

Connecticut Healthcare Affordability Index: *Covered Connecticut*

Prepared by Lisa Manzer

University of Washington Center for Women's Welfare

January 18, 2022

The [Covered Connecticut Program](#) went into effect July 1st, 2021 and expands the number of Connecticut residents eligible for no cost health insurance coverage. Medicaid eligibility for parents/caretakers ends at 160% of the Federal Poverty Level. The Covered Connecticut Program provides no cost health insurance through Access Health CT for parents/caregivers, and their dependents, if they are not eligible for Medicaid but are below 175% of the federal poverty guidelines. Additionally, starting after July 1st 2022, Covered Connecticut will be available for all adults with income below 175% of the federal poverty guidelines. This memo addresses the estimated impact that the Covered Connecticut Program has on healthcare affordability as defined by the Connecticut Healthcare Affordability Index (CHAI).

Methods

This Covered Connecticut analysis builds off previous research described in the [Connecticut Health Care Affordability Index](#) (December 2020) report. Each household in the 2019 1-Year American Community Survey PUMS dataset is matched with a health insurance cost category (employer sponsored, individual marketplace, or zero cost) based on the status of the householder. To analyze the impact of Covered Connecticut, two additional models were conducted. We first tested the impact of Covered Connecticut for caregivers, followed by the expansion to all adults. Each model was also repeated with healthcare cost and tax credit changes impacted by the American Rescue Plan Act.

Households were coded as eligible for Covered Connecticut (caregivers) if the household met all of the following parameters:

1. Children were present.
2. The household's income was between 160% and 175% of the 2019 federal poverty guidelines (2019 federal poverty guidelines were used to be consistent with household income in the American Community Survey).
3. The householder was uninsured or covered by the individual marketplace.

Households were coded as eligible for Covered Connecticut (all adults) if the household met the following parameters:

1. The household's income was between 138% and 175% of the 2019 federal poverty guidelines (2019 federal poverty guidelines were used to be consistent with household income in the American Community Survey).

2. The householder was uninsured or covered by the individual marketplace.

After excluding seniors and adults with work-limiting disabilities from the 2019 1-Year American Community Survey dataset, coding for the Covered Connecticut program moves 17,353 households from the individual marketplace health insurance category to the zero-cost health insurance category.

CHAI Income Threshold

If a household is identified as eligible for Covered Connecticut, as described above, the CHAI income threshold switches from the individual insurance category to the zero-cost category. This results in a change in the calculation of the annual income needed to meet basic needs. For example, a young and healthy parent (18-34, low health risk) of a preschooler living in Bridgeport required \$70,626 annually to adequately meet basic needs if health insurance was purchased on the individual marketplace (see Table 1). However, if health care costs are reduced from over \$1,000 per month to zero, the annual CHAI income threshold drops to \$54,278. Consider also the impact on this Hartford family with two adults and two school-age children: assuming the adults are 35-49 with medium health risks, the annual income needed to meet their basic needs drops from \$59,801 to \$41,096 with no cost health care.

Table 1: Connecticut Healthcare Affordability Index Total Income Needs with the Individual Marketplace Insurance Compared to Zero Cost Health Care

	Bridgeport One Adult (18-34, low health risk) and One Preschooler		Hartford Two Adults (35-49, medium health risk) and Two School-age Children	
	Individual Marketplace	Zero Cost Healthcare	Individual Marketplace	Zero Cost Healthcare
Monthly Costs				
Housing	\$1,293	\$1,293	\$1,185	\$1,185
Child Care	\$1,610	\$1,610	\$988	\$988
Food	\$470	\$470	\$899	\$899
Healthcare	\$1,018	\$0	\$1,977	\$0
Transportation	\$70	\$70	\$126	\$126
Miscellaneous	\$402	\$402	\$377	\$377
Taxes	\$1,239	\$895	\$894	\$468
Child Tax Credit (-)	(\$167)	(\$167)	(\$333)	(\$267)
Child Care Tax Credit (-)	(\$50)	(\$50)	(\$100)	(\$105)
Earned Income Tax Credit (-)	\$0	\$0	\$0	(\$246)
Premium Tax Credit (-)	\$0	\$0	(\$1,029)	\$0
Total Income Needed to Meet Basic Needs				
Monthly	\$5,885	\$4,523	\$4,983	\$3,425
Annual	\$70,626	\$54,278	\$59,801	\$41,096

How Many Households Have Incomes Below CHAI?

Overall, our model estimates that 22.86% (213,265) of households with working-age householders had incomes below the CHAI income threshold according to the 2019 American Community Survey. As the CHAI income threshold is above 175% of the federal poverty guidelines throughout Connecticut, the Covered Connecticut program does not change the count of households with incomes below the Standard. However, as households are recategorized from individual marketplace insurance to zero cost, the income inadequacy rates shift. For example, 44.03% of households with children present and individual marketplace insurance were identified as having inadequate income. However, after parents are eligible for no cost healthcare through Covered Connecticut, the income inadequacy rate drops to 37.18%. Likewise, as the lowest income households in the individual marketplace category are moved to Covered Connecticut, the income inadequacy rate among households without children drops from 26.58% to 14.07%.

Connecticut Healthcare Spending Target

In the spring of 2021, in partnership with the Connecticut Office of Health Strategy (OHS) and the Connecticut Office of the State Comptroller (OSC), we developed a [spending target](#) or limit to the proportion of household spending on healthcare costs in Connecticut. Healthcare expenses above this proportion indicate that the household is unable to afford adequate healthcare and other basic needs.¹

Our analysis of the 2019 ACS dataset finds that without the temporary subsidies provided by the American Rescue Plan Act (ARPA), 18.87% of households have CHAI healthcare costs above the maximum set by the Connecticut spending target. With caregivers eligible for Covered Connecticut, the rate of households exceeding the spending target drops slightly to 18.38%. Overall, 4,611 new caregiver households are estimated to have health care costs within the Connecticut Healthcare Spending Target due to new zero-cost health care through the Covered Connecticut program. Once Covered Connecticut expands to all eligible adults, the spending target estimate drops to 17.01%, meaning that *over 17,000 additional households will be defined as having affordable healthcare costs through Covered Connecticut.*

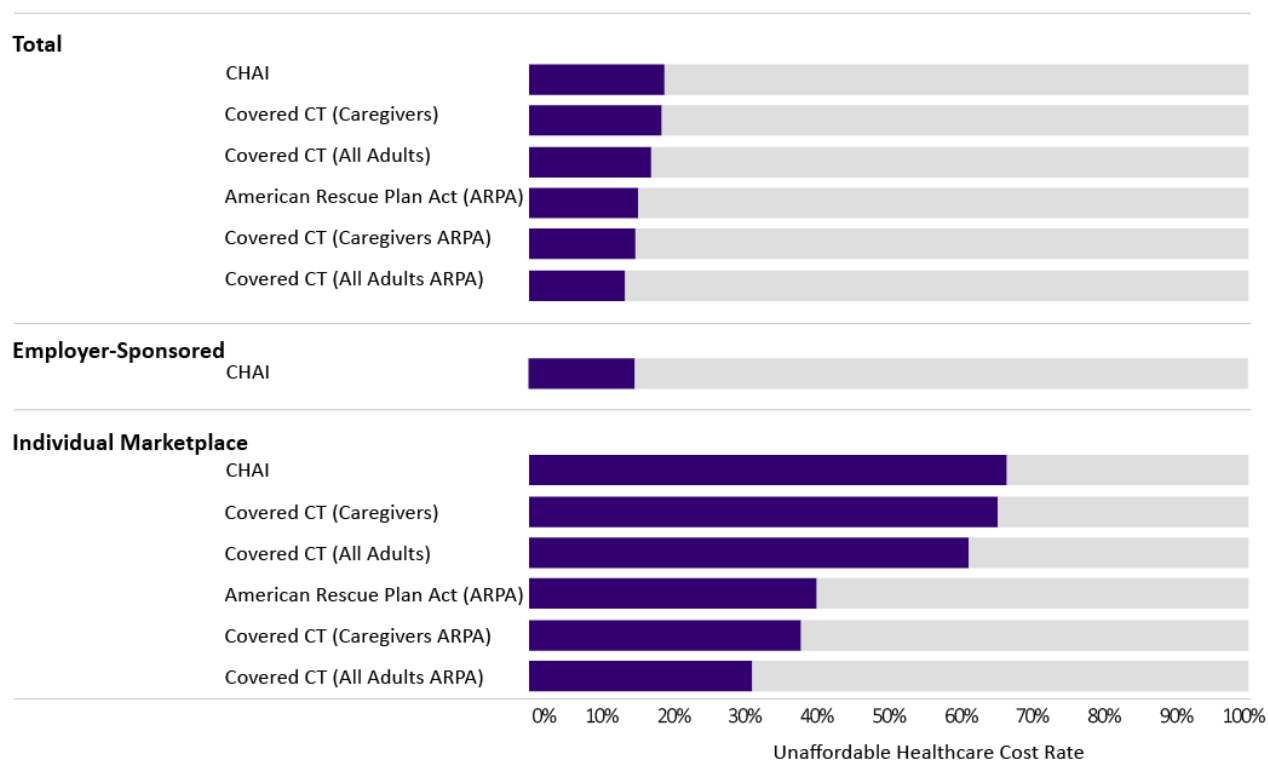
American Rescue Plan Act

The American Rescue Plan Act of 2021 (ARPA), temporarily lowers the monthly premium for insurance purchased on the individual marketplace by removing the income cap for the premium tax credit (PTC) as well as decreasing the percentage of income paid for the benchmark silver plan. Additionally, ARPA temporarily increases the Child Tax Credit (CTC), Earned Income Tax Credit (EITC), and the Child and Dependent Care Tax Credit (CDCTC). The increase in refundable tax credits lowers the annual income households need to meet basic needs, which in turn may put a household into a lower income bracket for the PTC subsidy percentage, increasing the total PTC the household may be eligible for.

¹ The spending target data produced for OHS/OSC includes the following parameters: calculated statewide, varied by numbers of adults with or without dependents, independently shows healthcare premiums and out-of-pocket costs, includes a filter for health risk and insurance type.

The Build Back Better bill extends or makes permanent the healthcare cost and tax credit changes in the ARPA. While the House has passed the Build Back Better bill, the bill is now stalled in the Senate. With the ARPA assumptions, the percentage of households with affordable healthcare costs drops from 18.87% to 15.20% (over 34,000 households). If the ARPA changes are continued, the estimate of households with healthcare costs exceeding the spending target drops 14.71% with the initial caregiver phase of the Covered Connecticut program and to 13.37% once Covered Connecticut is expanded to all eligible adults. Among all households in the individual marketplace category, the rate of households with unaffordable health care costs drops by over half from 66.41% without ARPA or Covered Connecticut to 30.96% with both programs enacted.

Figure A. Rate of Households with Unaffordable Healthcare Costs According to the Connecticut Healthcare Spending Target



Source: U.S. Census Bureau, 2019 ACS 1-Year Public Use Microdata Sample.