

Issue Brief:

Gaps in Health Insurance Coverage: Defining and Understanding Patterns of Uninsurance

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**The office for Oregon
Health Policy & Research**

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BACKGROUND: The percentage of Americans who are uninsured continues to rise and has steadily increased in each of the last two years. Those lacking insurance coverage have worse health outcomes and incur higher health costs from delayed treatment or diagnosis¹. Capturing an accurate estimate of Americans lacking health insurance and understanding the dynamic nature of this population is vital to designing effective policy. Until recently, evidence used in reporting the percentage of uninsured has been based on point-in-time estimates, providing only a snapshot of the uninsured and ignoring the ongoing stream of people who flow quickly into and out of the uninsured "pool." A new study examines the stability of Americans' health insurance status over a continuous, four-year period from 1996 to 1999. This study's findings, recently published in *Health Affairs*² found that relatively few Americans were continuously uninsured for the four years, but a sizable number of uninsured lacked a stable source of coverage. This issue brief includes the major findings and policy implications of this study.

What does lacking health insurance cost?

The poorer health due to uninsurance is estimated to cost us between \$65 and 130 billion annually.

Institute of Medicine. 2004. Insuring America's Health: Principles and Recommendations Brief, pg.2

WHAT ARE THE CHARACTERISTICS OF THE UNINSURED?

- ◆ A total of 84.8 million Americans under age sixty-five were uninsured for at least one month in the four years from 1996 through 1999; twice the usual 40 million reported in studies using point-in-time measurement methods;
- ◆ The repeatedly uninsured represent the largest group with 28.2 million (33%) with at least two uninsured and two covered spells;
- ◆ Only 12% were uninsured for the entire four years;
- ◆ 19% experienced a single gap in coverage, while 6% had temporary coverage and were otherwise uninsured;

1 Institute of Medicine. 2004. Insuring America's Health: Principles and Recommendations Brief

2 Pamela Farley Short and Deborah R. Graefe. Battery-Powered Health Insurance? Stability In Coverage of the Uninsured. *Health Affairs*, November/December 2003; 22(6): 244-255.

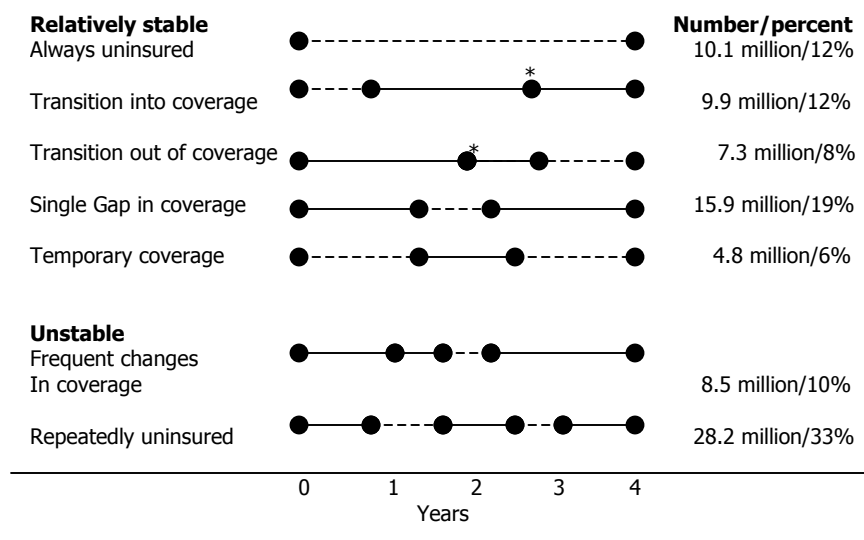
WHAT WERE THE BASIC PATTERNS OF UNINSURANCE?

- ◆ **Relatively stable:** people who were initially uninsured moved into coverage for the rest of the four years. (10 million people) **Less than one third of the uninsured in this category were uninsured more than half the time (24 months).**
- ◆ **Transition out of coverage:** people who were covered at the start of the survey and then moved out of coverage for the rest of the four years. (7.3 million people) **In this group, 37% were uninsured for more than 2 years, slightly higher than for transitions *into* coverage.**
- ◆ **Single gap in coverage:** people who were initially covered and experience a single gap in coverage. (16 million people) **The gap in coverage usually lasts 1 year or less.**
- ◆ **Temporary coverage:** people who were initially uninsured, then moved into some type of coverage and lost it. (5 million people) **Nearly 90% of this group were uninsured for more than two years and then lost it.**
- ◆ **Unstable (frequent changes):** people who experience three or more coverage changes over four years (8.5 million people). **This is referred to as “scrambling” for coverage and the uninsured period usually lasted a relatively short period of time.**
- ◆ **Unstable (repeatedly uninsured):** people who experience two uninsured spells and one insured spell over four years (the most common of the seven patterns identified). **The majority were insured for much of the four year period but had gaps in coverage.**

Uninsured adults have higher risk of dying before age 65 than do insured adults, resulting in roughly 18,000 excess deaths annually.

Institute of Medicine. 2004. Insuring America's Health: Principles and Recommendations Brief, pg.4

Patterns of Health Insurance Coverage over Four Years, U.S. Uninsured Population Under Age 65, 1996-1999 (Battery-Powered Health Insurance? Stability In November/December 2003; 22(6): pg. 227)



Source: Authors' tabulations of the 1996 panel of the Survey of Income and Program Participation (SIPP)

NOTES: Dashed lines denotes periods of uninsurance; solid lines, periods of insurance. Asterisk denotes transitions experienced by some, but not all of the people with the specified pattern. Total number of people ever insured: 84.8 million.

HOW DO THE UNINSURED DIFFER BY AGE AND INCOME?

- ◆ Children were the most likely to experience repeated episodes of uninsurance.
- ◆ Older adults who were uninsured were the most likely to lack coverage for the full four year period.
- ◆ More than two thirds of the people with income below 200% percent of Federal Poverty Level were uninsured at some point during the four years.

WHAT ARE THE POLICY IMPLICATIONS FOR OREGON?

- ◆ When considering public policies to expand health insurance, policymakers should think of the "uninsured" as referring to gaps in coverage that people experience repeatedly over time rather than isolated incidents.
- ◆ Understanding the cause of these gaps is essential for any action taken to address these problems.
- ◆ Oregon should consider maintaining insurance coverage as an explicit goal in health insurance coverage reforms.