

Healthcare Coverage Crisis for Latinos - Can MiniMeds Be Part of the Solutions?

by Jim Arriola and José Aroeste

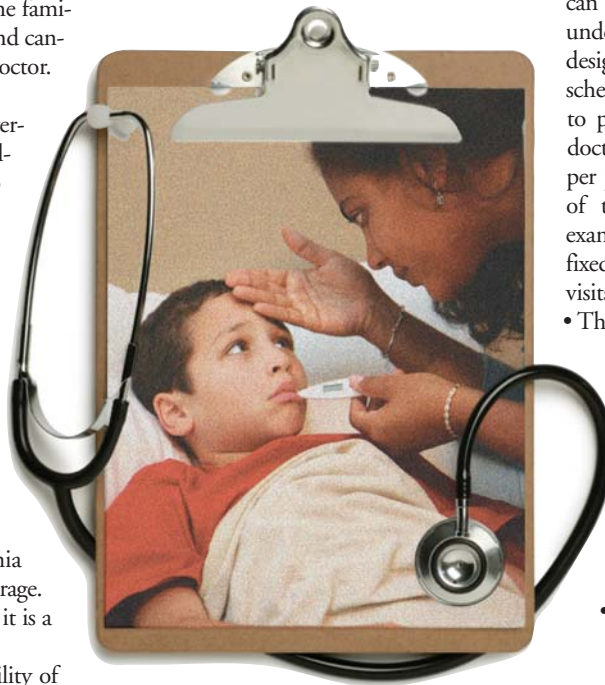
It is 3:00 a.m. and all is not well in the California Central Valley. Everybody in the Gonzalez household is asleep, except for 6-year old Manuel. He has abdominal pain, his head hurts, and he feels nauseated. Little Manuel begins to cry and wakes up the family. His anxious mother, Maria, does not know where to turn. Although she and her husband, Antonio, work very hard, she in the local resort hotel as a maid and he as a landscaper, the family does not have health insurance and cannot afford to take Manuel to the doctor. What can they do?

The high cost of healthcare coverage has broken the back of the collective Latino Workforce's ability to afford comprehensive medical coverage and has caused great stress for millions of uninsured families. According to a 2006 report from the California Health Care Foundation, as the cost of healthcare increases, so does the number of uninsured Latinos. The same report states that 57% of the State's 6.6 million uninsured population is of Latino origin. More than half of the Latinos in California (51.6%) do not have health coverage. This is not only a crisis for Latinos; it is a problem for all Californians.

Many factors affect the affordability of healthcare, but the most important is mandated benefits in health coverage. If mandated healthcare benefit coverage were a car in California, it would be a Cadillac. Caddies are fine automobiles, but not everyone can afford one. Suppose there were a law where only Cadillacs or higher priced vehicles could be sold and driven in California. Many people would be priced out from owning and driving a car. What's the alternative for the millions of uninsured Latino households in California who cannot afford Cadillac health coverage? Is there a Ford Focus or another affordable vehicle for health coverage that might be not have all the luxuries of a Cadillac, but can satisfy the need for basic transportation, or in this case, healthcare?

MiniMed plans hold promise to be a

part of the market solution for affordable health coverage because of sheer necessity and market demand. MiniMed plans are also known as limited benefits medical insurance, scheduled benefits or fixed payment benefit plans. As the name implies, the covered benefits have limits. When the limits are reached, there is no more coverage. They do not provide for major medical or comprehensive



coverage. Admittedly, this is not the ideal benefit plan for a perfect world, but then again, we are in the real world where half of the state's Latinos have no healthcare coverage. Surely something is better than nothing.

So if MiniMed plans are so limiting, why do they hold some much promise for the millions of uninsured Latinos in California? It's because MiniMeds have flexibility and address many of the unique healthcare needs of Latinos. MiniMeds allow affordability of coverage, freedom of choice, access to culturally sensitive providers, and consumer directed healthcare.

First, here are some basics about MiniMed plans:

- MiniMed plans may include such benefits as doctor office visits, preventive care, outpatient diagnostic X-ray and lab, hospital, accident, surgical, prescription drug and dental benefits.
- With this coverage, the benefit is the benefit, and the plan will pay no more than a stated amount per covered event, and a cumulative maximum amount per person, per calendar year. MiniMed plans can be structured with a co-pay model or under a fixed dollar scheduled benefit design. For example, the fixed dollar scheduled benefit plan may be structured to provide a fixed benefit of \$50 for a doctor office visit, with a \$300 maximum per person, per calendar year. Regardless of the provider's charges, under this example, the MiniMed plan pays a \$50 fixed dollar benefit for up to six covered visits during a specific calendar year.
- The insured is responsible for the difference between the provider's charges and the fixed benefit amount.
- Certain fixed benefit MiniMed plans use contracted provider networks, which may further reduce the provider's billed charges down to the contracted rates used by HMOs and PPOs.
- Some of the MiniMeds are indemnity plans that allow members to go to any US provider.

Let's go back to the premise of why MiniMeds hold promise for Latinos. First and most important, they can be affordable. Because they are limited benefit coverage and not comprehensive coverage, the premiums are much less costly. In California, the HMO rates for a family of four are in the range of \$700 to \$900 a month, where MiniMed plan family rates are in the range of \$100 to \$400 a month, depending on the level of limited benefits that the plan pays.

Trends show employers are contributing less to employee health coverage, forcing many low wage earners to decline coverage for themselves and for their families. Since the cost of major medical coverage continues to increase, introducing a lower cost coverage plan that more employees can

Over half of California's uninsured population is Latino

afford makes sense, even if the benefits are limited. Without such benefits, the uninsured are now much less likely to receive needed medical care, even for symptoms that can have serious health consequences if not treated. By contrast, routine and preventive healthcare benefits are available in MiniMeds. Of course, there will be consumer advocates who insist on the idealistic approach of comprehensive health coverage for all. That is an important policy question. But, in the meantime, what about the majority of Latino households that have no healthcare coverage?

Many MiniMeds, especially those that are indemnity plans, allow for freedom of choice in regards to selection of providers. It is not necessary for the insured to get all his or her care from a primary care provider (PCP), medical group or independent practice association (IPA). Under indemnity plans, insured people can go to any licensed provider in the US for their covered services. Additionally, in many cases, insured people are not bound by the utilization controls of managed care organizations. Insured members can receive care without regard to prior authorizations and referrals from the PCP, IPA or HMO. With MiniMed indemnity plans, there are fewer administrative hurdles that limit the utilization of the benefits.

It is precisely the inherent freedom of choice in MiniMeds that allows many Latinos to have access to culturally sensitive healthcare providers. According to the California Primary Care Association (CPCA) there are over 600 community clinics throughout California offering primary care and other basic healthcare services. Many of these clinics are low cost providers that charge on a sliding scale, with office visits as low as \$25 to low wage and uninsured workers. Few, if any, of these community clinics are found in the mainstream provider networks of HMOs and PPOs. Yet, many Latinos seek care from these community clinics and are comfortable and satisfied with the delivery of care. With a MiniMed plan, Latinos can still seek health access at community clinics and they now have money to pay for a greater share of the cost. This is a win for the member, and a

huge win for community clinics that welcome private healthcare reimbursement.

The most recent innovation for access to culturally sensitive healthcare involves cross-border health coverage. This means that insured members can access healthcare in Mexico under an employer sponsored benefit program. The reasons for accessing healthcare in Mexico include the low relative cost of health services, cultural preference, and geographic necessity. Several California based HMOs have been offering cross-border health coverage since 2000, however the service areas are restricted largely to the vicinity of the US-Mexican border, with San Diego and Imperial County in California and the cities of Tijuana, Tecate and Mexicali in Baja California, Mexico, as examples.

MiniMed plans are ushering in the next generation of cross-border health coverage. These plans allow members located in Los Angeles or Fresno, or anywhere in California or the United States, to access healthcare providers in Mexico, and not just along the border but in the interior of Mexico. Limited benefit insurance could help expand access of covered events to locations outside the US, not just for emergency care, but for routine health care as well.

This is great news for the tens of thousands of Latino workers who have eligible dependents living in Mexico. A MiniMed product could be used to provide healthcare coverage for the worker in Fresno while the eligible dependents are living in Guadalajara, Mexico. The MiniMed's freedom of choice allows coverage to workers and their families with seasonal mobility and geographic separation. The MiniMed is ideally positioned for guest workers across the US, given the affordability and geographic reach of coverage for the worker and eligible family dependents.

Lastly, MiniMeds embody consumer driven healthcare. Insured members are financially responsible for the amount of the provider's bill not covered by the benefit. For this reason, insured members are

empowered and incentivized to seek lower cost health care services. Consumers will be a driving force behind the healthcare industry's movement toward transparency. Consumers with MiniMed fixed dollar plans are much more likely to ask about the cost of a provider's care. Many consumers will vote with their feet by rewarding lower cost providers.

Yet low cost does not necessarily lead to low quality or poor service. On the contrary, just as in any efficient free market, MiniMed plans allow consumers to reward providers who deliver value and avoid those who don't. The good news for consumers is that, in a growing MiniMed market, providers will pay more attention to the consumer and less to the carrier. And since the consumer is responsible for some of the bill, the rampant escalation of healthcare costs that doomed traditional indemnity insurance plans in the 1960s and 1970s is not part of the equation. Healthcare services that do not provide value in the eyes of the bill paying consumer will not be ordered. With fixed dollar limited benefit plans, consumers will help keep medical price inflation in check.

While MiniMed plans are not the Cadillac of healthcare insurance, they certainly offer a viable solution to the healthcare and financial dilemma illustrated by the Gonzalez family earlier. These families no longer have to resort to the closest emergency room. Instead, most MiniMed plans now have an 800 toll free nurse-line, which the family can call 24/7 for medical advice and for medical appointments. MiniMeds also represent the potential solution for thousands of other hard working Latino and non-Latino families in the USA. In fact, these plans offer every child, parent, community, and every hard working family in America who can no longer afford major medical health coverage, or who has never had it, the professional care everyone needs and rightly deserves in a modern, developed, and socially conscious society. □

SeKure Healthcare is a California-based company that provides affordable health coverage to US employers with special emphasis on Latino and part-time workers who cannot afford or are ineligible for health insurance. For more information, contact Jim Arriola, CEO, 619.210.4836, jarriola@mysekure.com, or José Aroeste, CFO 619.318.1734, jaroeste@mysekure.com, or visit the company website at: www.MySekure.com.