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Dispelling the Myth

that the Uninsured Don't Work:

Study Estimates Close to 50 Percent of Hawaii's Uninsured Are Gainfully Employed But Without Health Coverage Benefits

Almost 50 percent of Hawaii's uninsured, or more than 47,000 people, are on the job, according to the University of Hawaii Social Science Research Institute, which performed an extensive analysis of the 1996 to 2002 Current Population Survey conducted by the U.S. Census Bureau. The numbers were derived from a 7-year average of the surveys. Uninsured sole proprietors and the self-employed represent about 11,800 workers.

Uninsured Workers Hard at Work but "Gambling" on Health

Part-Time Workers. Reasons for part-time employment vary. Some are unable to obtain full-time work, and rely on a series of part-time jobs that total or exceed 40 hours per week. Others may prefer part-time employment, such as parents with young children, college students, and retirees who are too young to collect retirement benefits or qualify for Medicare.

Sole Proprietors, Self-Employed. Sole proprietors are not required to carry health coverage or workers compensation. Also, they do not qualify for group health insurance rates. Many who want coverage believe that private insurance plans in the marketplace are unaffordable.

Some Classes of Government Employees. Government employees and workers covered by collective bargaining as well as temporary hires are not entitled to receive health coverage provisions under the Prepaid Health Care Act.

Cost of Group Coverage: Businesses Carry the Burden

The cost of health insurance has escalated rapidly in recent years. According to the 2002 report "Health Care Costs: Trends and Relationships to Insurance Premiums," issued by the University of California Academic Senate, "...insurers are now passing on to their policyholders cost increases that they might have absorbed in past years."

Because of Prepaid Health Care Act provisions, Hawaii employers pay the highest percentage of health insurance premium costs in the U.S. According to the Medical Expenditure Panel Survey, a national survey of health care use, the average Hawaii health care insurance premium in 2000 was \$184 per month, of which the average employee contribution was \$16 (8.6 percent). Nationally, the average total premium was \$221 per month, with employees paying an average of \$37 (about 17 percent).

Some businesses have sought to avoid paying for employee health insurance, by increasing the size of their part-time workforce (employing more workers at less than 20 hours per week) and contracting more services to self-employed individuals.

Cost of Coverage: Individuals Carrying the Burden

The actual costs for privately obtained individual health insurance vary and are difficult to come by, except anecdotally, because insurance rate information is confidential.

Health Insurance Is a Luxury Many Individuals Can't Afford

A Hawaii mother with one child pays \$325 per month for an individual HMO plan. (With one more child, her monthly premium would be nearly \$500.) If she earns the average monthly wage in Hawaii - \$1,702 (\$2,432 per month before taxes) -- her insurance costs would represent nearly 20 percent of her net monthly income. Her copayments for services are more than double those required of people covered by group/employer plans, and she does not have drug, dental or vision coverage.

An unmarried Hawaii man who is a sole proprietor with no pre-existing conditions pays \$130 per month for his insurance plan, which also requires higher copayments and does not offer drug, dental or vision coverage. At 7.6 percent of the average monthly income -- \$1,702 (\$2,432 per month before taxes) -- the premium might be considered affordable, but not when the costs of his co-payments, drug, dental and vision expenses are added in.

In a survey conducted by Stony Brook University in New York, results indicated that U.S. workers (71 percent) would rather have a lower-paying job that includes health insurance than one that doesn't include benefits and pays more. This national survey of 865 adults suggests a national trend in which employees are increasingly concerned about health benefits.

The Hawai'i Uninsured Project has assembled a committee of community leaders to develop affordable options that best serve the uninsured and employers. Solutions may include creating an affordable and easily accessible health insurance product.

The Hawai'i Uninsured Project's mission is to ensure access to health coverage in Hawaii. The project is spearheading solutions through community collaboration and fact-based research. Support for the project is provided by grants from The Robert Wood Johnson Foundation, the U.S. Department of Health and Human Services - Health Resources and Services Administration and local funders such as Hawaii State Department of Health and HMSA Foundation.



The Hawai'i Uninsured Project is a program of the Hawai'i Institute for Public Affairs (HIPA), an independent, nonpartisan and nonprofit organization dedicated to elevating Hawaii's public decision-making process through sound public policy analysis, research and community collaboration.

For more information on the institute, visit www.HipaOnline.com or call (808) 585-7931.