

A Profile of the Uninsured in the U.S. Virgin Islands:

Results from the 2003 Virgin Islands Health Care Insurance and Access Survey

BACKGROUND

The U.S. Virgin Islands, an unincorporated territory of the United States, has one of the highest rates of uninsurance in the U.S. and its territories, but little is known about their uninsured population. The Current Population Survey (CPS), the primary source of health insurance coverage information for states, is not conducted in the Virgin Islands or in any of the other U.S. territories.¹ Moreover, the two independent surveys conducted in the territory—the 1997 Virgin Islands Consumer Expenditure Survey and the ongoing Virgin Islands Behavioral Risk Factor Surveillance System (VIBRFSS)—do not allow for in-depth data collection and analysis on health insurance coverage.

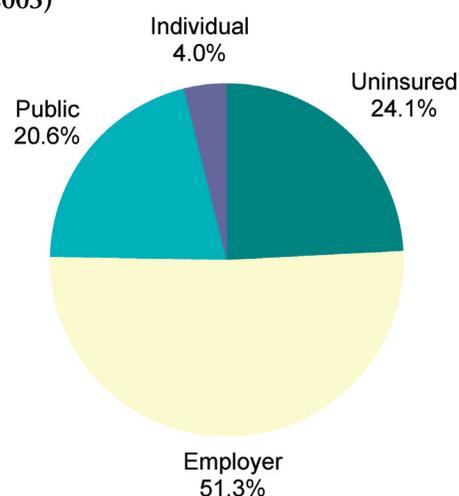
With funding from the Health Resources and Services Administration (HRSA) State Planning Grant (SPG) program, the Bureau of Economic Research, U.S. Virgin Islands conducted the 2003 Virgin Islands Health Care Insurance and Access Survey, the largest and most comprehensive telephone survey of its kind for the territory. This State Data Brief summarizes what is known about uninsured residents of the Virgin Islands including demographic characteristics, access to employer-sponsored insurance, and potential eligibility for public health care coverage. The State Health Access Data Assistance Center (SHADAC) developed its State Data Series to highlight unique information collected by state surveys to inform health policy.

OVERALL LEVEL OF UNINSURANCE IN THE U.S. VIRGIN ISLANDS

According to the 2000 Census, the Virgin Islands has a population of roughly 108,600, almost one-third of whom (32.5%) live under the Federal Poverty Level (FPL). The population is predominately Black (76.2%), followed by White (13.1%), and Asian, American Indian, Alaska Native, Native Hawaiian, other Pacific Islander, multiracial, and others (10.7%). Ethnically, 14% of the population is Hispanic.²

Estimates of the uninsured from the 2003 Virgin Islands Health Care Insurance and Access Survey suggest that the rate of uninsurance in the territory is significantly higher than it is in the U.S. on average. Nearly one-quarter (24.1%) of Virgin Islands residents are uninsured, according to the results of the household survey, compared to 15.2% of the U.S. mainland population.⁴ The rates associated with the various sources of coverage are displayed in Figure 1.

Figure 1. Sources of Health Insurance in the U.S. Virgin Islands (2003)⁵



A lower rate of employer coverage within the territory (51% within the Virgin Islands versus 61% in the U.S.) contributes to higher uninsurance rates. Because the Virgin Islands relies heavily on a tourism-driven service economy, jobs within the territory are likely to be seasonal, temporary, and/or low-wage. Residents of the Virgin Islands are therefore less likely to be offered health insurance by their employers and more likely to lose their benefits (if offered) due to fluctuating employment and lay-offs.

Another factor contributing to a higher uninsurance rate in the territory is a relatively low rate of public program coverage, despite very high rates of poverty among residents. Twenty-one percent of the population in the

Virgin Islands is covered by public programs (either Medicare, Medicaid, or military health care insurance), compared to 26% of the population in the U.S. Yet 33% of the population in the Virgin Islands lives under the poverty level, compared to 12% in the U.S. This is in part due to the fact that federal Medicaid dollars are capped for all territories, which limits the number of Islanders that can enroll in the program.

DEMOGRAPHIC CHARACTERISTICS OF THE UNINSURED

The 2003 Virgin Islands Health Care Insurance and Access Survey also identified the demographic characteristics of those most likely to lack health insurance coverage. Table 1 provides information on the key characteristics of the uninsured population in the Virgin Islands.

Table 1. Uninsurance Rates by Demographic Group, U.S. Virgin Islands (2003)

| Age | % Uninsured | Family Income (FPL) | % Uninsured |
|---------------------|-------------|--------------------------|-------------|
| 0-5 years | 23 | <100% | 53 |
| 6-17 years | 19 | 101-200% | 38 |
| 18-24 years | 50 | 201-300% | 39 |
| 25-34 years | 30 | 301-400% | 24 |
| 35-54 years | 26 | >400% | 13 |
| 55-64 years | 23 | | |
| 65 years and over | 5 | | |
| Race/Ethnicity | % Uninsured | Level of Education | % Uninsured |
| Black | 23 | Less than High School | 39 |
| American Indian | 21 | High School Graduate | 25 |
| Asian | 34 | Some College | 18 |
| Hispanic | 32 | College Graduate | 12 |
| White | 26 | Postgraduate | 3 |
| Other | 31 | | |
| Marital Status | % Uninsured | Employment Status | % Uninsured |
| Widowed | 16 | Self-Employed | 40 |
| Married | 20 | Employed by Someone Else | 17 |
| Divorced | 18 | Not Employed/Unpaid | 53 |
| Separated | 31 | Retired | 7 |
| Living with Partner | 34 | Student | 24 |
| Single | 32 | | |

The following population groups in the U.S. Virgin Islands are the most likely to be uninsured, and are considered key target populations in the development of coverage expansion options for the territory:

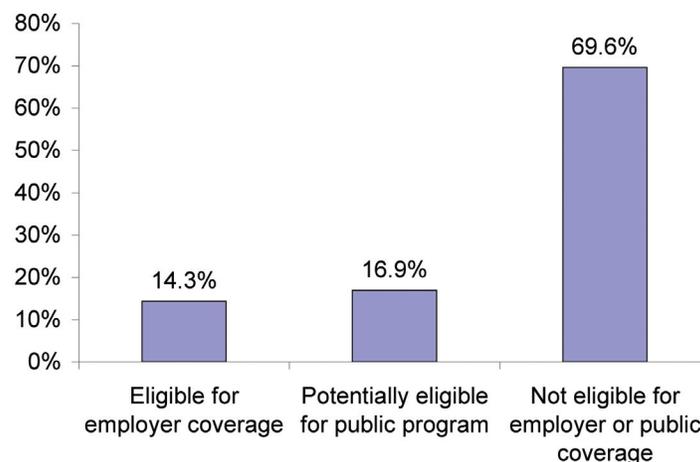
- Young adults, ages 18 to 24
- Hispanics and Asians
- Single and separated individuals, and unmarried people living with a partner
- Low-income individuals, especially those under the poverty line
- Unemployed, unpaid, or self-employed workers

POTENTIAL SOURCE OF COVERAGE FOR THE UNINSURED

When survey respondents who lacked health insurance coverage were asked why they did not participate in employer-sponsored coverage for which they were eligible, the most common single response was that health insurance was too expensive. Even when an employer offers health insurance, many do not purchase it. Figure 2 shows that 14.3% of individuals who lack coverage are potentially eligible for employer-sponsored insurance because their employer, or their spouse's employer, offers health care coverage.

An additional 16.9% are potentially eligible for coverage by Medicaid, as their incomes are less than the upper limit of income eligibility for the Virgin Islands' Medicaid program. Over 30% of the uninsured in the Virgin Islands are potentially eligible for health care coverage, either through an employer or an existing public program.

Figure 2. Percentage of Uninsured People in the U.S. Virgin Islands Who Are Potentially Eligible for Coverage



It is important to note that it is unlikely that a high percentage of individuals who lack coverage and who also appear to be eligible for public programs (i.e., Medicaid) will obtain this coverage given current funding limitations. The Virgin Islands' Medical Assistance Program is far less accessible to residents than it is in the states because the territories are subject to both a capped Federal contribution and a fixed Federal Medical Assistance Percentage (FMAP).⁶ Congress sets an annual Medicaid spending cap for each of the territories, which means that Medicaid is not an entitlement program in the Virgin Islands as it is in the states. In fiscal year 2001, for example, the federal spending cap for

the Virgin Islands was set at \$5.8 million.⁷ Congress also limits the FMAP to 50% for the territories, which is well below that provided to states that have comparably low per capita incomes, such as Mississippi (77% FMAP) and West Virginia (75% FMAP).⁸ The impact of both the federal fiscal ceiling and the lower matching rate is that the territorial government contributes more to its Medicaid program than the federal government (55% of total costs in 2001).⁹ The Virgin Islands' State Children's Health Insurance Program (SCHIP) allocation, \$860,000 in 2003, does not fund an expansion to the Medicaid program, but is used to serve more Medicaid-eligible residents in the territory than would be possible given the cap on Federal contributions into the program.

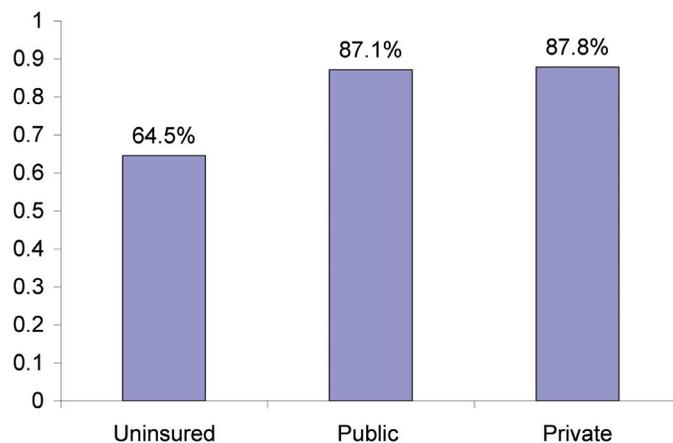
To accommodate federal reimbursement constraints and local government funding limitations, the Virgin Islands restricts eligibility to individuals who make less than \$7,500 per year for a family of three (or roughly 48% of FPL).¹⁰ In addition, certain optional services—prosthetic devices, dentures, durable equipment, institutionalized mental health services, prescription drug spending over \$200—have been eliminated over the years in an effort to contain costs. Moreover, the territory does not promote or encourage enrollment through recruitment or outreach activities.¹¹

Perhaps unsurprisingly, when asked whether they had ever received information about available public health insurance programs, such as Medicaid, almost two-thirds (65%) of the uninsured replied that they had never heard of these programs. However, the vast majority (83%) of these individuals said they would enroll in a public program if they were eligible, and 91% said they would enroll if the program were free.

ACCESS TO CARE FOR THE UNINSURED

Having a regular source of health care is associated with fewer delays in receiving care, better preventive care, and better treatment.¹² Figure 3 shows that according to the results of the 2003 Virgin Islands Health Care Insurance and Access Survey, individuals who lack health insurance coverage are less likely to have a regular place to go for medical care than individuals who are covered by private or public insurance. Among those with a regular source of care, the uninsured are approximately twice as likely as the publicly-insured, and six times as likely as the privately-insured, to report using the emergency room as their regular source of care.

Figure 3. Percent of U.S. Virgin Islanders with a Regular Source of Care, by Insurance Coverage Status



IMPLICATIONS FOR HEALTH CARE PROGRAMS AND POLICY

The first of its kind, this survey on the uninsured in the U.S. Virgin Islands offers policymakers unique information to improve the focus of programs, policies, and outreach activities, and to explore health care access issues among residents. Several population groups experience significantly higher rates of uninsurance than average; namely, young adults (18–24 year olds), singles, lower-income individuals, and individuals who are unemployed, self-employed, temporarily employed, or employed by firms with less than 10 employees. Given this diversity, it is unlikely that a single strategy will be effective in expanding health insurance coverage in the Virgin Islands. Rather, policy options to extend coverage will need to be tailored to particular groups of people.

Roughly 30% of the uninsured are potentially eligible for health care coverage, either through an employer or an existing public program. Yet the majority of the uninsured in the territory have little knowledge of public health care programs, most likely because the territory's fiscal constraints preclude Medicaid outreach strategies. Although survey results suggest that most of the uninsured would enroll in an public program if they knew about it, reliance on the Medicaid system to reduce the numbers of uninsured in the territory does not appear to be a viable option given current federal fiscal caps and participation in the program.¹³



Strategies to increase employer offer rates, especially among small employers in the Virgin Islands, may also have merit. States are considering a range of direct and indirect subsidies to employers including: tax incentives, reinsurance programs, purchasing pools, and buy-in demonstrations via Medicaid or other governmental programs.

Finally, with limited territory revenues, rising health care expenditures, and lower federal financial participation in the Medicaid program than most states, the Virgin Islands will undoubtedly face challenges in reducing the number of its uninsured. However, findings from this survey underscore the importance of efforts to do so. Compared to residents with private or public coverage, uninsured Islanders are less likely to have a regular source of care. And, for those who

do have such a source of care, it is more likely to be the emergency room. Increasing access to health insurance among the residents of the Virgin Islands will be a critical step toward expanding the access and use of preventive care, and reducing the unnecessary costs associated with serious medical conditions that could otherwise be prevented with earlier treatment.

Researchers at the State Health Access Data Assistance Center at the University of Minnesota have developed and fielded the Coordinated State Coverage Survey (CSCS), a survey instrument used to determine state-level insurance coverage rates. The State Data Series is a collection of policy briefs informed by the analysis of unique survey data collected in states that have used the CSCS.

NOTES

1. Other U.S. territories include: American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and Puerto Rico.
2. U.S. Census Bureau, Census 2000. "U.S. Virgin Islands: 2000. Social, Economic, and Housing Characteristics." June 2003. See: <http://www.census.gov/prod/cen2000/phc-4-vi.pdf>.
3. Centers for Disease Control and Prevention, 2002 Behavioral Risk Factor Surveillance System (BRFSS) data for the U.S. Virgin Islands. See <http://www.cdc.gov/brfss/>.
4. U.S. Census Bureau, Current Population Survey, 2003 Annual Social and Economic Supplement. "Health Insurance Coverage in the United States: 2002." September 2003. See: <http://www.census.gov/prod/2003pubs/p60-223.pdf>. All comparisons between territory survey estimates and the CPS are made to illustrate general differences between the Virgin Islands and the U.S. as a whole, not to make precise comparisons. CPS tends to provide higher estimates of the uninsured than state surveys. The key reasons for this difference are outlined in the SHADAC Issue Brief, "State Health Insurance Coverage Estimates: Why State-Survey Estimates Differ from CPS", available at www.shadac.org.
5. Public includes: Medicare, Medicaid, and military health care insurance programs.
6. Social Security Act, §1108(c). Federal Register: December 3, 2003 (Volume 68, Number 232).
7. Virgin Islands State Planning Grant Project, Bureau of Economic Research, Office of the Governor. "The Medicaid Program U.S. Virgin Islands." May 16, 2003. See: <http://www.csg.org>.
8. Federal Register: December 3, 2003 (Volume 68, Number 232).
9. Virgin Islands State Planning Grant Project, Bureau of Economic Research, Office of the Governor. "The Medicaid Program U.S. Virgin Islands." May 16, 2003. See: <http://www.csg.org>.
10. Federal Register: February 13, 2004 (Volume 69, Number 30).
11. Bureau of Economic Research, U.S. Virgin Islands. HRSA State Planning Grant Application. See: <http://www.statecoverage.net/pdf/virginislands.pdf>. Bureau of Health Insurance and Medical Assistance, U.S. Virgin Islands. "Framework for Territory Evaluation of Children's Health Insurance Plans Under Title XXI of the Social Security Act." June 2000. See: <http://www.cms.hhs.gov/schip/evaluations/1998/vieval98.pdf>.
12. Institute of Medicine. "Care Without Coverage: Too Little, Too Late." Committee on the Consequences of Uninsurance, Board on Health Care Services. Washington, D.C.: National Academy Press, 2002.
13. For a discussion of recent proposals to implement a federal Medicaid block grant to all states, see: Center on Budget and Policy Priorities and Georgetown University's Institute for Health Care Research and Policy. "Administration's Medicaid Proposal Would Shift Fiscal Risks to States." April 22, 2003. <http://www.cbpp.org/4-1-03health.pdf>.