

Fragmentation and Integration in US Health Coverage and Financing

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Smith family

\$1420

	Care System	Financing		
		Smiths	Feds	State
Abe, age 1	Medicaid – managed care plan; no cost-sharing		\$1320	\$680
Beth, age 8	CHIP – managed care plan; modest cost-sharing	\$420	\$1024	\$350
Mom (pregnant, not employed)	Medicaid - managed care plan; no cost-sharing		\$3960	\$2040
Dad, employed	ESI – managed care plan; \$1135 deductible; \$2000 OOP max	\$1000 Wages - -\$4000;	\$880 (tax tmt)	
Grandma, retired age 62	Exchange – silver managed care plan; \$1000 deductible; \$2250 OOP max	\$1642	\$5640	
Grandpa, retired age 66	Medicare – managed care plan(?) - \$1500 deductible; \$6700 OOP max	\$2090	TF \$2900 Feds \$2800	

\$47,000

\$30,000

\$3732

figures illustrative

Smith family – 4 years later

		Care System	Financing		
			Smiths	Feds	State
Abe, age 5	\$57,000	CHIP – managed care plan; modest cost-sharing	\$420	\$1024	\$350
Beth, age 12		CHIP – managed care plan; modest cost-sharing	\$420	\$1024	\$350
Mom (working part-time)	\$57,000	ESI – dependent coverage \$1135 deductible; \$2000 OOP max	\$2000 (employer \$3000)	\$660 (tax tmt)	
Dad, employed		ESI – managed care plan; \$1135 deductible; \$2000 OOP max	\$1000 (employer \$4000;	\$880 (tax tmt)	
Grandma, retired age 66	\$30,000	Medicare –\$1500 deductible; \$6700 OOP max	\$2090	TF \$2900 Feds \$2800	
Grandpa, retired age 70		Medicare –\$1500 deductible; \$6700 OOP max	\$2090	TF \$2900 Feds \$2800	\$4180

\$3840

figures illustrative

Jones family

		Care System	Financing		
			Smiths	Feds	State
Cathy, age 5	\$119,250	ESI – Family coverage – managed care plan – \$2300 deductible, \$6000 OOP Max	\$4800 (employer - -\$12000)	\$4800 (tax tmt)	
David, age 12					
Mom (working part-time)					
Dad, employed					
Grandma, retired age 66	\$78,650	Medicare –\$1500 deductible; \$6700 OOP max	\$2090	TF \$2900 Feds \$2800	
Grandpa, retired age 70					

figures illustrative

Problems of Fragmentation

- Continuity of care
- Incentives for prevention
- Time-consuming applications
- Choice of plans
- Unpredictable financial demands

Delivery Discontinuities

- Different provider networks for different family members at the same point in time
 - Medicaid/SCHIP varies by State
 - Public/Private/Exchange/Medicare varies
- Provider networks change within and across plans

Delivery Discontinuities

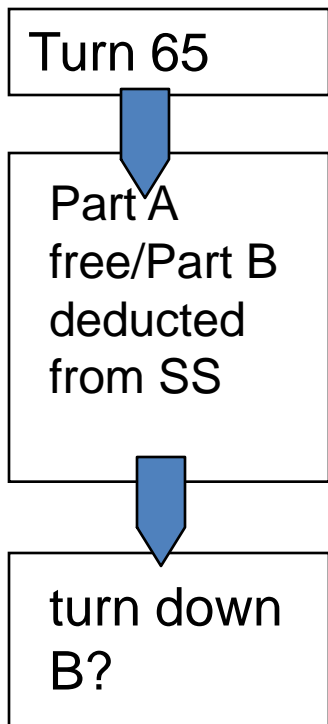
- Plans vary in **PCP** access, but also vary in access to:
 - EHRs
 - Rx
 - Specialists
- Incomplete incentives for investment in prevention

Enrollment

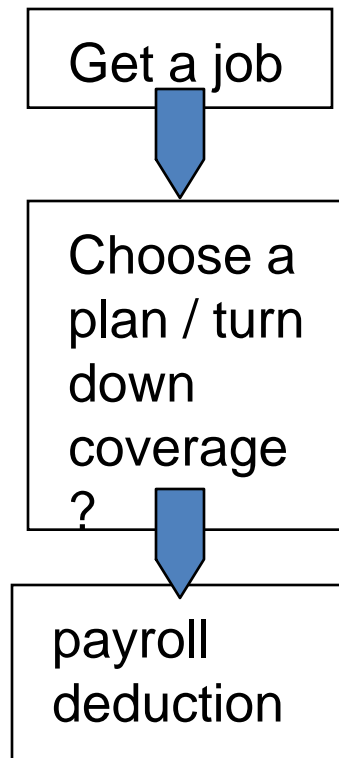
- Different enrollment and coverage processes for different family members at the same point in time
 - Dubay and Kenney, 2003 – 20 percentage point increase in Medicaid for kids if parents are eligible

Getting Coverage

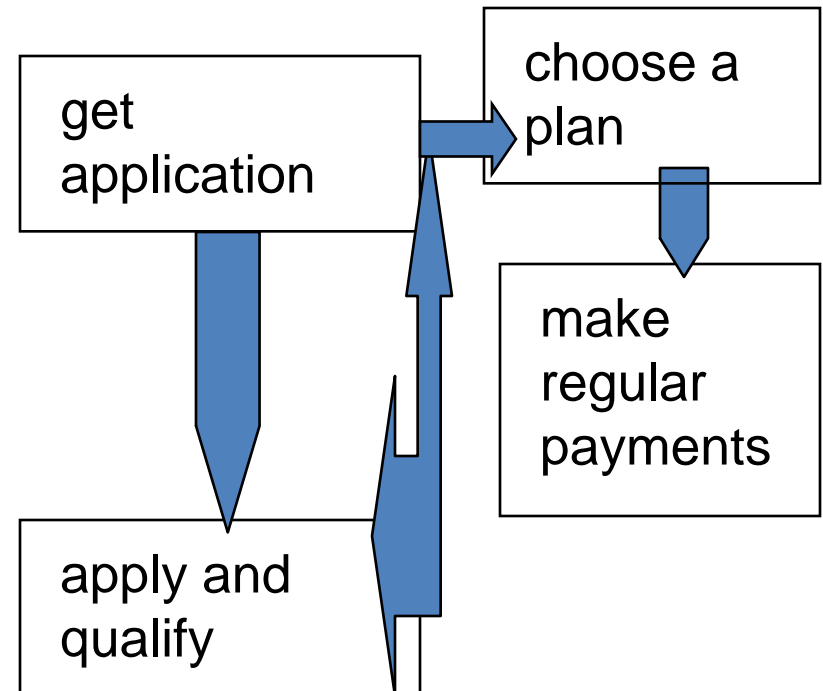
Medicare



ESI



Medicaid/Marketplace



Choices

- Different provider networks / plan structure/ copayment choices for different family members at the same point in time and over time
- Medicaid/CHIP/Marketplace/ESI/Medicare

Financing

- How much should family pay for care? Cost-sharing?
 - Exchanges vs. Medicare
 - 250% FPL vs. 500% FPL

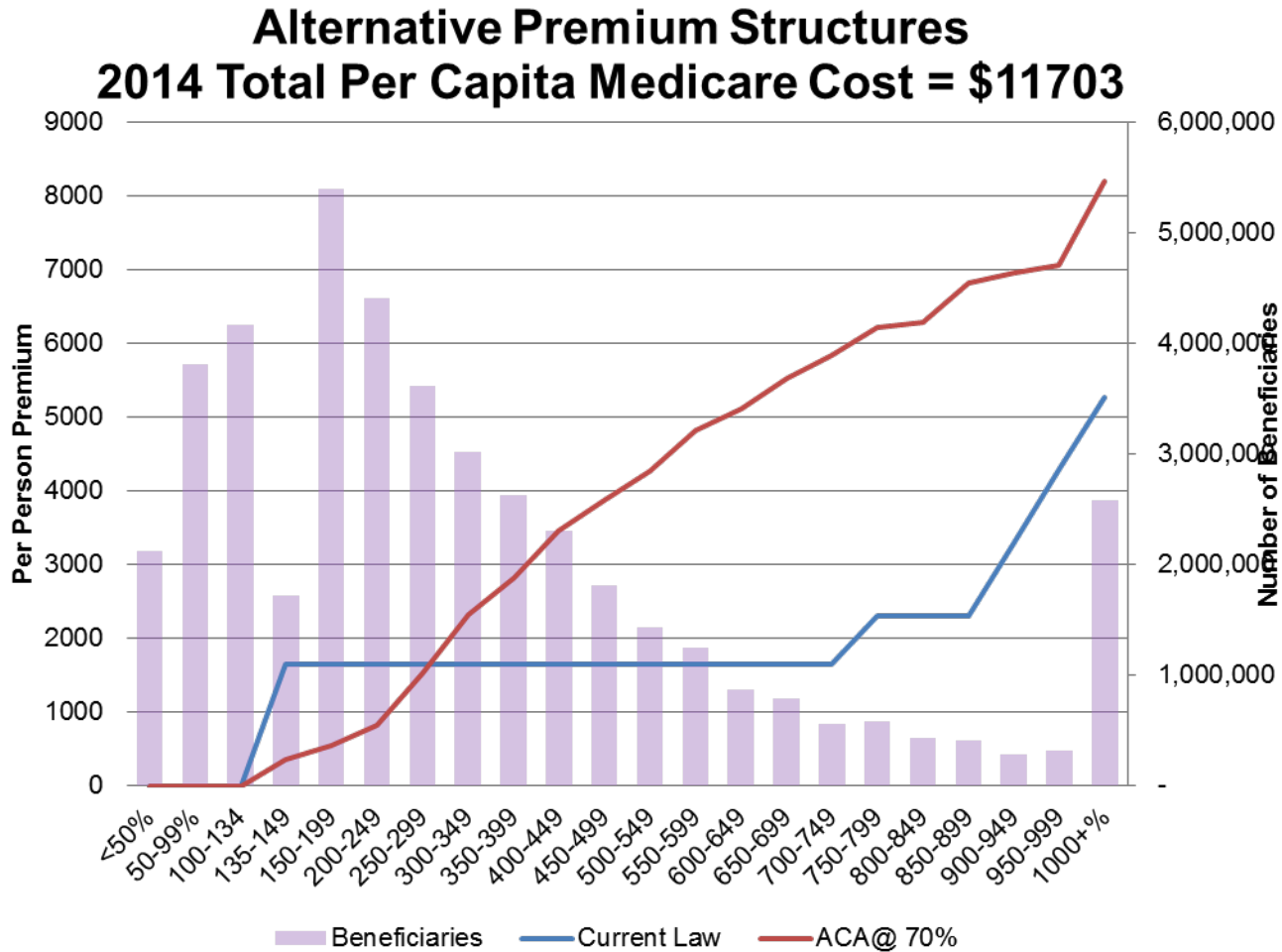
What Really Matters?

- How much can a family afford to pay for health insurance?
- How much can a family pay at the point of service?
- How many choices can a family make efficiently?
- Is care continuous?
- Are records portable?

Some Inelegant Fixes - Continuity

- Payment incentives for plans to offer and enroll in consistent provider networks across programs (Medicaid, CHIP, Marketplace)
 - Better continuity
 - More meaningful choice
- Incentives for easy portability of EHRs
 - Market works against this

Some Inelegant Fixes – Affordability



Thank you!