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# Health Care Coverage in New Hampshire: Estimates of Proposed Expansions

February 2007

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## Executive Summary

Health care reform efforts are again beginning to dominate policy conversations across the country. New Hampshire is no different: legislators have introduced bills which incrementally address the issue of the uninsured through expansions of coverage to those ages 19-25. HB 78 – sponsored by Representative Ed Moran among others – seeks to increase coverage by expanding the definition of dependent coverage to include unmarried children 24 years of age or younger who have the same legal residence as the policyholder. LSR 886<sup>1</sup> – sponsored by Representative McLeod among others – seeks to increase coverage by expanding public coverage through the state’s Medicaid program to those living in families with income less than 500% of the federal poverty level. For a family of three, this would provide coverage to individuals in families with incomes less than \$83,000 per year. LSR 886 would also expand the definition of dependent coverage in the private market to include all unmarried individuals without children who are 25 years of age or younger regardless of their residence.

This paper simulates the impact of LSR 886 to provide information to policy makers reviewing the various initiatives to expand coverage. For a variety of reasons discussed below, we estimate the impact in three parts: the proposed change in the private market, an expansion to those 19-20 year olds with income less than 300% of the federal poverty level (FPL) – the equivalent of \$49,800 for a family of three – and an expansion to those 19-25 year olds with incomes less than 500% of the FPL.<sup>2</sup> Table 1 below documents the results of the simulation, showing the impact of the proposed policy changes on the number of uninsured and state and federal costs.

The main findings with respect to the expansion in private coverage are:

- The Employee Retirement Income Security Act (ERISA) significantly limits the impact of the policy change.
- The expansion would result in almost 4,500 individuals gaining private coverage once the program was fully implemented.
- This expansion would result in \$7.7 million in new medical costs to be insured through the private insurance system.

The main findings with respect to expansions in public coverage are:

- Federal participation in the proposed public expansion is limited to a subset of the full population intended to be covered by the proposed legislation – 19 and 20 year olds with income less than 300% of the federal poverty level.
- For this population – those 19 and 20 years old – the proposed legislation would result in almost 1,900 newly covered individuals at a cost of \$3.9 million, half of which would be state dollars, after three years of implementation.
- For the remainder of the identified expansion population, the proposed legislation would result in almost 10,000 newly covered individuals at a cost of

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<sup>1</sup> The bill currently has not been assigned a number.

<sup>2</sup> The Federal Poverty Guidelines by family size are included as Table A-1 in the appendix. These guidelines are used in the calculation of income eligibility for the Medicaid program.

approximately \$20.5 million, all of which would be state dollars given the current federal rules and existing state reform precedents.

Table 1  
**Impact of Expanding Coverage**

| Change in Definition of Dependents in Private Market |             |             |             |
|--|-------------|-------------|-------------|
|  | Year 1      | Year 2      | Year 3      |
| Newly Enrolled                                       | 1,775       | 3,256       | 4,447       |
| Newly Insured Medical Costs                          | \$2,632,822 | \$5,215,927 | \$7,693,941 |

| Expanding Public Coverage to 19-20 Year Olds Up to 300% of FPL |                    |                    |                    |
|--|--------------------|--------------------|--------------------|
|  | Year 1             | Year 2             | Year 3             |
| Newly Enrolled   | 693                | 1,259              | 1,882              |
| State Costs  | \$619,240          | \$1,214,592        | \$1,960,034        |
| Federal Costs  | \$619,240          | \$1,214,592        | \$1,960,034        |
| <b>Total</b>   | <b>\$1,238,480</b> | <b>\$2,429,184</b> | <b>\$3,920,068</b> |

| Expanding Public Coverage Beyond Existing Income and Age Levels to 25 Year Olds Up to 500% |                    |                     |                     |
|--|--------------------|---------------------|---------------------|
|  | Year 1             | Year 2              | Year 3              |
| Newly Enrolled   | 3,485              | 6,450               | 9,814               |
| State Costs  | \$6,224,263        | \$12,441,520        | \$20,445,369        |
| Federal Costs  | \$0                | \$0                 | \$0                 |
| <b>Total</b>   | <b>\$6,224,263</b> | <b>\$12,441,520</b> | <b>\$20,445,369</b> |

Who would bear the burden of these costs is not discernible from existing data. As much as 74% of the cost of care currently received by the uninsured is already included within the aggregate system costs in the form of uncompensated care, government subsidies for safety net providers, or partial year coverage.<sup>3</sup> How these costs would be redistributed and who would be responsible for any new costs – insurance companies, employers, families or the state – is not discernible given available data and would change depending on the behavior of the insurance companies, hospitals, other providers and the state.

<sup>3</sup> Hadley, Jack and John Holahan. “The Cost of Care for the Uninsured: What do we spend, Who Pays, and What Would Full Coverage Add to Medical Spending.” 2004. Kaiser Commission on Medicaid and the Uninsured.

## **Estimating Proposed Expansions**

This analysis is designed to provide a simple snapshot of policy changes. As with all simulation models, we had to make a number of global assumptions in order to estimate the changes in coverage and the increases in total insured medical costs (in the case of the private expansion) and state costs (in the case of the change in Medicaid eligibility).

This analysis is also a relatively static model in the sense that the only assumptions that change over time are the number of individuals 19-25, the number of uninsured over time, the cost of coverage for these individuals, and the rate of participation (due to ramping up the program). We assumed that the program would be implemented over a three year time period and that participation would start at a relatively low level and increase over time.

We estimate only medical costs (no administrative costs), assume the benefit under question is the average commercial benefit excluding dental services, and we do not attempt to simulate the changes in incentives – and possible coverage changes between different products – that result from the introduction of these policy changes. For example, we do not estimate the impacts of this change in policy on the individual market, the high risk pool or decision-making on benefit changes on the part of ERISA plans, which are not subject to state mandates.<sup>4</sup> In addition, we did not look at the implications of individuals in the individual market transferring to group family or publicly subsidized coverage.

Reasonable individuals would come up with different assumptions on a variety of these factors: consider this the best guess. The data used in this analysis, and the models used to develop these estimates, are available to others should they desire to change the assumptions and assess the implications of those assumptions on the coverage and costs of healthcare.

### ***Modeling Changes in the Private Sector***

Both HB78 and LSR 886 amend existing insurance laws (RSA 415:5 I(3)) to expand the definition of a dependent to allow 19-25 years olds to be enrolled in their parents' family health insurance coverage plan. We estimate the impact of LSR 886 which requires that family insurance policies cover individuals 19-25, assuming that the individual is unmarried, with no dependents, is not provided coverage as a named subscriber, and is a resident of New Hampshire. HB 78 is less expansive in that it limits coverage to only those individuals who are living at home.

Figure 1 provides the basic logic model used to simulate the newly covered individuals, and additional premium costs within the system of an expansion of private family coverage to 19-25 year olds. Each step of the logic model used to create the number of newly eligible individuals and the costs for covering those individuals required certain assumptions. These assumptions are included in Table 2, along with information on the source of the data and our assessment of the relative accuracy of the measure.

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<sup>4</sup> This would include the state plan and any business that is self-insured.

Figure 1

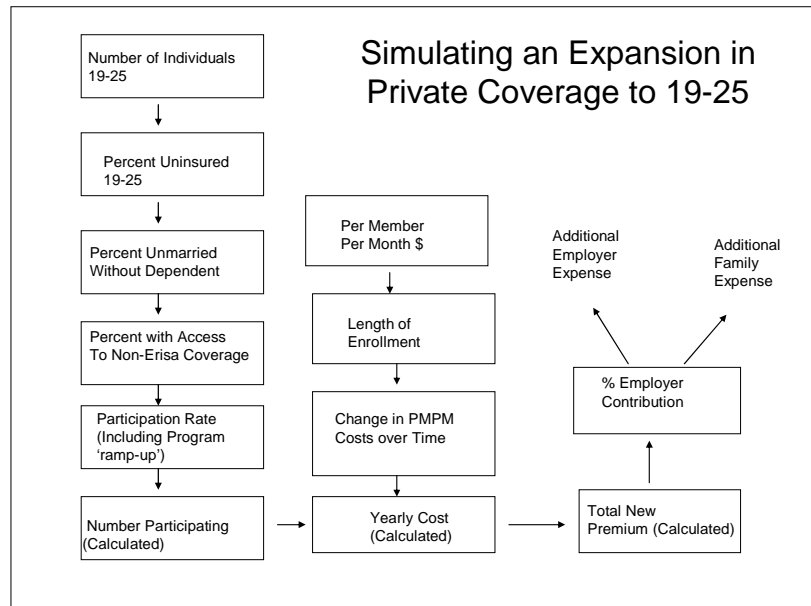


Table 2  
Major Assumptions in Estimating Coverage Expansions in Private Markets

| Variables   | Measure              | Source and Qualifications  |
|---|----------------------|--|
| Number of 19-25 Year Olds (2005)                        | 84,147               | Source: US Bureau of the Census release date August 2006   |
| State Estimate of Uninsurance Rate (19-25)              | 18.6%                | CPS Analysis 2001. <a href="http://www.umich.edu/~eriu/pdf/CPS-MEPS2001_3.pdf">http://www.umich.edu/~eriu/pdf/CPS-MEPS2001_3.pdf</a><br>Ratio of national uninsurance rate for 2004 to New Hampshire rate in 2004 used to adjust 2001 national rate for 19-25 year olds.   |
| Estimated Number of 19-25 Without Dependents or Married | 78.8%                | Data on marital status by age from 2000 Census was used as a proxy ( <a href="http://www.census.gov/prod/2003pubs/c2kbr-30.pdf">http://www.census.gov/prod/2003pubs/c2kbr-30.pdf</a> ). This proxy is likely to over-estimate the number of individuals eligible, as we don't exclude those with children as the data was not readily available. |
| Rate of Non-ERISA Coverage                              | 52.3%                | 2004 New Hampshire Department of Insurance Supplemental Data   |
| Rate of Employer Sponsored Insurance In New Hampshire   | 76.0%                | Data from Kaiser's <a href="http://www.statehealthfacts.org">www.statehealthfacts.org</a> (2004)   |
| Private Program Participation (Enrollment Rate)         | 75.0%                | No data or experience to guide assumption. Assumes 75% of those who can will participate ramping up from 25, 50, 75% over three years  |
| Private Premium Costs                                   | \$152.23             | DOI Analysis of CHIS Private Claims Data (2005). PMPM costs a weighted average of men and women age 20-25. Estimated to growth at 8% per year. Spreadsheets included in Appendix   |
| Average Length of Enrollment                            | 9.02 Months Per Year | DOI Analysis of CHIS Private Claims Data (2005). LOS computed as a weighted average of men and women age 20-25. Spreadsheets included in Appendix  |

Of note, because states' are unable to regulate self-insured plans due to ERISA, the scope of this policy change is significantly limited. Roughly 50% of the health insurance market is self-insured. As a result, only 50% of those who might have access to this benefit would have access to a plan that would be regulated by this new policy.

Table 3 provides the results of the simulation. Approximately 4,447 individuals – or 23% of the uninsured ages 19-25 – are estimated to enroll after three years of program implementation. Total medical costs to be insured through the private system would be approximately \$8 million. The primary reason the program does not reach more individuals is due to the fact that a significant share of parents are anticipated to have coverage through insurance that is not regulated by the new state law.

Table 3  
**Estimating the Number of Individuals and Costs of 19-25 Mandate**

| <b>Number of Individuals 19-25 Participating</b>                |                |         |         |
|---|----------------|---------|---------|
| Variable of Interest  | Implementation |         |         |
|   | Year 1         | Year 2  | Year 3  |
| Number of 19-25 Year Olds (2005)                                | 121,927        | 121,372 | 119,330 |
| State Estimate of Uninsurance Rate (19-25)                      | 19%            | 19%     | 19%     |
| Estimated Number of Uninsured Individuals 19-25                 | 22,678         | 20,800  | 18,940  |
| Estimated Rate of 19-25 Not Married                             | 79%            | 79%     | 79%     |
| Estimated Number of Uninsured Individuals 19-25 (No Dependents) | 17,871         | 16,391  | 14,924  |
| Rate of Non-ERISA Coverage                                      | 52%            | 52%     | 52%     |
| Rate of Employer Sponsored Insurance In New Hampshire           | 76%            | 76%     | 76%     |
| 19-25 without dependents/With Access to Non Erisa Coverage      | 7,099          | 6,511   | 5,929   |
| Private Program Participation (Enrollment Rate)                 | 25%            | 50%     | 75%     |
| Total Number of Newly Enrolled Individuals                      | 1,775          | 3,256   | 4,447   |
| Percent of Uninsured Covered                                    | 8%             | 16%     | 23%     |

| <b>Estimated Costs</b>                     |                    |                    |                    |
|--|--------------------|--------------------|--------------------|
| Variable of Interest                       | Implementation     |                    |                    |
|  | Year 1             | Year 2             | Year 3             |
| PMPM for 20-25 Year Olds (Male and Female) | \$164.41           | \$177.57           | \$191.77           |
| Average Enrollment (Months)                | 9.02               | 9.02               | 9.02               |
| <b>Total New Medical Costs</b>             | <b>\$2,632,822</b> | <b>\$5,215,927</b> | <b>\$7,693,941</b> |

Assessing the impact of these changes on NH employers and individuals is difficult. First, a significant share of the costs of care for these uninsured individuals is likely already borne by the existing system. A 2004 study on the uninsured estimated that the uninsured (full year uninsured and part year uninsured) received approximately 55% to 83% of the care that the insured receive.<sup>5</sup> These costs are currently covered largely by the health system providers through uncompensated care and government subsidies for the uninsured and the safety net. How these existing costs would be redistributed is not clear.

Second, it is unclear how new medical costs to the system would be distributed. The impact of this policy change will vary depending on characteristics of the existing health insurance market – information that is not currently available – such as the distribution of current health coverage by type (individual, family of two, family of three or greater). From the individual’s perspective, if parents are already enrolled in a family plan of three or greater, the addition of a new individual to the policy may result in no initial change in individual out of pocket costs or employers’ costs. Overtime, insurance companies may

<sup>5</sup> Hadley, Jack and John Holahan. “The Cost of Care for the Uninsured: What do we spend, Who Pays, and What Would Full Coverage Add to Medical Spending.” 2004. Kaiser Commission on Medicaid and the Uninsured.

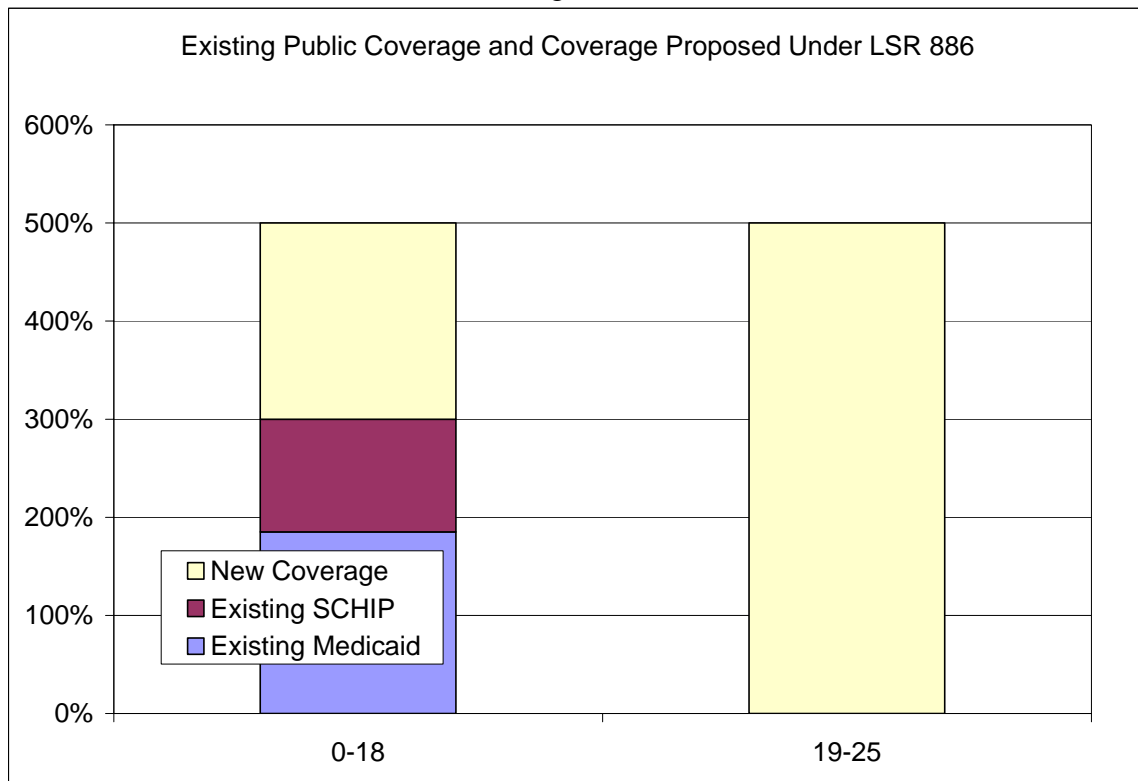
require their products to account for the increased risk to be insured. Alternatively, if an individual’s parents are enrolled in a two person family plan, the addition of another ‘life’ to the policy could result in an increase in premium costs both for the individual and the employer, if the family is required to purchase a three person family plan.

### **Modeling the Public Sector**

Currently, the state provides public coverage to all those children ages 0-18 who live in families with less than 300% of the federal poverty level. Most of this coverage is through the state’s traditional Medicaid (Title XIX) program. A relatively smaller share is provided by the Healthy Kids Silver (Title XXI – the State Children’s Health Insurance Program) program.

Figure 2 describes the existing public coverage options through the Medicaid program and the Healthy Kids Silver program, as well as the proposed expansion. LSR 886 as currently written expands Medicaid coverage to all those under the age of 25 up to 500% of the federal poverty level. In essence, this change represents a number of different expansions. First, as the existing Medicaid program only covers children up through 18 with incomes less than 300% of the federal poverty level, this legislation expands coverage for those between the ages of 0 and 18 living in families with incomes between 300% and 500% of the federal poverty level. Second, it expands coverage to those individuals 19-25 with incomes between 0 and 500% of the federal poverty level.

Figure 2



While expansions in the private market are relatively straightforward, efforts to expand public coverage are complicated by rules regarding the federal government's financial participation in such programs. With a few exceptions, states have historically expanded public coverage only to those levels at which the federal government would continue their financial participation. This legislation is no exception as it explicitly seeks to take 'advantage of federally created options to obtain additional federal financial assistance.'

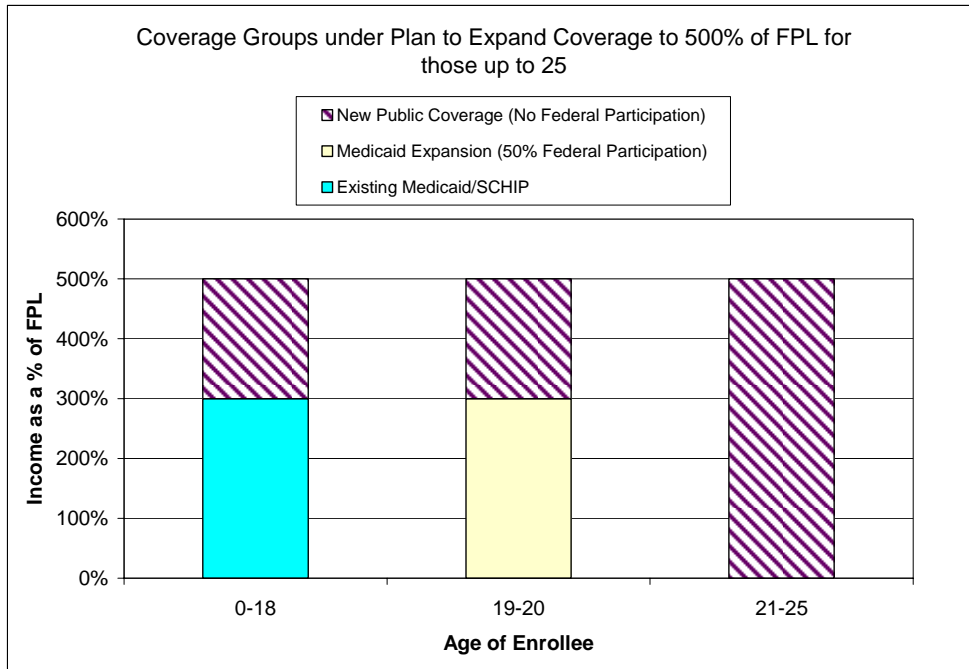
Currently, the federal government has limited states' ability to draw down federal matching dollars based on income levels and the age of the recipient. For example, it is not clear that the federal government would continue to contribute financially to a program in New Hampshire that raised income limits beyond the state's existing eligibility levels – 300% for children.<sup>6</sup> Within Title XIX, the federal government will financially participate in programs for 19 and 20 year olds who are income eligible, but will not participate in a program for those over 20 years old. The Deficit Reduction Act explicitly states that states cannot access enhanced matching dollars through the SCHIP program for childless adults, including those ages 19-25.

As a result, the only population for which federal financial participation is available under existing law or precedent is 19 and 20 year olds with incomes less than 300% of the federal poverty level. Figure 3 displays that portion of the coverage proposed under LSR 886 that would qualify for federal financial participation given existing state eligibility levels and the existing rules regarding federal participation.

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<sup>6</sup> Though theoretically possible, the federal government would have to approve this change in income eligibility through the state's Title XIX plan. No state has implemented such a reform. Moreover, it seems unlikely in the current environment that such a plan – or at least the federal government's financial participation in the plan – would be approved. With respect to Title XXI (the state children's health insurance program), while theoretically possible to cover those less than 18 in families with income over the existing eligibility, the practical implementation of the plan raises significant questions, as the state would have to significantly alter the manner in which it counts income towards eligibility.

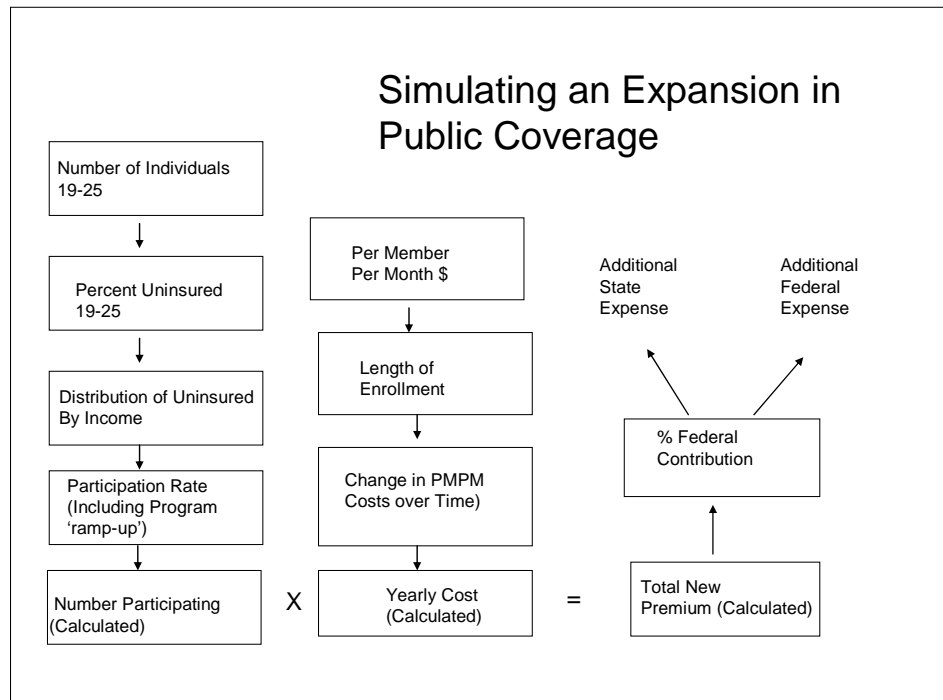
Figure 3



For this reason, we estimate two different models of public expansions. The first model simulates a program which takes advantage of the federal match available for the population of children ages 19 and 20 with incomes below 300% of the federal poverty level, the state’s existing eligibility levels for the Healthy Kids Silver Program. The second model simulates an expansion in public coverage to those 19-25 with incomes under 500% of the federal poverty level, excluding the previous group.

Figure 4 provides the basic logic model used to simulate the newly covered individuals, and additional state and federal costs. Each step of the logic model used to create the number of newly eligible individuals and the costs for covering those individuals required certain assumptions. These assumptions are included in Table 4, along with information on the source of the data and our assessment of the relative accuracy of the measure.

**Figure 4**



Tables 5 and 6 provide the results of the simulations. An expansion in coverage to 19-20 year olds would result in health care coverage for approximately 1,900 individuals after three years of implementation (See Table 5). Total costs for the expansion are estimated at \$3.9 million, with half of that being paid for by the state and half being paid for by the federal government. Table 6 provides information on the impact of expanding coverage to all children under the age of 25 with incomes up to 500% of the federal poverty level. This policy change is simulated to have a significantly larger impact on health care coverage. By the third year of implementation, over 9,000 individuals are estimated to have new public coverage. With this expansion comes an increase in costs of approximately \$22 million, all of which would be state dollars under our current assumptions.

Table 4  
Major Assumptions in Estimating Coverage Expansions in Private Markets

| Variables   | Measure              | Source and Qualifications   |
|---|----------------------|---|
| Number of 19-25 Year Olds (2005)                  | 120,720              | Source: US Bureau of the Census release date August 2006  |
| Number of 0-18 Year olds (2005)                   | 321,938              | Source: US Bureau of the Census release date August 2006  |
| Number of 19-20 Year Olds (2005)                  | 36,573               | Source: US Bureau of the Census release date August 2006  |
| Number of 21-25 Year Olds (2005)                  | 84,147               | Source: US Bureau of the Census release date August 2006  |
| State Estimate of Uninsurance Rate (19-25)        | 19%                  | MEPS2001_3.pdf Ratio of national uninsurance rate for 2004 to New Hampshire rate in 2004 used to adjust 2001 national rate for 19-25 year olds.   |
| State Estimate of Uninsurance Rate (0-18)         | 6%                   | Data from Kaiser's <a href="http://www.statehealthfacts.org">www.statehealthfacts.org</a> (2004)  |
| Distribution of Uninsured by Income (0-18)        | Varies by Population | 2004 CPS estimates of people n families with income below identified threshold. Data is not NH specific. Distribution for uninsured likely to be slightly different.  |
| Distribution of Uninsured by Income (19-25)       | Varies by Population | 2004 CPS estimates of people 19-24 in families with income below identified threshold. Data is not NH specific. Distribution for uninsured likely to be different.  |
| Public Program Participation                      | 65%                  | Dubay, Halley and Kenney's 2000 national analysis of Chidren's Eligibility for Medicaid and SCHIP. Participation rates are likely to vary by income, but no such data was available. Participation is assumed to ramp up from 20% in the first year, 40% in the second, to 65% in the third.                                      |
| Public Premium Costs                              | \$185.77             | Ratio of PMPM costs in the private sector for 0-18 year olds to Medicaid PMPM costs for same age group used to create 19-25 year old Medicaid PMPM costs. This was calculated as the pmpm for 19-25 year olds in the private sector multiplied times the ratio of Medicaid and private sector PMPM costs for those ages 0-18.     |
| Average Length of Enrollment                      | 9.02 Months Per Year | 2004 DOI Supplemental Data for those 19-25. No information is readily available for those in the public sector.   |
| Federal Financial Participation in Public Program | Varies by Population | Deficit Reduction Act explicitly states that enhanced SCHIP match (65-35) not available for those over age 21. Federal participation at 50% is available for expansions in coverage to those 19-20 year olds. Matching funds are not available for those individuals with incomes greater than 300% of the federal poverty level. |

Table 5  
**Estimated Enrollment and Costs of Medicaid Expansion to 19-20 Year Olds  
(0-300% of FPL)**

| Estimated Participation                  |                |        |        |
|--|----------------|--------|--------|
|  | Implementation |        |        |
|  | Year 1         | Year 2 | Year 3 |
| Number of 19-20 Year Olds                | 36,573         | 36,939 | 37,308 |
| Percent Uninsured                        | 19%            | 19%    | 19%    |
| Number of Uninsured 19-20 Year Olds      | 6,803          | 6,177  | 5,680  |
| Number of Uninsured by Income (% of FPL) |                |        |        |
| <= 185% of FPL                           | 1,913          | 1,737  | 1,597  |
| 186-300% of FPL                          | 1,554          | 1,411  | 1,298  |
| 301% + of FPL                            | 3,336          | 3,029  | 2,785  |
| Public Program Participation             | 20%            | 40%    | 65%    |
| Number Participating                     |                |        |        |
| <= 185% of FPL                           | 383            | 695    | 1,038  |
| 186-300% of FPL                          | 311            | 565    | 843    |
| 301% + of FPL                            | -              | -      | -      |
| Total                                    | 693            | 1,259  | 1,882  |

| Estimated Costs                       |                |             |             |
|---------------------------------------|----------------|-------------|-------------|
|                                       | Implementation |             |             |
|                                       | Year 1         | Year 2      | Year 3      |
| Average Cost (PMPM)                   | \$197.96       | \$213.79    | \$230.90    |
| Average Length of Enrollment (Months) | 9.02           | 9.02        | 9.02        |
| Federal Participation                 | 50%            | 50%         | 50%         |
| Total Costs                           | \$1,238,480    | \$2,429,184 | \$3,920,068 |
| Total Federal Costs                   | \$619,240      | \$1,214,592 | \$1,960,034 |
| Total State Costs                     | \$619,240      | \$1,214,592 | \$1,960,034 |

Table 6  
**Estimated Enrollment and Costs of SCHIP Expansion to 0-25 Year  
 Olds**

| Estimated Participation |                |        |        |
|-------------------------|----------------|--------|--------|
|                         | Implementation |        |        |
|                         | Year 1         | Year 2 | Year 3 |
| Number of Uninsured     | 57,422         | 54,511 | 52,126 |
| Number Participating    | 3,485          | 6,450  | 9,814  |

| Estimated Costs                       |                |              |              |
|---------------------------------------|----------------|--------------|--------------|
|                                       | Implementation |              |              |
|                                       | Year 1         | Year 2       | Year 3       |
| Average Cost (PMPM)                   | \$197.96       | \$213.79     | \$230.90     |
| Average Length of Enrollment (Months) | 9.02           | 9.02         | 9.02         |
| Federal Participation                 | 0%             | 0%           | 0%           |
| Total Costs                           | \$6,224,263    | \$12,441,520 | \$20,445,369 |
| Total Federal Costs                   | \$0            | \$0          | \$0          |
| Total State Costs                     | \$6,224,263    | \$12,441,520 | \$20,445,369 |

Total Number of uninsured and participation numbers are based on simulating a variety of different expansions. These simulations can be found in the appendix, tables A2-A5 . This includes the following populations:  
 Age 0-18 with Income between 300 and 500% of FPL, 21-25 with income between 300 and 500% of FPL;  
 21 - 25 with income between 0 and 300% of FPL.

## Appendix Tables

Table A-1

| 2006 HHS Poverty Guidelines<br>Percent of Federal Poverty Level |          |          |           |           |
|---|----------|----------|-----------|-----------|
| Persons in<br>Family or<br>Household                            | 100%     | 185%     | 300%      | 500%      |
| 1   | \$9,800  | \$18,130 | \$29,400  | \$49,000  |
| 2   | \$13,200 | \$24,420 | \$39,600  | \$66,000  |
| 3   | \$16,600 | \$30,710 | \$49,800  | \$83,000  |
| 4   | \$20,000 | \$37,000 | \$60,000  | \$100,000 |
| 5   | \$23,400 | \$43,290 | \$70,200  | \$117,000 |
| 6   | \$26,800 | \$49,580 | \$80,400  | \$134,000 |
| 7   | \$30,200 | \$55,870 | \$90,600  | \$151,000 |
| 8   | \$33,600 | \$62,160 | \$100,800 | \$168,000 |

SOURCE: <http://aspe.hhs.gov/poverty/06poverty.shtml>

**Table A-2**  
**Estimated Enrollment and Costs of Public Expansion to 0-18 Year Olds (301-500% of FPL)**

| Estimated Participation                   |                |              |              |
|---|----------------|--------------|--------------|
|   | Implementation |              |              |
|   | Year 1         | Year 2       | Year 3       |
| Number of 0-18 Year Olds                  | 321,938        | 325,157      | 328,409      |
| Percent Uninsured                         | 6%             | 6%           | 6%           |
| Number of Uninsured 0-18 Year Olds        | 19,316         | 18,988       | 18,679       |
| Number of Uninsured by Income as % of FPL |                |              |              |
| <= 300% of FPL                            | 8,692          | 8,545        | 8,406        |
| 301 - 500% of FPL                         | 2,608          | 2,563        | 2,522        |
| 500+ of FPL                               | 8,016          | 7,880        | 7,752        |
| Public Program Participation              | 20%            | 40%          | 65%          |
| Number Participating                      |                |              |              |
| <= 300% of FPL                            | -              | -            | -            |
| 301 - 500% of FPL                         | 522            | 1,025        | 1,639        |
| 500+ of FPL                               | -              | -            | -            |
| <b>Total</b>                              | <b>522</b>     | <b>1,025</b> | <b>1,639</b> |

| Estimated Costs                       |          |                |             |             |
|---------------------------------------|----------|----------------|-------------|-------------|
|                                       |          | Implementation |             |             |
|                                       |          | Year 1         | Year 2      | Year 3      |
| Average Cost (PMPM)                   | \$183.29 | \$197.96       | \$213.79    | \$230.90    |
| Average Length of Enrollment (Months) | 9.02     | 9.02           | 9.02        | 9.02        |
| Federal Participation                 |          | 0%             | 0%          | 0%          |
| Total Costs                           | \$0      | \$931,508      | \$1,977,852 | \$3,414,695 |
| Total Federal Costs                   |          | \$0            | \$0         | \$0         |
| Total State Costs                     |          | \$931,508      | \$1,977,852 | \$3,414,695 |

Table A-3

**Estimated Enrollment and Costs of SCHIP Expansion to 19-20 Year Olds (301-500% of FPL)**

| Estimated Participation                   |                |        |        |
|---|----------------|--------|--------|
|   | Implementation |        |        |
|   | Year 1         | Year 2 | Year 3 |
| Number of 19-20 Year Olds                 | 36,573         | 36,939 | 37,308 |
| Percent Uninsured                         | 19%            | 19%    | 19%    |
| Number of Uninsured 19-20 Year Olds       | 6,803          | 6,687  | 6,578  |
| Number of Uninsured by Income as % of FPL |                |        |        |
| <= 300% of FPL                            | 4,054          | 3,985  | 3,921  |
| 301-500% of FPL                           | 918            | 903    | 888    |
| 501% + of FPL                             | 1,830          | 1,799  | 1,770  |
| Public Program Participation              | 20%            | 40%    | 65%    |
| Number Participating                      |                |        |        |
| <= 300% of FPL                            | -              | -      | -      |
| 301-500% of FPL                           | 184            | 361    | 577    |
| 501% + of FPL                             | -              | -      | -      |
| Total                                     | 184            | 361    | 577    |

| Estimated Costs                       |                |           |             |
|---------------------------------------|----------------|-----------|-------------|
|                                       | Implementation |           |             |
|                                       | Year 1         | Year 2    | Year 3      |
| Average Cost (PMPM)                   | \$197.96       | \$213.79  | \$230.90    |
| Average Length of Enrollment (Months) | 9.02           | 9.02      | 9.02        |
| Federal Participation                 | 0%             | 0%        | 0%          |
| Total Costs                           | \$328,047      | \$696,536 | \$1,202,547 |
| Total Federal Costs                   | \$0            | \$0       | \$0         |
| Total State Costs                     | \$328,047      | \$696,536 | \$1,202,547 |

**Table A-4**  
**Estimated Enrollment and Costs of SCHIP Expansion to 21-25 Year Olds (0-300% of FPL)**

|   |  | Implementation |        |        |
|---|--|----------------|--------|--------|
|   |  | Year 1         | Year 2 | Year 3 |
| Estimated Participation                   |  |                |        |        |
| Number of 21-25 Year Olds                 |  | 84,147         | 84,988 | 85,838 |
| Percent Uninsured                         |  | 19%            | 19%    | 19%    |
| Number of Uninsured 21-25 Year Olds       |  | 15,651         | 13,942 | 12,642 |
| Number of Uninsured by Income as % of FPL |  |                |        |        |
| <= 300% of FPL                            |  | 9,328          | 8,310  | 7,535  |
| 301-500% of FPL                           |  | 4,570          | 4,071  | 3,691  |
| 501% + of FPL                             |  | 1,753          | 1,562  | 1,416  |
| Public Program Participation              |  | 20%            | 40%    | 65%    |
| Number Participating                      |  |                |        |        |
| <= 300% of FPL                            |  | 1,866          | 3,324  | 4,898  |
| 301-500% of FPL                           |  | -              | -      | -      |
| 501% + of FPL                             |  | -              | -      | -      |
| Total                                     |  | 1,866          | 3,324  | 4,898  |

|                                      |          | Implementation |             |              |
|--------------------------------------|----------|----------------|-------------|--------------|
|                                      |          | Year 1         | Year 2      | Year 3       |
| Estimated Costs                      |          |                |             |              |
| Average Cost (PMPM)                  | \$183.29 | \$197.96       | \$213.79    | \$230.90     |
| Average Length of Enrollment (Month) | 9.02     | 9.02           | 9.02        | 9.02         |
| Federal Participation                |          | 0%             | 0%          | 0%           |
| Total Costs                          | \$0      | \$3,332,169    | \$6,411,520 | \$10,202,953 |
| Total Federal Costs                  |          | \$0            | \$0         | \$0          |
| Total State Costs                    |          | \$3,332,169    | \$6,411,520 | \$10,202,953 |

**Table A-5**  
**Estimated Enrollment and Costs of SCHIP Expansion to 21-25 Year**  
**Olds 300-500% of FPL)**

| Estimated Participation                   |                |              |              |
|---|----------------|--------------|--------------|
|   | Implementation |              |              |
|   | Year 1         | Year 2       | Year 3       |
| Number of 21-25 Year Olds                 | 84,147         | 84,988       | 85,838       |
| Percent Uninsured                         | 19%            | 19%          | 19%          |
| Number of Uninsured 21-25 Year Olds       | 15,651         | 14,894       | 14,226       |
| Number of Uninsured by Income as % of FPL |                |              |              |
| <= 300% of FPL                            | 9,328          | 8,877        | 8,479        |
| 301-500% of FPL                           | 4,570          | 4,349        | 4,154        |
| 501% + of FPL                             | 1,753          | 1,668        | 1,593        |
| Public Program Participation              | 20%            | 40%          | 65%          |
| Number Participating                      |                |              |              |
| <= 300% of FPL                            | -              | -            | -            |
| 301-500% of FPL                           | 914            | 1,740        | 2,700        |
| 501% + of FPL                             | -              | -            | -            |
| <b>Total</b>                              | <b>914</b>     | <b>1,740</b> | <b>2,700</b> |

| Estimated Costs              |          |                |             |             |
|------------------------------|----------|----------------|-------------|-------------|
|                              |          | Implementation |             |             |
|                              |          | Year 1         | Year 2      | Year 3      |
| Average Cost (PMPM)          | \$183.29 | \$197.96       | \$213.79    | \$230.90    |
| Average Length of Enrollment | 9.02     | 9.02           | 9.02        | 9.02        |
| Federal Participation        |          | 0%             | 0%          | 0%          |
| Total Costs                  | \$0      | \$1,632,539    | \$3,355,613 | \$5,625,174 |
| Total Federal Costs          |          | \$0            | \$0         | \$0         |
| Total State Costs            |          | \$1,632,539    | \$3,355,613 | \$5,625,174 |

Table A-6

| 2005 Estimate of 'Commercial Benefit Package' by Age |   |  |  |  |
|--|---|--|--|--|
|  | Subset<br>Ages 0 thru 19<br>Inclusive<br>Non Disabled NO<br>Duals | Subset<br>Ages 0 thru<br>4<br>Non<br>Disabled No | Subset<br>Ages 5 thru 13<br>Non Disabled<br>No Duals | Subset<br>14 thru 19<br>Non Disabled<br>No Duals |
| Category of Service w Code                           | Total Cost of Coverage<br>PMPM                                    | Total Cost of<br>Coverage<br>PMPM                | Total Cost of<br>Coverage PMPM                       | Total Cost of<br>Coverage PMPM                   |
| <b>All Services</b>                                  | <b>\$154.51</b>   | <b>\$152.90</b>                                  | <b>\$117.28</b>                                      | <b>\$170.06</b>                                  |
| 1 INPATIENT HOSPITAL, GENERAL                        | \$20.71   | \$55.60  | \$4.40   | \$13.12  |
| 3 INPATIENT HOSPITAL, MENTAL                         | \$0.00  | \$0.00   | \$0.00   | \$0.00   |
| 7 OUTPATIENT HOSPITAL, GENERAL                       | \$23.03   | \$28.79  | \$17.91  | \$32.37  |
| 11 SKILL NURSING FAC NURSING HOME                    | \$1.15  | \$0.00   | \$0.25   | \$2.36   |
| 12 INTERMED CARE FAC NURSE HOME                      | \$0.00  | \$0.00   | \$0.00   | \$0.00   |
| 15 SNF NURSING HOME ATYPICAL CARE                    | \$0.07  | \$0.00   | \$0.00   | \$0.00   |
| 16 ICF NURSING HOME ATYPICAL CARE                    | \$0.42  | \$0.00   | \$0.11   | \$0.52   |
| 23 LABORATORY (PATHOLOGY)                            | \$0.37  | \$0.31   | \$0.22   | \$0.90   |
| 24 X-RAY SERVICES                                    | \$0.01  | \$0.01   | \$0.00   | \$0.02   |
| 25 CLINIC SERVICES                                   | \$37.84   | \$4.85   | \$35.54  | \$25.51  |
| 26 HOME HEALTH SERVICES                              | \$5.20  | \$2.56   | \$1.43   | \$1.04   |
| 27 FAMILY PLANNING SERVICES                          | \$0.13  | \$0.05   | \$0.00   | \$0.56   |
| 30 DISPENSE PRESCRIBED DRUGS                         | \$25.72   | \$11.03  | \$27.53  | \$40.54  |
| 32 FURNISHED MED SUP OR DME                          | \$4.72  | \$3.79   | \$2.60   | \$2.86   |
| 37 AMBULANCE SERVICE                                 | \$0.61  | \$0.91   | \$0.34   | \$0.91   |
| 39 WHEELCHAIR VAN                                    | \$0.06  | \$0.00   | \$0.03   | \$0.08   |
| 42 AUDIOLOGY SERVICES                                | \$0.04  | \$0.10   | \$0.03   | \$0.01   |
| 43 PHYSICIANS SERVICES                               | \$18.44   | \$32.46  | \$12.70  | \$19.80  |
| 44 ADVANCE REG NURSE PRACT                           | \$0.14  | \$0.09   | \$0.17   | \$0.25   |
| 46 CERTIFIED MIDWIFE (NON-NURSE)                     | \$0.00  | \$0.02   | \$0.00   | \$0.00   |
| 47 OPTOMETRIC SERVICES EYEGLASSES                    | \$1.03  | \$0.61   | \$1.31   | \$1.49   |
| 48 PSYCHOLOGY  | \$2.98  | \$0.55   | \$4.25   | \$5.08   |
| 51 PHYSICAL THERAPY                                  | \$0.41  | \$0.10   | \$0.29   | \$0.71   |
| 53 SPEECH THERAPY                                    | \$0.09  | \$0.09   | \$0.08   | \$0.00   |
| 54 OCCUPATIONAL THERAPY                              | \$0.23  | \$0.17   | \$0.21   | \$0.03   |
| 55 PODIATRIST SERVICES                               | \$0.05  | \$0.00   | \$0.06   | \$0.13   |
| 56 MEDICAL SERVICES CLINIC                           | \$0.21  | \$0.26   | \$0.15   | \$0.40   |
| 57 PERSONAL CARE                                     | \$0.01  | \$0.00   | \$0.00   | \$0.00   |
| 70 CHIROPRACTIC                                      | \$0.03  | \$0.02   | \$0.03   | \$0.06   |
| 72 CRISIS INTERVENTION                               | \$0.22  | \$0.00   | \$0.17   | \$0.74   |
| 76 HOME BASED THERAPY                                | \$2.02  | \$0.79   | \$1.61   | \$5.55   |
| 80 RURAL HEALTH CLINIC                               | \$5.56  | \$9.71   | \$3.57   | \$7.06   |
| 103 INPAT PSYCH FAC SRVS-UNDER 22                    | \$2.97  | \$0.03   | \$2.28   | \$7.97   |

## Table A-7

NHCHIS Report for NH Center for Public Policy Studies  
 Aggregate Medical Expenses Incurred During Calendar Year 2005 and Corresponding Membership Numbers  
 Member Breakdown by Age/Gender and Risk Adjustment Index  
 Claims Paid Through September 2006\*

| Age/Gender       | Risk Corridor | Distinct Members | Member Months    | Total Payments         | PMPM         | Avg # of Months Eligible |
|------------------|---------------|------------------|------------------|------------------------|--------------|--------------------------|
| Female <=4 YRS   | All           | 14,162           | 118,026          | \$20,371,911           | \$173        | 8.3                      |
| Female 5-13 YRS  | All           | 35,127           | 340,302          | \$24,675,827           | \$73         | 9.7                      |
| Female 14-19 YRS | All           | 27,607           | 273,504          | \$37,725,348           | \$138        | 9.9                      |
| Female 20-25 YRS | All           | 24,371           | 199,644          | \$38,012,527           | \$190        | 8.2                      |
| Female >25 YRS   | All           | 224,018          | 2,213,652        | \$766,755,263          | \$346        | 9.9                      |
| Male <=4 YRS     | All           | 14,918           | 123,661          | \$22,363,784           | \$181        | 8.3                      |
| Male 5-13 YRS    | All           | 37,302           | 360,312          | \$29,796,349           | \$83         | 9.7                      |
| Male 14-19 YRS   | All           | 28,698           | 284,160          | \$35,928,817           | \$126        | 9.9                      |
| Male 20-25 YRS   | All           | 23,113           | 188,385          | \$21,058,959           | \$112        | 8.2                      |
| Male >25 YRS     | All           | 209,891          | 2,055,984        | \$539,075,153          | \$262        | 9.8                      |
| NA               | All           | 32,887           | 292,980          | \$31,249,714           | \$107        | 8.9                      |
| <b>Total</b>     | All           | <b>672,094</b>   | <b>6,450,610</b> | <b>\$1,567,013,653</b> | <b>\$243</b> | <b>9.6</b>               |

\*Some payers have not submitted all paid claims through September 2006.

Note: not all Rx claims have not been submitted to the MHC and included in the NHCHIS.

Note: claims include payments where the payer is not primary.

Note: the report excludes members and payments for the Connecticut General Life Insurance (Cigna) Indemnity LOB.

Note: age is as of 12.31.2005.

Note: this analysis includes a subset of the total members and claims in NHCHIS.