



How Do Alaskans Cover Their Medical Bills?

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April 2017

The Affordable Care Act (ACA) has been at the top of the news lately, with Congress considering but then dropping proposed changes. Congress will try again to change the ACA—but it's uncertain how or when. This summary looks broadly at all the kinds of health-care coverage Alaskans have now, and how ACA provisions have changed that coverage.

Figure 1 shows coverage Alaskans reported having in 2015, the most recent figures available. The percentages add to more than 100, because many Alaskans have more than one type of coverage.

Health-care coverage is similar in 2017, except for these important changes: the share of Alaskans covered by Medicaid is up to 24% (Figure 2), and the share without any coverage is down. That's because the state expanded the Medicaid program in fall 2015, under terms of the ACA, opening it to more low-income adults. By early 2017, about 30,000 Alaskans—most of them likely to have been uninsured before—had enrolled under the Medicaid expansion.

So what does the big picture of coverage in Alaska look like today?

- *Employer insurance is still the most common, covering half of all Alaskans* (Figure 1). But fewer small businesses are offering it (Figure 10, page 4).
- *Alaska Natives are eligible for care at Indian Health Service hospitals and clinics, which is why 17% of Alaskans report IHS coverage.* Most report they have other coverage as well.
- *Close to 15% of residents carry Tricare—for military personnel, their families, and retirees.* Many Alaskans are active-duty or retired military.
- *Medicare covers about 11% of Alaskans, who are more likely to be men and less likely to be poor than enrollees nationwide* (Figure 9, page 4).
- *About 8.5% of Alaskans have individual policies, many but not all purchased under terms of the ACA.* For example, some still have pre-ACA plans.
- *About 90% of Alaskans with plans through the ACA marketplace get federal subsidies that cover most of their premiums.* But 10% have incomes too high to qualify for subsidies—and the cost difference is huge. For example, the unsubsidized 2017 monthly premium for a family of four is \$2,750, compared with the subsidized \$316. Unsubsidized premiums in Alaska have doubled since 2014—and are now more than twice the U.S. average (Figure 3).

Figure 1. Health-Care Coverage Among Alaskans, 2015
(Percentages reporting coverage by type*)



*ACS asks Alaskans to report all the types of coverage they have. Many have more than one, so figures add to more than 100.
Source: 2015 American Community Survey, Public Use Microdata Sample.

Figure 2. Percentage of Alaskans Covered by Medicaid, 2017

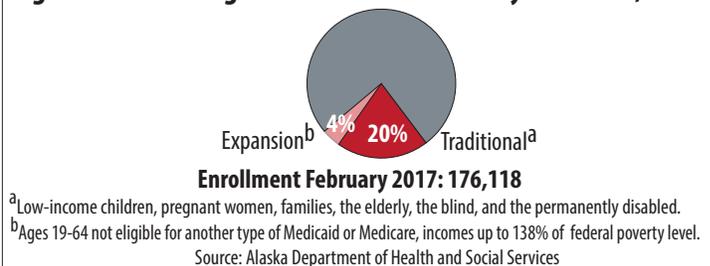
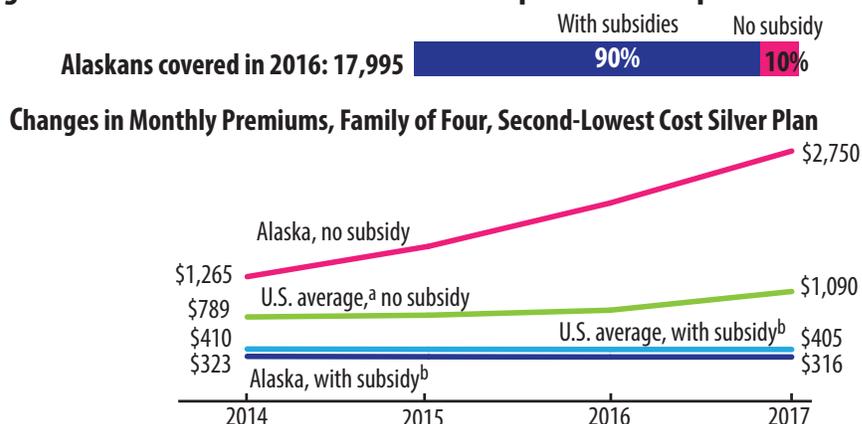


Figure 3. Alaskans With Plans in ACA Marketplace and Sample Premiums



^aAverage premium among the 39 states that use the federal government's enrollment website for coverage under the Affordable Care Act.
^bSubsidized premium for family of four with annual income of \$60,000, under the second-lowest cost silver plan. Subsidies are based on that specific plan. The subsidized Alaska premium is less than the U.S. average because Alaska's federal poverty guidelines are higher.
Source: U.S. Department of Health and Human Services, ASPE Research Briefs

What was the ACA Intended to Do?

Congress passed the Affordable Care Act (also known as Obamacare) in 2010, to reduce the number of Americans without health-care insurance. It's a complex and controversial law with many provisions we can't begin to describe in this short summary. But broadly speaking, the law:

- Prevents insurance companies from denying individual policies to people with "pre-existing conditions"—conditions that might be expensive to cover. Previously, companies could deny coverage to people with many different kinds of medical problems when they tried to buy insurance in the "non-group" market—that is, when they tried to buy individual policies because they had no employer-based group insurance.

- Offers federal subsidies so Americans with lower incomes can afford health insurance. The subsidies are available only to those who buy individual policies through the insurance "marketplaces" established under the ACA.

There are two types of subsidy: federal tax credits to help pay for insurance premiums, and a cost-sharing subsidy to help pay for out-of-pocket costs, for visits to doctors or stays in hospitals. Those with incomes between 100% and 400% of the federal poverty guidelines qualify for subsidized premiums, and those with incomes between 100% and 250% of the guidelines can also get subsidies for out-of-pocket costs. (Because Alaska's living costs are higher, the poverty guidelines for Alaska are higher. In 2017, the guideline for a single person in Alaska is \$15,060; for a family of four it's \$30,750.)

- Requires all Americans to carry health insurance or pay tax penalties.¹ This requirement was intended to increase the number of younger, healthier people taking out policies—so the higher costs of older, sicker people would be spread among more people, to help keep premiums lower.

Originally, the ACA also required states to expand the number of Americans who qualify for Medicaid. States administer Medicaid, but the federal and state governments share the costs. Under terms of the ACA, the federal government pays all the costs of newly-eligible people in the early years and most of the costs in later years.

But in 2012, the U.S. Supreme Court ruled it unconstitutional to require states to expand Medicaid—so states can now choose whether to make more people eligible. Alaska's governor, Bill Walker, expanded the state's program in September 2015. What did that change?

- The expansion covers single people 19 to 64, with incomes up to 138% of the federal poverty guidelines, who would not otherwise qualify. The traditional Medicaid program covers specific low-income groups: children, single-parent families, pregnant women, and the elderly and disabled.

Alaskans with ACA Marketplace Plans

In 2014, Americans began buying individual plans through ACA marketplaces, which offer plans that meet ACA requirements and are eligible for subsidies. These are generally people who don't have access to group health insurance, and many couldn't previously afford insurance.

At the end of 2014, about 11,000 Alaskans were covered by ACA marketplace plans. By March 2015 that number had increased to 18,300, but a year later it had dropped somewhat (Figure 4). No comparable figures for 2017 are available yet.

Around 90% of Alaskans with marketplace plans get subsidies to reduce their premiums, and many of those also get subsidies for out-of-pocket costs (Figure 4). The other 10% bear the full cost of premiums that have more than doubled since 2014. Figure 5 compares the subsidized and unsubsidized monthly premium for a single adult in Anchorage. Between 2014 and 2017, the unsubsidized premium increased from \$433 a month to \$904. The subsidized premium held steady at around \$165 a month.

Why Such Big Increases in Marketplace Premiums?

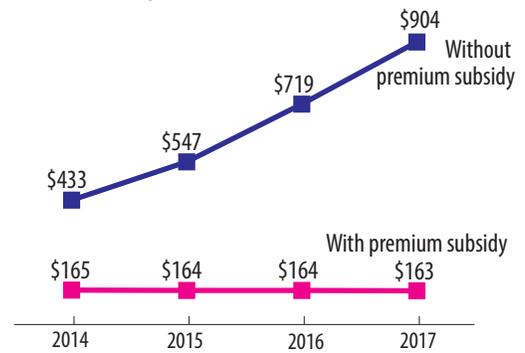
To begin with, health-care costs—and insurance premiums—have been much higher in Alaska than elsewhere for a long time. (Isolation, small markets, and other factors contribute to but don't fully explain Alaska's higher health-care costs.²) So from the outset, premiums for ACA marketplace plans were considerably higher in Alaska.

Unsubsidized premiums for an Alaska family with a marketplace plan were 60% above the national average in 2014, but 150% higher by 2017 (Figure 3). Why? Alaskans with ACA marketplace plans have seen such big increases because the pool of people in those plans is small, and some of them have expensive medical problems. These are people who likely wouldn't have been able to get individual plans before the ACA became law. So the high medical costs of some Alaskans are spread among just the small overall number with marketplace plans, driving up premiums.³

But even with those big increases, insurance companies still report losing money on marketplace plans in Alaska, and only one still offers them. The state legislature appropriated \$55 million to cover that company's losses in 2017.⁴ The state has also applied to the federal government for a waiver in ACA rules, to allow federal funds to pay for a "reinsurance" program—that is, for federal money to pay the unusually high costs of those with expensive medical problems, so premiums for everyone don't increase so much.⁵

Figure 5. Monthly Premiums for ACA Marketplace Plan, Single Adult in Anchorage, 2014-2017

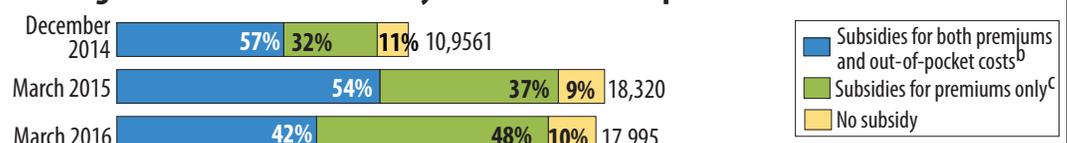
(40-Year-Old Making \$30,000 a Year, Second-Lowest Cost Silver Plan*)



*Subsidies are based on costs of this specific plan.

Source: Kaiser Family Foundation, *Health-Reform Issue Briefs*

Figure 4. Alaskans Covered by Active ACA Marketplace Health-Insurance Plans^a



^a"Active" plans means policyholders have paid their premiums. The Centers for Medicare and Medicaid Services calls this "effectuated" enrollment. As of April 2017, no such figures were available for 2017.

^bPeople who have family incomes between 100% and 250% of the federal poverty guidelines and who are not eligible for Medicare or Medicaid and do not have employer-based insurance they can afford.

^cPeople who have family incomes between 100% and 400% of the federal poverty guidelines and meet other eligibility requirements listed in note b above.

Source: Centers for Medicare and Medicaid Services, *Fact Sheets*

Medicaid Enrollment

As we discussed earlier, Medicaid is a joint federal-state program that in the past covered medical costs for specific groups of low-income Alaskans. In September 2015, the state broadened eligibility, under the ACA, to include single, low-income adults (19 to 64) who didn't otherwise qualify for either Medicaid or Medicare.

Enrollment in Medicaid increased by 45,000 from September 2015 to February 2017 (Figure 6). The Alaska Department of Health and Social Services reports that 30,000 of those who enrolled during that period were the newly eligible adults.⁶

The top pie in Figure 7 shows which Alaskans are covered by Medicaid in early 2017. About half are children from low-income families, 20% are parents or caretakers of children, and 17% are those 19-64 who are newly eligible. Disabled adults and children make up 10%, and those over 65 another 4%. Those older Alaskans are what the government calls "dual eligibles"—they are covered by Medicare because of their age, and by Medicaid because they have low incomes or are disabled.

The pies at the bottom of Figure 7 show how many Alaskans of different ages are covered by Medicaid. More than 40% of children 18 or younger are covered, 18% of those 19-64, and 12% of those 65 or older.

Uninsured Alaskans, 2015

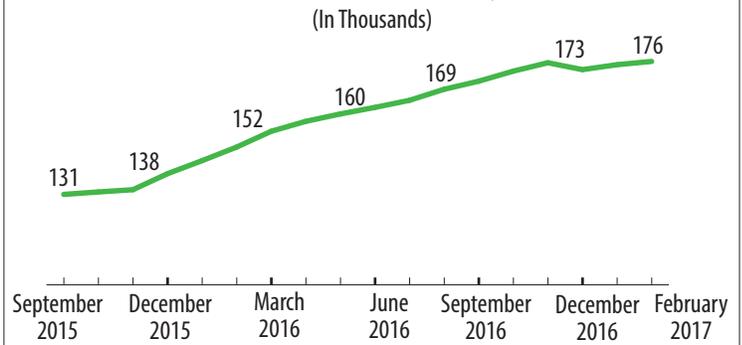
The ACA and Medicaid expansion are undoubtedly providing health-care coverage for many Alaskans who were previously uninsured. But keep in mind that the economy also affects both Medicaid enrollment and the number of uninsured. People are losing jobs in Alaska's current recession—and for that reason could become eligible for Medicaid or lose their insurance.

But that said, thousands of Alaskans who might have been uninsured before 2014 are now enrolled in ACA marketplace plans (Figure 4). And the state reports that 30,000 residents have enrolled under Medicaid expansion since late 2015. It's probable most of them were previously uninsured.

The most recent information we have about uninsured Alaskans is from 2015, so it's likely the number of uninsured low-income adults is now smaller. Still, Figure 8 gives us a useful snapshot of Alaskans without health-care coverage in recent years:

- *Their don't all have low incomes.* In 2015, 10% had per-person household incomes of more than \$56,000. The state average per-person household income that year was about \$34,000.
- *Their ages are similar to that of all Alaskans.* In 2015, half the uninsured were 34 or younger; the median age of Alaskans is 32.
- *They are more likely to be male.* Nearly 60% of the uninsured in 2015 were men or boys.
- *They are mostly White*—77% in 2015. About 67% of all Alaskans are White. Few Alaska Natives report having no health-care coverage, although they make up about 18% of all residents. That's because all Alaska Natives are eligible for care at Indian Health Service clinics and hospitals.⁷

Figure 6. Monthly Alaska Medicaid Enrollment, September 2015 - February 2017

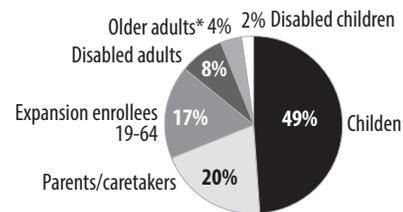


Sources: Kaiser Family Foundation, State Health Facts; Alaska Department of Health and Social Services.

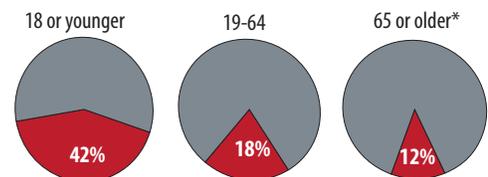
Figure 7. Which Alaskans are Covered by Medicaid?

(Total Enrollment, February 2017: 176,000)

By Category of Medicaid



As Percentages of All Alaskans, by Age

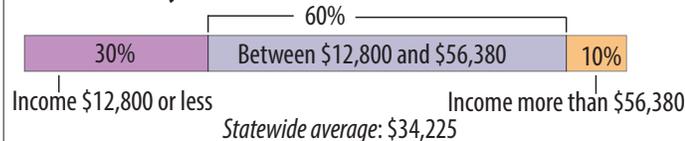


*These are people also covered by Medicare because of their age.
Sources: Alaska Departments of Health and Social Services and Labor

Figure 8. Alaskans Who Reported Having No Health Insurance in 2015

(± 67,900 Alaskans)

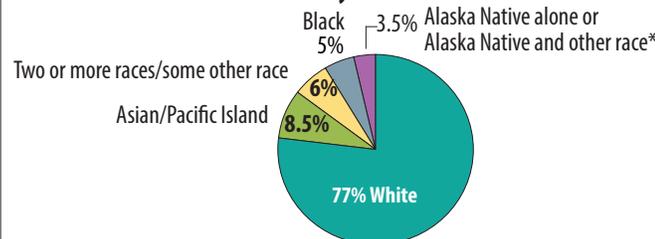
By Per-Person Annual Household Income



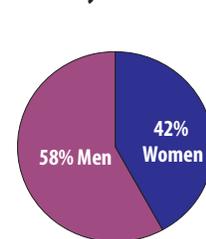
By Age

- 1 in 10 was 14 years or younger
 - 1 in 2 was 34 years or younger
 - 1 in 10 was 60 years or older
- Median age of all Alaskans: 32

By Race



By Sex



*Also includes American Indians. Alaska Natives and American Indians are entitled to care at Indian Health Service facilities, but a few still reported no coverage.
Source: 2015 American Community Survey, Public Use Microdata Sample. Figures from the sample are subject to more error than those from the full survey.

Who Are Medicare Beneficiaries?

Medicare is the federal insurance program for people 65 or older, but also for some younger people with disabilities. About 11% of Alaskans reported they were enrolled in Medicare in 2015. That's lower than the nationwide average of around 15%.⁸ Alaska's older population has been growing rapidly, but the percentage of residents over 65 is still below the U.S. average.

Figure 9 compares some of the characteristics of Medicare enrollees in Alaska and nationwide.

- *The percentages of older and disabled beneficiaries are the same in Alaska as throughout the country:* 84% are 65 or older and 16% are younger people with disabilities.
- *Alaskans with Medicare are more likely to be men.* About 51% in Alaska are men, compared with 45% nationwide.
- *Medicare enrollees in Alaska are less likely to be poor.* In Alaska, 25% have incomes under 200% of the federal poverty level, and half have incomes at least 400% above the poverty level. Across the country, 35% have incomes at the lower end and 33% at the upper end.

How Many Private Firms Offer Health Insurance?

Health-care insurance through an employer is still the most common kind of coverage Alaskans carry, but fewer small private firms are offering insurance to their employees, in Alaska and nationwide. The ACA does not require small employers to offer health insurance, but it does require businesses with 50 or more employees to offer insurance or pay tax penalties. It also provides a marketplace where small businesses can look for small-group plans—the Small Business Health Options Program (SHOP) marketplace.

- *The share of small businesses offering health insurance in Alaska dropped from 30% to 27% from 2010 to 2015.*
- *The share of small firms offering insurance nationwide dropped from 39% in 2010 to 29% in 2015.*
- *Almost all large Alaska and U.S. businesses continue to offer health insurance to their employees.*

Conclusions

It's hard to know how health-care coverage for Alaskans might change in the future. The state hopes to learn by this summer if the federal government approves using federal funds to help pay for the big medical bills of some Alaskans with ACA health insurance plans (see page 2).

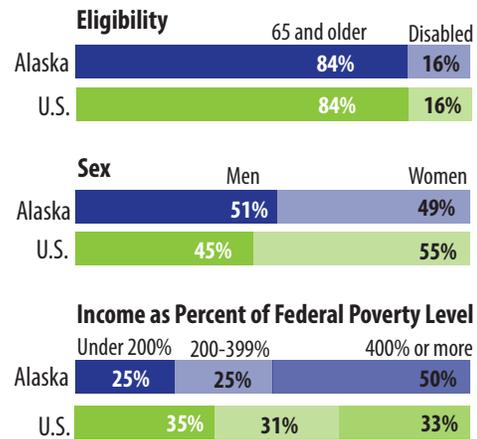
At the same time, members of Congress and the president have said they plan to continue trying to change both the ACA and the Medicaid program—and some in Congress also propose changing Medicare.

In private industry, the percentage of small employers offering health insurance to their employees has been shrinking nationwide, mainly because it's become so expensive. And in Alaska, the problem of growing costs is magnified—because both the costs of health care and health insurance are already far above the national average.

Endnotes

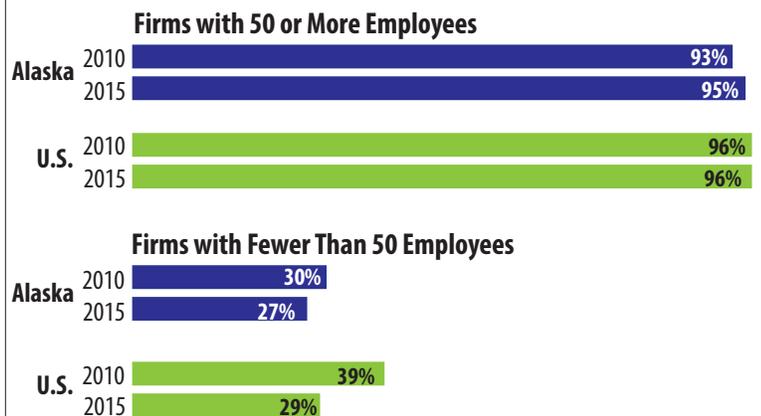
1. This summary discusses ACA provisions affecting individuals. Page 4 briefly outlines what the ACA requires of businesses.
2. Economist Mouhcine Guettabi at ISER is studying what is driving health-care costs.
3. Analysts in the state Division of Insurance and Premera Alaska, among others, agree on what caused the big premium increases.
4. HB 374, Reinsurance Program, 29th Alaska Legislature, June 2016.

Figure 9. Medicare Enrollees, Alaska and U.S. Average, 2015



Kaiser Family Foundation, State Health Facts, 2013 and 2015

Figure 10. Percentage of Private Firms Offering Health Insurance, Alaska and U.S. Average, 2010 and 2015



Source: Medical Expenditure Panel Survey, 2010, 2015

5. For more about Alaska's application for an ACA waiver, see Tim Bradner, "Insurance officials hope federal waiver will cover reinsurance costs," *Alaska Journal of Commerce*, April 5, 2017. The application itself is available at <https://www.commerce.alaska.gov>.

6. Alaska Department of Health and Social Services, "Medicaid in Alaska," February 28, 2017 Report Month.

7. The U.S. Census Bureau's *Current Population Survey* considers those with just IHS coverage to be "uninsured," because that coverage is not insurance: it is access to care specifically at IHS clinics and hospitals. Many Alaska Natives report having other coverage in addition to IHS, but some rely only on IHS. In the 2014 Behavioral Risk Factor Surveillance System survey, nearly 7% of adult Alaskans (18 or older) said they rely primarily on IHS coverage.

8. AARP Public Policy Institute, *Fact Sheet: "Who Relies on Medicare? Profile of the Medicare Population,"* 2012.

About the Authors

Linda Leask is ISER's editor, Rosylind Frazier is a senior research professional at ISER, and Jessica Passini is a research professional at ISER. The findings here are theirs, and shouldn't be attributed to research sponsors, ISER, or UAA.

The Harold E. Pomeroy Public Policy Research Endowment supported this research.



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