

Who are America's and Pennsylvania's Uninsured?

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During 2003, according to U.S. Census Bureau estimates¹, there were 45 million Americans who lacked health insurance coverage. That's approximately 15.6 percent of the population. And according to those same estimates, in the Commonwealth of Pennsylvania, 10.7 percent of state residents were uninsured in 2003, which represents a little more than 1.3 million people.



Those are staggering figures, and they produce staggering images. Our nation's largest football stadium holds 102,501 people. Can you see it filled more than 12 times over with just uninsured Pennsylvanians?

The numbers also produce staggering questions about what this really means. Chief among them:

- What constitutes being uninsured in America?
- Who are these uninsured Americans, and why don't they have coverage?
- What are we doing to address this problem?
- What else can we do to fix the problem of the uninsured?

What constitutes being uninsured in America?

The most widely cited data on the number of uninsured Americans is collected on an annual basis by the U.S. Census Bureau each March, and is released each August. The Census Bureau surveys about 78,000 households, and their survey includes detailed health insurance questions asked of the household respondent for every household resident. Respondents are asked about health insurance coverage in the previous calendar year. The Census Bureau then counts the individuals reported as not being covered by either an employer-sponsored health insurance program, individual private health insurance, a government sponsored health coverage program (such as Medicaid or Medicare), or some other type of health insurance plan (such as a purchasing pool or a state high-risk pool) as being uninsured.²

What's interesting about those numbers is that they don't indicate how long these individuals go without health insurance coverage. Being uninsured to most individuals is a temporary situation. Just as many people spend some time during their lives as unemployed, many people go without health insurance for a short period. According to a Congressional Budget Office (CBO) study³ of the non-elderly population, approximately 45 percent of uninsured Americans go without coverage for 4 months or less. Seventy-one percent of Americans obtain health insurance coverage within 12 months of being uninsured, and 84 percent have health insurance coverage within 24 months. Only 16 percent of the uninsured population goes without coverage for more than 24 months.

Another thing that's very interesting about the Census Bureau's numbers is that they have been challenged as too high by other very reputable sources. "The Congressional Budget Office (CBO) estimates that between 21 million and 31 million people were uninsured for the entire year in 1998--the most recent year for which reliable comparative data are available. Since then, the number who are uninsured all year probably has not changed substantially, given historical trends."⁴ The reason why the Census numbers are challenged is that while their numbers are supposed to represent people who were uninsured at any point during the given year, they actually more closely represent the number of people who are uninsured at a specific point in time during the year. Also, since the data is collected from individual respondents, and since health

insurance is such a complicated topic, the probability of human reporting errors impacting the data is high.

Who are these uninsured Americans and why don't they have coverage?

But no matter which uninsured number you use, the fact remains that millions of people go without health coverage each year, which impacts their ability to obtain needed healthcare. And to be able to help solve the problem of the uninsured, it's critical to know more about this population and why they do not have coverage. Education and income level have been shown to impact health insurance status, with higher levels of both leading to a higher likelihood of being insured. In addition, race has been determined to play a factor, particularly among the Hispanic population. Of all racial and ethnic groups, they have the highest uninsured rate at 32.7 percent.⁵ Another interesting fact about the uninsured is that the vast majority of them are part of working families. The Congressional Budget Office estimates that nearly 90 percent of the people who were uninsured all year in 1998 were in families in which at least one person worked, either part time or full time. CBO indicates that 75 percent of the uninsured in these working families did not have access to insurance through their employer, while the remainder declined employer-based health insurance.⁶

When trying to determine why people do not have health insurance coverage, the common denominator seems to be price. Seventy one percent of the non-elderly uninsured, and 97.5 percent of the non-elderly uninsured that go without coverage for more than one year, indicate cost as the driving factor for their lack of coverage. Another leading cause is the dearth of employer-sponsored health insurance coverage, which relates directly back to the cost issue. CBO states that 61 percent of uninsured non-elderly adults report the lack of group coverage as a contributing factor in their insurance status⁷, and research shows that cost, combined with a weak labor market has resulted in many smaller employers either dropping their group coverage or requiring employees to pick up more of the cost of premiums. From 2000-2004, a *Health Affairs* study indicated that the percentage of employers with between 3 and 1,999 employees who offered health benefits dropped from 68 to 63 percent.⁸

What is being done to address this problem?

The federal government actually has a number of programs and measures in place to provide access despite the frequent claim that the United States is the only major industrialized country not to provide universal access to healthcare. What's interesting is the federal government spends upwards of \$99 billion per year to provide care for the uninsured⁹. Federal law mandates that providers treat all individuals that enter hospital emergency rooms, regardless of health insurance status, the federal Medicare program provides comprehensive health coverage to all Americans over the age of 65, and Medicaid is a state-federal partnership program that provides a safety net of coverage to low-income pregnant women, children, teenagers, senior citizens, and blind and disabled individuals. In addition, the State Children's Health Insurance Program (CHIP) provides federal funding to extend health coverage to pregnant women and children up to age eighteen with family incomes of up to 185 percent of the federal poverty level. Like other states, Pennsylvania has raised those levels up further, where CHIP covers pregnant women and children up to age nineteen with family incomes of up to 235 percent of the federal poverty level. Also, the new federal Health Care Tax Credit Program is available to provide direct private health insurance purchasing assistance to hundreds of thousands of displaced U.S. workers.

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In addition to the federal initiatives, there are a multitude of programs at both the state and local levels designed to provide lower income Americans and individuals with specific conditions and medical needs with access to health care services. In Pennsylvania, there are a number of large well-known programs of this nature, such as the adultBasic Program that provides health insurance for adults meeting certain eligibility requirements who do not have private health insurance coverage, and Medical Assistance for Workers with Disabilities, which allows disabled people to keep Medicaid coverage while working, even if their earnings exceed the limits for other Medicaid programs. But in addition to these large-scale programs, there are many, many smaller state programs that provide needed healthcare services to state residents, particularly lower-income state residents, those without private health insurance coverage, or those who have specific healthcare needs or suffer from particular conditions. Just a few of many examples include the Love 'Em With a Check-Up program, which provides free check-ups to both pregnant women and low-income children, the Hemophilia Program, which provides comprehensive services including diagnosis, treatment, therapy, outpatient follow-up, and blood products for children and adults with hemophilia, and the Genetics Services Program, which provide services to low income individuals who are at-risk for transmitting, are affected with, or are concerned about a genetic disorder, including diagnostic assessment, counseling, therapeutic and prevention services. Furthermore, county and city health departments, as well as private organizations like the Red Cross and Planned Parenthood provide outreach and care to countless residents in their areas on a regular basis.

The question remains, though, exactly how effective are these public programs at providing coverage? How many of the uninsured are aware of these sources of coverage, and how many access them to obtain needed healthcare services? Medicare, which provides coverage to virtually all Americans age 65 and older, but Medicaid and the state Children's Health Insurance Program do not serve millions of individuals who are eligible for the program. Research estimates that about half of eligible non-participants have private coverage and half are uninsured¹⁰. Little data is available about the effectiveness of the myriad of state and local programs that provide individuals with access to healthcare services, if not access to actual healthcare coverage.

What else can we do to fix the problem of the uninsured?

The National Association of Health Underwriters, as a professional organization of approximately 20,000 employee benefit specialists, is extremely concerned about the problem of the uninsured. We are particularly concerned about those individuals who are chronically uninsured, those individuals who qualify for existing programs to obtain care and coverage but for a variety of reasons may not be accessing them, and the affordability of health insurance coverage, since 71 percent of the uninsured, including 97.5 percent of the long-term uninsured, indicate cost as the driving factor for their lack of coverage¹¹. To assist these individuals, NAHU is in support of the following:

- Refundable, advance federal income-tax credits to be used for the purchase of private health insurance coverage, either in the private individual or employer-based health insurance markets.
- Health Savings Accounts, which combine low-cost high-deductible health plans with tax-exempt savings accounts to pay for routine medical care, and can help make health insurance a more affordable option for small business owners, the self-employed and low-income individuals.
- Measures designed to make private state health insurance markets more competitive and vibrant, such as high-risk health insurance pools, the use of medical underwriting in the individual and small-group health insurance markets, and reductions in the number of mandated benefit laws, since competition in any marketplace helps to reduce cost and improve consumer choice.

- The efforts of state governments to help low-income individuals purchase private health insurance coverage, particularly through state income tax incentives.
- Measures to encourage private health insurance options targeted to people with incomes below 200 percent of the federal poverty level (FPL), such as the federal Health Insurance Flexibility and Accountability waiver program. Under this program, states are encouraged to think creatively about how Medicaid and State Children's Health Insurance Program (SCHIP) funding can be used to maintain and encourage coverage in the group health plan market.
- Increased public education about the availability of the myriad of already existing federal, state and local healthcare access and affordability programs, and the official use of health insurance producers to promote participation in existing public healthcare programs, in order to increase the effectiveness of outreach efforts.

While we work with NAHU members who continue to serve as the consumer's advocate, insured or uninsured, we also work on the process to find resolution to what everyone will agree is an ever growing concern.

¹ U.S. Census Bureau. *Income, Poverty and Health Insurance Coverage in the United States: 2003*. August 2004. <http://www.census.gov/prod/2004pubs/p60-226.pdf>

² U.S. Census Bureau. "Health Insurance Data at the Census Bureau." April 2004, <http://www.census.gov/hhes/hlthins/hlthinsintro.html>

³ Congressional Budget Office. "How Many People Lack Health Insurance and For How Long?" May 2003. <http://www.cbo.gov/showdoc.cfm?index=4210>

⁴ Ibid.

⁵ U.S. Census Bureau. *Income, Poverty and Health Insurance Coverage in the United States: 2003*. August 2004. <http://www.census.gov/prod/2004pubs/p60-226.pdf>

⁶ Congressional Budget Office. "How Many People Lack Health Insurance and For How Long?" May 2003. <http://www.cbo.gov/showdoc.cfm?index=4210>

⁷ Ibid.

⁸ John Gabel, et. al. "Health Benefits in 2004: Four Years of Double Digit Premium Increases Take Their toll on Coverage," *Health Affairs*. September 9, 2004. <http://content.healthaffairs.org/cgi/content/abstract/23/5/200>

⁹ Kaiser Family Foundation. *Daily Health Policy Report*. June 5, 2003. www.kaisernetwork.org

¹⁰ John L. Czajka, Analysis of Children's Health Insurance Patterns: Findings from the SIPP (report submitted by Mathematica Policy Research, Inc., to the Department of Health and Human Services, Assistant Secretary for Planning and Evaluation, May 1999)

¹¹ Congressional Budget Office. "How Many People Lack Health Insurance and For How Long?" May 2003. <http://www.cbo.gov/showdoc.cfm?index=4210>