

Overview of Report on the Family Day Care Providers Health Coverage

City of Alexandria

Budget and Fiscal Affairs
Advisory Committee

March 26, 2003

Background

- ◆ During FY03 budget process, UNITY asked Council to provide City funding of health benefits for family child care providers
- ◆ Family child care providers are City Department of Human Services (DHS) contractors who provide child care services to DHS clients under federally-subsidized child care program
- ◆ DHS makes the payment to the provider on behalf of the parent who is eligible for the subsidy
- ◆ Family child care providers offer a critical and valuable service to DHS clients

Council requested that BFAAC assess five issues in its report

1. Alternative ways coverage could be obtained and administered;
2. Cost and benefits of these alternatives;
3. How each alternative could be funded;
4. Other local/state government programs that play a role in obtaining health insurance for low-income, private wage earners; and
5. Any precedent that could be created and how the City should handle it.

BFAAC was not asked to address whether family child care providers are fairly compensated or face particular difficulty in obtaining access to affordable health insurance coverage.

Affordable health coverage is growing local, national concern

- ◆ In Alexandria, the United Way/City survey of the working poor found that 41% of those surveyed reported they had no health insurance
- ◆ In U.S., 1 in 6 persons are without health insurance
- ◆ Employers are struggling to maintain affordable coverage for employees

BFAAC recommends the City focus on reforms at state level

- ◆ Expand Medicaid, SCHIP/FAMIS to serve more low-income families with federal dollars
- ◆ Identify other alternatives to prevent erosion of affordable health insurance options
- ◆ Modify insurance regulations to ensure self-employed, sole proprietors (e.g., family child care providers) have access to affordable health insurance

1. Alternatives

- ◆ Full, comprehensive coverage
 - Broadest coverage, low out-of-pocket costs
 - Highest premiums
- ◆ Limited coverage
 - Limited networks, higher cost-sharing
 - Moderate premiums
- ◆ Catastrophic/hospitalization coverage
 - Fewest benefits, lowest premiums
 - Protects against greatest unexpected costs
 - Could be coupled with access to community resources

UNITY raised concerns about the alternatives

- ◆ Premiums (at any level) are not affordable given compensation levels of family child care providers
- ◆ City clinics provide limited access
 - Need for inpatient care
 - Unavailability of key specialists at Casey
 - Waiting times for appointments, hours of operation

2. Costs and benefits of alternatives

- ◆ Costs of coverage driven by:
 - Benefits, cost-sharing, carrier
 - Eligibility criteria for participation
- ◆ BFAAC used UNITY's proposed premium/benefit design and eligibility criteria to provide preliminary costs
 - Full cost of monthly premium \$252/mo. (Spring 02)
 - Of 188 providers, about 125 meet criteria of earning at least \$1,960 in City payments over six months

2. Costs/benefits (cont.)

- ◆ Total cost (in FY 03) would have been \$363,000
- ◆ Assuming 10% cost increase for FY 04, cost would be \$399,000
- ◆ Using eligibility threshold of \$1,960/six months (\$327/month) in City payments, BFAAC notes that premium payments by City would be worth 89 percent of the payment made to these vendors

3. Funding

- ◆ City could pay monthly premiums into a fund that would be used to purchase benefits
 - UNITY has proposed that they could manage and administer the fund at no cost
 - BFAAC notes that this could raise potential legal issues
 - In discussions, questions arose as to whether providers would be required to join UNITY in order to receive benefits
- ◆ Unclear if the premium payments by the City would be treated as taxable income to the providers

4. Other government programs

- ◆ Five state and local programs were identified – three state (Rhode Island, New York, North Carolina) and two local (New York City, San Francisco)
- ◆ With the exception of New York State and New York City, all other programs financed with federal and state Medicaid dollars
- ◆ New York and New York City rely on mandated participation by private sector entities

None of the programs identified are applicable models for Alexandria

4. Other government programs (cont.)

- ◆ Federal programs provide some benefits that Alexandria could tap into
- ◆ Federally-qualified health center (FQHC) grant program
 - Arlandria gained designation as medically-underserved area
 - Arlandria Clinic/Alex. Health Dept. preparing necessary application
- ◆ Community Access Program (CAP)
 - Collaborative effort of clinics, hospital(s), local health dept.

5. Precedent

- ◆ BFAAC identified two types of precedent
 - 1,054 City employees who do not receive health benefits (part-time, seasonal/temporary)
 - Other contractors (104 Companion Aides, Campagna Center and other organizations, about 130 other social services providers)
- ◆ UNITY believes that the particularly low compensation levels of family child care providers sets them apart from these other individuals/groups

5. Precedent (cont.)

- ◆ Costs of providing similar benefits to these other persons (FY03 dollars):
 - \$1,594,00 - 2,390,000 for other City employees
 - \$315,000 for companion aides
 - \$393,000 for other individual providers
- ◆ BFAAC notes long-term costs are unpredictable, but growing rapidly
- ◆ Providing health insurance will likely create pressure on City to do the same for other contractors, organizations
 - Campagna Center representatives told BFAAC, staff that they will request similar benefits

City should take steps to help providers (and others in the community) obtain coverage:

- ◆ Improve investment in City health clinics, INOVA Alexandria facilities to make care more available and affordable
- ◆ Work with INOVA to garner more indigent care funds, increased funding for state/local hospitalization program, improved Medicaid/ FAMIS enrollment
- ◆ Facilitate relationships among child care providers, groups for purposes of health insurance purchasing/underwriting
- ◆ Pursue efforts to reduce the number of uninsured persons in Virginia, for example, recent legislation to help working disabled to buy into Medicaid