

How Many People Lack Health Insurance and For How Long?

It is frequently stated that about 40 million Americans lack health insurance. That estimate overstates the number of people who are uninsured all year. The Congressional Budget Office (CBO) estimates that between 21 million and 31 million people were uninsured for all of 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. Furthermore, the uninsured population is fluid, with many people gaining and losing coverage. Between half and two-thirds of the people who experienced a period of time without insurance in 1998, for example, had coverage for other portions of the year.

Alternative Approaches to Measuring the Uninsured

The commonly cited estimate of 40 million uninsured comes from the Census Bureau's Current Population Survey (CPS). Based on a large nationally representative sample, the CPS has been collecting data on insurance status since 1980. Although the CPS is designed to measure the number of people who lack health coverage for a whole year, its estimate more closely approximates the number of people who are uninsured at a specific point in time during the year. Data from three large federally sponsored national surveys—the Survey of Income and Program Participation (SIPP), the Medical Expenditure Panel Survey (MEPS), and the National Health Interview Survey (NHIS)—yield estimates of the number of uninsured at a given point in time that are very similar to the CPS estimate of about 40 million (see *Figure 1*).¹

Data from SIPP and MEPS indicate that 21 million to 31 million people lacked health insurance for all of 1998. Unlike the CPS, which interviews people in March about

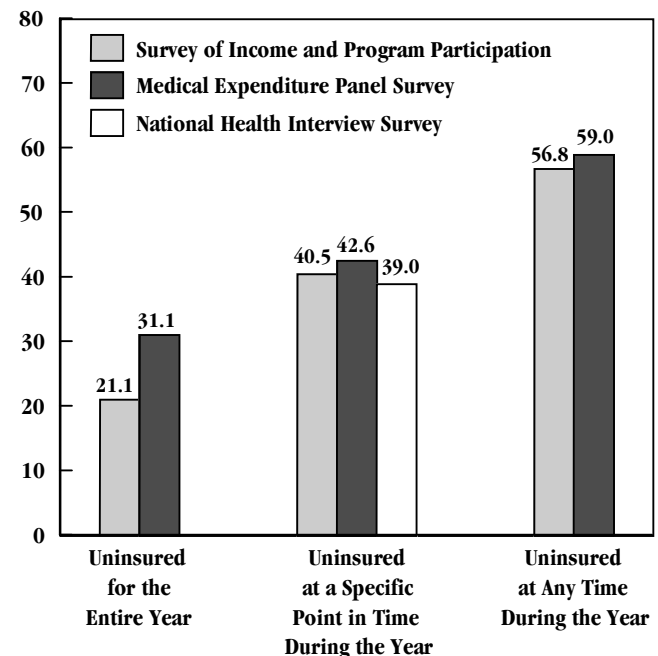
their insurance status during the previous calendar year, SIPP and MEPS interview people multiple times in a year. By asking people to recall their insurance coverage over a shorter period of time than the CPS requires, SIPP and MEPS should yield more accurate estimates of the number of people who are uninsured all year.

A third measure of the uninsured is the number of people who lack insurance *at any time* during the year. According to data from SIPP and MEPS, nearly 60 million Americans

Figure 1.

Estimated Number of Nonelderly People Without Health Insurance in 1998

(In millions)



Source: Congressional Budget Office.

Note: The Centers for Disease Control and Prevention, which sponsors the NHIS, reports only the point-in-time estimate.

1. SIPP is sponsored by the Census Bureau, MEPS by the Agency for Healthcare Research and Quality, and NHIS by the Centers for Disease Control and Prevention.

Table 1.**Nonelderly People Without Health Insurance in 1998,
by Selected Characteristics**

(In percent)

Characteristic	Uninsured at Any Time During the Year	Uninsured All Year
Age		
Less than 19	26.8	7.3
19 to 24	41.9	14.4
25 to 34	31.1	12.3
35 to 44	20.2	9.3
45 to 54	15.1	7.6
55 to 64	14.0	6.7
Race/Ethnicity		
White, Non-Hispanic	18.4	6.3
Black, Non-Hispanic	33.4	10.7
Hispanic	47.4	22.5
Other	31.1	10.9
Family Income Relative to the Poverty Level ^a		
Less than 200 percent	47.9	19.5
200 percent to 399 percent	17.4	5.3
400 percent or more	6.0	1.6
Education ^{a,b}		
No high school diploma	50.4	24.6
High school graduate	33.1	12.7
Some college coursework	22.1	7.3
Bachelor's degree or higher	9.9	2.6
Family Employment Status ^a		
At least one full-time worker all year	15.0	5.9
Part-time or part-year work only	46.1	16.1
No work	32.8	13.1
Health Status ^c		
Excellent	23.7	8.9
Very good	25.1	9.3
Good	24.6	9.1
Fair	25.1	8.7
Poor	25.3	10.3
Memorandum:		
Total Nonelderly Population	24.5	9.1

Source: Congressional Budget Office based on data from the 1996 panel of the Survey of Income and Program Participation.

- a. For family-level variables, families are defined as health insurance eligibility units, which are composed of individuals who could be covered as a family under most private health insurance plans.
- b. Education is defined as the highest education level among all adults in the family.
- c. Information on health status was collected only for survey respondents who were at least 15 years of age.

were uninsured at any time in 1998. That measure includes people who were uninsured for only part of the year as well as those who were uninsured all year. Together, those three measures of the uninsured provide a more complete picture of that population than any single measure could.

Demographic Characteristics of the Uninsured

Education level and family income are closely tied to the likelihood of being uninsured. About 25 percent of people in families in which no one had a high school diploma were uninsured all year in 1998, and 50 percent were uninsured at any time during the year (*see Table 1*). In contrast, the corresponding estimates for people in families in which at least one person had a college degree were 3 percent and 10 percent, respectively. Other groups with a high likelihood of lacking health insurance were people in families with income below 200 percent of the poverty level (20 percent of whom were uninsured all year), Hispanics (23 percent), young adults ages 19 to 24 (14 percent), and people in families in which the adults either worked part time or only part of the year (16 percent) or were not employed (13 percent). The likelihood of being uninsured did not vary greatly by self-reported health status in 1998. For example, about 10 percent of people who said they were in poor health were uninsured for all of 1998, nearly the same percentage as for people who reported excellent or very good health.

The Duration of Uninsured Spells

The uninsured population is constantly changing. Some people are uninsured for long periods of time, but more are uninsured for shorter periods, such as between jobs. About 30 percent of nonelderly Americans who become uninsured in a given year remain so for more than 12 months, while nearly half regain coverage within four months (*see Figure 2*). The duration of uninsured spells varies with demographic characteristics such as education, race/ethnicity, and income. For example, nearly 40 percent of uninsured spells among people in families in which no one graduated from high school last more than 12 months, compared with only 20 percent of spells among people in families in which at least one person had a college degree.

Those estimates of the duration of uninsured spells describe the experiences of people who become uninsured in a given year. However, about 80 percent of the people who lack health insurance at a particular time end up being uninsured for more than 12 months. Although long uninsured spells occur less frequently than short spells, they are more likely to be under way at any given time.

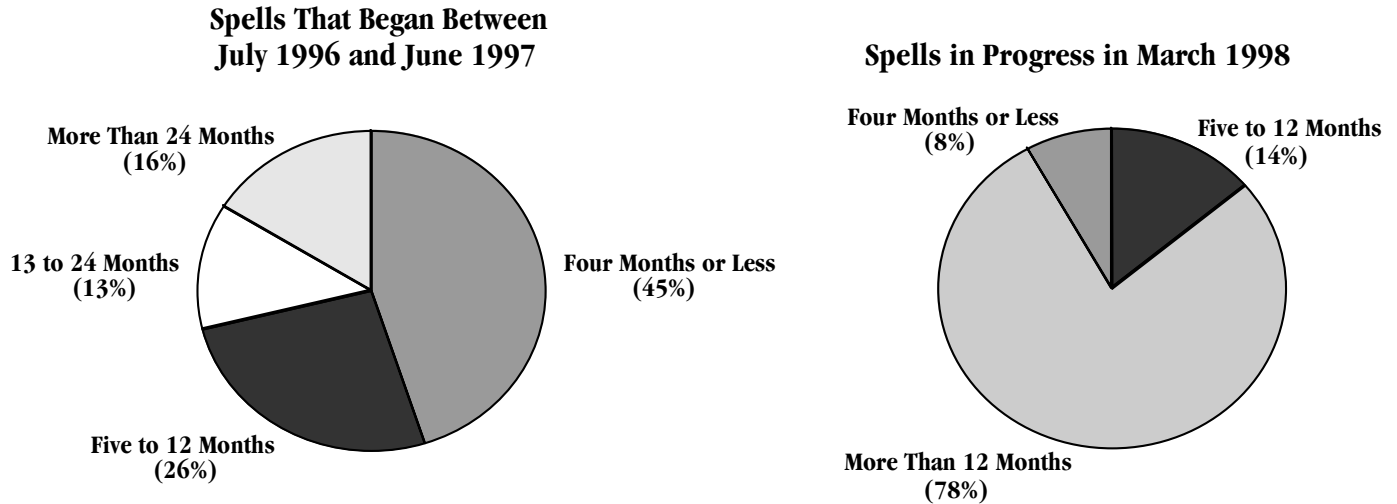
Policy Considerations

Policies aimed at increasing insurance coverage are most likely to be effective if they consider the distinction between the short-term and long-term uninsured. For people with short uninsured spells, policies might have the goal of filling a temporary gap in coverage or of preventing a gap from occurring. For people with longer periods without insurance, policies might seek to provide or facilitate an ongoing source of coverage.

Several sources of uncertainty apply to the estimates of the uninsured. Because estimates of the number of uninsured Americans come from population surveys, they are prone to reporting error and other forms of statistical error, which could lead to either an underestimate or an overestimate of the size of the uninsured population. For example, underrepresentation of certain segments of the population that are more likely to be uninsured could lead to an undercount of the number of uninsured Americans. Survey estimates could also overstate the number of people who are uninsured, however. On the basis of comparisons with administrative data, analysts know that fewer people say they have Medicaid coverage than actually do. But some evidence, albeit limited, indicates that many of the Medicaid enrollees who do not report being covered by that program mistakenly report another type of insurance coverage, so that source of bias may be small.

Finally, the concept of insurance and its implications for access to health care are ambiguous in some respects. For example, some people who are counted among the uninsured are eligible for Medicaid. Some policymakers and analysts believe that such people should be regarded as insured because they can apply for Medicaid when they require care and receive retroactive coverage for their ex-

Figure 2.
Distribution of Uninsured Spells Among Nonelderly People in a Given Year and at a Given Point in Time, by Duration



Source: Congressional Budget Office based on data from the first 11 waves of the 1996 panel of the Survey of Income and Program Participation, which followed respondents over a period of 41 months (from March 1996 through July 1999).

penses. Others believe that such people should not be regarded as insured, however, because they may not realize that they are eligible for Medicaid, which may cause them to delay or avoid seeking medical care. Moreover, although a lack of insurance could lead to insufficient access to medical care and exposure to significant financial risk, many people without insurance have access to at least some sources of health care, either through public hospitals, community health centers, local health departments, or Department of Veterans Affairs facilities.

Related CBO Publication: This brief is based on the CBO paper of the same name, *How Many People Lack Health Insurance and For How Long?* (May 2003), prepared by Lyle Nelson. It and other CBO publications are available at the agency's Web site (www.cbo.gov).