



# WHO BENEFITS UNDER INSURE TENNESSEE?

Healthy People — Healthy Tennessee

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## **LIVING WITHOUT HEALTH INSURANCE IS A RISKY**

**PROPOSITION** that can affect an entire household. An average hospital stay costs approximately 1/5 of the median annual income in Tennessee. A severe health problem, such as a heart attack, stroke, or injury requiring surgery, can cost tens of thousands of dollars. The occurrence of such an event while uninsured would mean financial ruin for most individuals. Yet, more than 773,000 Tennesseans—12.6% of the population—did not have health insurance in 2013.<sup>1</sup> Aside from decreasing exposure to financial risk from illness, health insurance may decrease the probability of severe illness. Preventative care is a vital part of avoiding severe health episodes and the onset of chronic health conditions for children and adults alike. Yet in 2013, approximately 20% of Tennesseans reported that they were unable to see a doctor because of cost. Affordable health insurance prevents financial catastrophe, improves the health of our population and workforce, and promotes quality of life.

Why then, do so many Tennesseans not have health insurance? As suggested above, a large part of the answer may simply be cost. Private insurance premiums for a healthy family of four may easily exceed \$800 per month. For high-risk individuals, the premium is about \$350 per month per person, or \$4,200 per year. Under recent federal insurance legislation, subsidies for insurance premiums are available, but only for those earning over 100% of the federal poverty level (\$11,670 for a single person and \$23,850 for a family of four). Without TennCare eligibility, an employed, healthy single person below the subsidy threshold can expect to spend up to 20% of their annual income on health insurance premiums, or still be accountable for nearly half of their health care costs.

The Affordable Care Act (ACA) allows states to extend Medicaid eligibility to all individuals earning less than 138% of the federal poverty level. Each state has the right, but not the obligation, to expand Medicaid coverage. Following Governor Haslam's decision to move forward with a Tennessee-based plan, its public insurance program would extend under the umbrella of Insure Tennessee. The purpose of this report is to provide a profile of Tennesseans who would be eligible for insurance under Insure Tennessee.

Insure Tennessee would provide several benefits to the state. First, it would provide insurance coverage for a significant portion of Tennessee's uncovered workforce. Broader insurance coverage leads to a healthier population, a more

# 20%

**OF TENNESSEANS  
REPORTED THAT THEY WERE  
UNABLE TO SEE A DOCTOR  
BECAUSE OF COST**

<sup>1</sup> We consider the citizen non-institutionalized population.

productive workforce, and more effective public health interventions (e.g., vaccinations). Approximately 12.6% of adults under the age of 65 are currently covered by TennCare.<sup>2</sup> Insure Tennessee would grant eligibility to an additional 12.3% of working age adults, nearly doubling the percentage of working-age adults eligible for public insurance.

Second, the influx of federal money to support Insure Tennessee will have a substantial positive financial impact on jobs and sales tax revenue across the state. Two-thirds of TennCare is currently federally funded. However, costs of expanding TennCare under Insure Tennessee will be funded entirely by the federal government through 2016, decreasing to 90% federal funding by 2020, and then funded at a 90% rate beyond that. As discussed below, this would mean over \$1 billion in new purchasing power flowing through the state economy.

Third, Insure Tennessee has important implications for access to health care, particularly for Tennesseans in rural areas. Historically, hospitals in areas with large proportions of poor and uninsured patients would receive Disproportionate Share-Hospital (DSH) payments as compensation for treating uninsured individuals who could not afford care. However, the ACA will substantially reduce Medicaid DSH payments. Negotiations are still ongoing. This has put some hospitals at financial risk. The threat and reality of hospital closure has significant implications for access to care, particularly in rural areas where health care facilities are sparse. Expanded insurance coverage under Insure Tennessee will help bolster the balance sheets of rural hospitals and ensure the ongoing provision of vital health care services.

Broadened access to insurance coverage promotes a healthier workforce that will benefit families, employers and the state economy. More effective public health interventions can lower long-term costs of medical care and improve quality of life. Greater efficiencies in addressing health problems, especially chronic illnesses, can further reduce costs. Cost savings and reduced exposure to financial risk can benefit consumers and businesses and place less stress on the budget of the state and its local governments.

In what follows, the broad characteristics of Tennesseans who would be eligible for insurance coverage under Insure Tennessee are described in greater detail. Readers will see that many of these people could be our friends, neighbors or coworkers.

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<sup>2</sup> See TennCare's website for detailed eligibility requirements.

# WHO IS THE INSURE TENNESSEE POPULATION?

In considering Insure Tennessee, it is important to characterize the Insure Tennessee population. Who are the currently uninsured that would be eligible for coverage under Insure Tennessee? How do those who would be eligible compare to other Tennesseans?

To make these comparisons, we assign Tennesseans into one of the following categories:

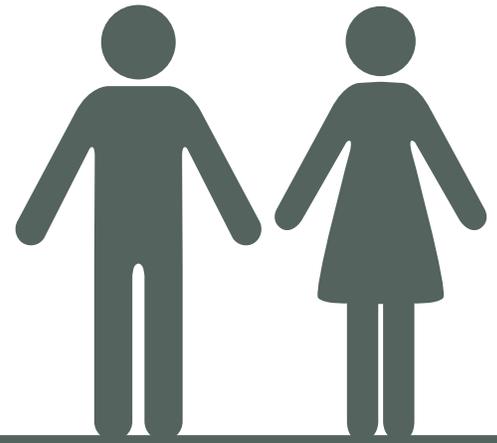
- **Ineligible** – Childless adults who earn above 138% of the federal poverty level, and adults of all family and health conditions whose income exceeds the pre-defined thresholds.
- **TennCare Eligible** – adults and children who currently qualify for TennCare on the basis of financial or medical need. At different points in the analysis below, the TennCare eligible are subdivided into:
  - o TennCare Recipients
  - o TennCare Eligible Non-Recipients
- **Insure Tennessee Eligible** – those who will be newly eligible under Insure Tennessee.

## SNAPSHOT: DEMOGRAPHIC AND LABOR MARKET CHARACTERISTICS OF THE INSURE TENNESSEE POPULATION

- Insure Tennessee eligibles are over 45% more likely to participate in the labor force than TennCare recipients.
- Relative to TennCare recipients, unemployment for the Insure Tennessee population is largely temporary: 26% of the Insure Tennessee population currently not working worked in the last year compared to 14% of the currently eligible TennCare population.
- Insure Tennessee individuals receive only 1/8 of the welfare dollars per capita than TennCare recipients do.
- The Insure Tennessee population will increase the number of Veterans who are eligible for coverage from approximately 39,000 to 64,000.
- The Insure Tennessee population comprises 8% of the total population of Tennessee. Yet, they constitute over 30% of the state's uninsured population.

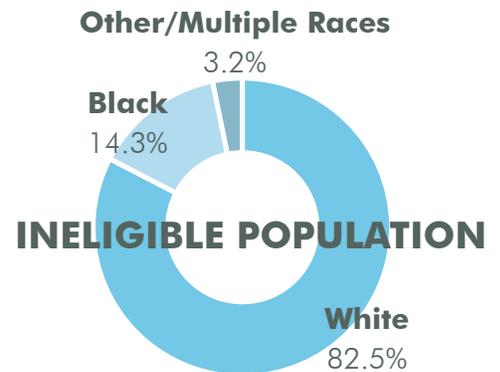
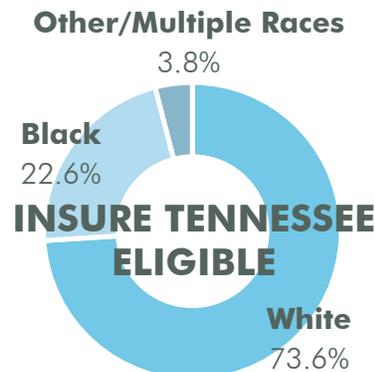
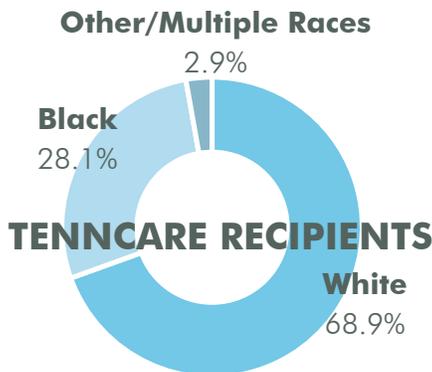
# Gender and Racial Composition

The racial composition of Insure Tennessee eligibles lies between that of TennCare recipients and the ineligible population. Insure Tennessee eligibles are predominantly male (50.8%) and predominantly white (73.6%).



## PROPORTION FEMALE

TennCare recipients: **62.4%**  
 TennCare eligible non-recipients: **61.7%**  
 Insure Tennessee Eligible: **49.2%**  
 Ineligible population: **49.6%**



## INSURE TENNESSEE IS A SAFETY NET FOR CHILDREN WITH OUT-OF-HOME CAREGIVERS.

Hispanics comprise approximately 2.5% of TennCare recipients and 1.9% of the ineligible population, but roughly 4.1% of the TennCare eligible non-recipients and 2.5% of Insure Tennessee eligibles.

While children in families with incomes below 138% of the federal poverty line are covered under TennCare, they are not guaranteed to receive other necessities (e.g., shelter, clothing, etc.). Nearly 3/5 of children currently on TennCare have fathers outside the household. Fathers outside of the home frequently do provide some measure of child support to their family. If a father who is outside the household falls ill or gets injured, but does not have insurance, he may not be able to receive the care he needs to resume his role as out-of-house provider. Insure Tennessee is therefore likely to provide an additional safety net to low income children in Tennessee.

# Where Do They Live?



Those who are ineligible are most concentrated in non-central city portions of metropolitan areas (suburbs). However, both Insure Tennessee eligibles and current TennCare recipients reside predominantly in center cities of Metropolitan Statistical Areas (MSA) or rural areas. Roughly 1/8 of TennCare recipients and the Insure Tennessee population live in suburban areas compared to over 1/4 of the ineligible population.

Among the Insure Tennessee population of newly-eligibles, uninsurance rates are highest in rural areas, which are also characterized by more limited access to care providers. Nearly 3/5 (57%) of Insure Tennessee eligibles in rural areas are uninsured. Memphis and Chattanooga have similar proportions of uninsured among the Insure Tennessee population. Uninsurance rates for the Insure Tennessee eligibles are slightly lower in Clarksville (40%), Jackson (44%), Johnson City-Kingsport (48%), Knoxville (41%) and Nashville (46%). Race and gender differences between the eligibility groups are consistent across geographic areas.

**56%**  
**OF INSURE TENNESSEE  
 ELIGIBLES IN RURAL AREAS  
 ARE UNINSURED.**

## PROPORTION IN CENTRAL CITY OF MSA



## PROPORTION NOT IN METRO AREA



# Tennessee's Veterans

Insure Tennessee would increase the number of American veterans who are eligible for insurance coverage by 24,000, and could reduce the number of uninsured veterans by over 25%.



## PROPORTION VETERANS

Current recipients: **3.8%**  
TennCare eligible non-recipients: **3.9%**  
Insure Tennessee Eligible: **5.1%**  
Ineligible population: **7.8%**

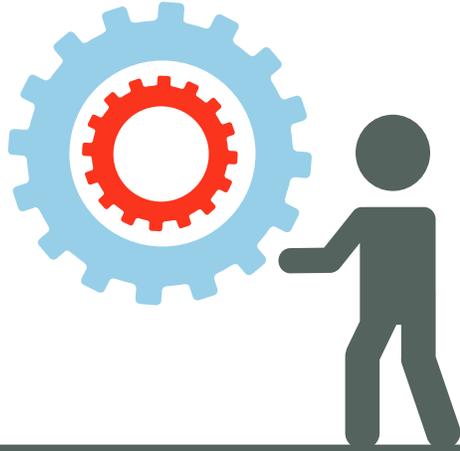
## INSURE TENNESSEE WOULD PROVIDE A VALUABLE SOURCE OF CARE FOR THOSE VETERANS IN NEED WHO DO NOT HAVE INSURANCE.

One-in-five veterans among the Insure Tennessee population reports having an ambulatory difficulty (trouble with walking), which is roughly twice the statewide rate among all working age veterans. Nearly one-in-ten veterans among the Insure Tennessee population have difficulty with independent living, compared to 6% among working-age veterans. While these rates of reported difficulties are considerably lower than those for veterans currently receiving TennCare benefits, Insure Tennessee would still provide a valuable source of care for those veterans in need who do not have access to care (or desire outside options) from the Veterans Administration.

Veterans among the Insure Tennessee population who do not report such difficulties are an important part of the workforce. About 65% of non-disabled veterans in the Insure Tennessee population participate in the labor force. However, nearly one-in-three veterans in the Insure Tennessee population who participate in the labor force are unemployed. Insure Tennessee provides a vital bridge for low-income veterans, many of whom report health problems and are actively searching for work.

## MEDICAL CARE COSTS IN TERMS OF THE COSTS OF HOUSING

The ineligible population owns homes at twice the rate of TennCare recipients and the Insure Tennessee population. Among renters, the ineligible spend an average of \$700 per month compared to \$545 per month for the Insure Tennessee population, and \$466 for TennCare recipients. To put the costs of health care for the uninsured in perspective, one night in a hospital for someone without insurance would cost the equivalent of three months' rent. For low income uninsured individuals, these costs are likely prohibitive. However, not seeking necessary medical care can have dire consequences including catastrophic health outcomes, loss of employment and financial ruin.



# Labor Force Participation and Employment

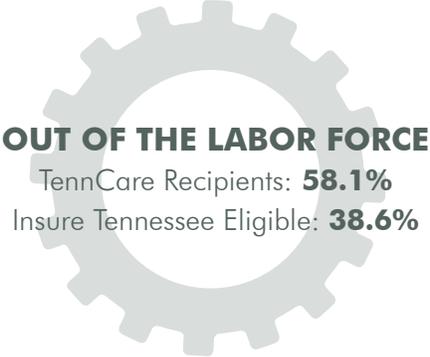
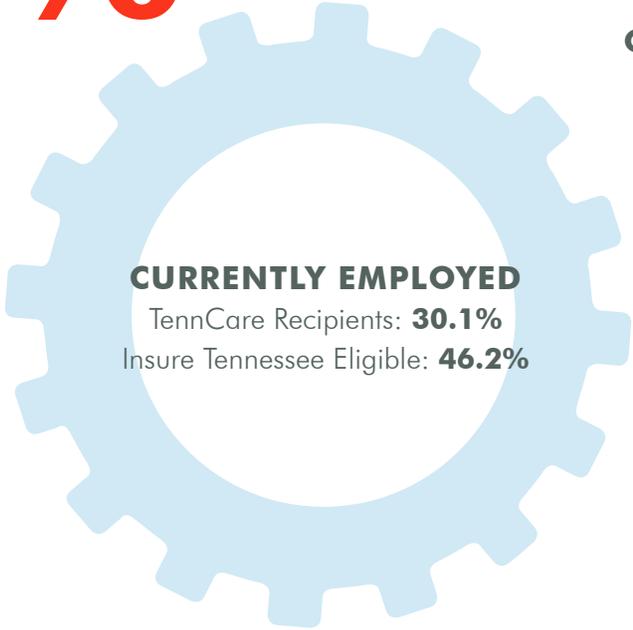
The Insure Tennessee population contributes substantially to our workforce, with 288,000 individuals currently in the labor force. Insure Tennessee eligibles are 50% more likely than TennCare recipients to be employed, and two-thirds as likely to be a non-participant in the labor force.

**OVER TWO-THIRDS OF TENNCARE RECIPIENTS AND INDIVIDUALS IN INSURE TENNESSEE WORKED MORE THAN**

**75%**

**OF THE YEAR.**

Among those who are employed, TennCare recipients and the Insure Tennessee population work an average of 34 and 32 hours per week, compared to an average of 41 hours per week for the ineligible population. Additionally, over 2/3 of TennCare recipients and Insure Tennessee eligibles worked more than 75% of the year, compared to 90% of the year by the ineligible population. Given that such a large share of the Insure Tennessee population could be classified as ‘temporarily unemployed,’ Insure Tennessee would provide a vital safety net for those individuals and families trying to get back on their feet.

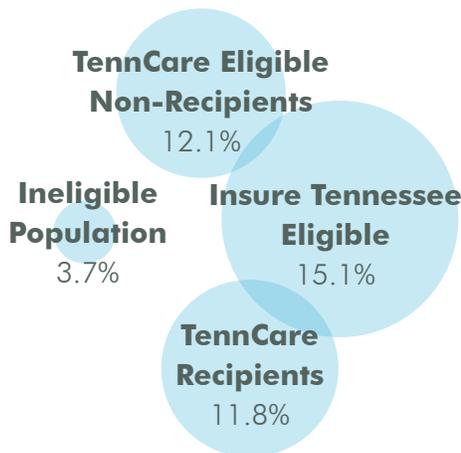


# Temporary vs. Permanent Joblessness

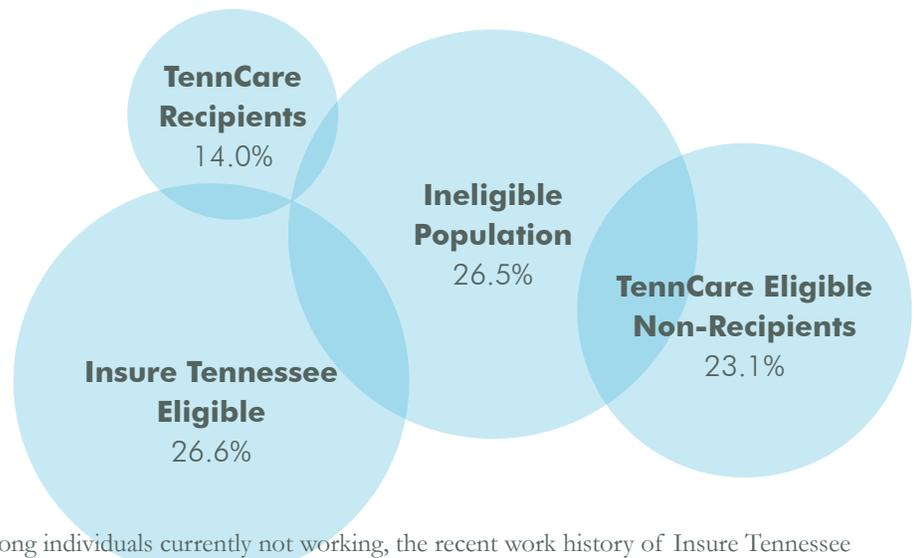


Unemployment and non-participation in the labor force are separate situations. An individual is considered unemployed when he or she is currently out-of-work, but *actively* looking for work. A non-participant is neither working nor looking for work. Compared to TennCare recipients, non-employment is much more likely to be a temporary condition for Insure Tennessee eligibles, signaling a stronger attachment to the labor force.

## PROPORTION CURRENTLY UNEMPLOYED BUT LOOKING



## PROPORTION NOT WORKING WHO WORKED IN THE LAST YEAR



**AMONG THOSE WHO ARE CURRENTLY OUT OF WORK, INDIVIDUALS IN THE INSURE TENNESSEE POPULATION ARE TWICE AS LIKELY TO REPORT WORKING IN THE LAST YEAR AS TENNCARE RECIPIENTS.**

Among individuals currently not working, the recent work history of Insure Tennessee eligibles more closely resembles the ineligible population than TennCare recipients. Among those who are currently out of work, twice as many individuals in the Insure Tennessee population report working in the last year as TennCare recipients.

The pattern is consistent when considering a longer employment history. Whereas 64% of TennCare recipients who are currently not working have not worked in the last 5 years, 56% of individuals in the Insure Tennessee population *have* worked in the last five years. The proportion of non-working individuals who have worked in the last five years is higher among the Insure Tennessee population than even the ineligible population. Compared to TennCare recipients, the Insure Tennessee population is an active part of the work force that wants to work. Insure Tennessee would provide security, for both health and financial concerns, to the working poor in Tennessee.

# Public Sector Aid to the Needy



The Insure Tennessee population consumes far less government aid than the TennCare eligible population. Individuals in the Insure Tennessee population are 1/2 as likely to receive food stamps and receive only 13% of the welfare dollars per-capita allotted to TennCare recipients.

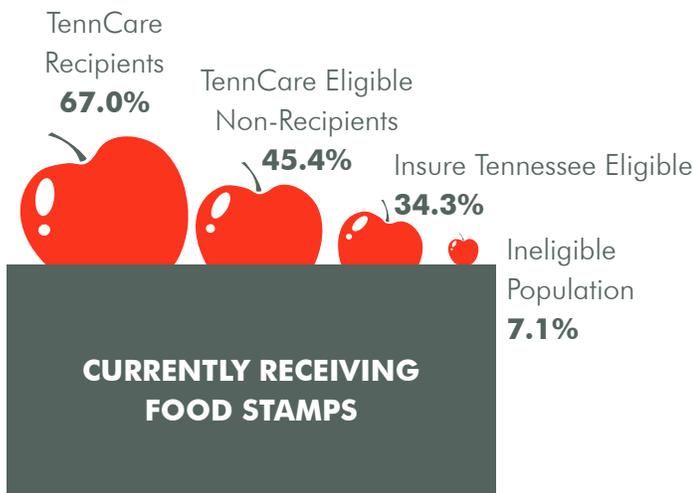
Among food stamp recipients, Insure Tennessee eligibles are 20% more likely to be employed and 32% more likely to participate in the labor force than TennCare recipients. For comparison, the Insure Tennessee population who receives food stamps participates in the labor force at nearly 75% of the rate of the ineligible population.

Among all groups, the highest food stamp reciprocity rates are among those who are temporarily unemployed but looking for work. For those out of the labor force, only 35% of Insure Tennessee eligibles receive food stamps compared to a 63% food stamp reciprocity rate among current TennCare recipients. Among the unemployed, only 53% of the Insure Tennessee population receives food stamps compared to 84% among TennCare recipients. The Insure Tennessee population has to date shown greater levels of independence and are therefore less reliant on government aid than the TennCare eligible population.

**AMONG FOOD STAMP RECIPIENTS, INSURE TENNESSEE ELIGIBLES ARE**

**32%**

**MORE LIKELY TO PARTICIPATE IN THE LABOR FORCE THAN TENNCARE RECIPIENTS.**



## PER-CAPITA WELFARE INCOME

TennCare Recipients: **\$311.97**  
 Insure Tennessee Eligible: **\$39.71**



# Health Care Uninsurance Rates



The Insure Tennessee population is worse off than their TennCare eligible counterparts in their rate of uninsurance. More than 234,000 individuals in the Insure Tennessee population do not have health insurance.

Even the Insure Tennessee population who work full time, 49,000 do not have health insurance. Among Insure Tennessee eligibles, nearly 4/5 (77%) of the unemployed labor-force participants do not have health insurance, compared to 40% of the ineligible population. Across all eligibility categories, roughly 60% of the full-time working uninsured is male. Among the Insure Tennessee population, divorce rates are 50% higher among the uninsured than the insured. Given the unfortunate reality of split families, Insure Tennessee protects the children of the state by ensuring that out-of-house providers can continue to provide.

## UNINSURANCE RATE

TennCare Recipients: **0%**



TennCare Eligible Non-Recipients **50.8%**



Insure Tennessee Eligible: **49.8%**



Ineligible Population: **13.9%**



**OVER**  
**97,000**  
**INDIVIDUALS IN THE**  
**INSURE TENNESSEE**  
**POPULATION WHO WORK**  
**DO NOT HAVE HEALTH**  
**INSURANCE.**

# NEW DOLLARS WILL BOOST THE TENNESSEE ECONOMY

The immediate purpose of Insure Tennessee is to provide health insurance to Tennesseans. At the same time, the injection of additional federal dollars will yield significant spillover benefits to the state economy. The Kaiser Family Foundation reports that in 2012, TennCare expenditures averaged \$5,705 for working-age adults.<sup>3</sup> Under expanded eligibility, federal funds would completely cover the costs of those choosing to acquire insurance in the first two years. The federal funding rate will phase down to 90% by 2020, and pay for 90 percent of the costs beyond 2020. Tennesseans are currently paying federal taxes that are flowing to other states that have chosen to expand coverage. Insure Tennessee would ensure that federal dollars flowed back into the state economy to support insurance and health care service provision.

It is estimated that possibly over 200,000 of potentially-eligible Tennesseans would choose to acquire insurance. If costs average \$5,705 per insured individual, this means about \$1.14 billion in new spending in the state. This spending is like other outside dollars that come to Tennessee to purchase automobiles, furniture, appliances and other goods and service that are produced here. This spending ripples across the state economy, creating jobs and incomes, and expanding state and local tax bases. The difference is that Tennesseans get to consume the health care services that they acquire in the state.

Of course, the new spending first benefits the state's health care delivery system. Health care workers and institutional service providers in turn spend many of these receipts within the state economy. The paycheck of a health care worker is spent at the local grocery store, appliance outlet and restaurant, supporting jobs and sales tax collections. Similarly, health care institutions require vendors and a supply chain that includes everything from medical devices to lawn care services. This money too ripples across the state creating jobs, income and tax revenues for the state and for cities and counties.

The overall economic impact of Insure Tennessee, based solely on additional health care spending is substantial. Using the \$1.14 billion figure above, the injection of new spending in Tennessee would create \$909 million in new income for residents of the state. The same spending would support 15,000 full-time equivalent jobs in Tennessee. These are jobs and incomes that accrue to Tennesseans. Together this new economic activity would mean millions of additional sales tax dollars for the state and for local governments across Tennessee.

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<sup>3</sup> Kaiser Family Foundation reports spending per-enrollee of \$4,731 per non-disabled adult and \$11,679 per disabled adult. The figure in the text is calculated using a weighted average and a 15% disability rate among the newly eligible population. Source: American Community Survey & Henry J. Kaiser Family Foundation: <http://kff.org/medicaid/state-indicator/medicaid-spending-per-enrollee/?state=TN>.

# THE HEALTH CHARACTERISTICS OF THE INSURE TENNESSEE POPULATION

The Insure Tennessee population, broadly speaking, includes participants in the labor force who comprise a disproportionate share of the uninsured population. Here we examine the health status and risk factors of the Insure Tennessee population relative to the TennCare eligible and ineligible populations.

- The current health state of the Insure Tennessee population lies somewhere between the TennCare eligible and ineligible populations, as is the case with the demographic and economic characteristics.
- The Insure Tennessee population receives less care and engages in some health behaviors which place them at higher risk for future poor health. Insure Tennessee will provide several benefits:
  - o Create opportunities for the Insure Tennessee population to receive health counseling by a physician.
  - o Insulate care providers and rural hospitals from future bad debt in the event that unchanged behaviors lead to poor health outcomes among the Insure Tennessee population.
  - o Improve efficiency of public health initiatives like vaccines.
  - o Reduce the cost of care provision by improving access to care and therefore treating illness in early stages.

# General Health Status



Insure Tennessee eligibles enjoy better health than current TennCare recipients, although they report being in worse health than the ineligible population.

Among those reporting “at least one day of poor physical health in the last 30 days,” Insure Tennessee eligibles report nearly twice the number of poor health days (15.2 days per month) as the ineligible (8.3 days per month), and nearly as many as the TennCare eligible (18.1). Although the Insure Tennessee population has the highest uninsurance rates of any group and many individuals do participate in the labor force, they require more medical care than the median Tennessean.

Poor health status can interfere with one’s job or search for employment. Sick days can be particularly costly when individuals do not have sick leave benefits. Poor health in these circumstances may hamper individuals’ ability to buy necessities and pay bills.

**ALTHOUGH INSURE TENNESSEE ELIGIBLES HAVE THE HIGHEST UNINSURANCE RATES OF ANY GROUP AND MANY INDIVIDUALS DO PARTICIPATE IN THE LABOR FORCE, THEY REQUIRE MORE MEDICAL CARE THAN THE MEDIAN TENNESSEAN.**

## INDIVIDUAL’S SELF-ASSESSMENT OF HEALTH STATUS:

### Very Good or Excellent Health

TennCare Eligible: **32.3%**  
Insure Tennessee Eligible: **38.0%**  
Ineligible: **59.6%**

### Fair or Poor Health

TennCare Eligible: **36.9%**  
Insure Tennessee Eligible: **24.6%**  
Ineligible: **8.3%**

### Proportion of respondents reporting poor physical health in the last 30 days

TennCare Eligible: **54.4%**  
Insure Tennessee Eligible: **41.0%**  
Ineligible: **26.1%**



# Access to Care and Health Care Utilization



Individuals in the Insure Tennessee population have the most limited access to medical care among all groups considered here. Individuals in the Insure Tennessee population are 33% more likely to have not sought medical care purely on the basis of cost than those currently eligible for TennCare. Individuals in the Insure Tennessee population are 60% more likely to have not had a check-up in the last 12 months than those in the TennCare eligible population.

## PROPORTION OF RESPONDENTS REPORTING INABILITY TO SEE A DOCTOR IN THE LAST 12 MONTHS BECAUSE OF COST

TennCare Eligible: **32.5%**  
Insure Tennessee Eligible: **40.0%**  
Ineligible: **11.8%**

## PROPORTION OF RESPONDENTS REPORTING A CHECKUP WITHIN THE LAST YEAR

TennCare Eligible: **71.4%**  
Insure Tennessee Eligible: **56.5%**  
Ineligible: **75.2%**

## PROPORTION OF RESPONDENTS REPORTING THEY HAVE HAD A FLUSHOT IN THE LAST SEASON

TennCare Eligible: **34.0%**  
Insure Tennessee Eligible: **26.1%**  
Ineligible: **40.8%**

Severe illness can bring financial ruin to a person or family without health insurance. Access to affordable preventative care helps reduce medical expenditures due to severe illness in two ways. First, individuals with illness in early stages can receive treatment before more dramatic interventions are necessary. Second, individuals with pre-disease markers can change behaviors, sometimes before medical treatment is necessary.

While the Insure Tennessee population has a 50% greater labor force participation rate than the TennCare eligible population, they receive the least preventative care of any considered group. The currently uninsured among the Insure Tennessee population are 20% less likely to have had a check-up in the last 12 months, 33% less likely to have received a flu shot, and 20% more likely to have been unable to see a doctor due to cost. This lack of preventative care increases the likelihood of preventable chronic health conditions.

In addition to benefits realized by individuals, access to preventative care also yields two social benefits: society is spared preventable loss of life and quality of life, and preventative care stems the spread of communicable diseases. When someone gets a flu shot, it not only benefits them, but every person with whom they come into contact. Every person that is vaccinated against influenza, whooping cough, measles, and other diseases contributes to the overall safety and wellness of the population by removing themselves from the transmission process. In this fashion, Insure Tennessee will yield public health benefits to the state's population.

**WHILE INSURE TENNESSEE ELIGIBLES HAVE A 50% GREATER LABOR FORCE PARTICIPATION RATE THAN THE TENNCARE ELIGIBLE POPULATION, THEY RECEIVE THE LEAST PREVENTATIVE CARE OF ANY CONSIDERED GROUP.**

# Health Behaviors



Insure Tennessee eligibles currently enjoy a level of health between the TennCare eligible and ineligible population. But they are probably at significant risk for future poor health. They are 75% more likely than the ineligible population and 16% more likely than the TennCare eligible population to smoke daily. They also consume nearly 50% more alcohol than the TennCare eligible population.

## PROPORTION OF RESPONDENTS THAT EXERCISED WITHIN THE LAST 30 DAYS

TennCare Eligible: **57.4%**  
 Insure Tennessee Eligible: **65.6%**  
 Ineligible: **82.3%**

## REPORTED ALCOHOLIC DRINKS PER MONTH



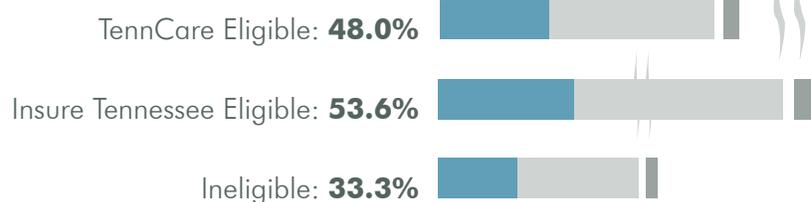
**THE CURRENTLY UNINSURED AMONG THE INSURE TENNESSEE POPULATION HAVE THE HIGHEST PROPORTION OF DAILY SMOKERS (67%).**

Although the Insure Tennessee population receives less care than TennCare recipients or the ineligible population, they are at significant risk for many forms of future severe illness. Access to preventative care is vital for high-risk populations, particularly smokers. The currently uninsured among the Insure Tennessee population have the highest proportion of daily smokers (67%). Smoking also raises the cost of private health insurance by more than 25%, greatly reducing the chance that someone earning less than 138% of the federal poverty level will choose to purchase insurance due to income limitations.

The National Institutes of Health reports that smoking costs \$190 billion per year in medical expenditures. Research has also shown that individuals respond to personalized health information – that learning that smoking is affecting their health increases the probability that an individual stops smoking. By creating opportunities for Tennesseans to learn how their choices are affecting their health, we empower them to make healthier decisions and increase their long term work force productivity and quality of life.

Insure Tennessee will accomplish three things simultaneously. First, it will provide insurance to a high-risk part of the population, thereby insulating the rest of the population from this group's costs. Second, it may help avert severe illness for that high risk, working part of the population. Third, by virtue of the first and second benefits, Insure Tennessee will bring in outside money to ease the burden of bad debt especially for rural hospitals.

## PROPORTION OF RESPONDENTS THAT SMOKE DAILY



# Obesity and Related Chronic Conditions



Insure Tennessee eligibles report a higher incidence of chronic conditions than the ineligible population, but less than those currently receiving TennCare.

In addition to risk factors, Insure Tennessee eligibles also exhibit a high rate of poor health markers. Individuals in the Insure Tennessee population are 2.5 times as likely to suffer from heart disease and twice as likely to have asthma as the ineligible population. Untreated heart disease, asthma, and other chronic conditions can limit the type of work an individual can perform. Limited access to medical care for want of insurance inhibits the productivity of a key segment of Tennessee's workforce.

Untreated diabetes can have disastrous health consequences including blindness, amputation, and organ failure. Although Insure Tennessee eligibles comprise approximately 8% of the population of Tennessee, they represent 18% of the working-age diabetics in the state. Recalling that individuals in the Insure Tennessee population report the worst access to medical care, Insure Tennessee will play a vital role in these individuals receiving treatment. In addition to keeping these individuals in the workforce, access to affordable health insurance will make it possible for low-income individuals with diabetes to remain healthy, rather than disabled.

**INDIVIDUALS IN THE INSURE TENNESSEE POPULATION ARE 2.5 TIMES AS LIKELY TO SUFFER FROM HEART DISEASE AND TWICE AS LIKELY TO HAVE ASTHMA AS THE INELIGIBLE POPULATION.**

## PROPORTION OF RESPONDENTS EVER DIAGNOSED WITH HEART DISEASE

TennCare Eligible: **6.9%**

Insure Tennessee Eligible: **7.5%**

Ineligible: **2.8%**

## PROPORTION OF RESPONDENTS EVER DIAGNOSED WITH DIABETES

TennCare Eligible: **12.8%**

Insure Tennessee Eligible: **16.3%**

Ineligible: **5.6%**

## OBESITY RATE

TennCare Eligible: **41.8%**

Insure Tennessee Eligible: **33.6%**

Ineligible: **31.2%**

# Chronic Illness



Insure Tennessee eligibles report rates of cancer and Chronic Obstructive Pulmonary Disease (COPD) between the rates for the TennCare eligible and Ineligible populations.

Insure Tennessee eligibles report a lower incidence of cancer than the TennCare eligible population. Insure Tennessee eligibles still represent 9% of working-age cancer patients, and 13% of the skin cancer patients. Note that these statistics are for the proportion of the population “ever diagnosed.” Recalling that the Insure Tennessee population is most likely to report they were unable to see a doctor because of the cost, these statistics may understate the true incidence of chronic disease among the Insure Tennessee population due to limited access to diagnostic and preventative care.

Cancer, if caught early, is treatable. If not, cancer is expensive and life threatening. If an individual gets cancer when they are uninsured, that represents financial ruin for their family and creates a preexisting condition. Getting affordable insurance in the future then becomes highly improbable. Insure Tennessee will not only insulate individuals and relatives from that risk, but by providing affordable access to routine screenings and preventative care, may reduce the total costs to Tennessee from treating these types of illnesses. Obviously, if the disease is caught early, it reduces the invasiveness of treatments and increases long-term expected quality of life.

**IF AN INDIVIDUAL GETS CANCER WHEN THEY ARE UNINSURED, THAT REPRESENTS FINANCIAL RUIN FOR THEIR FAMILY AND CREATES A PREEXISTING CONDITION.**

## PROPORTION OF RESPONDENTS EVER DIAGNOSED WITH CANCER

TennCare Eligible: **9.8%**  
Insure Tennessee Eligible: **9.1%**  
Ineligible: **7.1%**

## PROPORTION OF RESPONDENTS EVER DIAGNOSED WITH COPD

TennCare Eligible: **15.7%**  
Insure Tennessee Eligible: **10.9%**  
Ineligible: **2.9%**

# Mental Health



Mental Health presents problems in varying degrees. Despite participating in the labor force at 150% the rate of the TennCare eligible population, individuals eligible for Insure Tennessee are 70% as likely as those currently eligible for TennCare to report mental health difficulties. Individuals eligible for Insure Tennessee are twice as likely to have been diagnosed with depression as those in the ineligible population.

## PROPORTION OF RESPONDENTS REPORTING POOR MENTAL HEALTH IN THE LAST 30 DAYS

TennCare Eligible: **45.7%**  
Insure Tennessee Eligible: **35.0%**  
Ineligible: **25.2%**

## PROPORTION OF RESPONDENTS EVER DIAGNOSED WITH DEPRESSION

TennCare Eligible: **34.8%**  
Insure Tennessee Eligible: **24.2%**  
Ineligible: **13.5%**

Among Insure Tennessee eligibles, we observe incidence rates of poor mental health between the rates for the TennCare eligible and ineligible. However, above average rates of depression and mental health problems cannot be good for the long-term prospects of the Insure Tennessee population, especially if left untreated. Mental health difficulties affect individuals' job performance, personal relationships, and their ability to objectively invest in their physical health. While often overlooked, untreated mental health conditions present large costs to society in the form of homelessness, crime, and other government assistance. Insure Tennessee will make it possible for individuals in the Insure Tennessee population to seek care and reduce these societal costs.

**ABOVE AVERAGE RATES OF DEPRESSION AND MENTAL HEALTH PROBLEMS CANNOT BE GOOD FOR THE LONG-TERM PROSPECTS OF THE INSURE TENNESSEE POPULATION, ESPECIALLY IF LEFT UNTREATED.**

# Critical Access Hospitals



**A CRITICAL ACCESS HOSPITAL (CAH) is a facility which meets the following criteria:**

- Must be a 35-mile drive from any other hospital or CAH
- Must be a 15-mile drive from any other hospital in a mountainous area
- Have a maximum of 25 beds
- Provide 24-hour, 7-day per week emergency care
- Be located in a rural area

Rural Tennesseans have access to fewer hospitals and health care facilities than to those in cities and suburbs. A critical access hospital, as defined above, may be the only accessible hospital for individuals in or adjacent to the following counties:

- Hancock
- Johnson
- Rhea
- Bledsoe
- Coffee
- Marshall
- Smith
- Truesdale
- Macon
- Cheatham
- Houston
- Humphrey
- Benton
- Hickman
- Lauderdale

Previously, it was recognized that these hospitals were frequently providing care to those who could not afford the full cost. In an effort to keep these hospitals operating, the federal government granted Disproportionate Share Hospital (DSH) payments to hospitals that treated high proportions of low income patients. Due the ACA, these payments have been greatly reduced. However, to date, Tennessee has not expanded public health insurance, and rural hospitals are caught in the middle.

While hospital closures always reduce access to care, in the 15 counties above, the consequences would be particularly severe. If a Critical Access Hospital closes, residents in that county may be upwards of an hour from first rate emergency care. In case of a severe health problem like heart attack or injury, that hospital closure may yield dire consequences for rural Tennesseans. By expanding public health insurance, Insure Tennessee will help keep these hospitals open and ensure that timely quality medical care is accessible in all parts of the state.

**IF A CRITICAL ACCESS HOSPITAL CLOSES, RESIDENTS IN THAT COUNTY MAY BE UPWARDS OF AN HOUR FROM FIRST RATE EMERGENCY CARE.**

# CONCLUSION

The Insure Tennessee population (approximately 470,000) includes 288,000 labor force participants. It also includes approximately 24,000 veterans. The Insure Tennessee population also has the highest percentage of daily smokers, the least access to care, and may have the highest risk of future chronic or severe illness. Providing health insurance to adults with incomes below 138% of the federal poverty line is projected to yield health benefits to Tennessee in several key dimensions:

- **Health of Workers** – The Insure Tennessee population shows a greater likelihood of working in the state economy than those currently enrolled in TennCare. When they do not work, they are typically looking for work. Insure Tennessee will ensure that the working poor of the state will be able to afford the care they need to keep working. Further, better health is also associated with lower absentee rates in the workplace and increased on-job productivity. A healthier workforce positively affects workers, their families, and their employers. For those below 138% of the federal poverty line who are in the workforce but unemployed, Insure Tennessee will serve as a bridge between employer-provided programs.
- **Public Health** – Vaccinations, smoking, alcohol consumption, and other health-related behaviors can have spillover effects – that is they affect not just the consumer, but those around the consumer as well. To the extent that access to care and physician interaction improves health-related decision making, other members of the community should benefit from Insure Tennessee.
- **Efficiency in Treatment** – Wounds, chronic conditions, and infections all require immediate attention. If a person who is uncovered does not seek care due to inability to pay, the cost of inevitable treatment increases. These costs are subsequently passed on to consumers and employers. By implementing Insure Tennessee, we not only can reduce those costs directly, but also reduce total medical expenditures by ensuring that cost does not prevent individuals from seeking timely care.
- **Economic Expansion** – In most major markets in Tennessee, health care firms comprise at least 4 of the top ten employers. Insure Tennessee will result in an estimated \$1.03 billion of new revenue to health care systems across the state. In some places, this revenue will create jobs. In others, it will keep jobs by reducing the amount of bad debt incurred by hospitals in treating those who cannot afford care.
- **Labor Force Quality and Economic Development** – The Tennessee Department of Economic and Community Development finds that areas with healthier citizens and better healthcare facilities make more attractive locations for businesses.
- **Savings for Consumers and Businesses** – Last year, Tennessee hospitals spent \$1.1 billion on charitable care or bad debt, expenses which were later written off due to patients' inability to pay. Some of that revenue shortfall is passed on to patients with employer-provided health insurance, and subsequently, their employers. Insure Tennessee will reduce the charitable care and bad debt costs that are spread throughout the system, both directly and indirectly due to increased enrollment.
- **A Strengthening of the Health System** – In addition to the bad debt/charitable costs, the Tennessee Hospital Association reports that an additional \$940 million of TennCare costs were not reimbursed, as were \$640 million of Medicare costs. Insure Tennessee's resulting inflow of federal funds will help shore up the balance sheets of hospitals which have faced physician and staff cuts during the previous years.

# DATA APPENDIX

The data for this report are taken from two sources:

- The American Community Survey (ACS) is published yearly by the U.S. Census Bureau. It is generated from a one percent sample of the population and focuses on demographic data, including labor force participation, housing characteristics, employment. Data at the sub-state level are available selectively. It is the largest annual survey for population data in the U.S. The most recent data available from the ACS (2013) were used for this report.
- The Behavioral Risk Factor Surveillance System (BRFSS) is produced by the Centers for Disease Control (CDC) and is the world's largest telephone health survey. BRFSS contains coarse information on employment, income, and health insurance, but much richer data on health conditions, medical care utilization, and health behaviors than the ACS. The sample size each year is roughly a tenth of a percent.
- Data on expected health insurance premiums were taken from exchange links on [healthcare.gov](http://healthcare.gov)

In this study we restricted the analysis to non-institutionalized citizens between age 19 and age 64, to achieve similarity in ages when comparing the Insure Tennessee population to the eligible and ineligible population. We defined each group (eligible, ineligible, Insure Tennessee eligible) on the basis of stated TennCare eligibility thresholds and stated definitions of the Insure Tennessee population.<sup>4</sup> ACS reports whether individuals are currently enrolled in Medicaid. We therefore define the TennCare Eligible Non-recipients as those who are eligible for TennCare by income/health/family requirements, but report not being enrolled in TennCare. On page 6 (“Where do they live”), 2010 ACS data were used. 2013 ACS could or did not report on the rural/core-city/suburban status of more than 2/3 of respondents. The 2010 ACS data therefore provided better information. ACS data were used to source the demographic data on pages 2-8.

We have conducted considerable sensitivity analysis on our results. The ACS is sample data and as such contains some inherent error. Furthermore, TennCare eligibility is determined by a complex, multi-faceted set of factors including income, percentage of income to poverty level, family composition, individual health factors, family health factors, and personal circumstance. The ACS was designed for broad demographic studies rather than capturing who, precisely, is TennCare eligible. We therefore checked whether our results characterizing the Insure Tennessee population were sensitive to changes in boundaries used to determine TennCare eligibility. We found that at most, including or excluding groups of individuals near the eligibility thresholds changed the reported percentages by +/- 0.4 percentage points.

In the BRFSS data, income is reported in \$5,000 increments. When an individual reported income in an interval where they could or could not have been eligible, we treat them as eligible. We have checked that the findings and implications of this report are not sensitive to treating individuals in those income intervals as eligible (or target) or ineligible. In the ACS data, individuals report whether they are receiving TennCare, thereby enabling us to identify those who are eligible, but not currently enrolled in TennCare. BRFSS does not, meaning that when comparing health statistics for each group, we can delineate groups of interest on the basis of eligibility, but not enrollment. In the BRFSS data, we essentially treat low income families with children as TennCare eligible and those without as Insure Tennessee eligible. The ACS supports this characterization. Individuals who are currently eligible for TennCare are three times as likely to have a child living with them as the Insure Tennessee population. BRFSS data were used for the tabulations on pages 10-16. The figures in this report used 2012 BRFSS data.

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<sup>4</sup> TennCare eligibility guidelines are taken from <https://www.tn.gov/tenncare/forms/eligibilityrefguide.pdf>.