

**Annual Employer Public Health Access  
Beneficiary Report  
from the Rhode Island Department Of  
Human Services**

Submitted to:

Joint Committee on Health Care Oversight  
House Finance Committee  
Senate Finance Committee

Submitted by:

Gary D. Alexander  
Acting Director  
Rhode Island Department of Human Services

January 16, 2007

## TABLE OF CONTENTS

	<u>Page Number</u>
I. Introduction	2
II. Employers Meeting the Reporting Requirement	5
III. Number of Public Health Access Beneficiaries	6
IV. Estimated Cost to the State of Rhode Island for Providing Public Health Access Benefits	8

## I. INTRODUCTION

On July 7, 2006, H 7025 Substitute A became effective. This legislation amended Chapter 40-8.4 – Health Care for Families – by adding Section 40-8.4-18 that stipulates:

**“Public health access beneficiary employer report.** – The department of human services shall annually prepare a public health access beneficiary employer report. A "public health access program beneficiary" means any person who receives medical benefits from RIte Care, RIte Share, or Medicaid. Any applicant for public health benefits through RIte Care, RIte Share, and/or Medicaid shall identify the employer or the employers of the proposed beneficiary of the health care benefits. The report shall provide the following information for each employer of two hundred fifty (250) or more public health access beneficiaries:

- (1) the name and address of the employer;
- (2) the number of public health access program beneficiaries who are employees of the employer;
- (3) the number of public health access program beneficiaries who are spouses or dependents of employees of the employer;
- (4) whether the employer offers health benefits to its employees;
- (5) whether the employer participates in the RIte Share program; and
- (6) the cost to the state of Rhode Island for providing public health access benefits to their employees and enrolled dependents.

In determining whether the two hundred fifty (250) employee threshold is met, the department of human services shall include all public health access program beneficiaries employed by the employer and their subsidiaries throughout the state. The report shall not include the names of any individual public health access program beneficiaries and shall be subject to privacy standards pursuant to Public Law 104-91, and the Health Insurance Portability and Accountability Act of 1996. The report shall be submitted annually on the third Tuesday in January to the joint committee on health care oversight, the house finance committee, and the senate finance committee.”

This document is the required report, which is organized as follows:

- Employers Meeting the Reporting Requirement

- Number of Public Health Access Beneficiaries
- Estimated cost to the State of Rhode Island for Providing Public Health Access Benefits

The information in this report should be viewed within the context of employer-sponsored insurance (ESI) in the State. The Office of Health Insurance Commissioner released the *2005 Rhode Island Employer Survey Report*<sup>1</sup> on October 24, 2006. That report provides a very important context for this report to the Joint Committee on Health Care Oversight, House Finance Committee, and Senate Finance Committee. Salient findings from the survey report on Rhode Island employers are as follows:

- The percent of employers offering employer-sponsored insurance (ESI) has declined. In 1999, 79 percent of employers offered ESI while only 74 percent did in 2005.
- Larger employers were more likely to offer ESI than smaller employers. In 2005, 98 percent of employers with 50 or more employees offered ESI, whereas only 86 percent of employers with 10 to 49 employees did and only 65 percent of employers with 3 to 9 employees did.
- Lower-wage employers<sup>2</sup> were less likely to offer ESI. In 2005, only 48 percent of low-wage employers offered ESI to full-time employees compared to 89 percent for other employers.
- The percent of employers offering ESI to part-time employees<sup>3</sup> has declined. In 1999, 32 percent of employers offered ESI to part-time employees while only 14 percent did in 2005.
- Low-wage employers hire more part-time workers than other employers. In 2005, 48 percent of low-wage employers' workforces were part-time employees while it was 14 percent for other employers.
- The percentage of employers paying full premium for individual and family coverage has declined. In 1999, 61 percent of employers paid the full premium for individual coverage and 43 percent did for family coverage. In 2005, these percentages declined to 38 percent and 26 percent, respectively.

---

<sup>1</sup> Office of the Health Insurance Commissioner, State of Rhode Island. *2005 Employer Health Survey Report*, October 24, 2006. See: [http://www.dbr.state.ri.us/documents/divisions/healthinsurance/061024\\_FINAL\\_Employer\\_survey\\_REPO\\_RT.pdf](http://www.dbr.state.ri.us/documents/divisions/healthinsurance/061024_FINAL_Employer_survey_REPO_RT.pdf)

<sup>2</sup> This was defined in the survey as "companies where over 50% of employees are paid annual wages less than \$21,000."

<sup>3</sup> Eligibility for ESI among part-time employees is generally determined by the number of hours worked per week.

- The number of ESI choices offered to employees has declined. In 1999, 38 percent of employers offered a choice of two or more carriers while in 2005 only three percent did.
- In 2005, seven percent of companies that offered coverage had employees enrolled in RItE Care and two percent had employees enrolled in RItE Share. The survey report noted in this regard: “Moreover, employees working in low-wage industries are more likely to qualify for RItE Care or RItE Share.”<sup>4</sup>

In his summary of the employer survey, Rhode Island Health Insurance Commissioner Christopher F. Koller noted:<sup>5</sup>

“Faced with annual double digit premium increases, small employers are being forced to decide between increasing cost sharing with employees, dropping health benefits altogether, or taking a hit to core business performance. Employees are forced to decide between the risks of going uninsured or sharing in the rising costs.”

---

<sup>4</sup> Office of the Health Insurance Commissioner, State of Rhode Island. *Op. Cit.*, 25.

<sup>5</sup> See:

[http://www.dbr.state.ri.us/documents/divisions/healthinsurance/061024\\_final\\_survey\\_report\\_overview.pdf](http://www.dbr.state.ri.us/documents/divisions/healthinsurance/061024_final_survey_report_overview.pdf)

## II. EMPLOYERS MEETING THE REPORTING REQUIREMENTS

This chapter shows the employers for which Rhode Island Department of Human Services (DHS) records indicate that, as of December 2006, there were at least 250 “public health access beneficiaries” including both employees and dependents as defined by Section 40-8.4-18. These employers and whether or not they offer ESI and whether or not they offer Rite Share approvable coverage, the State’s premium assistance program for low-income individuals created as a result of Health Reform Rhode Island 2000, are shown in Table 1.

**Table 1**

**Rhode Island Employers Which Had at Least 250 Public Health Access  
Beneficiaries as of December 2006**

Employer	Address	Offers Insurance?	Offers Rite Share Approvable Coverage?
Bank of America	111 Westminister St. Providence, RI 02903	Yes	Yes
Citizens Financial Group	910 Douglas Pike Smithfield, RI 02917	Yes	Yes
City of Providence	City Hall 25 Dorrance St. Providence, RI 02903	Yes	Yes
CVS Corporation	One CVS Drive P.O. Box 1135 Woonsocket, RI 02985	Yes	Yes
Employment 2000, Ltd. (Temporary worker agency)	541 Hartford Ave. Providence, RI 02909	Yes, but very limited for temporary workers	No
Qualified Resources International, Inc. <sup>6</sup> (Temporary worker agency)	78 Kenwood St. Cranston, RI 02907-3129	Yes, but very limited for temporary workers	No
Qualified Resources International, LLC <sup>7</sup> (Temporary worker agency)	78 Kenwood St. Cranston, RI 02907-3129	Yes, but very limited for temporary workers	No
S & S Credit Company, Inc.	P.O. Box 369 Boston, MA 02101-0369	Yes, but lengthy waiting period	No
Wal Mart Associates, Inc.	1301 Southeast 10 <sup>th</sup> St. Benton, AK 72716-8013	Yes, but only Massachusetts providers included in network	No
Workers Mania, Inc. (Temporary worker agency)	297 Pocasset Ave. Providence 02909-4723	Yes, but very limited for temporary workers	No

<sup>6</sup> Qualified Resources International has two separate Federal Employer Identification Numbers.

<sup>7</sup> Ibid

### III. NUMBER OF PUBLIC HEALTH ACCESS BENEFICIARIES

This chapter shows the number of “public health access beneficiaries” for whom Rhode Island Department of Human Services (DHS) records indicate that, as of December 2006, they were employees or dependents of employees of the employers shown in Chapter II. Table 2 shows these beneficiaries by employer and DHS program.

**Table 2**

#### **Public Health Access Beneficiaries by Employer and Program as of December 2006<sup>8</sup>**

Employer	Rite Care			Rite Share			Fee-for-Service Medicaid			Total		
	E	D	T	E	D	T	E	D	T	E	D	T
Bank of America	59	151	210	48	113	161	5	6	11	112	270	382
Citizens Financial Group	64	184	248	107	238	345	8	9	17	179	431	610
City of Providence	85	236	321	4	7	11	3	4	7	92	247	339
CVS Corporation	47	133	180	37	98	135	2	2	4	86	233	319
Employment 2000, Ltd	97	251	348	-0-	-0-	-0-	8	6	14	105	257	362
Qualified Resources International, Inc.	103	239	342	-0-	-0-	-0-	6	13	19	109	252	361
Qualified Resources International, LLC	148	336	484	-0-	-0-	-0-	9	9	18	157	345	502
S & S Credit Company, Inc.	90	199	289	-0-	-0-	-0-	12	10	22	102	209	311
Wal Mart Associates, Inc.	137	350	487	-0-	-0-	-0-	3	10	13	140	360	500
Workers Mania, Inc.	122	318	440	-0-	-0-	-0-	8	6	14	130	324	454
<b>Total</b>	<b>952</b>	<b>2,397</b>	<b>3,349</b>	<b>196</b>	<b>456</b>	<b>652</b>	<b>64</b>	<b>75</b>	<b>139</b>	<b>1,212</b>	<b>2,928</b>	<b>4,140</b>

E = Employees

D = Dependents

T = Total

<sup>8</sup> Persons receiving Extended Family Planning benefits (EFP) have been excluded from the table because they receive a limited benefit package that is not comparable to commercial insurance.

In reviewing Table 2, it is important to keep in mind that employees may not be eligible for health benefits depending on their category of employment.

- As noted in Chapter I, only a small percentage of employers in Rhode Island offer ESI to part-time employees.
- In addition, ESI is almost never offered to temporary workers. Forty-eight percent (48.2%) of these public health beneficiaries are not eligible for RItE Share because they work for temporary agencies. Employment 2000, Qualified Resources, and Workers Mania are, for example, all “temp agencies”.
- In addition to whether or not insurance is offered to different categories of employees, actual enrollment in ESI may be limited (referred to as “take-up”) because of such features of the ESI plan as a lengthy waiting period from time of employment until one can enroll (e.g., six months from the date of employment), enrollment being limited to an “open enrollment period” or a restricted network provider (e.g., limited to certain physicians in Massachusetts).
- Employers have also shifted a larger percentage of the cost of ESI to the employees through premiums, deductibles, coinsurance and copays, which impacts “take-up” rates.
- A small number of individuals in the RItE Care column are enrolled in the Family Independence Program (FIP). Persons enrolled in FIP with access to employer-sponsored insurance may be eligible for RItE Share after a six-month period of continuous employment.



**IV. ESTIMATED COST TO THE  
STATE OF RHODE ISLAND FOR  
PROVIDING PUBLIC HEALTH  
ACCESS BENEFITS**

This chapter presents the estimated cost to the State of Rhode Island in State Fiscal Year (SFY) 2006 for providing public health access benefits to the employees or dependents of the employers shown in Chapter II. For this report, the estimated cost has been determined as follows:

The estimated cost was determined as follows:

1. Individuals who were enrolled as of December 2006 were assumed to have been enrolled in RItE Care for the full calendar year.
2. RItE Care costs include monthly capitation, SOBRA (maternity) and NICU (neonatal intensive care unit) costs.
3. RItE Share costs include monthly premium subsidies, supplementary benefits paid and administrative expenses.
4. Fee-for-Service Medicaid population includes weighted average costs for disabled adults living in the community and children with special health care needs, including foster care children. Fee-for-Service Medicaid costs include in-plan benefits, as defined by the RItE Care “in plan” covered benefits.

Table 3 shows the estimated cost to the State of Rhode Island in SFY 2006 for providing public health access benefits to the employees or dependents for the employers shown in Chapter II.

**Table 3**

**Estimated Cost to the State of Rhode Island of Providing Public Health Access  
Benefits for 2006, by Employer and DHS Program**

	RItE Care	RItE Share		Fee-for-Service Medicaid	Total Actual Costs	State Share of Actual Costs <sup>9</sup>
		Actual Costs with RItE Share	Costs if no RItE Share			
<b>Total</b>	<b>\$ 9,082,220</b>	<b>\$ 1,001,863</b>	<b>\$ 1,780,742</b>	<b>\$ 1,171,894</b>	<b>11,255,977</b>	<b>\$5,127,098</b>

<sup>9</sup> The State share of the costs is 45.55 percent, calculated as 100 percent minus the Federal Medical Assistance Percentage (FMAP) for Medicaid in Federal Fiscal Year (FFY) 2006 of 54.45 percent.

Given the insurance trends discussed in the first chapter of this report, employment does not assure access to ESI nor can lower-wage workers necessarily afford ESI if it is available. The Rhode Island General Assembly enacted programs, like RItE Care and RItE Share to provide access to health care coverage to individuals who do not have ESI at the time of application.

RItE Share is shown in two columns in Table 3. The first RItE Share column is the actual costs to the State for the 652 persons in RItE Share of the employers named in this report (see Table 2). The second RItE Share column shows the estimated costs if these 652 persons were enrolled in RItE Care, rather than RItE Share. The approximate annual savings to the state for each person enrolled in RItE Share instead of RItE Care is just under \$1,200.

It should also be noted that these estimated costs maybe overstated for the following reasons:

- First, it is assumed that all of the employees and dependents of employees of the subject employers enrolled in Medicaid as of December 2006 were enrolled in Medicaid for the entire year. This is very unlikely because Medicaid enrollees often experience gaps in Medicaid enrollment. It has been shown that 24 percent of RItE Care enrollees had at least one gap in enrollment.<sup>10</sup> For these individuals, 50 percent had a gap in RItE Care enrollment of at least 30 days. No adjustment was made for this.
- Second, no adjustments were made for individuals who may be obligated to pay a monthly premium share because their incomes exceed 150 percent of the Federal poverty level (FPL).
- Third, it was assumed that the individuals designated as “Medicaid FFS” are disabled adults living in the community or children with special health care needs. The Ticket-to-Work program provides opportunities for the working disabled to receive Medical Assistance.

---

<sup>10</sup> [http://www.ritcare.ri.gov/documents/reports\\_publications/RItEStats\\_vol1\\_iss2.pdf](http://www.ritcare.ri.gov/documents/reports_publications/RItEStats_vol1_iss2.pdf)