Investing in Texas: Financing Health Coverage Expansion
Conference Proceedings

Breakout Session:
Consumer Education and Outreach:
Making Private Insurance Work

Education and community outreach programs can serve as a cost-effective means of reducing the number of uninsured Texans. The greatest current need for education and outreach is on the private side of insurance provision. Unlike the public side, information for consumers about private insurance is scattered and not comprehensive, and there are no coordinated advertising, outreach, or education efforts, particularly in the small business market. This breakout session featured three short presentations on various policy options for consumer education in the private sector. Participants also had a chance to comment on education and outreach issues related to the public insurance programs.

Consumer Health Assistance (Ombudsman) Programs

Presentation Summary by Karla Buitrago

Full report available at: http://www.insuretexans.org or http://www.utexas.edu/lbj/faculty/warner/uninsured/conf2002.html.

Many consumers nationwide have become overwhelmed by the sheer complexity of the health care systems and health insurance markets for a variety of reasons. In response to consumer need, there has been a national trend of developing and establishing ombudsman programs. Operating at the national, state, and even local levels, the purposes and scopes of outreach among these programs are very diverse. These programs fall into two general categories: federally mandated programs and state-initiated, state-sponsored programs.

Federally mandated programs include Long-Term Care Ombudsman Programs, which generally investigate and resolve complaints involving care in nursing homes; Protection and Advocacy Programs, which protect and advocate for the rights of individuals with disabilities; and State Health Insurance Programs (SHIPs), which offer health insurance advisory services to Medicare beneficiaries.

State-initiated, state-sponsored programs are either Medicaid or general health-care-focused, and provide services at both the state and local levels. Many states began Medicaid-focused programs to educate their beneficiaries about managed care and enrollment procedures. These programs are considered administrative expenses under the state-federal matching arrangement and many states use federal dollars to maintain this consumer education effort. Some Medicaid-focused programs include advocacy functions and may represent beneficiaries through the grievance and appeals process,

while others simply act as a mediator for Medicaid beneficiaries. In some states, government agencies administering the Medicaid program will contract out the education services to a private, nonprofit organization. In other states, nonprofit organizations have secured private funding and help beneficiaries of SCHIP, Medicaid, and private insurance.

Certain states that have initiated the creation of general health-care-focused programs have a variety of populations that are served through the program. Some states serve only those with private insurance while others may also simultaneously help consumers with public insurance and the uninsured. Some states have passed laws to establish new and separate consumer assistance programs. Other states provide ombudsman services through the state attorney general's office, the governor's office, or the state regulatory insurance department. States without specific legislation mandating ombudsman programs have used broad consumer protection statues and/or insurance regulations to establish a program.

State legislators have responded to the need for assistance in navigating the health care system and the health insurance market among Texas consumers. In 1999, HB 3021 created the Office of the Health Care Ombudsman in the Texas Department of Insurance (TDI), which specifically serves HMO consumers in Texas. During the last legislative session, HB 2430 was proposed and vetoed; this legislation would have replaced the Health Care Ombudsman program with a more comprehensive service for all health insurance consumers.

The discussion group was asked to consider two key questions:

- Would a consumer health assistance program, in fact, fill the current gaps in education and outreach on the private side of insurance?
- What would be the advantages and disadvantages of implementing such a program?

Rate Guide

Presentation Summary by Kristen Lindberg

The publishing of a health insurance rate guide for small group plans has the potential to provide important information to Texas small employers looking to obtain health insurance for their employees. In turn, a rate guide could reduce search costs and frustration, as well as create transparency in the market.

The two costs associated with searching for and obtaining health insurance, cash outlay and time without insurance, can be more significant for small employers with two to 50 employees than for large employers. These costs to small employers are associated with the way in which the process of obtaining health insurance is structured in the small group market. Small employers receive an initial premium quote through an insurance agent based only on a few characteristics of their firm. In order to obtain the final, contractual premium quote, the small employer must pay the insurer at least one month's

premium up front. This amount may be significant for small employers that often experience cash-flow problems. The requirement for one month's premium for a final quote may mean that a small employer can obtain only one quote at a time, considerably lengthening the amount of time the employer spends seeking coverage and the time his or her employees are without health insurance.

The advantages of a rate guide are relatively clear. Generally, a rate guide could reduce costs to employers in their quest for insurance by giving small employers a much better idea of which insurers offer appropriate health plans at acceptable prices. Specifically, it would provide employers with a starting place and benchmarks in their attempts to insure their employees. A rate guide could reduce search time for health insurance significantly, reducing time without health coverage for employer and employees; reduce the cash outlays necessary for small employers to obtain premium quotes; and create transparency in the market regarding the types of coverage and prices offered by the different insurers.

However, some argue that a rate guide would not be very useful because insurers would not be required to offer the published rates. Others have said that it would be difficult to determine exactly what benefits are included in each plan through a rate guide, since insurers offer a multitude of varying plans. In addition, plan rates change quickly; therefore, publishing a guide only once a year may not be enough. Another factor to be taken into account is that insurers may believe that their rate information is proprietary and cannot be distributed to the public. Finally, it would be difficult to establish standardized plans for which rates would be quoted.

In a hypothetical model, a rate guide might publish average plan premiums for each defined health plan for several small groups with different characteristics. These defined plans would include the standard basic and catastrophic plans, as well as several specified benefits packages that are thought to be representative of small employer plans. TDI would have to work with insurers and small employers to determine these specified benefits packages. Each insurer that offers small group coverage would be required to file these average plan premiums annually with TDI.

Senate Bill 771, introduced but not voted on by the Texas Legislature in 2001, would have required TDI to prepare a consumers' guide on health plans so that employers may compare different plans, premium rates, and the coverage and benefits available under each plan, in conjunction with the Office of Public Insurance Counsel. The Commissioner of Insurance would have received broad authority to implement any rules necessary to allow TDI staff to gather rate information from the more than 100 carriers offering health coverage in the state. This information would have been entered into a database and made available on the Internet. TDI estimated that this online rate guide would receive more than 7,000 hits annually.

The discussion group was asked to consider two key questions:

- Would a small employer rate guide, in fact, fill the current gaps in education and outreach on the private side of insurance?

- What would be the advantages and disadvantages of implementing such a program?

Other Options

Presentation Summary by Scott Atnip

There are several other low-cost, smaller-scale education efforts that can be made to decrease the number of uninsured in Texas that blur the line between public and private. One is to educate small businesses on SCHIP, so that they can in turn educate employees with uninsured children. The cost of insuring employees' dependents is high, and often employees are not aware that they are eligible for SCHIP benefits. Implementing this option would require new SCHIP brochures to be made that would be directed toward small employers. In addition, currently existing health care education materials or brochures could be mailed to small employers by enclosing them in mailings already sent out quarterly by the Texas Workforce Commission. TDI's State Planning Grant research indicated that small employers were uninformed about recent reforms.

There are also several actions TDI could take to provide education and outreach to consumers. First, TDI could develop a more focused marketing plan. There are performance measures stipulated by the legislature for TDI's education and outreach efforts. With these measures as a foundation, TDI developed its current business plan. However, a more focused and detailed marketing plan could direct more educational and outreach efforts toward underserved populations and potentially reduce the number of uninsured.

Hispanics comprise 58 percent of the uninsured in Texas. Currently, TDI's education materials are published in Spanish or other languages only when specifically requested by consumers. As a result of this policy, only a small number of these materials are currently available in Spanish. Given that Hispanics comprise such a high percentage of the uninsured, having all materials available in Spanish may assist this population in obtaining information about health insurance. Therefore, TDI might consider prioritizing the translation of all education materials into Spanish. The creation of a marketing plan might facilitate the translation of the remaining materials as well as create demand for Spanish language materials. It is also possible that a more targeted marketing plan would unveil the need to translate materials into languages other than Spanish.

Consumers typically find it helpful to talk to an individual one-on-one to get personalized assistance with insurance options and applications. To this end, TDI could train an individual at each local DHS office to assist consumers on a personal level, and direct the consumer to the appropriate place for further information. Additionally, TDI could create a one-on-one assistance program that would emulate the Health Information, Counseling and Advocacy Program (HICAP), one of the SHIPs mentioned earlier. HICAP trains volunteers statewide to help elderly individuals resolve their insurance concerns by providing one-on-one assistance in their local communities. In a similar program, TDI would train volunteers to work in primarily underserved communities to help individuals with their health care concerns on a personalized, one-on-one basis. The infrastructure is

in place to establish a program to provide this outreach service to communities that need it.

Participant Discussion

Reasons for the veto of HB 2430 discussed included official reasoning stated in the veto proclamation, namely that the bill was insufficiently funded in the General Appropriations Act. Another reason stated by a conference participant is that the intent of the law was covered in other efforts. Another participant stated that the insurance companies were not supportive of the creation of a health assistance program such as the one proposed by HB 2430 because of the additional expense. This participant mentioned that agents like to think that they are the only ones who help the clients. They do not like the idea of the state helping their clients.

One participant said that the range in structure and functions of state ombudsman programs is huge. By looking at other states one can get ideas. In addition, the idea of a demonstration project is an effective starting point since such a program can be initiated for a limited amount of money. Furthermore, it would draw public attention to the project, making it easier to sell it to the budget writers, and demonstrating that the need for such a program exists. Another participant stated that some programs cater to certain populations; some are contracted out to nonprofits, and some operate under the Governor's office. It was also noted that other states have volunteer programs. The response to these types of ombudsman programs has been mixed. A participant said that the reason for the negative response is because administrators have less control over volunteers who have the freedom to come and go as they please. This causes instability within the program and the expense of training volunteers is great relative to the length of time they are expected to stay.

The conversation turned to how the need for an ombudsman program in Texas is so apparent and how the information that people usually obtain is not very transparent. According to a conference participant, consumers don't generally know where to get health insurance information. Even when they do obtain this information, they may still need someone to translate it. Referring to the program, another participant said that the goal is to have it operate independently and not within the regulatory agencies. Regulatory agencies and insurers in other states have appreciated this independent structure because it cuts down on the amount of incoming calls and inquiries. Another participant interceded with some history on the first nursing ombudsman bill that tried to get passed in the late 1970s, stating that it did not get anywhere because "it cost money." However, this participant did note that this bill broke ground in terms of encouraging consideration of these types of programs in Texas.

Regarding the rate guide issue, one participant commented on the TDI State Planning Grant's efforts toward small employer issues and their need for support in seeking affordable and adequate insurance for their employees. This attendee noted that there are a number of challenges involved with the creation of a rate guide. While not necessarily a perfect solution, the guide would provide some basis for comparison.

It was mentioned that the State Planning Grant conducted focus groups in 15 cities throughout Texas. When asked what could be done to help them purchase health insurance, small employers in the focus groups overwhelmingly supported the idea of a rate guide. The focus groups also revealed that small employers are increasingly frustrated because insurance agents do not return their initial inquiry phone calls. One participant concurred, stating that insurance agents are not interested in insuring small employers because the costs of insuring small employers are less than the benefits they receive for insuring these clients.

Another participant suggested that one way to address the challenges posed by maintaining an updated rate guide would be to house and update the rate guide on the Internet. The insurance companies could be required to contact the TDI if their rates increased by 10 percent or more. Furthermore, this would also keep the costs of printing to a minimum if the Internet-based rate guide were utilized for updates.

Participants discussed the potential resistance of insurance companies to the development and implementation of a rate guide. One estimated that if a rate guide were implemented on a voluntary basis, approximately one-third of insurance companies would disclose their rates. In order to guarantee 100 percent participation, legislation is needed. Another participant noted that there are significant barriers to overcome with the insurance companies and agents, who are very hesitant about such an initiative. Their hesitation is due to the potential of incurring losses as a direct result of rate guide implementation.

Participants noted that small employers are not aware of currently available health insurance education resources. Therefore, the initiation of a rate guide will require that this new resource be well advertised. One participant added that a rate guide for individuals is also important. Another pointed out that Texas is doing very little at the local level to help small employers. The participant stated that every person who gets private insurance is one less person who needs public health insurance. This participant also noted that small employers are frustrated because every year they have to renew the search process because insurance prices are constantly changing. A different participant added that many focus on the problem of small employers in the context of health insurance, yet many large employers do not supply health insurance to their employees. Large employers may cut their costs by cutting benefits to employees who do not work full-time. Large employers may also hire part-time workers or contract employees rather than full-time employees whom they are required to insure.

In discussing other issues, a good partnership opportunity, according to one participant, is for the state agencies that focus on public health insurance to cooperate with those state agencies that regulate the private health insurance market. One way in which to combine the goals of these agencies is to hold community health insurance fairs across Texas. Balanced, objective educational information can be presented at these events, thereby guiding employers on the types of health insurance benefits, what to look for in an insurance company, and insurance prices. Essentially, these community fairs would

serve as “Health Insurance 101” for both public and private insurance. A potential funding mechanism would be to charge insurance companies to participate in the fair.

A participant noted that a potential problem in targeting small employers for SCHIP education is the possible perception that the state is encouraging employees to cease private dependent coverage and rely on public coverage for their children. In response to the recommendation that the Texas Department of Insurance should partner with the Texas Workforce Commission to mail insurance information to small employers, it was noted that these mailings could be prohibitively expensive. (For example, it was noted that the cost of a single mailing might be $30,000.)

In response to the recommendation on training DHS workers to provide one-on-one health insurance assistance, one participant noted that DHS workers are already overwhelmed with their current workload and cannot handle additional duties.

One participant mentioned StarLink, a Medicaid information helpline, as an important resource for education and outreach. It provides information on Medicaid plans and resources, and area phone numbers. The type and number of calls that have come in indicates the demand for this service. Advertisement and marketing is a big part of the success of the program. Just because phones are not always ringing off the hook does not mean that the program is not needed.

One critical question that was raised was whether the elements that made SCHIP successful in terms of marketing can be used for the private sector. The participants seemed in general agreement that there is definite potential in private sector marketing, but no specific ideas were brought forth. Participants from public and private insurance entities did express a desire to network with each other.