



In March 2010, Congress passed and the President signed the Patient Protection and Affordable Care Act which makes significant changes to the health insurance market. Included in the Affordable Care Act is the requirement that most individuals residing in the United States have health insurance coverage or face a financial penalty. In order to address affordability issues associated with this individual mandate, the Affordable Care Act expands the income eligibility floor for Medicaid to 133 percent of the federal poverty level (FPL),¹ provides subsidies for low income individuals with incomes between 134 and 400 percent of the federal poverty level to purchase private health insurance coverage and offers incentives and penalties to encourage employers to provide affordable health insurance to their employees.

Using data from the 2008-09 Colorado Household Survey (COHS), conducted between November 2008 and March 2009, this issue brief summarizes the implications of the individual mandate on uninsured Coloradans. According to the COHS, approximately 805,000 Coloradans were uninsured for at least three months in the 12 month period prior to being surveyed. *However, this analysis focuses on the 372,000 uninsured Coloradans who will not be covered by federal and state expansions of publicly-financed health insurance coverage and who were uninsured for three months or longer.* Most of these individuals would be required to purchase health insurance coverage because of the individual mandate provision—in the remainder of this brief these Coloradans are referred to as “Coloradans affected by an individual mandate.” This brief summarizes the number and age of Coloradans who would be affected by the individual mandate, their family’s income and employment status and, if employed, the size of the firm in which they are employed.

Methods

The 2008–09 COHS sponsored by the Colorado Department of Health Care Policy and Financing and funded by The Colorado Trust, was a telephone survey of 10,000 randomly selected households in Colorado.² A series of questions regarding health insurance coverage, health status, access to health care, health care utilization, employment and income was asked about an individual in each household who was randomly chosen as the “target.” If the person answering the telephone was at least 18 years of age and able to do so, he or she answered all survey questions about the target and a subset of questions (demographics and health insurance status) about all members of the household.³ Otherwise, another adult household member who could answer these questions was interviewed. If the randomly selected target was a child under the age of 18, a knowledgeable adult in the household answered the questions on behalf of the child.

Due to the increasing trend towards cell phone-only households, the survey included 400 randomly selected individuals at least 18 years of age who live in a household where a cell phone was the exclusive

¹ Medicaid is jointly financed between the federal and state governments and provides health insurance to low income individuals, elders and people with disabilities. For more information on Colorado’s Medicaid program please see <http://www.colorado.gov/cs/Satellite/HCPF/HCPF/1197969485536>

² The Colorado Health Institute (CHI) served as the administrator for the COHS under contract with the Colorado Department of Health Care Policy and Financing and authored this issue brief.

³ However, in some cases respondents may not have been able to answer all questions and data are missing. For this reason, discrepancies may exist in the total number of individuals displayed among graphs.

means of telecommunication. The estimates reported in this issue brief have been weighted to represent the total 2008 Colorado population of 5,010,395.⁴

Coloradans impacted by an individual mandate

Coloradans who are uninsured

The Affordable Care Act requires most individuals to have health insurance. Because being uninsured may be a short-term state for individuals who are switching jobs, only those who have been uninsured for three months or longer are subject to financial penalties. For this reason, this analysis focuses on those Coloradans who have been uninsured for three months or longer.

Coloradans who do not qualify for publicly financed health insurance

Prior to passage of the Affordable Care Act, Colorado policymakers legislated their own eligibility changes to Medicaid and the Child Health Plan Plus (CHP+)⁵ programs. In 2009, the Colorado General Assembly passed H.B. 09-1293, the Colorado Healthcare Affordability Act. The legislation:

- Increases the CHP+ income eligibility limit from 205% to 250% of the federal poverty level (FPL)⁶ for children (age 18 and younger) and pregnant women;
- Provides Medicaid eligibility for all working age adults with family income up to 100% of the FPL; and
- Creates a Medicaid buy-in program for individuals with disabilities with an income limit of 450% of FPL.

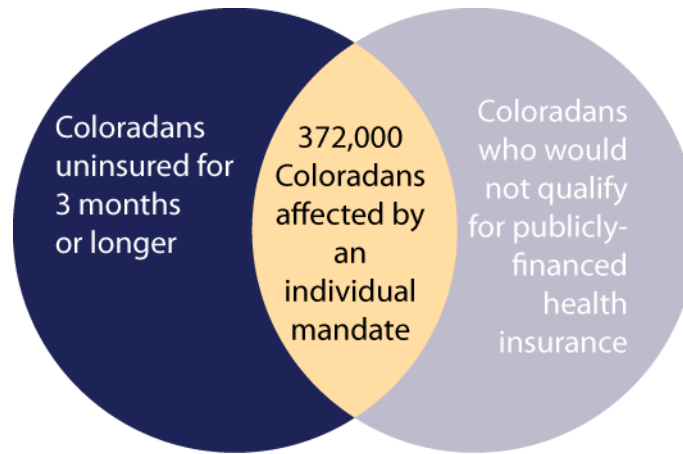
In order to assist low income uninsured individuals gain access to health insurance coverage, the Affordable Care Act expands Medicaid eligibility to all individuals with family incomes up to 133 percent of FPL (\$29,300 for a family of four in 2009). Figure 1 displays the results of overlaying these criteria on Colorado's uninsured population. There are 372,000 uninsured Coloradans who would be impacted by an individual mandate—that is, they have been uninsured for at least three months and do not qualify for publicly-financed health insurance even after federal and state expansions of publicly financed health insurance are implemented.

⁴ 2008 population estimates are from the Colorado State Demography Office. All other estimates reported in this brief are based on data from the 2008-09 COHS. Detailed information on the methods used for the 2008-09 COHS is available for download from the CHI Web site, at <http://www.coloradohealthinstitute.org/Projects/2008-09-Colorado-Household-Survey.aspx>

⁵ The Child Health Plan Plus (CHP+) is Colorado's State Child Health Insurance Program (SCHIP), a jointly financed insurance program between the federal and state governments. It provides health insurance coverage to low-income children and pregnant women who do not qualify for Medicaid. Currently, the income threshold for CHP+ in Colorado is 205 percent of the federal poverty level. For more information on Colorado's CHP+ program, please see <http://www.cchp.org/>

⁶ See appendix for details of the federal poverty level based on family size and income.

Figure 1. Summary of uninsured Coloradans affected by an individual mandate^{7,8,9}



It is important to acknowledge that uninsured individuals who are eligible but not enrolled (EBNE) in publicly-financed health insurance programs under current eligibility guidelines would also be affected by an individual mandate. However, an analysis of EBNE individuals is beyond the scope of this analysis—policy solutions to increase enrollment of the EBNE may be quite different than those required to enroll uninsured individuals that are not currently eligibility for public health insurance programs.

The number of uninsured Coloradans affected by an individual mandate

Of the 372,000 uninsured Coloradans who would be affected by an individual mandate, nearly 26,000 are children. Their parents would be required to secure coverage on their behalf or face financial penalties. Figure 2 summarizes these children by family income groupings.

⁷ Based on H.B. 09-1293, individuals with work disabilities in Colorado and with family incomes up to 450% of the FPL will be eligible for a Medicaid buy-in program. The legislation also increased CHP+ eligibility for pregnant up to 250% of the FPL. Because it is not possible to determine which uninsured Coloradans have work disabilities that would meet the federal definition required for the program nor is it possible to determine pregnancy status, CHI could not remove these individuals from the group of uninsured individuals included in this analysis.

⁸ Individuals who lack legal documentation are not currently eligible for publicly financed health insurance and will not be covered under H.B. 09-1293 or Medicaid expansions. Due to data limitations on documentation status, this analysis does not include an adjustment to exclude these individuals from the analysis.

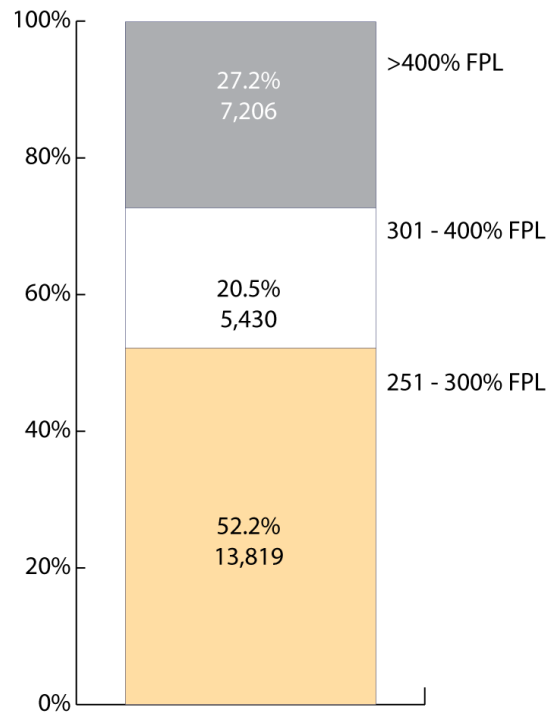
⁹ Uninsured individuals can apply for an exemption from the individual mandate. The data and analysis were not adjusted for people who may be granted exemptions.

The majority of uninsured children who would be affected by an individual mandate live in families with incomes between 251 – 300 percent of the FPL (52%). Twenty-one percent have incomes between 301 and 400 percent of the FPL and another 27 percent have incomes above 400 percent of the FPL.

Compared to children, there are significantly more working age adults (346,000) in Colorado who will be affected by an individual mandate. As summarized on Figure 3, a disproportionate number of young adults' ages 19 to 34 (163,000) fall into this category.

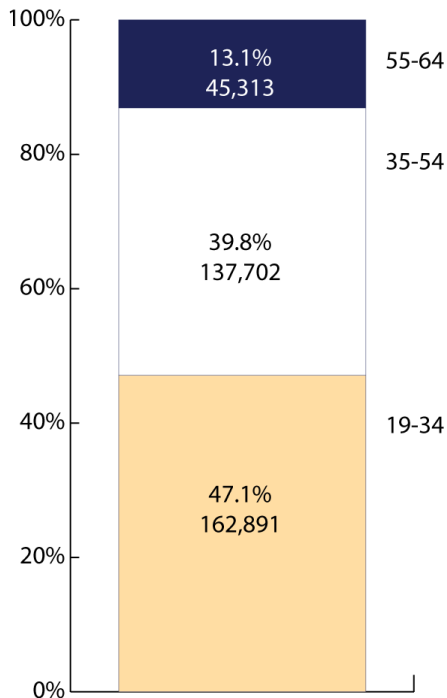
Similar to children, working age adults affected by an individual mandate are more likely to live in relatively low income families. Of the adults summarized in Figure 4, 35 percent have incomes between 134 and 200 percent of the FPL, followed by 20 percent with family incomes between 201 and 250 percent of the FPL.

Figure 2. Number of children (ages 0–18) affected by an individual mandate in Colorado, by family income, 2008-09



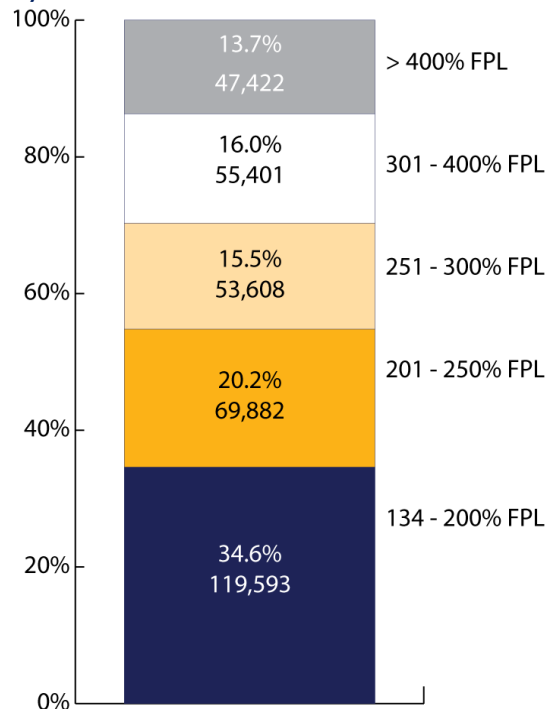
SOURCE: 2008-09 Colorado Household Survey

Figure 3. Number of working age adults (19–64) affected by an individual mandate in Colorado, by age, 2008-09



SOURCE: 2008-09 Colorado Household Survey

Figure 4. Number of working age adults (19–64) affected by an individual mandate in Colorado, by family income, 2008-09

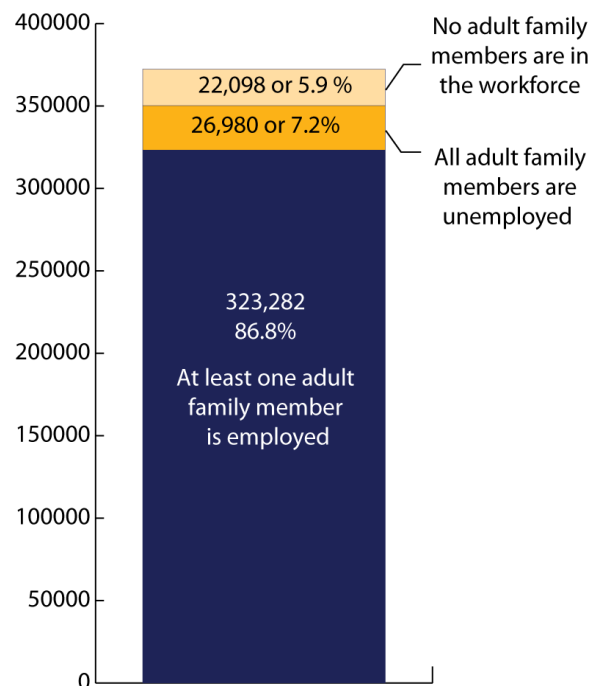


SOURCE: 2008-09 Colorado Household Survey

Employment status of Coloradans affected by an individual mandate

The health insurance system in the U. S. and Colorado is primarily employer-based—in fact, according to the COHS, almost 64 percent of insured Coloradans have employer-sponsored insurance (ESI). The Accountable Care Act builds upon this system and includes tax credits for some small employers that offer affordable insurance coverage and penalties for large employers that do not offer affordable coverage. To that end, it is important to understand the employment status and employer size of individuals affected by the individual mandate because it affects the way in which they would comply with the new law.

Figure 5. Family employment status of uninsured Coloradans affected by an individual mandate, 2008-09



SOURCE: 2008-09 Colorado Household Survey

NOTE: Individuals under age 19 are categorized according to the employment status of their parents. Individuals age 19 and older are categorized according to their and their spouse's (if applicable) employment status.

As summarized in Figure 5, of those uninsured Coloradans affected by an individual mandate, approximately 13 percent (49,000) are either in families where all adults are unemployed or not in the workforce. Individuals such as homemakers and retirees who are not seeking work are not considered to be in the workforce. Gaining access to health insurance through an employer policy would not be an option for this group and they would likely seek insurance through the newly-established health insurance exchange. As envisioned, a health insurance exchange is an organization that functions as a *competitive marketplace*, where individuals and small firms can easily compare benefit and cost information and purchase health insurance coverage.

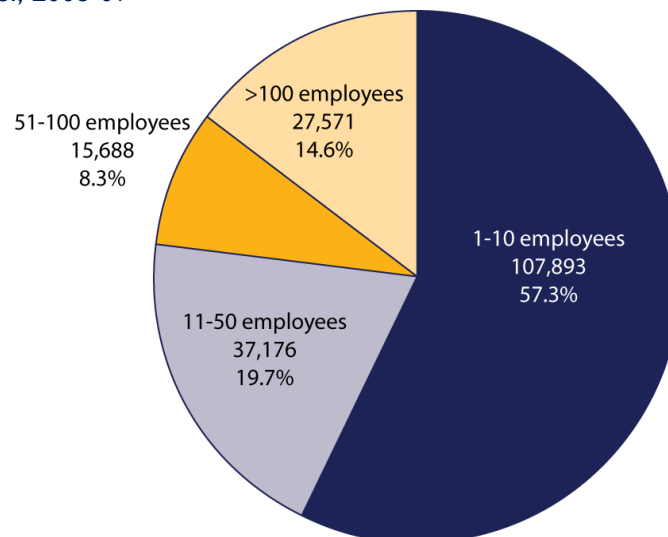
Employer size of working Coloradans affected by an individual mandate

The effects of a partial employer mandate

As shown in Figure 5, of those uninsured Coloradans affected by an individual mandate, 87 percent (323,000 individuals) are living in a household in which at least one adult family member is employed. Of these 323,000 individuals, 42 percent (135,000) were offered ESI through their own or a family member's employer but declined it, primarily due to cost.¹⁰ The remaining 188,000 were not offered ESI.

Presumably, a number of the 135,000 individuals who previously declined ESI would opt to purchase it because of the individual mandate. However, this still leaves 188,000 individuals affected by the individual mandate living in a household in which at least one adult family member is employed, but who were not offered ESI. Figure 6 displays the employer size of these remaining 188,000 Coloradans.

Figure 6. Employer size of affected Coloradans with at least one employed family member, and were not offered ESI, 2008-09



SOURCE: 2008-09 Colorado Household Survey

NOTE: Individuals under age 19 are categorized according to the employment status of their parents. Individuals age 19 and older are categorized according to their and their spouse's (if applicable) employment status.

A major policy objective of the Affordable Care Act is to increase ESI for the working uninsured. To that end, employers with more than 50 workers are required to offer affordable health insurance or pay a financial penalty. Small employers with 25 or fewer workers and average annual wages below \$50,000 are eligible for tax credits if they provide insurance coverage for their workers. Employers with 26 – 50 workers are not eligible for tax credits and do not face penalties if they do not provide coverage. There is concern that tax credits for small employers are not large enough to induce them to provide

¹⁰ Respondents were asked to report the primary reason why they declined an offer of ESI. Among all uninsured working Coloradans, cost of ESI was cited most frequently, as reported in [A Profile of Colorado's Uninsured Population](#), the inaugural issue brief from the 2008–09 Colorado Household Survey.

health insurance as a benefit. Similarly, employers with 26 – 50 workers are not likely to begin offering insurance because there are no incentives or penalties for failing to provide coverage. If these employers with 50 or fewer workers do not enter the health insurance market, 145,000 Coloradans affected by the individual mandate will still not have access to employer-sponsored health insurance (Figure 6).¹¹

Adding to this figure the 49,000 uninsured Coloradans who do not have a family member who is employed (displayed in Figure 5), suggests that 194,000 (52%) of the 372,000 Coloradans affected by the individual mandate would not have access to employer-sponsored coverage.

Conclusion

The Colorado Legislature in 2009 and Congress in 2010 passed legislation significantly expanding publicly-financed health insurance to provide coverage to a substantial number of low-income uninsured Coloradans. However, 372,000 chronically uninsured Coloradans will not be eligible for these public expansions based on current family size and income eligibility criteria. This remaining group will be subject to the individual mandate provisions of the Affordable Care Act—largely low income adults between the ages of 19 and 35.

Most uninsured Coloradans who would be affected by the individual mandate are employed (323,000) or have at least one family member who is employed. While employer penalties are one mechanism to increase coverage for this chronically uninsured group, the size of the large firm penalty could affect uptake rates and the overall effectiveness of the policy. If small employers do not take advantage of available tax credits, 194,000 Coloradans affected by an individual mandate will likely be purchasing health insurance coverage through the state's health insurance exchange beginning in 2014 when this provision of federal law is implemented.

¹¹ The COHS does not include payroll data of individuals' employers. Therefore it is not possible to assess how many Coloradans affected by the individual mandate work for employers that would be eligible for the tax credits.

Appendix A

2008 Federal Poverty Guidelines

Family Size	100%	200%	300%	400%
1	\$10,400	\$20,800	\$31,200	\$41,600
2	\$14,000	\$28,000	\$42,000	\$56,000
3	\$17,600	\$35,200	\$52,800	\$70,400
4	\$21,200	\$42,400	\$63,600	\$84,800
5	\$24,800	\$49,600	\$74,400	\$99,200
6	\$28,400	\$56,800	\$85,200	\$113,600
7	\$32,000	\$64,000	\$96,000	\$128,000
8	\$35,600	\$71,200	\$106,800	\$142,400
9	\$39,200	\$78,400	\$117,600	\$156,800
10	\$42,800	\$85,600	\$128,400	\$171,200

SOURCE: United States Department of Health and Human Services