



ASPE

ISSUE BRIEF

OVERVIEW OF THE UNINSURED IN THE UNITED STATES: An analysis of the 2005 Current Population Survey

Introduction

According to the Census Bureau's 2005 Current Population Survey (CPS), there were 45.8 million uninsured individuals in 2004, or 15.7% of the civilian non-institutionalized population. Those that lack insurance represent a diverse group. Understanding the uninsured population is important for policy makers looking to design solutions to the problem. This report describes insurance coverage in the United States and describes the key demographic characteristics of the uninsured.

INSURANCE COVERAGE IN THE UNITED STATES

Before discussing the uninsured, it is important to understand the nature of insurance coverage in the U.S. Health insurance in the U.S. is provided through several major private and public sources (see Figure 1). The majority of Americans have health insurance through either their own, a spouse's, or a parent's employment.

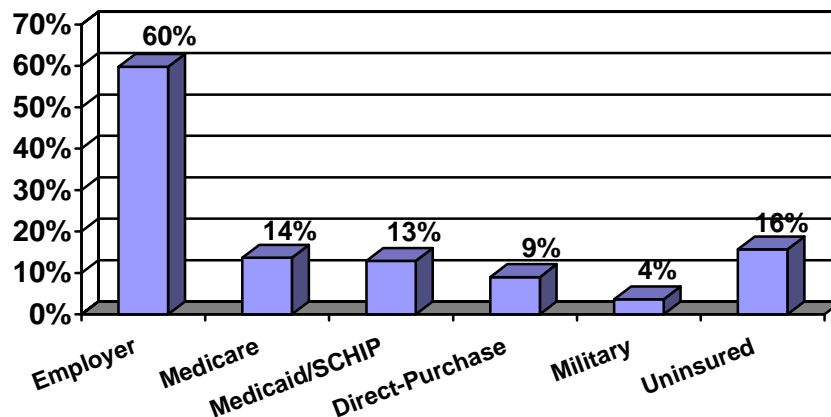
- Employer sponsored insurance covered 174 million people, or 59.8% of the population in 2004.
- Directly purchased insurance that people purchase on their own covers 26.9 million or 9% of the population. As a primary source of coverage, directly purchased insurance has an even smaller share of the market. Medicare beneficiaries often purchase direct coverage to supplement their Medicare coverage. In fact, 37% of directly purchased private coverage is purchased by the elderly, which is assumed by many analysts to be Medicare supplemental insurance (Medigap), leaving only 16.9 million or 6% of the population with directly purchased private coverage.

Government provided coverage is another important source of insurance.

- The largest public coverage program is Medicare, with 39.7 million enrollees or 14% of the population. The majority (84%) of Medicare beneficiaries are elderly individuals age 65 and older (though some are under-65 and either disabled or patients with end stage

- renal disease).
- The next largest government program is Medicaid, which on the CPS includes those enrolled in the State Children's Health Insurance Program (SCHIP). Medicaid and SCHIP covered 37.5 million low-income individuals (12.9% of the population), primarily children, pregnant women, elderly, and disabled people.¹
- Finally, the smallest coverage source was military/veterans coverage, providing insurance to 10.7 million people, or 4% of the population.

Figure 1. Sources of Insurance Coverage in 2004²



Source: ASPE tabulations of the 2005 Current Population Survey

THE DEMOGRAPHICS OF THE UNINSURED

The Uninsured by Income

The 45.8 million uninsured are more likely to be poor and low income than higher income. Figure 2 shows that over half of the uninsured are below 200% of poverty, with 25% below the poverty line and 28% between 100% and 199% of poverty.³ That the uninsured are concentrated among lower-income individuals is not surprising, given that low-income individuals are less likely to:

¹ According to official CMS program statistics, Medicaid is actually the larger program. Based on Administrative records, the CMS Office of the Actuary projects 2004 enrollment of 56 million, compared to the CPS 37.5 million. While CMS administrative totals also include some institutionalized individuals and some individuals who only receive aid with Medicare cost sharing, neither of which should report Medicaid on the CPS, the difference between CMS data and CPS data is still substantial. Also note that the CPS estimate for Medicaid includes children covered in SCHIP and a small number in other public programs. Further research is ongoing to refine the estimated number of people covered by Medicaid.

² The percentages do not add to 100% because individuals can have more than one type of insurance either simultaneously or sequentially during the year.

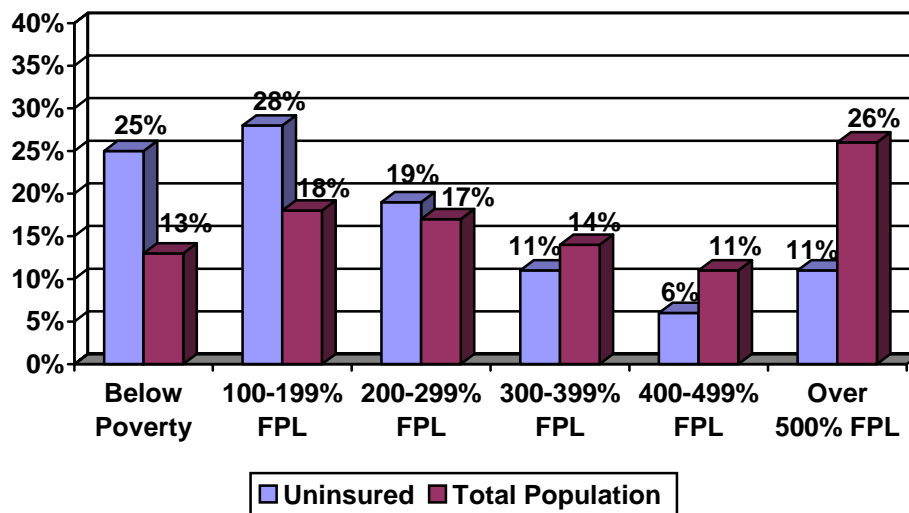
³ The poverty line in 2004 was \$9,310 for a single individual and \$18,850 for a family of four.

- be working, and if they do work they are less likely to be working full time,
- receive an offer of insurance, and
- be able to afford an offer of coverage.

Not all low-income individuals are eligible for Medicaid. Medicaid eligibility is based on a combination of income and population “category.” The population groups that qualify for Medicaid are generally children, parents of dependent children, pregnant women, the disabled, and the elderly. The income levels at which these groups qualify differs from state to state, and group to group, with coverage of children and pregnant women being available at higher income levels, followed by the disabled and elderly, then parents of dependent children last (though this varies by state). Childless adults who are not disabled or elderly rarely qualify for Medicaid, even at the very lowest income levels.

While the income distribution of the uninsured is skewed toward those with lower incomes, Figure 2 shows 27% of the uninsured have incomes above 300% of poverty, with one-in-ten (11%) uninsured above 500% FPL.⁴ That the uninsured comprise non-trivial percentages of middle and upper income individuals is surprising. Those with incomes above 300% of poverty should generally find employer insurance affordable. Data from employers shows that average single coverage premiums for employer sponsored insurance represent 2.0% of income at 300% FPL, and average family coverage premiums represent 4.7% of income for a family of four at 300% FPL (with a higher percentage for smaller families).

FIGURE 2. THE DISTRIBUTION OF THE UNINSURED AND TOTAL U.S. POPULATION BY INCOME (AS MEASURED BY THE FEDERAL POVERTY LEVEL) IN 2004



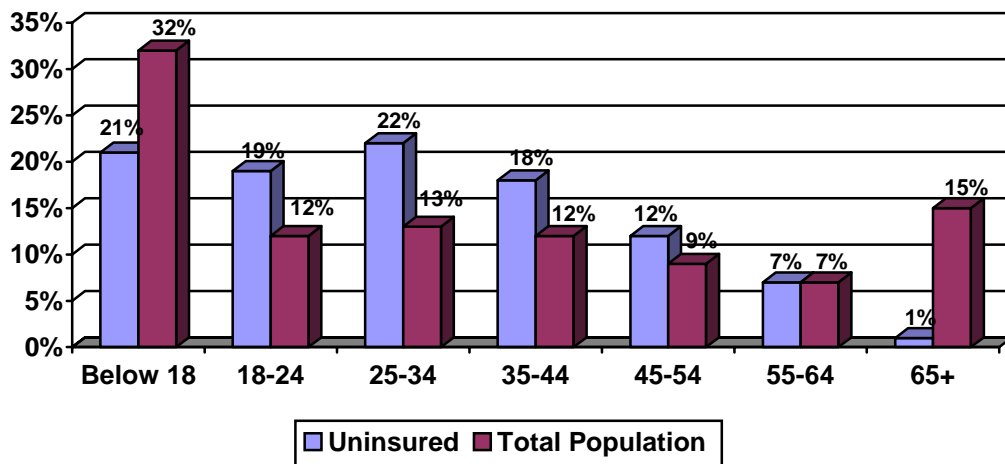
Source: ASPE tabulations of the 2005 Current Population Survey

⁴ In 2004, 300% of poverty was \$27,930 for a single individual and \$56,550 for a family of four, and 500% of poverty was \$46,550 for a single individual and \$94,250 for a family of four.

The Uninsured by Age

The uninsured are more likely to be young. Figure 3 shows 21% of the uninsured are below age 18 and 63% are under age 34. Young adults age 18-34 are disproportionately uninsured relative to their representation in the overall population, while older adults are slightly under-represented relative to the overall population.

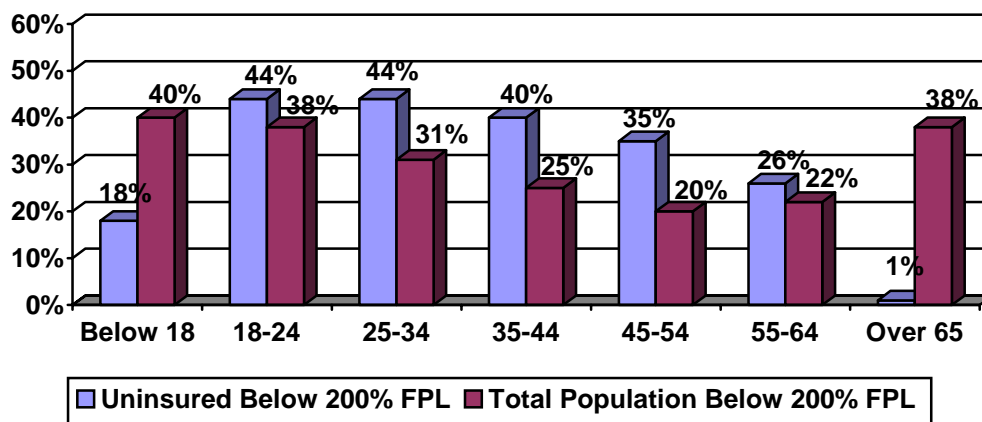
Figure 3. Distribution of the Uninsured and Total U.S. Population under 200% of Poverty by Age in 2004



Source: ASPE tabulations of the 2005 Current Population Survey

This result is likely due to the correlation between age and income as younger adults are more likely to have lower incomes than older adults, as can be seen in Figure 4 below. Although children and the elderly have the highest likelihood of being below 200% of poverty, government programs like Medicaid and SCHIP for children and Medicare for the elderly result in those groups having the lowest uninsured rates.

Figure 4. The Percentage of the Uninsured and Total U.S. Population Below 200% of the Federal Poverty Level by Age in 2004



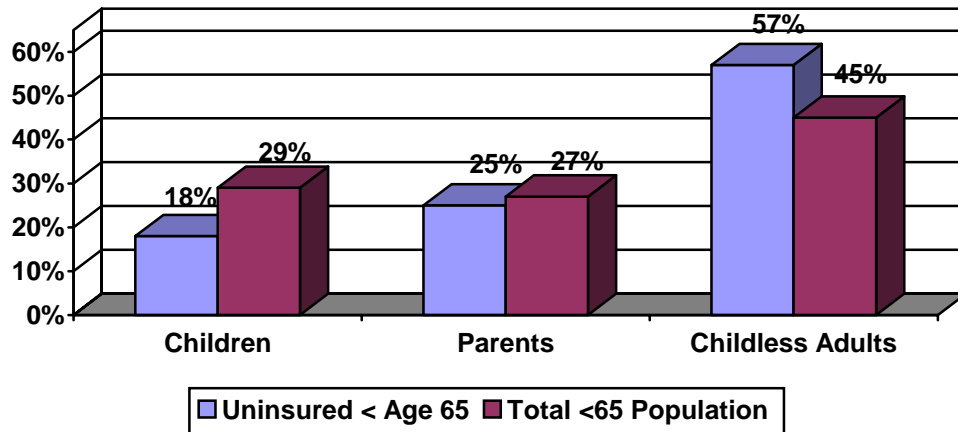
Source: ASPE tabulations of the 2005 Current Population Survey

The Uninsured by Parental Status

The uninsured are more likely to be childless adults than parents. Adults without children represent 45% of the U.S. under age 65 population, but 57% of the uninsured. This is partly a function of age, since younger adults are less likely to have had children and the data above shows the disproportionate percentage of young adults among the uninsured.⁵ In addition, childless adults who have lower incomes may have less incentive for obtaining coverage when they do not have responsibility for children. Finally, as mentioned above, childless adults are less likely to be eligible for government coverage programs. With very few exceptions childless adults, even at the lowest income levels, are not eligible for Medicaid.

⁵ According to the CPS, childless adults are more likely to be both young adults who have not yet had children and older adults with grown children who have left the household.

Figure 5. Distribution of the Uninsured and Total U.S. Population by Parental Status in 2004, Under Age 65 only



Source: ASPE tabulations of the 2005 Current Population Survey

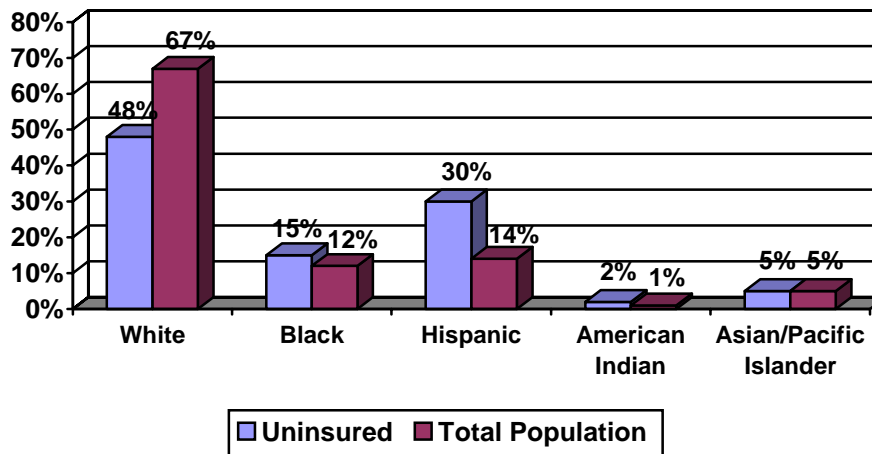
The Uninsured by Race/Ethnicity

The uninsured are more likely to be white than other races or ethnicities, comprising about half of the uninsured population (48%).⁶ However, the uninsured are disproportionately Hispanic to a significant degree. Hispanics represent 14% of U.S. residents but comprise 30% of the uninsured. The higher uninsured rate for Hispanics is not associated with higher poverty levels than other groups – the poverty rate for Hispanics is slightly lower than for African-Americans, 22.2% vs. 24.9% respectively. Rather, research has shown that Hispanics are more likely to be employed in jobs that do not offer health insurance, such as construction and agriculture (but when offered health insurance they accept at the same rates at whites and blacks).⁷

⁶ Whites are “non-Hispanic whites.”

⁷ Claudia Schur and Jacob Feldman, “Explaining High Uninsured Rates Among Hispanics,” Commonwealth Fund, 2001.

Figure 6. Distribution of the Uninsured and Total U.S. Population by Race/Ethnicity in 2004



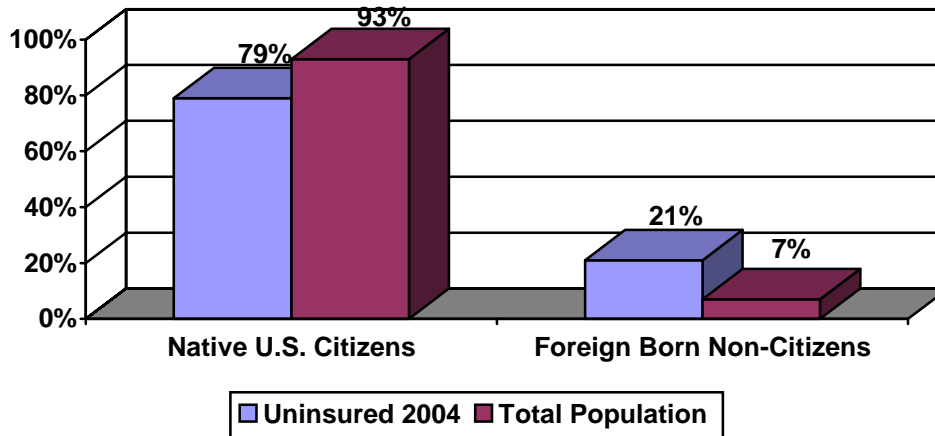
Source: ASPE tabulations of the 2005 Current Population Survey

The Uninsured by Citizenship Status

The vast majority (79%) of the uninsured are citizens. However, a disproportionate percentage of the uninsured are non-citizens. While non-citizens are 7% of the population, they are 21% of the uninsured. Non-citizens are a disproportionate percentage of the uninsured because they are more likely to have characteristics associated with higher uninsured rates. Non-citizens are more likely than citizens to:

- be Hispanic (59% vs. 12%),
- have incomes below 200% FPL (51% vs. 30%),
- be young adults age 18 to 34 (42% vs. 22%), and
- work for small firms with fewer than 100 employees (34% vs. 22%).

Figure 7. Distribution of the Uninsured and Total U.S. Population by Citizenship in 2004



Source: ASPE tabulations of the 2005 Current Population Survey

The Uninsured by Work Status

The vast majority of the uninsured are working individuals or the children of those who work.⁸ In 2004, almost half of the uninsured (46%) worked full time, and another 28% worked part time or for part of the year. Many of the uninsured worked for firms that did not offer coverage, or if their employers offered coverage, they either were not eligible or did not accept the offer. Based on data from the 2001 February Supplement to the CPS matched with the 2001 March Supplement to the CPS, 18 million workers were not offered coverage and another 6 million were not eligible for coverage that their firm offered, representing 54% of the uninsured.⁹ In addition, there are 6.9 million workers and dependents that have declined employer coverage and remain uninsured (19% of the uninsured).¹⁰ These individuals are most likely to decline employer coverage because it was too costly: 3.8 million, or 52% said coverage was too expensive. The February-March match file shows another 2.9 million dependents who live with a family member covered by employer sponsored insurance. While there are no follow-up questions on the February CPS to determine why dependents are uninsured, one can surmise that many of those dependents could have been insured under the covered worker's employer plan but the worker found it unaffordable to purchase family coverage.¹¹

⁸ For this memo, adults were labeled according to their own work status, but children were assigned to the parent with the "most work" during the year. That is, if there was a full-time/full-year worker in the family and a part-time/part-year worker, any children in the household would be labeled "full-time/full-year."

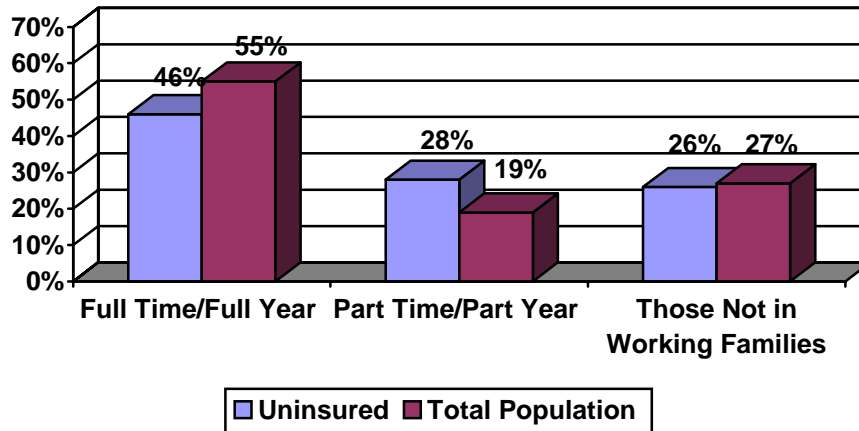
⁹ The numbers are on a base of 38 million uninsured in 2001. Contract workers, part-time workers, and in some cases workers who have not worked for the firm long enough are often not eligible for employer insurance.

¹⁰ Data from a file matching the March and February supplements to the CPS. The March supplement contains detailed demographic and income data for the population. The February supplement contains questions about employer offers and worker take-up of insurance. The match was performed by the Actuarial Research Corporation.

¹¹ According to the 1999 Kaiser/HRET Employer Health Benefits Survey, 99% of firms that offer workers coverage also offer dependents coverage (though the employer contribution rate may be lower for dependent coverage).

Part-time workers comprise a disproportionately large percentage of the uninsured because employers often do not offer coverage to part-time workers and because part-time income may make offered insurance less affordable. The median family income of part-time workers is about \$13,000 less than the median family income of full-time workers, \$63,500 vs. \$50,300.

Figure 8. Distribution of the Uninsured and Total U.S. Population by Work Status in 2004



Source: ASPE tabulations of the 2005 Current Population Survey

The Uninsured by Firm Size

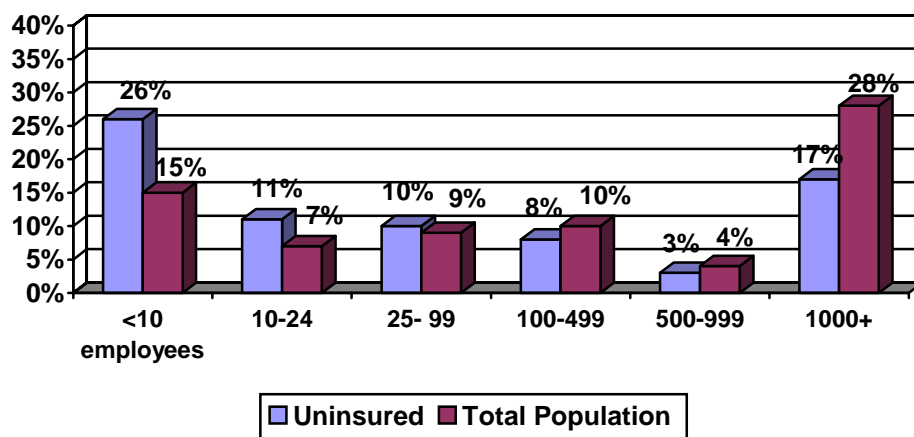
The uninsured are more likely to work in small firms than in large firms. Those in firms with less than 100 employees and their children comprise almost half of the uninsured (46%).¹² Small firms, particularly those with fewer than 10 workers, are much less likely to offer insurance – only 52% of such very small firms offer coverage compared to 99% of firms with more than 200 employees.¹³ The family income of those who work in small firms is also somewhat less than those in large firms, as workers in firms with fewer than 10 employees have median family incomes of about \$53,000 while workers in firms with more than 1,000 employees have median family incomes of about \$65,000.¹⁴

¹² To be consistent with the data on work status, children are again assigned to the parent who has the ‘highest’ work status.

¹³ Employer offer data are from the 2004 Kaiser/HRET Employer Health Benefits Survey.

¹⁴ Income data based on ASPE tabulations of the 2005 CPS. Also note that the actual difference in total compensation between small and large firm employees is greater than what can be measured on the CPS. Large firm employees receive fringe benefits that total about 35% of wages on average, according to the Department of Labor. Given that small firm employees are far less likely to receive such fringe benefits, a comparison of compensation that took fringe benefits into account would show wider disparities between the two groups than given above.

Figure 9. Distribution of the Uninsured and Total U.S. Population by Firm Size in 2004¹⁵



Source: ASPE tabulations of the 2005 Current Population Survey

INSURANCE DYNAMICS

The CPS reported figure of 45.8 million uninsured individuals represents the number of uninsured for a full year.¹⁶ However, there are other ways to measure the uninsured, such as those uninsured at a given point-in-time, and those who were ever uninsured for some length of time during the year. The “ever uninsured” figure is of particular policy relevance because it reveals how many individuals faced the significant financial risk of having a medical emergency that would have to be paid for out of pocket. According to the Medical Expenditure Panel Survey (MEPS), there were 64 million people who faced at least one month without coverage in 2001.¹⁷

The MEPS data demonstrate how the uninsured population is not one unchanging group of individuals, but rather a constantly changing group, mirroring the changing nature of employment and income in the economy. While a significant percentage of the uninsured are without coverage for a full year (and longer), an equally significant percentage are uninsured for short periods of time. Of those 64 million who lacked coverage at some point in 2001, 51% were uninsured for at least one year. But one-in-five (20%) of the uninsured that year were without coverage for three months or less, and one-in-three (34%) were uninsured for 6 months or less.

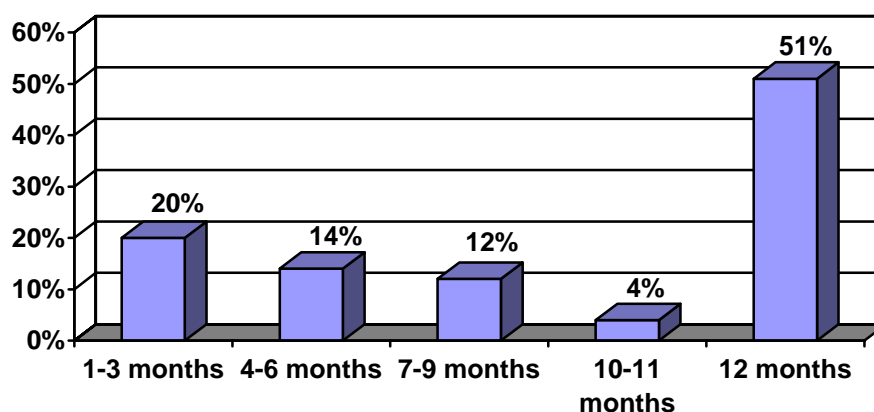
¹⁵ The percentages total to less than 100% because those who do not work are left out of the table.

¹⁶ The structure of the CPS questionnaire elicits uninsured status for the entire preceding year. However, there has been considerable debate among researchers for many years as to whether the CPS was actually eliciting uninsured status at the time of the survey. The debate arose because the CPS figure of 45.0 million uninsured is actually far closer to other surveys’ point-in-time counts of the uninsured than those other surveys’ full-year uninsured counts. See ASPE Issue Brief, “Understanding Estimates of the Uninsured: Putting the Differences in Context,” <http://www.aspe.hhs.gov/health/reports/hiestimates.htm>.

¹⁷ See ASPE/AHRQ Issue Brief, “Research Note: The Long Term Uninsured,” <http://www.aspe.hhs.gov/health/long-term-uninsured04/index.htm>.

Clearly some people face long-term problems obtaining coverage, either due to their inability to afford coverage or being employed in jobs that do not offer coverage. Others, by contrast, face short-term spells without coverage as they transition between jobs or go through other life transitions.

Figure 10. Length of Uninsured Spells in 2001



Source: 2001 Medical Expenditure Panel Survey

Conclusion

This analysis has presented an overview of the uninsured population. While the uninsured are concentrated disproportionately in certain subgroups, the uninsured are clearly a diverse population comprised of people from all income levels, racial groups and employment types. The data presented in this report come primarily from the CPS, which is only one of four major government surveys that include information on the uninsured.¹⁸ Each survey has its advantages and disadvantages for purposes of measuring the uninsured. Moreover, it is recognized that the CPS finds considerably fewer individuals enrolled in public coverage than found in official program statistics. Perhaps as a result of this public program undercount, the CPS finds far more individuals without coverage for 12 months than other surveys. To obtain the most accurate picture of the uninsured, follow-up analysis is warranted regarding other government surveys, along with analysis that investigates the implications of the public coverage undercount.

ASPE Office of Health Policy

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¹⁸ See ASPE Issue Brief, "Understanding Estimates of the Uninsured: Putting the Differences in Context," <http://www.aspe.hhs.gov/health/reports/hiestimates.htm>.