

Federal Reserve Bank of Kansas City

Exploring Financial Resiliency & Mobility

The Interplay of Health & Financial Stability

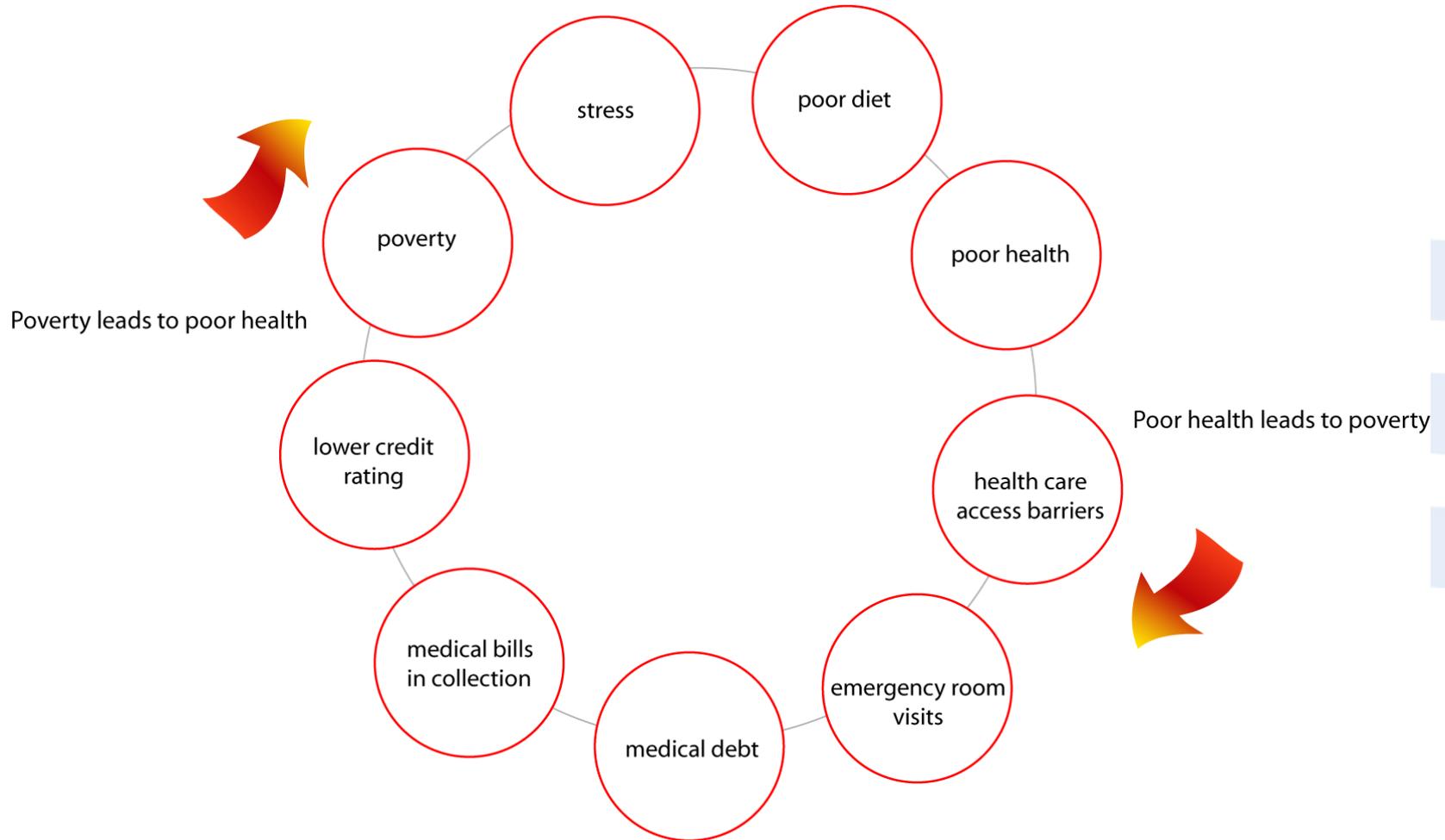
September 7, 2016

**Mark Rukavina, Principal
Community Health Advisors, LLC**

mark@communityhealthadvisors.com

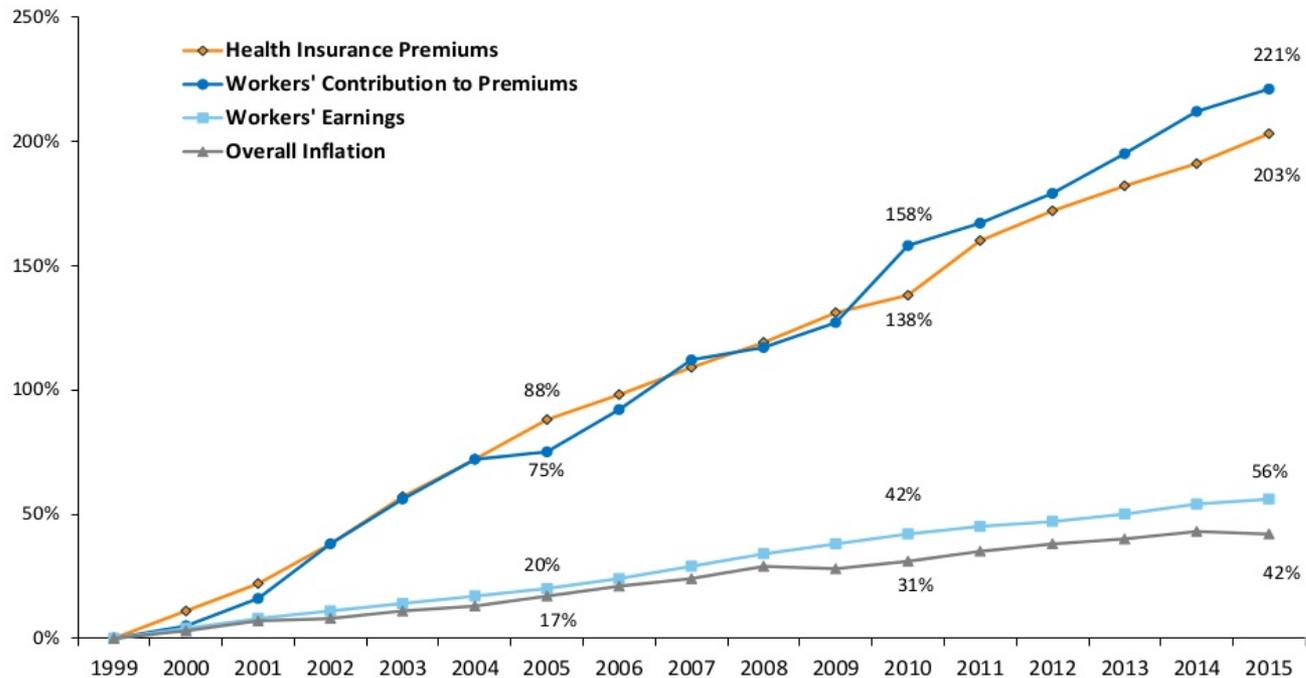
(617) 833-9829

Health and Financial Stability



Health Costs Outstrip Wage Gains

Cumulative Increases in Health Insurance Premiums, Workers' Contributions to Premiums, Inflation, and Workers' Earnings, 1999-2015



SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2015. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April), 1999-2015; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 1999-2015 (April to April).

Health Insurance Marketplace 2016

- Family of four in Kansas City, MO
- Income 400% FPL - \$97,000
- Health Insurance Premium for Silver Plan - \$8,986/year
 - Subsidy - \$0
 - Amount Premium Paid by Family \$8,986
- Out-of-Pocket Maximum for Silver Plan
 - \$13,200

Affordability

- If a family of four in Kansas City, MO with an annual income of 400% FPL reached their out-of-pocket maximum of \$13,200, they would spend a total of **23% of family income** on premiums and out-of-pocket costs.

Health Insurance Marketplace 2016

- Family of four in Kansas City, MO
- Income 200% FPL - \$48,500
- Premium for Silver Plan - \$8,986/year
 - Subsidy - \$5,880
 - Amount Premium Paid by Family \$3,106
 - Cost Sharing Reductions
- Out-of-Pocket Maximum for Silver Plan
 - \$4,500

Affordability

- If a family of four in Kansas City, MO with an annual income of 200% FPL reached their out-of-pocket maximum of \$4,500, they would spend a total of **16% of family income** on premiums and out-of-pocket costs.

The FINRA Investor Education Foundation

2015 National Study of Financial Capability

- Financial Capability –The study measures four key components of financial capability: making ends meet, planning ahead, managing financial products, and financial knowledge and decision making.
- Nearly one in five of Americans (18%) report spending more than their household income (not including the purchase of a new home, car or other big investment) in previous year. (Missouri 18%)
- More than one-fifth (21%) of American adults reported having past due medical bills. (Missouri 26%)

Health Care Affordability for American Families

In 2014, 64 Million American adults (35%) under the age of 65 experienced medical bill problems

- Problems paying or unable to pay medical bill
- Contacted by a collection agency for unpaid medical bill
- Changed way of life in order to pay medical bill
- Medical bills being paid off over time



Medical Bills and Housing

- Seven percent (7%) of families facing foreclosure that were counseled through the National Foreclosure Mitigation Counseling Program cited medical issues as the primary reason for mortgage default.

Consumer Financial Protection Bureau

CFPB December 2014 Study

CFPB issues report finding:

- 43 million Americans have medical collection on credit report
- Half of all overdue debt on credit reports is from medical debt
- One out of five credit reports contains overdue medical debt
- 15 million consumers have only medical debt on their credit reports
- Average reported medical debt is \$579

CFPB Director Richard Cordray: “The CFPB is taking action to improve credit report accuracy. Getting medical care should not make your credit report sick.”

December 2014

Consumer credit reports:
A study of medical and
non-medical collections

cfpb Consumer Financial
Protection Bureau

NY Attorney General Settlement

- Over half of all collection items on credit reports are medical debts.
- Medical debts often result from insurance-coverage delays or disputes.
- As a result, medical debt may not accurately reflect consumers' creditworthiness.

NY Agreement to be Implemented Nationally

- Under New York agreement, the CRAs will institute a 180-day waiting period before medical debt will be reported on a consumer's credit report.
- Provides extra time to resolve delinquencies due to insurance delays or disputes.
- CRAs will remove all medical debts from a consumer's credit report after the debt is paid by insurance.

Affordable Care Act

- Extended coverage to millions of Americans
- Improved transparency of non-profit hospital charity care and community benefit programs
- Required that non-profit hospitals conduct community needs assessments, a minimum of every three years

Non-Profit Hospital Billing and Collection Policies

- Requires a waiting period of 120 days from date of first post-discharge bills, and notification prior to initiating any extraordinary collection actions (includes credit reporting or legal actions)

Community Health Needs Assessment

- Non-profit hospitals must conduct community health needs assessments at least every three years.
- Health needs of the community may include the requisites for the improvement or maintenance of health.

Social Determinants of Health

Health needs may include not only specific health needs and those that address financial and other barriers to care but also needs that:

- prevent illness,
- ensure adequate nutrition,
- or address social, behavioral, and environmental factors (like housing) that influence community health.

Community Input

Non-profit hospitals **must solicit and take into account input** received from people representing broad interests of the community in identifying and prioritizing significant health needs.

At minimum, must take into account feedback from the following three sources:

- Those with public health expertise
- Member of medically underserved, low income and minority populations, or individuals or organizations representing their interests
- Written comments on most recent CHNA and/or Implementation Strategy

Health and Financial Stability Opportunities

- Expansion of insurance coverage programs
- Charity care transparency and billing standards
- Credit reporting protections
- New population health focus, especially large health systems

