



# Latinos and The Affordability of Health Insurance Coverage

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The **affordability** of health care for individuals and families is a central concern in current federal and state health care reform efforts. As a policy decision, what is affordable is a critically important question in deciding what type of program design will best reduce the number of uninsured and under-insured. But for Latinos, the uninsured and under-insured crisis is a complex paradigm of interdependent factors that includes affordable health care options, accessible and culturally appropriate care for the whole family and the ability to address health disparities.

Approximately one-third to one-half of Texas Latinos has limited opportunity to purchase health insurance coverage because of their low Median Household Income (MHI), family size, and high numbers employed in small businesses. The limited to no elasticity for affording health insurance or health care cost-sharing is consistent in all the States' MSAs, and in Border and rural communities.

As the Obama Administration and Texas embark on health care reform the issue of affordability demands a discourse on the socio-economic conditions of Latinos and what it takes to live in Texas, what is affordable for Latinos given their economic challenges and most importantly, how will affordable health care improve their community bienstar (well-being) and move us toward health care for all.

With the U.S in the midst of an economic recession and Latinos experiencing the brunt of it, targeted efforts to increasing opportunities for coverage must focus on low-income and middle-income working families. These health care challenges are particularly acute for low income families and Latinos who pay a larger disproportionate out-of-pocket share of their income on health care. These are the families who struggle the most to meet the basic costs of living. Many in these families lack health insurance or are under-insured because it is unaffordable, not available through their employer, and/or do not qualify for public insurance programs. As a result, their access to health care is limited and their health and financial security risks increase.

Texas perennially ranks 1<sup>st</sup> in the country as having the highest percentage of uninsured (25%). The state is attempting to address this unwanted ranking through reforming programs like Medicaid, CHIP, and other mechanisms such as state-supported reinsurance subsidized coverage programs and health insurance regulatory changes, or programs that target creating opportunities for small businesses to offer health insurance coverage. Texas has had limited success in reducing the growing number of its uninsured and under-insured citizens.

- Latinos represent about 6 in 10 of the uninsured Texans. Recently released data indicates that 60.4% of Latinos, and 43.0% of Blacks were uninsured, compared to 29.2 percent of non-Latino Whites.
- Health insurance disparities persist when compared to non-Latino Whites with the same level of education and whether they are employed or unemployed.
- For non-elderly Latinos, only 37% are covered through Employer Sponsored Insurance (ESI) compared to 64% of Non Latinos.
- Latinos have lower levels of income compared to non-Latinos; 25% live below 100% of the Federal Poverty Level (FPL), 48% live between 100% and 300% FPL, and only 9% live over 500% of the FPL. For non-Latinos, 11%, 28%, and 34% live at the respective percentages of the FPL.

To create a 'culture of insurance coverage' is an espoused cliché that is not very helpful for families in economic circumstances where financial sustainability decisions are very difficult at best. In Texas, where adult eligibility for Medicaid is very income-restricted (22.3% FPL), it is particularly demonstrated. The Texas Health and Human Services Commission identified 482,822 adults (parents and siblings) of Medicaid/CHIP children who are uninsured, of which two-third are female, 73% are Latino, and 83% earn less than 150% FPL. These adults only represent approximately 21% of the total number of the State uninsured adults at <200% FPL.

## Continue....The Affordability of Coverage

**What does it take to live?** According to the Center for Public Policy Priorities' Basic Family budget estimator (2005), in no "metropolitan statistical area" (MSA) in Texas can an individual live off the income set by the federal poverty guidelines (FPL).

One's ability to afford health care depends greatly on income and family size. The family income of non-Latino Whites is greater than Latinos and African Americans at every family size, and vastly different when looking at families of four or five, the most common family sizes for Latinos. The Family Budget Estimator indicates that an individual with no dependents would need between \$14,189 and \$19,258 to sustain themselves. Individual Latinos and African Americans are almost twice as likely as non-Latino Whites to make less than \$15,000 and only 33% and 38%, respectively, have an income higher than \$25,000, compared to 57% of non-Latino Whites.

It's evident that the FPL, which is the measure of need for Medicaid and other social services, is a terribly inaccurate estimation of what it takes to live anywhere in the state and country. The cost of living estimates produced by the Center for Public Policy Priorities are, for all areas and family sizes, mostly between 150% and 250% of FPL and even so, they are bare bones--they are the cost of sustainability and include no extras.

Affordability cannot be definitively answered. However, policy research clearly demonstrates that 'cost sharing' (premiums, deductibles, co-pays and co-insurance) will decrease enrollment and use of services among low-income families. Health care determinants such as income, education, employment patterns, language, and neighborhood environments impact what is affordable for individuals and families. Health care costs and affordability are particularly relevant to income, i.e., they contribute significantly to income disparities – stagnant wages and raising costs make it difficult if not impossible to afford health care. Consideration of these factors can improve programs to address the disparities targeting the affordability of health insurance coverage.

It is important to give attention to understanding the income elasticity for cost-sharing among Latinos who have disproportionate:

- low-incomes;
- education and literacy levels (English and Spanish) that challenge the appropriate navigation and use of an already bureaucratic and often uncoordinated health care delivery system (particularly if the individual has a chronic disease);
- lack of access and informed capacity to make adequate choices about health benefits;
- residency in neighborhood environments that do not support healthy behaviors; or
- on/off insurance coverage resulting in poor health status.

Health insurance coverage increases the likelihood for regular access to a medical home for preventive primary care or in the event an unanticipated health care need arises. 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 cost should not be a barrier to parents to pursue and retain individual and family financial security and self-sufficiency. The objective is to reduce disparities, not increase them.

Of 23 million Texans, one in three is Latino (36.5%), and their projected growth and economic contributions combined with improved health care access can further ensure our state's productivity. In regard to our children, the future bienestar of Latinos is tied to expanding their health insurance coverage and quality health care access.

**Note: A detailed Policy Brief "Texas Health Insurance Disparities: The Affordability of Coverage" can be accessed at [www.lafepolicycenter.org](http://www.lafepolicycenter.org).**