Informing Public Policy Toward Binational Health Insurance

Policy Brief

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In 2006, 56% of the 11.7 million Mexican migrants in the United States did not have health insurance (Camarato, 2007). At the same time, 5.6% of households in Mexico had migrants in the U.S., and only 30% of those households had at least one member insured (Gonzalez and Becker-Dreps, 2008). A variety of binational health insurance (BHI) schemes in both the U.S. and Mexico have been proposed to improve health insurance coverage of migrants and their families in Mexico. U.S.-based BHI plans currently cover approximately 100,000 to 150,000 enrollees. However, the characteristics of the target population are not well understood. Moreover, for enrollees in BHI plans, the relative costs of care between the U.S. and Mexico and the share of health care utilization that occurs in the U.S. versus Mexico are not well understood.

To better understand the target population for BHI coverage, we used longitudinal data from the Mexican Family Life Survey (MXFLS) 2002 and 2005 for individuals aged 15 to 98 with information on insurance coverage and migration. The sample size was 19,800 and 20,588 individuals in each year, respectively. We used regression analyses to estimate the correlation between insurance coverage and migration, and controlled for previous insurance status as well as socio-demographic, chronic disease and risk behavior indicators.

To better understand BHI plan enrollees' relative costs of care and the shares of utilization between the U.S. and Mexico, we used BHI membership files and claims data from Sistemas Medicos Nacionales, S.A. de C.V. (SIMNSA) and Salud con Health Net. SIMNSA is a Mexico-based HMO with BHI employer-based products designed to provide most health care services in Mexico (Tijuana, Tecate, and Mexicali), but allow enrollees to access emergency and urgent care in the U.S. The SIMNSA data included

33,841 enrollees with 1.9 million claims during 2004-2009. Salud con Health Net is a Southern California-based BHI plan with employer-based products designed to provide health care services in either California or Mexico. The HMO product includes a POS option that allows an enrollee to access health care services from SIMNSA in Mexico, with lower patient cost sharing. The Salud con Health Net data included 53,909 HMO enrollees during 2004-2008. The statistical methods included comparison of means and proportions as well as regression analysis.

The results from estimating the association between migration and insurance coverage using the MXFLS suggest an association between the migratory event and the loss of medical insurance. Compared to the general population, migrants' families in Mexico presented a more accentuated reduction in insurance coverage between 2002 and 2005. The causes of the decrease in coverage for migrants' families in Mexico are sometimes difficult to ascertain, but many cases are likely related to the loss of work in Mexico's formal labor market. From a program targeting perspective, this is clearly a population that could benefit from BHI expansions in both the U.S. and Mexico. Short-term efforts to improve the Mexican health system, specifically Seguro Popular, may help to expand coverage to unprotected populations both in Mexico and the U.S.

The physician reimbursement comparison results show that SIMNSA's physician reimbursement rates in Mexico averaged 51% of Medi-Cal's, 29% of Medicare's, and 22% of U.S. private plans' for office visits, emergency department visits, pathology and x-rays, hospital visits, and surgeries. However, less than 0.2% of Salud con Health Net HMO enrollees utilized health care services in Mexico through their POS option each year. In contrast, over 99% of SIMNSA BHI enrollees exclusively utilized health care

services in Mexico each year. This difference shows that if the BHI plan benefit design does not have strong incentives for enrollees to access Mexico-based care, the potential savings from lower cost care in Mexico will be muted due to low substitution of Mexican for U.S. care. Based on the plans analyzed, it appears that BHI plans offering comprehensive care in the U.S. with solely a POS option in Mexico are unlikely to drive utilization to Mexico and significantly lower costs.

The Congressional Budget Office (CBO) estimates that by 2019, the Patient Protection and Affordable Care Act in the U.S. will reduce the number of uninsured by 32 million, but approximately 23 million will remain uninsured (CBO, 2010). Many of the remaining insured will be immigrants from Mexico. It is important for states with a large number of immigrants from Mexico, particularly the four border states of California, Texas, Arizona, and Mexico to work with the U.S. federal government and Mexico federal and state governments to provide financing for affordable coverage, including family members of migrants who remain in Mexico. For those residing in the U.S., BHI plans are a health care financing option that could reduce the number of uninsured by being a lower-cost alternative offered within Medicaid managed care plans and the to-be-formed American Health Benefit Exchanges. However, appropriate incentives to utilize services in Mexico need to be part of the plan's benefit design in order to realize significant cost savings.

Citations

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