



L.A. Care
HEALTH PLAN®

Healthy Kids Program Survey to Assess Premium Contribution Capacity

Executive Summary

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EXECUTIVE SUMMARY

The Healthy Kids program in Los Angeles County has continued far beyond original program targets. The comprehensive health care program has evolved from a five-year program providing coverage to children from birth to age five in 2003 to a three-year expansion to children ages 6-18 in 2004. These two components of the Healthy Kids program are now approaching their seventh year and sixth year, respectively.

Healthy Kids was designed to mirror the benefit and premium structure of the Healthy Families Program (California's Children's Health Insurance Program). And, as a local children's coverage program, it was intended to fill the gap in coverage by targeting children not eligible for Medi-Cal or Healthy Families due to income (up to 300% of the Federal Poverty Level) or immigration status.

First 5 LA fully funded the five-year program for children age five and younger and has extended the program through June 2010. As of completion of this report (October 2009), First 5 LA has also expressed interest in pursuing an extension for this age group beyond June 2010.

The Children's Health Initiative (CHI) of Greater Los Angeles, a broad coalition of business, labor, providers, advocates, county agencies, private foundations and other organizations convened, in part, to finance a three-year expansion of the Healthy Kids program to children ages 6-18 through donor contributions. At the same time, the CHI pursued a long-term public policy solution that would cover all kids.

The CHI currently expects to match the First 5 LA commitment and extend the Healthy Kids program to existing members ages 6-18 through June 2010 but has no funding prospects to further extend the program. Although some progress was made towards a statewide public policy solution—particularly with the Governor's 2007-08 health reform proposal that would have covered all children regardless of immigration status—the CHI's goal to achieve a long-term sustainable solution covering all kids remains a challenge.

Moreover, the CHI's fundraising prospects have diminished with the national recession and the state's worsening budget crisis. In fact, two of the CHI's regular donors that have helped to finance the Healthy Kids 6-18 program since its inception—the Blue Shield of California Foundation and The California Endowment—have announced that 2009 will mark the end of their grants to support Healthy Kids premiums.

Along with the lack of funding opportunities, the CHI is also impacted by changes in the Healthy Families Program. The increase in Healthy Families premiums (in February 2009 and pending as of November 2009) means that Healthy Kids no longer mirrors the Healthy Families Program but offers lower cost sharing.

Given the Healthy Families premium changes and the lack of funding to continue Healthy Kids for children ages 6-18, the local community advisory committee that comprises Medi-Cal, Healthy Families, and Healthy Kids enrollees encouraged efforts to explore higher member cost sharing for the Healthy Kids program. The advisory committee reported findings to the L.A. Care Board of Governors from their own internal survey conducted in February/March 2009 indicating that parents were interested in paying more to help continue the Healthy Kids program. The member committee also recommended that L.A. Care and the CHI pursue a more formal survey of the Healthy Kids membership.

For these reasons, L.A. Care and the CHI developed a Request for Proposal for a Healthy Kids member survey to identify possible cost sharing options for members to help support the Healthy Kids program. The survey assessed the ability and willingness of existing members to pay more for their children's coverage and was financed by a grant from the Blue Shield of California Foundation. The findings are intended to better inform the CHI and L.A. Care as it considers the future of the Healthy Kids program.

Survey Methodology and Purpose

The computer-assisted telephone interview-based survey was conducted between July 28, 2009 and August 12, 2009 with adult family members. The survey randomly sampled a total of 1,492 Healthy Kids enrollees. A random sample of this size has a margin of error of plus or minus 2.59 percent. The survey's purpose was to determine, in a straightforward, clear and non-pressured manner, member families' willingness and ability to pay more for their children's coverage in the Healthy Kids program. The survey was available to members in English, Spanish, and Korean and took on average eight minutes to complete. Sixteen percent of members chose to take the survey in English, 82 percent took the survey in Spanish, and two percent completed the survey in Korean. The survey had a response rate of 88.3 percent, meaning that 88.3 percent of those contacted completed the survey.

Key Findings

- **Nearly all Healthy Kids parents are satisfied with the care their children receive from the Healthy Kids program.** Results are in line with previous Healthy Kids program surveys that have uniformly shown a positive impression of the program. In fact, 89 percent are "very satisfied" (while nine percent are "somewhat satisfied").
- **Growing out of this positive sentiment, just under two in three respondents (65 percent) initially say they would be *able* to pay some money or additional money every month to continue coverage for their children in the Healthy Kids program.** The proportion certain about this position, however, is modest, with just

28 percent saying they would “definitely” be able to do so. This tentative response most likely reflects that the question did not state the specific dollar amount. Members may be reluctant to commit to a position before hearing how much it will specifically cost them.

- **The age of the child does not appear to be a factor, with similar proportions of those with children five or younger or six to 18 able to pay or not.** Approximately two out of three (66 percent) members with children ages five or younger as well as with children six to 18 say they would be able to pay some money or additional money every month to continue coverage for their children in the Healthy Kids program. Similarly, 27 percent with children from birth to age 5 and 28 percent with children ages 6-18 say they would “definitely” be able to do so.
- **When queried at specific dollar amounts, support is robust among those asked to contribute \$10 a month but declines as the amount rises—and despite one’s federal poverty level.** While 79 percent of those at the 0 to 133 percent premium level with one child are “definitely” or “probably” *willing* to pay \$10 a month (the lowest cost), just 38 percent of those at the 151 percent to 300 percent level with two or more children are willing to pay an additional \$40 a month (the highest cost). Related, those with more children are less likely to be willing to pay the additional cost—reflecting that the amount is double among those with two or more children than those with just one at each premium level.

The lower willingness to pay with rising dollar amounts may reflect that those in the premium levels above 133 percent are already paying a fee for their coverage, so they react more negatively to a further (and larger) assessment than those in the 0 to 133 percent level where no premium is being made at this time. This finding may also suggest a threshold of about \$20 a month regardless of poverty level. A higher amount simply “sounds” too large.

- **Nearly all respondents who say they are not willing to pay more do so because they are facing financial difficulties.** Sixty-five percent of respondents specifically mentioning that they are not working or are working less.¹ Another 36 percent say they simply cannot afford it or are having financial difficulties in this economy.
- **There is a low threshold of around \$10 for additional payment among a majority of the members who said they are not willing to pay the amount asked of them.** Those who said they are not willing to pay the specific dollar amount presented or are unsure were asked to volunteer how much they would be willing to pay. Just over one in three, 34 percent, volunteered that they are unwilling to pay or pay more. Two in ten (21 percent) would pay \$1 to \$5 per month, while 18 percent would pay \$6 to \$10 a month. Approximately one in ten (9 percent) are willing to pay \$11 to \$20.

¹ Multiple answers were permitted in response to this open-ended question.

- **Despite reluctance to pay more, few say they would cancel their child's/children's coverage if they were required to contribute or contribute more toward it.** Just 27 percent say they would cancel their Healthy Kids coverage if they had to pay some money or additional money every month to continue it. In fact, just seven percent would “definitely” cancel it. This shows that some members may not *want* to pay more for coverage, but would do so if required.
- **Over eight in ten (83 percent) are willing to pay more when they hear that the Healthy Kids program will run out of money by June 2010.** A nearly equal 82 percent feel this way when they hear that they may no longer be able to choose their own doctor if the program ran out of money. We see in these findings that willingness to contribute rises when the reasons for requiring members to do so are clearly explained.
- **Hearing more information significantly increases the proportion who feel they would be able to pay toward their coverage.** The proportion who say they would be *able* to pay or pay more rose from 65 percent to 80 percent—a 15-point increase. Just 13 percent say they would not be able to do so (eight percent are uncertain).

Conclusions

- **There appears to be a threshold of approximately \$20 before willingness to pay dips below 50 percent.** However, the results suggest that this threshold may be overcome with compelling arguments that the program will run out of money without greater member contributions.
- **The high level of satisfaction with the program presents a real opportunity for members to take a larger financial role.** Members are open to increasing their contribution because they have confidence in the program. Most members are likely to accept that the financial challenges are not the result of mismanagement, but rather the realities facing many services and businesses in these uncertain times. Highlighting the program's offerings and achievements will bolster members' commitment.