 200 and 400 percent FPL range (Figure 11.4.1). The two groups differ in that those purchasing insurance directly have a larger percentage of lowans earning below 200 percent of the FPL, whereas those covered by employer plans have more lowans earning above the 400 percent FPL. <sup>(24)</sup>

**Figure 11.4.1. Percentage with Insurance Type By Federal Poverty Level.**



Those who report multiple types of insurance coverage (i.e., private, public, or military) are included in each category; therefore, row totals may add to more than 100 percent.

**Figure 11.4.2. Number with Insurance Type By Federal Poverty Level.**



Employer Total = 1,221,493; Direct Purchase = 218,038



## 12. IOWA POPULATION ELIGIBLE FOR THE BASIC HEALTH PLAN

### 12.1 Basic Background

Section 1331 of the Patient Protection and Affordable Care Act (ACA) offers the option to implement the Basic Health Program (BHP) for low-income residents who are ineligible for Medicaid. By electing the BHP, states would receive 95 percent of what the federal government would have spent on BHP enrollees had they been enrolled in the State Exchange (based on the second lowest Silver plan rate).

The BHP option allows states considerable flexibility to design coverage for their low-income residents and to set premiums at levels lower than what a BHP enrollee would have paid on the Exchange. The state covers the residents by contracting with health plans or health care providers, and must cover all “essential health benefits” as defined by the Department of Health and Human Services.

To qualify for the BHP, consumers must meet all of the following characteristics:

- Income at or below 200 percent of the federal poverty level (FPL),
- Ineligibility for Medicaid, Medicare, and the Children’s Health Insurance Program (CHIP),
- Citizenship or lawful presence in the United States, and
- No access to employer-sponsored insurance that meets the ACA’s minimum standards for affordability and comprehensiveness.

In short, the BHP will cover the following two groups of people for BHP in 2014:

1. Adults with incomes between 138\* and 200 percent of the FPL; and
2. Legal resident immigrants with incomes at or below 138 percent of the FPL whose immigration status disqualifies them from federally matched Medicaid. If a state implements the BHP, such consumers cannot receive subsidized insurance in the exchange.

\*The ACA extends nominal Medicaid income eligibility to 133 percent FPL. When determining income, 5 FPL percentage points are subtracted from modified adjusted gross income (MAGI). Therefore, the functional income eligibility limit for Medicaid is 138 percent FPL.

The financial risk to Iowa by choosing the BHP goes beyond this particular section and Milestone. Because there are many unknowns inherent with the BHP option, the state of Iowa will need to have an in-depth analysis of key issues and assumptions to consider before making critical decisions to implement or not.



Within their publication, *Using the Basic Health Program to Make Coverage More Affordable to Low-Income Households: A Promising Approach for Many States*,<sup>(27)</sup> The Urban Institute estimated state-specific and national effects of implementing the BHP to provide eligible low-income adults with coverage based on Medicaid and CHIP. The methodology came from the Urban Institute's Health Insurance Policy Simulation Model (HIPSM)<sup>(28)</sup> using the following approach and assumptions:

- Qualified immigrants and citizens at or below 138 percent of the FPL are covered by Medicaid.
- Legal immigrants at or below 138 percent of the FPL but who are not “qualified” for Medicaid are covered by the BHP for Medicaid-level benefits.
- Adults between 138 and 200 percent of the FPL are eligible for reduced Medicaid-level benefits with the following features:
  - Customary adult benefits and health plans are included.
  - Out-of-pocket and premium payments are similar to CHIP programs, with coverage at a 98 percent actuarial value and annual premiums at \$50 for children and \$100 for adults .
- Existing separate individual and small group markets do not need to merge in states where they already exist.
- Premiums in the individual market can vary based on age and geography but not based on tobacco use. Exchange premiums compute estimated health care costs and a 15 percent administrative allowance. It is not anticipated that premiums will be lowered due to exchange negotiations, participation of plans paying Medicaid provider rates, or health care delivery reforms.
- Enrollees receive 95 percent of the premium tax credits in addition to 95 percent of the cost-sharing subsidies they would have received had the exchange not been created.



One of the goals of this Milestone report is to determine the number of Iowans eligible for the BHP. According to a model developed by the Urban Institute, about 2.4 percent, or 62,200, of 2,612,000 Iowa residents under age 65 are estimated to be eligible for the Basic Health Program (Table 12.1.1). Of these, about 40,000, or 1.5 percent, are expected to enroll.

**Table 12.1.1 Number of Iowans Eligible for a BHP**

Iowa Residents Under Age 65	BHP-Eligible Adults		Estimated BHP Enrollment	
	Number	% of Residents	Number	% of Residents
2,612,200	62,200	2.4%	39,950	1.5%

The Urban Institute model suggests that if the state of Iowa implemented the BHP for qualified low-income adults, the number of uninsured people would be reduced by 5,650 residents under age 65 (Table 12.1.2). The primary reason for this drop is based on greater cost savings to the low-income adults, in regards to both premium and cost-sharing, through the BHP when compared to being covered through the state-based exchange.

**Table 12.1.2 Number of Uninsured Iowans without and with BHP.**

Without Implementing BHP		Implementing BHP		Difference
Number of Uninsured Residents	% of	Number of Uninsured Residents	% of	
183,600	7.0%	177,950	6.8%	5,650

**Table 12.1.3 Percentage and Number of Nonelderly Residents in the Iowa Exchange for Small Group and Individual Markets, Without and With BHP.**

	Iowa Exchange Membership <u>Without</u> BHP			Iowa Exchange Membership <u>With</u> BHP		
	Small Group	Individual	Total	Small Group Total	Individual	
Percentage of Residents	3.7%	6.5%	10.2%	3.4%	5.2%	8.7%
Number of Residents	95,000	171,000	266,000	90,000	136,000	226,000



## 13. HEALTH INSURANCE COVERAGE OF 200 PERCENT AND 400 PERCENT OF THE FEDERAL POVERTY LEVEL

### 13.1 Federal Poverty Level

The Federal Poverty Level (FPL) is calculated each year by the U.S. Department of Health and Human Services and represents the minimum level of income deemed adequate in the U.S. Many low-income assistance programs are based on the FPL. The Health Care Reform Act will use the FPL as a basis for determining eligibility for health-benefits exchanges (HBEs). The individual FPL for 2012 is \$11,170 per year.<sup>(25)</sup>

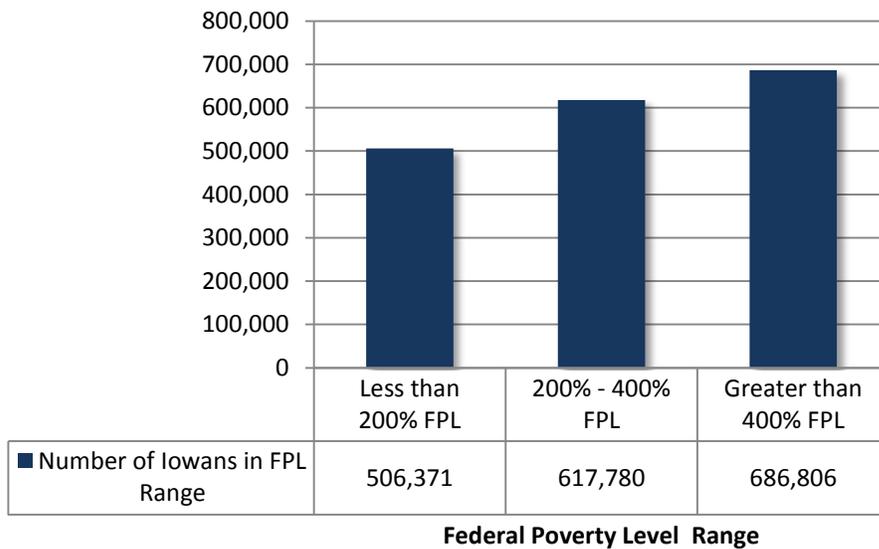
Eligibility for subsidized access to HBE plans is based on several factors. One of these factors is having an income above the cutoff for need-based programs (e.g., Medicaid) but below 400 percent of the FPL (\$44,680 for 2012).<sup>(26)</sup> Implementation of the Affordable Care Act will include an eventual change to a higher cutoff of 200 percent as opposed to the current 138 percent cutoff for Medicare eligibility. Therefore, this section presents data with respect to the number of Iowans within these ranges of FPL.



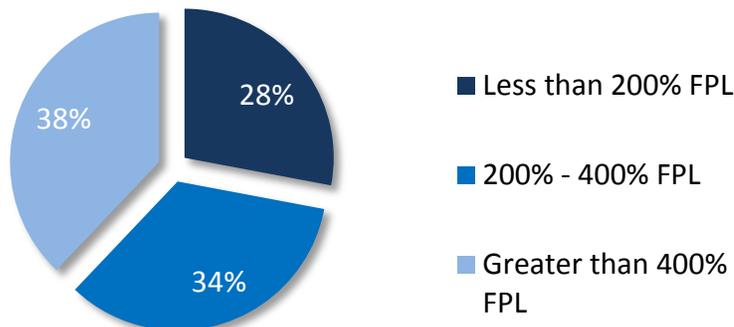
## 13.2 Iowans by Federal Poverty Level

Of the more than 1.8 million Iowans between 18 and 64 years of age, 617,780 or 34 percent earn between 200 and 400 percent of the FPL (see Figures 13.2.1 and 13.2.2). About 506,400 Iowans, or 28 percent, earn below 200 percent of the FPL, whereas 38 percent of Iowans have incomes higher than 400 percent of the FPL. <sup>(24)</sup>

**Figure 13.2.1. Number of Iowans Aged 18-64 by Federal Poverty Level.**



**Figure 13.2.2. Percentage of Iowans Aged 18-64 by Federal Poverty Level.** <sup>(24)</sup>





## 14. ESTIMATED IOWANS ELIGIBLE FOR THE HEALTH BENEFITS EXCHANGE

### 14.1 Eligibility for the HBE

Eligibility for the HBE depends on a number of factors including age (18–64), income, and the costs associated with other insurance options such as employer-based policies. In addition, some may be eligible to receive a tax credit (subsidized), and some may be eligible for the HBE but would not receive a tax credit (unsubsidized). This report is structured with respect to the main branching points for determination of eligibility for the HBE<sup>(26)</sup>:

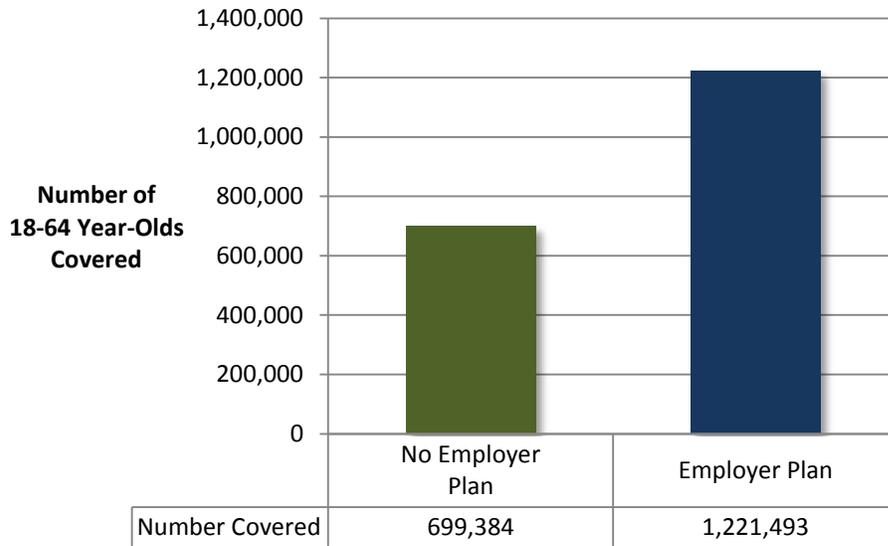
- Iowans with and without employer coverage.
- Iowans without employer coverage who earn below 133 percent of the Federal Poverty Level (FPL), between 133 and 400 percent of the FPL, and above 400 percent of the FPL.
- Iowans with employer coverage who earn below 133 percent FPL, between 133 and 400 percent of the FPL, and above 400 percent of the FPL.
- Number Iowans whose employer plan pays less than 60 percent of health expenses.
- Number of Iowans whose premium for their employer plan is more than 9.5% of their income.



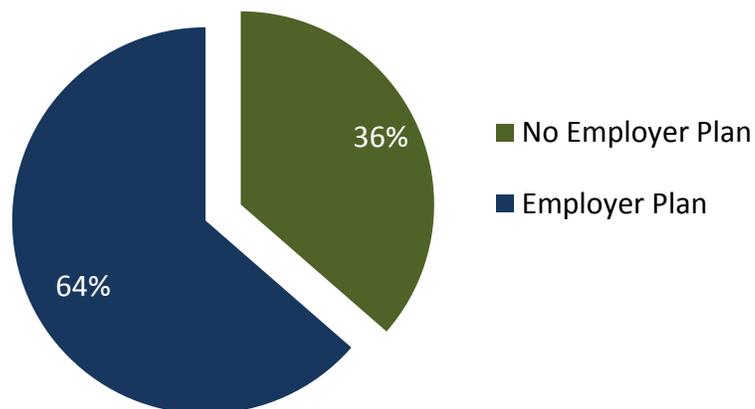
## 14.2 Iowans With and Without Employer Insurance Coverage

An important initial criterion to determine eligibility for access to an HBE is whether employer-based insurance coverage is available. Figure 14.2.1 shows that of the more than 1.8 million Iowans between the ages of 18 and 64, 1.2 million (64 percent, Figure 14.2.2) are currently covered by employer plans.<sup>(24)</sup>

**Figure 14.2.1. Number of Iowans With and Without Employer Coverage.**



**Figure 14.2.2 Percentage of Iowans With and Without Employer Coverage.**<sup>(24)</sup>





### 14.3 Iowans Without Employer Insurance Coverage by Federal Poverty Level

For Iowans without employer-sponsored coverage, income relative to the Federal Poverty Level (FPL) is the next criterion. If income falls below 133 percent of the FPL, an individual would be eligible for Medicaid and thus not eligible for the HBE. If income falls between 133 and 400 percent of the FPL, an individual would be guaranteed access to a subsidized insurance plan through the HBE. If their income is above 400 percent of the FPL, they would be guaranteed access to an unsubsidized plan through the HBE or non-group, individual direct-purchase market.

*Below 133 Percent FPL.* Of the nearly 700,000 Iowans without current employer-based insurance coverage, more than one-third, or 262,000, fall below the 133 percent FPL cutoff and would be covered by Medicaid and other need-based programs (Table 14.3.1, Figure 14.3.1).<sup>(24)</sup>

*Between 133 and 400 Percent FPL.* The 310,400 Iowans without employer insurance that fall between 133 and 400 percent of the FPL would be eligible for tax-credit subsidized access to an insurance plan in the HBE. However, 87,700 report currently being on Medicare or Medicaid, and thus would not likely be eligible for HBE access due to the circumstances that make them eligible for these programs (Table 14.3.1, Figure 14.3.1).<sup>(24)</sup> The remaining 222,700 Iowans currently report either directly purchasing their own insurance or being uninsured, and thus would have subsidized access to insurance through the HBE. Of Iowans in the 133 to 400 percent FPL range, 124,100 report being uninsured, and would be required to access subsidized plans through the HBE.

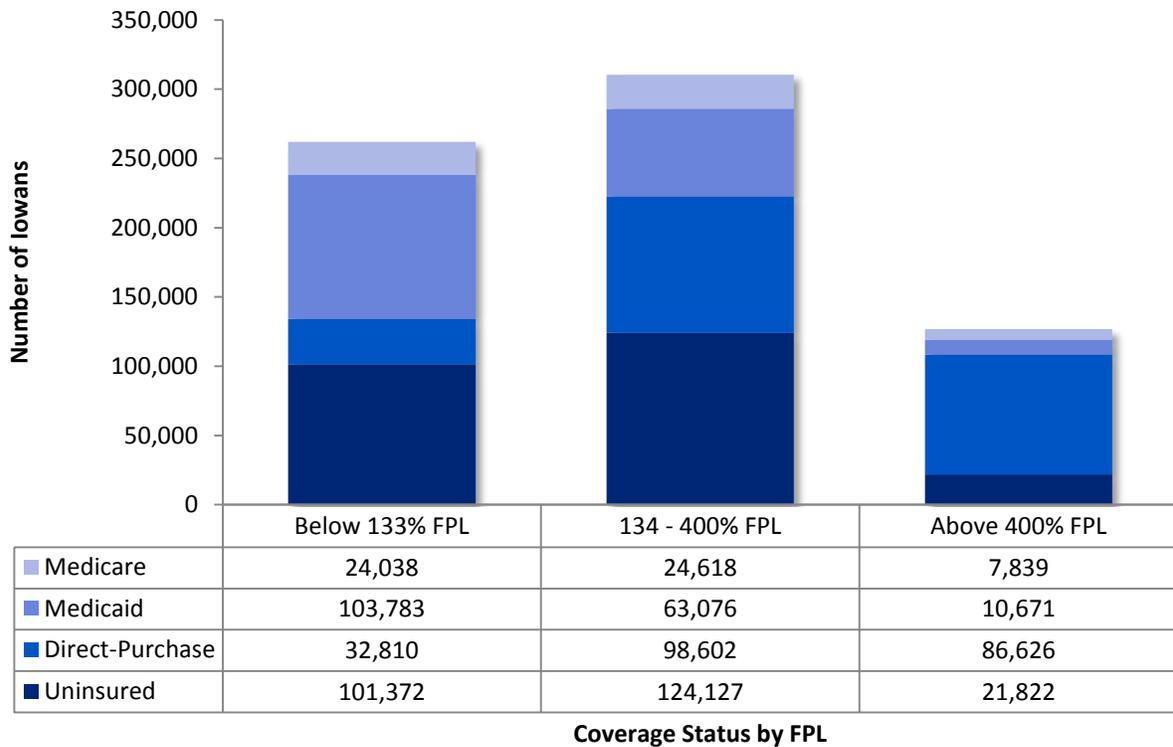
*Above 400 Percent FPL.* The 127,000 Iowans without employer insurance that are above 400% FPL would have unsubsidized access to the HBE. Of these, 21,800 are currently uninsured, meaning that they would be required to purchase an insurance plan. These individuals may be most likely to access unsubsidized plans through the HBE.



**Table 14.3.1. Total lowans without Employer Insurance by Federal Poverty Level.**

FPL Category	Number of lowans	Number of lowans not on Medicare/Medicaid	Eligibility for HBE
Below 133% FPL	262,003		Not eligible – covered by Medicaid
134 – 400% FPL	310,423 total	222,729	Tax-credit subsidized access to HBE
Above 400% FPL	126,958 total	108,448	Unsubsidized access to HBE
Total lowans Without Employer Insurance	699,384		

**Figure 14.3.1. Number of lowans without Employer Insurance by Federal Poverty Level.**



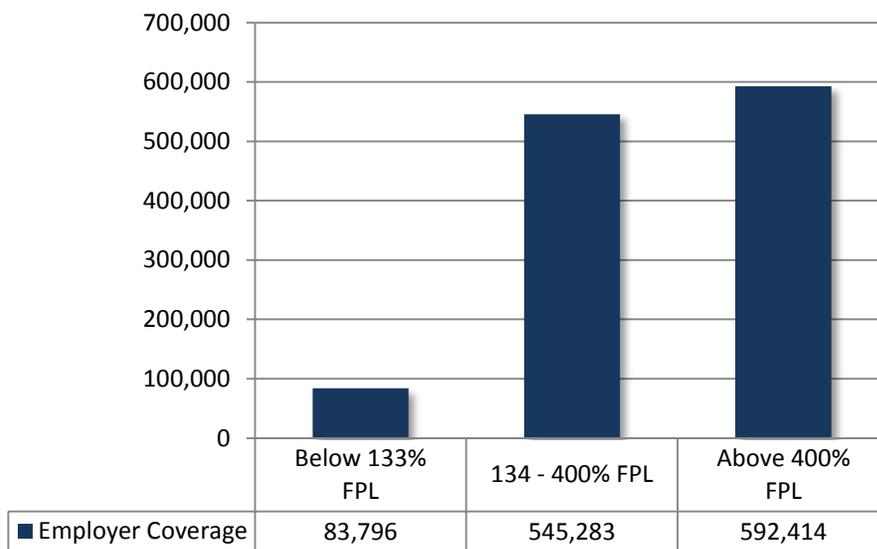


## 14.4 Iowans With Employer Insurance Coverage by Federal Poverty Level

For Iowans who do have the option of employer-based insurance, eligibility for the HBE is dependent on several factors, including income relative to the FPL. Those below 133 percent of the FPL have the option of selecting their employer’s plan or Medicaid. Those above 400 percent of the FPL have the option of selecting the employer plan or purchasing an unsubsidized plan through the HBE. For those between 133 and 400 percent of the FPL, eligibility for the tax credit depends upon the quality of the employer-based plan to which they already have access.

Of the 1.2 million Iowans with employer-based coverage, 83,800 fall below 133 percent of the FPL and would have the option to either retain their employer plan or enroll in Medicaid, but they would not be eligible for the HBE (Figure 14.4.1).<sup>(24)</sup> Eligibility for those above the 133 percent FPL threshold depends upon the quality of the employer’s health care option.

**Figure 14.4.1. Number of Iowans with Employer Insurance by Federal Poverty Level.**





## 14.5 Quality of Employer-Based Plan: Does Employer Plan Cover at Least 60 Percent of Average Health Costs?

For Iowans who have an employer-sponsored health care option and income above 133 percent FPL, determination of subsidized or unsubsidized access to the HBE depends upon whether the employer plan is of high enough quality, defined as covering at least 60 percent of health care costs. When the ACA provisions begin in 2014, all insurance policies will need to cover at least 60 percent of health care costs, unless a plan is already established and is “grandfathered” in. However, due to changing costs for businesses, most will likely not have a grandfathered plan and thus will need to cover the minimum 60 percent of health care costs or pay a penalty. It is anticipated that, as a result of HBE implementation, almost all organizations will provide at least 60 percent coverage, and very few Iowans will have employer insurance that does not meet this standard.

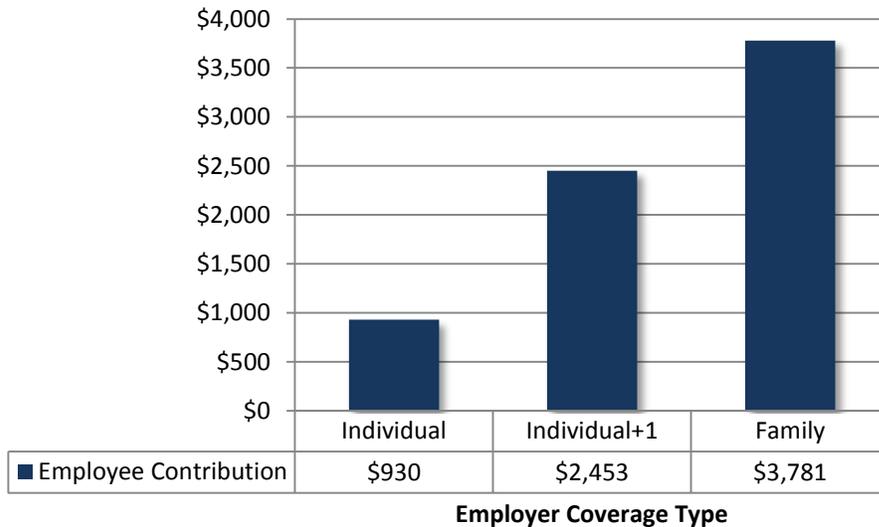
## 14.6 Affordability of Employer-Based Plan: Are Premium Costs More Than 9.5 Percent of Income?

For Iowans who have an employer-sponsored health care option, have incomes above 133 percent of the FPL, and whose employer plan covers at least 60 percent of health care, determination of eligibility for a tax credit depends on whether their current premium is affordable. This is defined as costing less than 9.5 percent of an individual’s income. Although the specific manner by which this 9.5 percent has yet to be determined, current drafts of the rules suggest that the percentage will be calculated from the single-worker coverage premium and not from family coverage.<sup>(26)</sup> Nonetheless, data presented in this section will address individual, individual +1, and family coverage premiums.

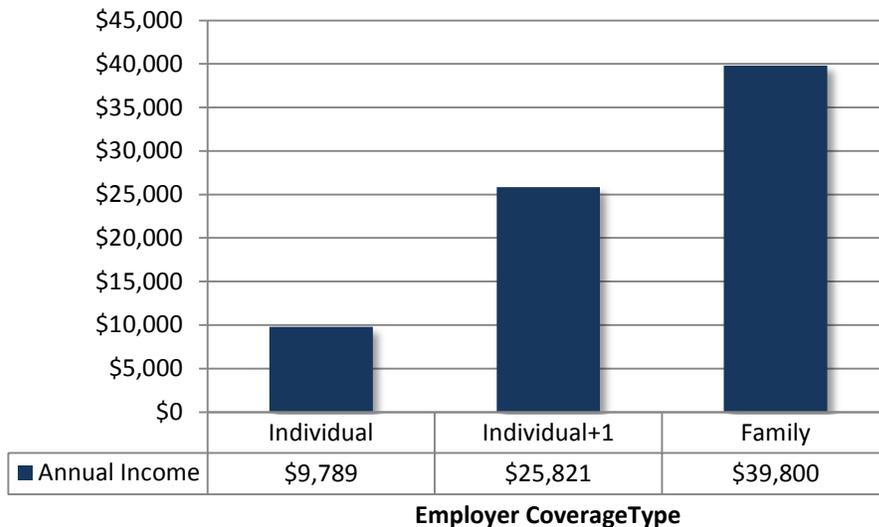
Average Iowa employee contributions for employer-based plans range from \$930 for individual coverage to \$3,781 for family coverage (Figure 14.6.1).<sup>(24)</sup> Considering these employee contribution estimates, we can calculate the minimum income that an individual must earn to be at the 9.5 percent affordability cutoff (Figure 14.6.2).<sup>(24)</sup> Employees earning below these amounts would spend more than 9.5 percent of their income on their premiums and thus would be eligible for subsidized access to the HBE.



**Figure 14.6.1. Average Annual Employee Contribution to Employer-Based Plan by Coverage Type.**



**Figure 14.6.2. Value at which Premium Cost is 9.5 percent of Income by Coverage Type.**



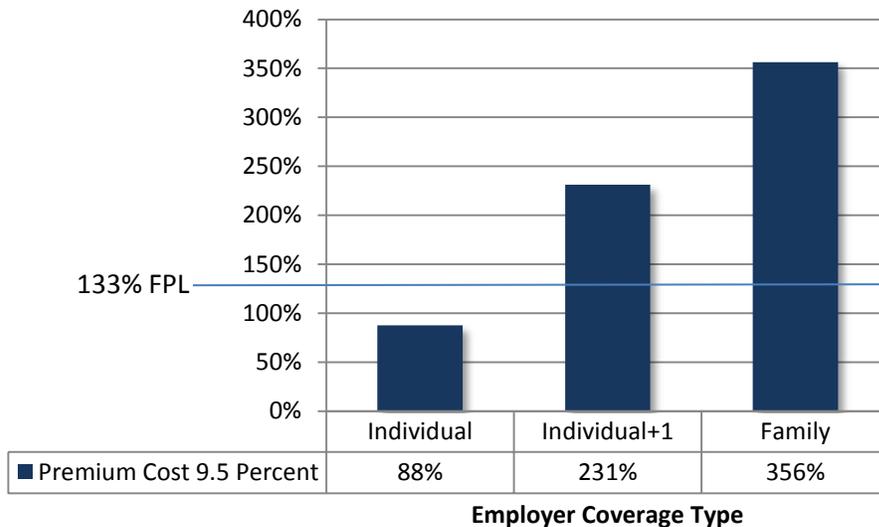
Given that the FPL for 2012 is \$11,170, we can now calculate these values relative to the FPL (Figure 14.6.3).<sup>(24)</sup> If the ACA will use individual premium contributions as their guidelines, then most Iowans who pay more than 9.5 percent towards their employer-based plan would fall below 133 percent and thus would not be eligible for the HBE and could either opt for Medicaid or the employer-based plan.



However, if the basis for this calculation considers the premium paid for insurance regardless of the type of plan, then those making between 133 and 231 percent of the FPL with Individual+1 coverage would be paying more than 9.5 percent of their income and would be eligible for tax credits, as would those between 133 and 356 percent of the FPL with family coverage (Figure 14.6.3).<sup>(24)</sup>

For this report, it is assumed that individual premiums will be used as currently proposed. Therefore, it is estimated that very few Iowans would qualify for subsidized plans through the HBE based on the “affordability of employer-based plan” criterion.

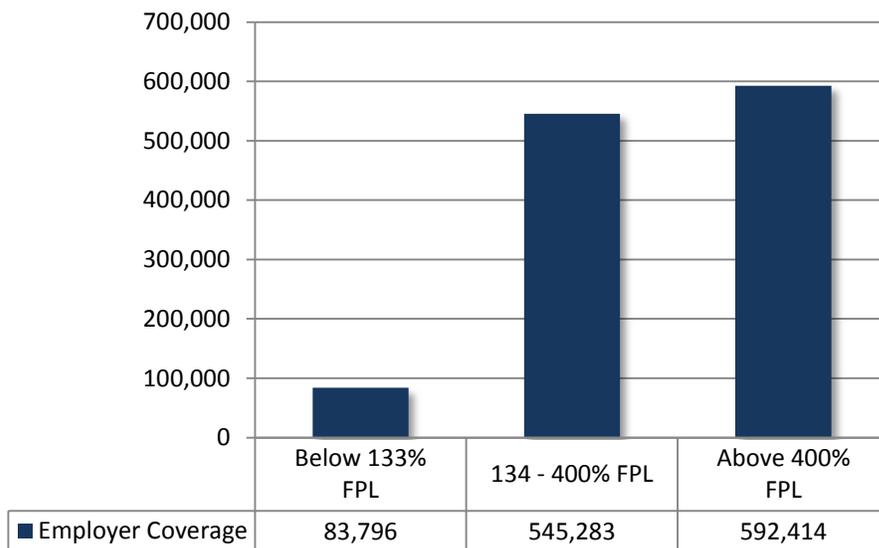
**Figure 14.6.3. Percentage of Federal Poverty Level from which Premium Cost is 9.5 percent of Income.**





Employees with quality, affordable employer-based healthcare may still be eligible for subsidized plans in the HBE based on income level; those below 400 percent of the FPL would be eligible for subsidized HBE plans, whereas those above 400 percent FPL would be eligible for unsubsidized access to the HBE (Figure 14.6.4).<sup>(24)</sup> In all cases when employer-based plans are available, the employee can opt to stay with the employer-based plan.

**Figure 14.6.4. Number of Iowans with Quality, Affordable Employer Insurance by Federal Poverty Level.**





## 14.7 Summary of Number of Iowans Eligible for the HBE

Presented below are summary flowcharts (Figures 14.7.1 and 14.7.2) and tables (Tables 14.7.1 and 14.7.2) of both subsidized and unsubsidized eligibility for the HBE.

For the estimated 699,400 Iowans without employer-based insurance, nearly half will be eligible for subsidized access to the HBE (Figure 14.7.1, Table 14.7.1). Additionally, nearly a third will not be eligible for the HBE due to earning less than 133 percent FPL. These individuals will be eligible for Medicaid. The remaining Iowans without employer-based insurance who earn more than 400 percent FPL would be eligible for unsubsidized access to the HBE.

Iowans with employer-based plans can opt to either retain their employer-based plan or move into the HBE. Because larger employers are likely to improve the quality and reduce the cost of their insurance to minimize contributions to the HBE, it is likely that many Iowa employees will opt to stay with their employer insurance. Therefore, the estimates for Iowans with employer-based coverage likely represent the maximum estimates of HBE participation.

The ACA dictates that employer-based policies must be of high quality and affordable for their employees. Otherwise, those employees will be eligible for subsidized access to the HBE, and the employer will need to pay into the HBE. There are two criteria set to address this concern: the employer's policy must cover at least 60 percent of covered benefits, and the employer's policy must cost less than 9.5% of income. If these criteria are met, then the employee can opt for either the employer's policy or unsubsidized access to the HBE. Estimates based on current costs of premiums as well as analyses by the Urban Institute suggest that these criteria are currently being met in Iowa, and that virtually all 1.2 million Iowans with an employer-based option would only be eligible for unsubsidized access to the HBE (Figure 14.7.2, Table 14.7.2).



**Figure 14.7.1. Number of Iowans without Employer Coverage – HBE Eligibility Flowchart.**

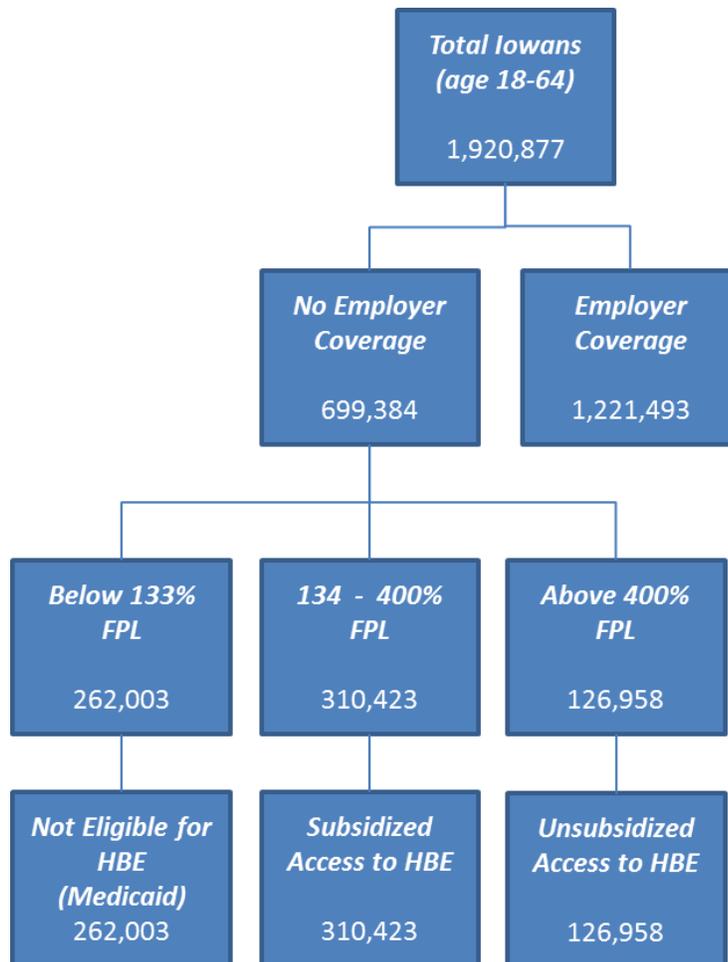
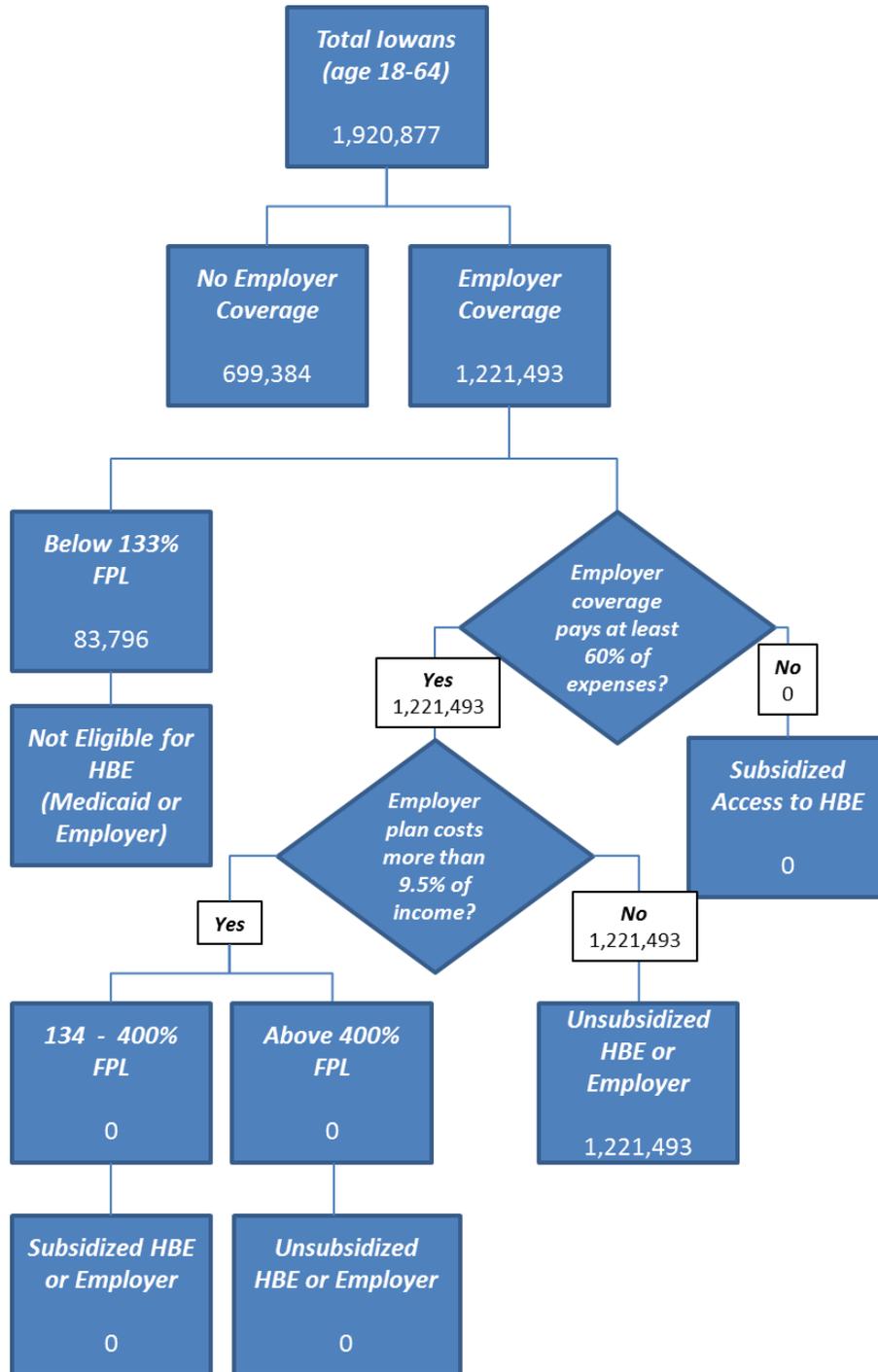




Figure 14.7.2. Number of Iowans with Employer Coverage – HBE Eligibility Flowchart.





**Table 14.7.1. Number of Iowans Eligible for Subsidized Access to the HBE.**

Situation	Number of Iowans
No Employer Coverage <ul style="list-style-type: none"> <li>• 134-400% FPL</li> </ul>	310,423
Employer Coverage <ul style="list-style-type: none"> <li>• Pays less than 60% of health costs</li> </ul>	0
Employer Coverage <ul style="list-style-type: none"> <li>• Pays 60% of health costs</li> <li>• Costs more than 9.5% of Income</li> <li>• 134-400% FPL</li> </ul>	0
<b>Total</b>	<b>310,423</b>

**Table 14.7.2. Number of Iowans Eligible for Unsubsidized Access to the HBE.**

Situation	Number of Iowans
No Employer Coverage <ul style="list-style-type: none"> <li>• Above 400% FPL</li> </ul>	126,958
Employer Coverage <ul style="list-style-type: none"> <li>• Pays 60% of health costs</li> <li>• Costs less than 9.5% of Income</li> </ul>	1,221,493
Employer Coverage <ul style="list-style-type: none"> <li>• Pays 60% of health costs</li> <li>• Costs more than 9.5% of Income</li> <li>• Above 400% FPL</li> </ul>	0
<b>Total</b>	<b>1,348,451</b>



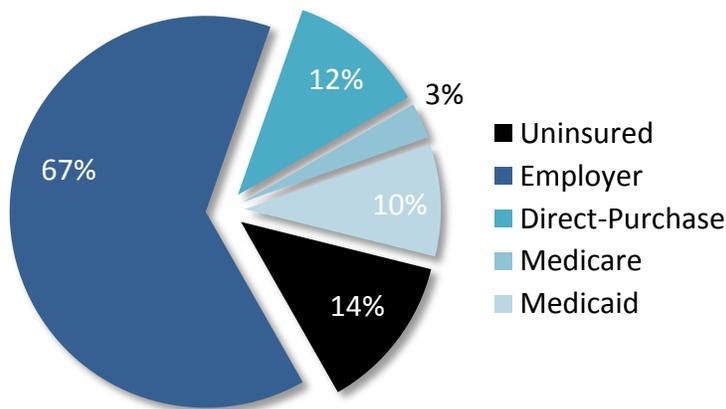
## 15. IOWANS WHO BUY THEIR OWN INSURANCE

In this report, “Iowans who buy their own insurance” refers to those who purchase individual insurance (non-employer-sponsored) policies and those who pay premiums towards an employer-based group plan. Self-employed, sole-proprietors in Iowa purchase insurance through the individual market and thus would also be represented within the direct-purchase individual policy data presented below. <sup>(21)</sup>

### 15.1 Iowans Who Purchase Their Own Insurance Ages 18 - 64

Only 12 percent of Iowans aged 18 to 64 purchase their own insurance directly. In contrast, 67 percent have employer-based coverage (see Figure 15.1.1). <sup>(24)</sup>

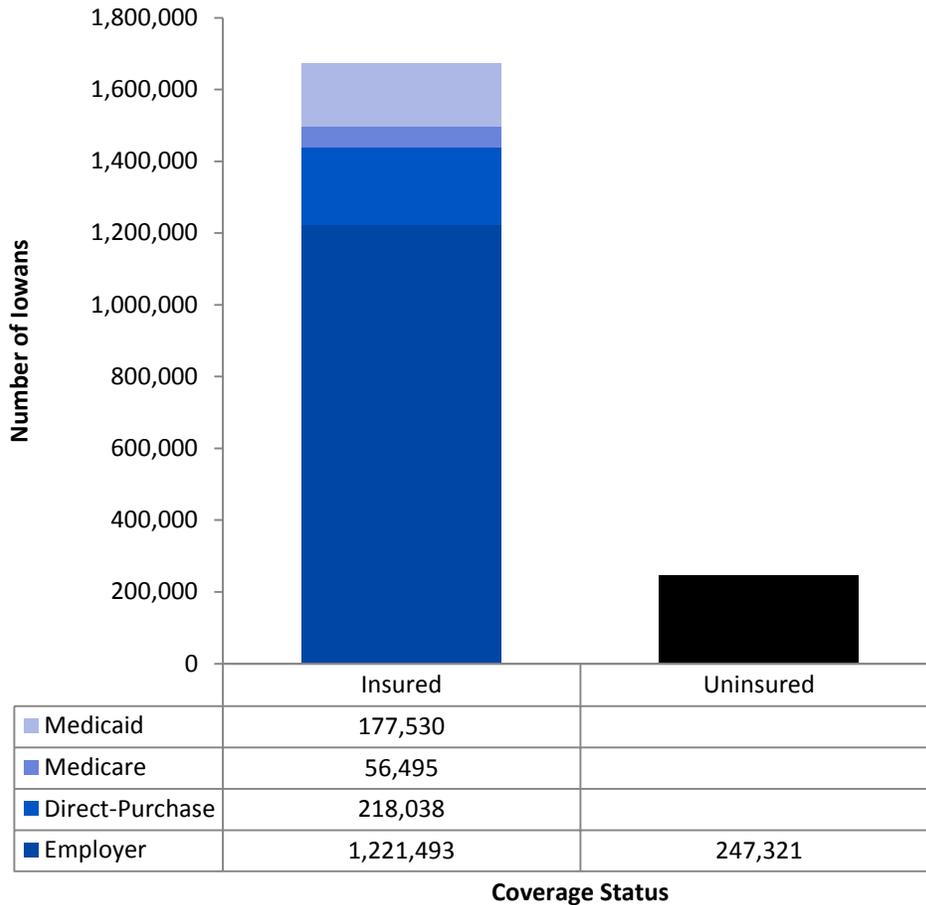
Figure 15.1.1. Source of Insurance Coverage for 18-64 Year-Olds.





Those individuals who purchase their own plans represent 218,000 Iowans (see Figure 15.1.2).  
(24)

**Figure 15.1.2. Number of Iowans by Insurance Coverage.**



This concludes the report for Milestone 2 of the Healthcare Benefits Exchange documenting Iowa’s current healthcare demographics and health insurance coverage. This report is designed to help Iowa policymakers make informed decisions regarding the Affordable Care Act (ACA) in relation to a Healthcare Benefits Exchange.



## 16. ACKNOWLEDGMENTS

David P. Lind of David P. Lind Benchmark and Andrew Williams of Data Point Research, Inc. wish to thank CSG Government Solutions, Inc. for their support and guidance during the analysis and this report. Their coordination efforts between this and the other reports in this series were particularly useful.

Finally, we would like to thank the committed individuals at Iowa's Insurance Division for their guidance, support, and dedication to serving Iowa with the vision and insight needed to protecting consumers by effectively and efficiently providing a fair, flexible and positive regulatory environment



## 17. GLOSSARY

This section contains a list of selected terms and abbreviations used in the document.

<p><b>ACA</b> Affordable Care Act</p>	<p>Health reform legislation passed by the 111th Congress and signed into law by President Barack Obama in March 2010. The legislation includes a long list of health-related provisions that began taking effect in 2010 and will continue to be rolled out over the next four years. Key provisions are intended to extend coverage to millions of uninsured Americans, to implement measures that will lower health care costs and improve system efficiency, and to eliminate industry practices that include rescission and denial of coverage due to pre-existing conditions. Generally considered to refer to two separate acts, the PPACA and HCERA. <sup>(29)</sup></p>
<p><b>ACS</b> American Community Survey</p>	<p>The American Community Survey is a large, continuous demographic survey conducted by the U.S. Census Bureau that will eventually provide accurate and up-to-date profiles of America's communities every year. Questionnaires are mailed to a sample of addresses to obtain information about households -- that is, about each person and the housing unit itself. The survey produces annual and multi-year estimates of population and housing characteristics and produces data for small areas, including tracts and population subgroups. <sup>(30)</sup></p>
<p><b>Actuarial Equivalent</b></p>	<p>A health benefit plan that offers similar coverage to a standard benefit plan. Actuarially equivalent plans will not necessarily have the same premiums, cost sharing requirements, or even benefits; however, the expected spending by insurers for the different plans will be the same. <sup>(31)</sup></p>
<p><b>Actuarial Value</b></p>	<p>A measure of the average value of benefits in a health insurance plan. It is calculated as the percentage of benefit costs a health insurance plan expects to pay for a standard population, using standard assumptions and taking into account cost-sharing provisions. Placing an average value on health plan benefits allows different health plans to be compared. The value only includes expected benefit costs paid by the plan and not premium costs paid by the enrollee. It also represents an average for a population, and would not necessarily reflect the actual cost-sharing experience of an individual. <sup>(31)</sup></p>
<p><b>Adverse Selection</b></p>	<p>People with a higher than average risk of needing health care are more likely than healthier people to seek health insurance. Health coverage providers strive to maintain risk pools of people whose health, on average, is the same as that of the general population. Adverse selection results when the less</p>



	healthy people disproportionately enroll in a risk pool. <sup>(31)</sup>
<b>BHP</b> Basic Health Program	The Basic Health Program (BHP) is an optional coverage program under the Patient Protection and Affordable Care Act (ACA) that allows states to use federal tax subsidy dollars to offer subsidized coverage for individuals with incomes between 139-200% of the federal poverty level (FPL) who would otherwise be eligible to purchase coverage through state Health Insurance Exchanges. States can use the BHP to reduce the cost of health insurance coverage for these low-income consumers, a highly price-sensitive population with high rates of uninsurance. Depending on how it is designed, the BHP also can help consumers to maintain continuity among plans and providers as their income fluctuates above and below Medicaid levels. <sup>(32)</sup>
<b>BLS</b> Bureau of Labor Statistics	The Bureau of Labor Statistics of the U.S. Department of Labor is the principal Federal agency responsible for measuring labor market activity, working conditions, and price changes in the economy. Its mission is to collect, analyze, and disseminate essential economic information to support public and private decision-making. As an independent statistical agency, BLS serves its diverse user communities by providing products and services that are objective, timely, accurate, and relevant. <sup>(33)</sup>
<b>BRFSS</b> Behavioral Risk Factor Surveillance System	The Behavioral Risk Factor Surveillance System (BRFSS) is a state-based system of health surveys that collects information on health risk behaviors, preventive health practices, and health care access primarily related to chronic disease and injury. For many states, the BRFSS is the only available source of timely, accurate data on health-related behaviors. BRFSS was established in 1984 by the Centers for Disease Control and Prevention (CDC); currently data is collected monthly in all 50 states. More than 350,000 adults are interviewed each year, making the BRFSS the largest telephone health survey in the world. States use BRFSS data to identify emerging health problems, establish and track health objectives, and develop and evaluate public health policies and programs. Many states also use BRFSS data to support health-related legislative efforts. <sup>(34)</sup>
<b>CBO</b> Congressional Budget Office	The Congressional Budget Office produces independent, nonpartisan, timely analysis of economic and budgetary issues to support the Congressional budget process. CBO analyses do not make policy recommendations, and each report and cost estimate discloses our assumptions and methodologies. All CBO employees are appointed solely on the basis of professional



	competence, without regard to political affiliation. <sup>(35)</sup>
<b>CDC</b> Centers for Disease Control	The Centers for Disease Control is a Federal Agency that seeks to create the expertise, information, and tools that people and communities need to protect their health – through health promotion, prevention of disease, injury and disability, and preparedness for new health threats by monitoring health, detecting and investigating health problems, conducting research to enhance prevention, developing and advocating sound public health policies, implement prevention strategies, and promoting healthy behaviors. <sup>(36)</sup>
<b>CHIP</b> Children’s Health Insurance Program	Enacted in 1997, CHIP is a federal-state program that provides health care coverage for uninsured low-income children who are not eligible for Medicaid. States have the option of administering CHIP through their Medicaid programs or through a separate program (or a combination of both). The federal government matches state spending for CHIP but federal CHIP funds are capped. <sup>(31)</sup>
<b>CO-OP</b> Consumer Operated and Oriented Plan	The Affordable Care Act calls for the establishment of the Consumer Operated and Oriented Plan (CO-OP) Program, which will foster the creation of qualified nonprofit health insurance issuers to offer competitive health plans in the individual and small group markets. <sup>(37)</sup>
<b>Copayment</b>	A fixed dollar amount paid by an individual at the time of receiving a covered health care service from a participating provider. The required fee varies by the service provided and by the health plan. <sup>(31)</sup>
<b>CPS</b> Current Population Survey	The Current Population Survey (CPS), sponsored jointly by the U.S. Census Bureau and the U.S. Bureau of Labor Statistics (BLS), is the primary source of labor force statistics for the population of the United States. The CPS is the source of numerous high-profile economic statistics, including the national unemployment rate, and provides data on a wide range of issues relating to employment and earnings. The CPS also collects extensive demographic data that complement and enhance our understanding of labor market conditions in the nation overall, among many different population groups, in the states, and in sub-state areas. <sup>(38)</sup>
<b>Consumer-Directed Health Plan</b>	A health plan that encourages consumer awareness about health care costs and provides incentives for consumers to consider costs when making health care decisions. Usually these plans carry high deductibles along with a savings account for health care services. The two types of savings accounts



	are Health Savings Accounts (HSAs) and Health Reimbursement Arrangements (HRAs). <sup>(31)</sup>
<b>Deductible</b>	A feature of health plans in which consumers are responsible for health care costs up to a specified dollar amount. After the deductible has been paid, the health insurance plan begins to pay for health care services. <sup>(31)</sup>
<b>Employer Health Care Tax Credit</b>	An incentive mechanism designed to encourage employers, usually small employers, to offer health insurance to their employees. The tax credit enables employers to deduct an amount, usually a percentage of the contribution they make toward their employees' premiums, from the federal taxes they owe. These tax credits are typically refundable so they are available to non-profit organizations that do not pay federal taxes. <sup>(31)</sup>
<b>Employer Mandate</b>	An approach that would require all employers, or at least all employers meeting size or revenue thresholds, to offer health benefits that meet a defined standard, and pay a set portion of the cost of those benefits on behalf of their employees. <sup>(31)</sup>
<b>ERISA</b> Employee Retirement Income Security Act	Federal Legislation enacted in 1974 to protect workers from the loss of benefits provided through the workplace. ERISA does not require employers to establish any type of employee benefit plan, but contains requirements applicable to the administration of the plan when a plan is established. The requirements of ERISA apply to most private employee benefit plans established or maintained by an employer, an employee organization, or both. <sup>(31)</sup>
<b>FPL</b> Federal Poverty Level	The federal government's working definition of poverty that is used as the reference point to determine the number of people with income below poverty and the income standard for eligibility for public programs. The federal government uses two different definitions of poverty. The U.S. Census poverty threshold is used as the basis for official poverty population statistics, such as the percentage of people living in poverty. The poverty guidelines, released by the U.S. Department of Health and Human Services (HHS), are used to determine eligibility for public programs and subsidies. For 2008, the Census weighted average poverty threshold for a family of four was \$22,025 and HHS poverty guideline was \$21,200. <sup>(31)</sup>
<b>Grandfathered Health Plan</b>	As used in connection with the Affordable Care Act: A group health plan that was created—or an individual health insurance policy that was purchased—on or before March 23, 2010. Grandfathered plans are exempted from many



	changes required under the Affordable Care Act. Plans or policies may lose their “grandfathered” status if they make certain significant changes that reduce benefits or increase costs to consumers. A health plan must disclose in its plan materials whether it considers itself to be grandfathered. <sup>(39)</sup>
<b>HBE</b> Health Care Benefits Exchange	A new transparent and competitive insurance marketplace where individuals and small businesses can buy affordable and qualified health benefit plans. Affordable Insurance Exchanges will offer a choice of health plans that meet certain benefits and cost standards. Starting in 2014, Members of Congress will be getting their health care insurance through Exchanges and eligible people will be able buy insurance through Exchanges as well. <sup>(39)</sup>
<b>HCERA</b> Health Care and Education Reconciliation Act	The Health Care and Education Reconciliation Act of 2010 (HCERA) was enacted in March 2010 and along with the Patient Protection and Affordable Care (PPACA) enacted earlier in the same month are together referred to as the Affordable Care Act (ACA).
<b>HHS</b> U.S. Department of Health and Human Services	The Department of Health and Human Services (HHS) is the United States government’s principal agency for protecting the health of all Americans and providing essential human services, especially for those who are least able to help themselves. HHS represents almost a quarter of all federal outlays, and it administers more grant dollars than all other federal agencies combined. HHS’ Medicare program is the nation’s largest health insurer, handling more than 1 billion claims per year. Medicare and Medicaid together provide health care insurance for one in four Americans. <sup>(40)</sup>
<b>High Deductible Health Plan</b>	Health insurance plans that have higher deductibles (the amount of health care costs that must be paid for by the consumer before the insurance plan begins to pay for services), but lower premiums than traditional plans. Qualified high-deductible plans that may be combined with a health savings account must have a deductible of at least \$1,150 for single coverage and \$2,300 for family coverage in 2009. <sup>(31)</sup>
<b>HIPSM</b> Health Insurance Policy Simulation Model	The Health Insurance Policy Simulation Model (HIPSM) is a detailed microsimulation model of the health care system. It estimates the cost and coverage effects of proposed health care policy options and is designed for quick-turn around analysis of policy proposals—from novel health insurance offerings and strategies for increasing affordability to state-specific-proposals. <sup>(41)</sup>



<p><b>HMO</b> Health Maintenance Organization</p>	<p>A type of health insurance plan that usually limits coverage to care from doctors who work for or contract with the HMO. It generally won't cover out-of-network care except in an emergency. An HMO may require enrollees to live or work in its service area to be eligible for coverage. HMOs often provide integrated care and focus on prevention and wellness. <sup>(39)</sup></p>
<p><b>HRA</b> Health Reimbursement Account</p>	<p>A tax-exempt account that can be used to pay for current or future qualified health expenses. HRAs are established benefit plans funded solely by employer contributions, with no limits on the amount an employer can contribute. HRAs are often paired with a high-deductible health plan, but are not required to do so. <sup>(31)</sup></p>
<p><b>HSA</b> Health Savings Account</p>	<p>A tax-exempt savings account that can be used to pay for current or future qualified medical expenses. Employers may make HSAs available to their employees or individuals can obtain HSAs from most financial institutions. In order to open an HSA, an individual must have health coverage under an HSA-qualified high deductible health plan. These HSA-qualified high-deductible health plans must have deductibles of at least \$1,150 for an individual and \$2,300 for a family in 2009. <sup>(31)</sup></p>
<p><b>IDPH</b> Iowa Department of Public Health</p>	<p>The Iowa Department of Public Health (IDPH) is a unit of State government that partners with local public health, policymakers, health care providers, business, and many others to fulfill our mission of promoting and protecting the health of Iowans. <sup>(42)</sup></p>
<p><b>Issuer</b></p>	<p>Under the Affordable Care Act, a qualified health insurance issuer is an organization that is organized as a nonprofit, member corporation under state law and where substantially all the activities consist of the issuance of qualified health plans in the individual and small group markets in each state in which it is licensed to issue such plans, and was not in existence on July 16, 2009 or not sponsored by any governmental unit; satisfies certain governance requirements; uses profits to reduce premiums, increase benefits or improve health care delivery; follows state laws in the industry; and does not begin business in a state until that state has market reforms in place. <sup>(43)</sup></p>
<p><b>IEBS</b> Iowa Employer Benefits Study</p>	<p>The <b>Iowa Employer Benefits Study</b>® is a comprehensive statistical review of Iowa employee benefits that is a key resource for employers and policy makers in Iowa. Survey results provide Iowa employers with reliable, relevant, and customized information. <sup>(44)</sup></p>



<p><b>IWD</b> Iowa Workforce Development</p>	<p>Iowa Workforce Development is an agency of the State of Iowa that contributes to the economic security of Iowa's workers, businesses and communities through a comprehensive statewide system of employment services, education, and regulation of health, safety and employment laws.<sup>(45)</sup></p>
<p><b>JCT</b> Joint Committee on Taxation</p>	<p>The Joint Committee on Taxation is a nonpartisan committee of the United States Congress, originally established under the Revenue Act of 1926. The Joint Committee operates with an experienced professional staff of Ph.D economists, attorneys, and accountants, who assist Members of the majority and minority parties in both houses of Congress on tax legislation.<sup>(46)</sup></p>
<p><b>Medicaid</b></p>	<p>Enacted in 1965 under Title XIX of the Social Security Act, Medicaid is a federal entitlement program that provides health and long-term care coverage to certain categories of low-income Americans. States design their own Medicaid programs within broad federal guidelines. Medicaid plays a key role in the U.S. health care system, filling large gaps in the health insurance system.<sup>(31)</sup></p>
<p><b>Medicare</b></p>	<p>Enacted in 1965 under Title XVII of the Social Security Act, Medicare is a federal entitlement program that provides health insurance coverage to 45 million people, including people age 65 and older, and younger people with permanent disabilities, end-stage renal disease, and Lou Gehrig's disease.<sup>(31)</sup></p>
<p><b>Out-of-Pocket</b></p>	<p>A yearly cap on the amount of money individuals are required to pay out-of-pocket for health care costs, excluding the premium cost.<sup>(31)</sup></p>
<p><b>Part D Medicare</b></p>	<p>A program that helps pay for prescription drugs for people with Medicare who join a plan that includes Medicare prescription drug coverage. There are two ways to get Medicare prescription drug coverage: through a Medicare Prescription Drug Plan or through a Medicare Advantage Plan that includes drug coverage. These plans are offered by insurance companies and other private companies approved by Medicare.<sup>(39)</sup></p>
<p><b>PPACA</b> Patient Protection and Affordable Care Act</p>	<p>The Patient Protection and Affordable Care Act (PPACA) was enacted in March 2010, and along with the Health Care and Education Reconciliation Act (HCERA) enacted earlier in the same month are together referred to as the Affordable Care Act (ACA).</p>



<p><b>PPO</b> Preferred Provider Organization</p>	<p>A type of health plan that contracts with medical providers, such as hospitals and doctors, to create a network of participating providers. Consumers pay less if they use providers that belong to the plan’s network. Consumers can use doctors, hospitals, and providers outside of the network for an additional cost. <sup>(39)</sup></p>
<p><b>QCEW</b> Quarterly Census of Employment and Wages</p>	<p>The Quarterly Census of Employment and Wages (QCEW) program of the U.S. Bureau of Labor Statistics (BLS) publishes a quarterly count of employment and wages reported by employers covering 98 percent of U.S. jobs, available at the county, MSA, state and national levels by industry. <sup>(47)</sup></p>
<p><b>QHP</b> Qualified Health Plans</p>	<p>Under the Affordable Care Act, starting in 2014, an insurance plan that is certified by an Exchange, provides essential health benefits, follows established limits on cost-sharing (like deductibles, copayments, and out-of-pocket maximum amounts), and meets other requirements. A qualified health plan will have a certification by each Exchange in which it is sold. <sup>(39)</sup></p>
<p><b>SAHIE</b> Small Area Health Insurance Estimates</p>	<p>The U.S. Census Bureau's Small Area Health Insurance Estimates (SAHIE) program produces estimates of health insurance coverage for states and all counties. In July 2005, SAHIE released the first nation-wide set of county-level estimates on the number of people without health insurance coverage for all ages and those under 19 years old. In October 2011, SAHIE released 2008 and 2009 estimates of health insurance coverage by age, sex, race, Hispanic origin, and income categories at the state-level and by age, sex, and income categories at the county-level. <sup>(48)</sup></p>
<p><b>SHADAC</b> State Health Access Data Assistance Center</p>	<p>The University of Minnesota's State Health Access Data Assistance Center (SHADAC) is funded by The Robert Wood Johnson Foundation to help states monitor rates of health insurance coverage, understand factors associated with access to care, and to use data for implementation of health reform. <sup>(49)</sup></p>
<p><b>SHOP</b> Small Business Health Option Program</p>	<p>State health insurance exchanges that will be open to small businesses up to 100 employees. <sup>(31)</sup></p>



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