



Healthy Texas: Small Business Opportunities to Address Hispanic Health Insurance Disparities

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Testimony**

Good morning/afternoon: I am Amy Casso, Senior Policy Analyst, La Fe Policy Research and Education Center based in San Antonio. We are an organization engaged in efforts to create responsive changes to social and health policy impacting Hispanics through *policy analysis, education, leadership, and civic involvement*.

Health is everybody's business, but not everyone understands the complexity of our health care system or its relationship to inequalities and disparities. Of the 23 million Texans, one in three is Hispanic (36.5%), and their projected growth and economic contributions combined with improved health care access can further ensure our State's productivity. Unfortunately, Hispanics represent 59% of the State's total uninsured population. Regarding our children, the *bienestar* (well-being) of Hispanics into the future are tied to expanding their health insurance coverage and quality health care access.

A study released today by Families USA further highlights the continuing uninsured crisis in Texas:

- More than two out of five people (43.9 percent) in Texas under the age of 65 went without health insurance for all or part of the two-year period 2007-2008.
- Of the 9.3 million uninsured Texans, more than three-quarters (80.5 percent) went without health coverage for six months or longer during this period.
- Among Hispanics and African Americans 60.4 and 43.0 percent respectively were uninsured, compared to 29.2 percent of White Non-Hispanics.

As you debate SB 6, Healthy Texas and TDI policy options targeting affordable health insurance expansion for small businesses, we ask for your consideration of:

- **Health Disparities** - *Over the next decade, the prevalence of disease will shift from White Non-Hispanic to Hispanics who are primarily young and of working age.* Therefore, the socio-economic, existing health disparities and environmental circumstances of uninsured Hispanics must be considered to develop and implement effective policy solutions.
- **Affordability** - *Hispanics are most likely to have lower education attainment, to live in poverty, have less disposable income, be uninsured and employed and work in small businesses.*
- **Accessibility** is vital to healthy outcomes and addressing health care challenges of Texas Hispanics who are most likely to be uninsured and reside in medically and health professions underserved areas.

Specifically, we urged your support for SB 6 because it is comprehensive in its scope with the opportunity to succeed where state efforts in the last decade to expand coverage have been unable to reduce the number of uninsured. A major contributing reason for this lack of success has been our failure to address affordability for small businesses.

The economic contributions Hispanics bring to Texas are strong. Hispanics make up:

- 15% of Small Business Owners
- \$119.3 Billion in buying power
- 67% of the Texas labor force

Yet, health insurance access does not reflect this growing economic contribution to our State. As with all small businesses, it is a barrier to expanded employment, productivity, and profits.

As you know:

- Only one out of three small employers offer health insurance benefits in Texas – 10 percent points behind the U.S. average.
- Texas has one of the lowest rates of coverage through employer-sponsored insurance in the nation.
- Small employers in Texas cite cost as the primary barrier to offering health coverage.

Healthy Texas

- Healthy Texas has the potential to address the health insurance disparities impacting Hispanics and African Americans .
- It will provide the opportunity to put private health insurance coverage within reach of many uninsured Texans who work for small employers by addressing the primary barrier to coverage—the high cost of premiums—using public-private partnerships.
- Healthy Texas will address these issues through “public re-insurance” (state funds will cover a portion of high-cost claims).
- Almost as important as reduction in the average cost of coverage, Healthy Texas will also reduce the variability of premiums between small employer groups and not base rates on health status.
- Insurers report to TDI that they charge maximum rates to small employers of \$30,000 to \$60,000 per employee per year. On average in 2006, maximum premiums were 6 times average premiums – pricing many small employers with older or less healthy employee out of the market.
- Premiums for Healthy Texas must be filed with and approved by TDI.
- Healthy Texas removes risk from insurance companies by using taxpayer money to cover high-cost claims. Because of the reduction in risk to insurers and because of the investment of public funds, it is appropriate and necessary that this product be treated differently than other small employer coverage by prohibiting medical underwriting, reducing premium variability, requiring rates to be filed and approved, and developing standard coverage plans that let employers compare apples-to-apples.
- Healthy Texas will be available to small employers who have low-wage employees, helping the employers and employees who have the most trouble affording coverage.

Having health insurance coverage increases the likelihood for Texans to have regular access to a medical home for preventive primary care or when an unanticipated health care need arises. Access to a primary health care provider is the main entry point for acquiring preventive care, being able to receive health management attention for an acute care problem, and act as a coordinated gateway to more “insurance covered” specialized care if needed. In short, it should provide the “opportunity” to maintain good health and not add to the risk of financial health care debt. Further, the coverage costs should not be a barrier to individuals and families to pursue and retain individual and family financial security and self-sufficiency. The objective is to reduce disparities, not increase them.

SB 6, Healthy Texas can be a major contribution to true health care reform and address the health insurance disparities that have prevailed for far too long.

Thank you,

Amy Casso