

Issue Paper: Health Insurance Access in Rural Colorado

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PROBLEM

Recent headlines in papers across the nation and state talk about the increasing costs of healthcare and the effects on health insurance premiums. Hundreds of thousands of Coloradoans cannot afford health insurance, and the numbers are growing.

BACKGROUND

The overwhelming majority of Coloradoans without coverage are working families. In Colorado, the counties with the highest uninsurance rates include Alamosa, Conejos, Rio Grande, and Saguache. Forty-four (44) Colorado counties have federally designated medically underserved areas or populations. Rural residents nationally and in Colorado face a unique combination of factors that create disparities in healthcare not found in urban areas. Without insurance, healthcare is often simply unaffordable. Health insurance status-whether one has it or not-means the difference in getting medical care and going without.

QUICK FACTS

- The burden of high costs is not spread evenly among the people of the state. Those living in rural Colorado often face higher premiums, greater distances to providers and decreased choice in health plans. The result is that regions such as Northeast Colorado experience uninsurance rates of 19.2%, which is well above the state average. (Colorado Health Databook)
- More rural residents rely on individual insurance plans or coverage purchased through small employers. Rural residents are less likely to have employer-provided healthcare coverage. More than half of total hospital patient charges in rural Colorado are Medicaid and Medicare. Rural residents are more likely than their urban counterparts to be employed in firms employing less than 10 persons and more likely to be self-employed. (RUPRI rural policy brief, Volume 5 number 11)
- The rising cost of healthcare affects small businesses. On average, small businesses paid 20% more for health insurance in 2001 than in 2000. (NFIB Health Care Cost Study 2002)
- The proportion of the non-elderly population covered by private health insurance (primarily employer-sponsored coverage) falls as the county of residence gets more remote, dropping from 74.6 percent for urban residents to 71.5 percent for residents of rural counties next to an urban county (rural adjacent), to 62.6 percent for residents of rural counties removed from any urban county (rural nonadjacent). ("Rural/Urban Differences in Healthcare Are Not Uniform Across States," by B. Ormond, S. Zuckerman, and A. Lhila. *Assessing the New Federalism*. Series B, No. B-11. The Urban Institute. May 2000.)

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"Enhancing healthcare services in Colorado by providing information, education, linkages, tools & energy toward addressing rural healthcare issues."



- Rural residents tend to be poorer. Rural households are more likely to have incomes below the federal poverty level. The disparity in incomes is even greater for minorities living in rural areas. Nearly 24% of rural children live in poverty. (Colorado Health Databook)
- A larger proportion of rural residents tend to be elderly when compared to the national averages. In Colorado's rural counties, an average of 12.4% of the population is over 65; in urban counties, only 9.7%.
- Rural Americans are less likely to receive routine dental care. There is not a single dentist in 14 rural counties in Colorado. No dentist accepts Medicaid patients in 24 counties (Denver Post, October 26, 2002).
- There are fewer mental health professionals per capita practicing in rural areas. Rural hospitals are half as likely to provide emergency mental healthcare as urban hospitals. Over 30% of rural Colorado counties are designated as mental health shortage areas.
- "Shopping around" for better or more affordable healthcare services or insurance is not an option for most rural areas. Twenty of Colorado's rural counties have no hospital. Many communities have only one physician or group, and a few have no physician at all. Health insurance options are limited or nonexistent for many rural consumers.
- Rural residents are more likely to describe their overall health status as fair/poor than urban residents, and chronic illnesses are more prevalent in rural areas.
- Medicare payments to rural hospitals and physicians are dramatically less than those to their urban counterparts for equivalent services. Of the twenty-four (24) Colorado hospitals that lost money on patient care services in 2001, twenty-two (22) were rural hospitals.

Any policy remedies to the lack of health insurance need to be sensitive to the characteristics of rural Colorado: While rural Colorado is diverse, the numbers show that in general, rural people are more likely to live in poverty, have lower incomes and wages, be older, in poorer health, and uninsured. Rural Colorado has an absence of large employers and often, public transportation does not exist. The healthcare infrastructure is more fragile and resources more limited. When seeking solutions to health insurance access, unique rural characteristics and circumstances must be considered in order to avoid unintended consequences.

This issue paper was prepared by the Colorado Rural Health Council. The Council served as the advocacy arm of the Colorado Rural Health Center from 2001 to 2005. Members of the Council identified, discussed, and prioritized emerging rural health issues. They then developed strategies for educating others about these issues and addressing them. The Council was composed of representatives from public and private organizations statewide, interested and involved in rural healthcare.