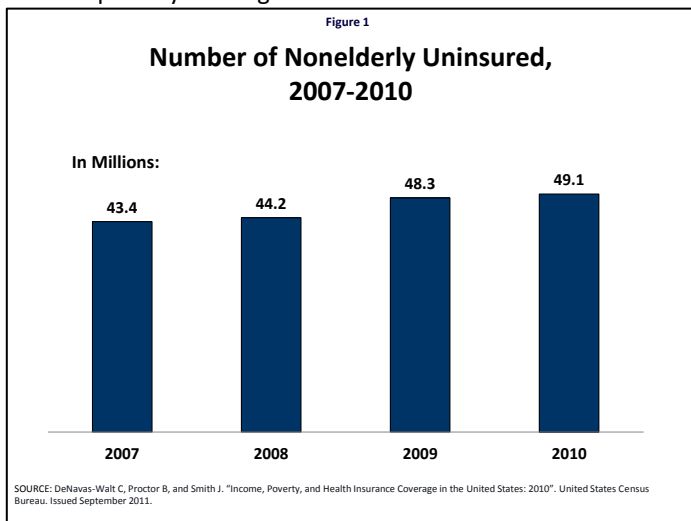


THE UNINSURED AND THE DIFFERENCE HEALTH INSURANCE MAKES

The number of nonelderly uninsured Americans reached 49.1 million in 2010, amidst a slow economy and a decline in employer-sponsored coverage (Fig. 1). While public insurance prevented some individuals from losing coverage, Medicaid and the Children's Health Insurance Program (CHIP) do not reach all of those who cannot afford insurance. The 2010 Patient Protection and Affordable Care Act (ACA) seeks to address the gaps in our private-public insurance system. The ACA will require most Americans to have health insurance, and many will gain coverage through expanded Medicaid eligibility and subsidized private coverage for individuals with incomes up to 400% of poverty starting in 2014.



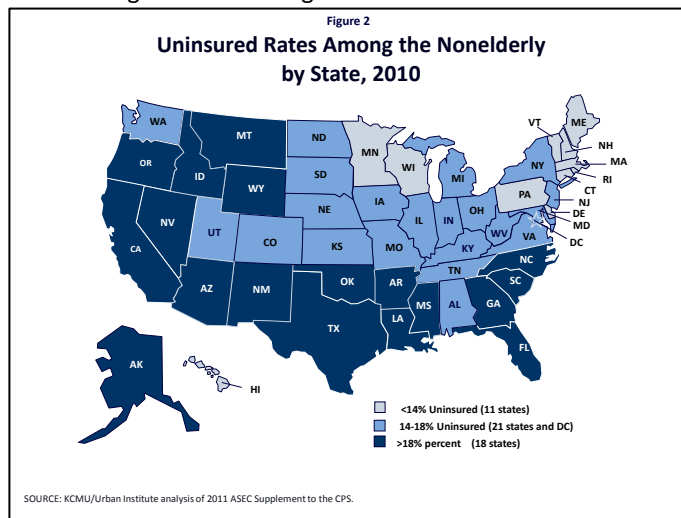
Recent increases in the uninsured have largely fallen on adults who have been losing employer-sponsored coverage and are less likely to qualify for public coverage than children. More than one in five adults under age 65 (22%) was uninsured in 2010, which puts their health and financial security at risk.

WHY ARE SO MANY AMERICANS UNINSURED?

Most Americans obtain health insurance coverage through an employer. However, not all workers have access to employer-sponsored coverage. Low-income workers—those at greatest risk of being uninsured—are less likely to be offered job-based coverage and less able to afford their share of the premiums. The ACA will provide additional employer incentives to provide affordable coverage.

Medicaid covers many low-income children, but coverage for adults is currently more limited. Parent income eligibility levels are set much lower than those of children, who may also qualify for CHIP. Unless severely disabled, even the poorest adults without dependent children are now generally ineligible. The ACA will set a uniform floor for Medicaid eligibility that will extend the program to almost all individuals with incomes at or below 138% of poverty.

The likelihood of being uninsured varies by state because of differences in employment, average incomes, and public insurance programs' eligibility levels (Fig. 2). Uninsured rates vary more than four-fold across states (ranging from 6% in Massachusetts to 27% in Texas), with states in the South and West having some of the highest uninsured rates.



WHAT EXPLAINS THE RECENT INCREASE IN THE UNINSURED?

The recent recession and ongoing weak job market fostered a steep rise in the uninsured. Between 2008 and 2010, the number of uninsured nonelderly adults and children increased by 4.9 million. This trend was driven by a decline in employer-sponsored coverage, which now insures 56% of the nonelderly population. The high jobless rate contributed to the decline in employer-sponsored coverage. In December 2010, the unemployment rate was 9.4%, almost double the rate in January 2008.

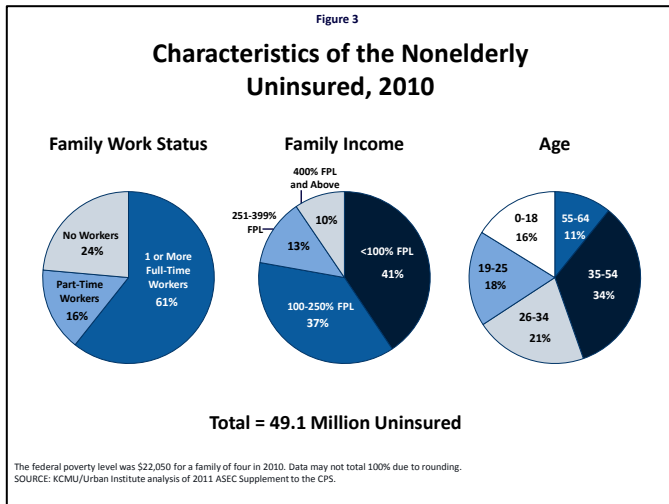
Workers who are offered employer-sponsored coverage have seen their costs rise in recent years. The average annual total cost of employer-sponsored family coverage reached \$15,073 in 2011, and the share of the premium paid by workers was 28%. Between 2001 and 2011, family premiums have increased by 113%, compared with 34% for worker's wages.

Medicaid and CHIP have been crucial to preventing steeper drops in insurance coverage, and many Americans became newly eligible for these programs when their incomes declined during the recession. These programs now cover 17% of the population under age 65 and have been key to sheltering children from the full effects of the weak economy. To aid states struggling to maintain Medicaid during the recession, the American Recovery and Reinvestment Act provided a temporary increase in federal Medicaid funding through December 2010. Congress later extended the increased funding at a lower rate

through June 2011, but the additional funding ended at that point. The ACA also included eligibility protections designed to keep Medicaid coverage steady until broader health reform goes into effect.

WHO ARE THE UNINSURED?

The majority of the uninsured are in working families. About six in ten of the uninsured have at least one full-time worker in their family and 16% have only part-time workers (Fig. 3). Uninsured workers are more likely than insured workers to have low-wage or blue-collar jobs and to work for small firms or in service industries.



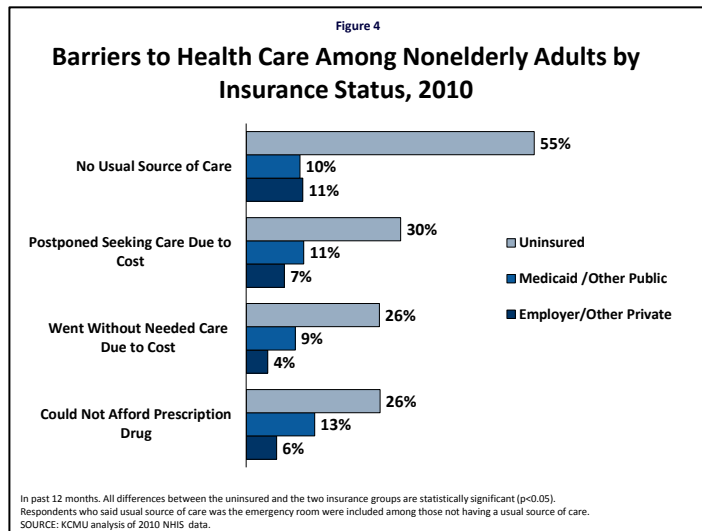
About 80% of the uninsured are U.S. citizens. Uninsured non-citizens include legal permanent residents with green cards, refugees and undocumented immigrants.

Low-income individuals make up a disproportionately large share of the uninsured. Some 40% of the uninsured have family incomes below the federal poverty level (\$22,050 a year for a family of four in 2010). Nine in ten of the uninsured have family incomes below 400% of poverty and could receive Medicaid or subsidized coverage under the ACA.

Aside from the elderly, who are almost all covered by Medicare, the uninsured population is composed of all age groups. The uninsured rate among young adults has improved slightly in the last year, potentially due to the ACA provision allowing them to remain on a parent’s private health plan until age 26. However, young adults continue to have the highest uninsured rate among the age groups. Children have the lowest uninsured rate, and nearly two-thirds of uninsured children are eligible for Medicaid or CHIP. Greater outreach and streamlined enrollment policies could help reach these eligible but not enrolled children.

WHAT DIFFERENCE DOES HEALTH INSURANCE MAKE?

Health insurance affects access to health care as well as a person’s financial well-being. Over half of uninsured adults have no regular source of health care. Worried about high medical bills, they are more than twice as likely to delay or forgo needed care as the insured (Fig. 4).



The safety net of community clinics and public hospitals is unable to fully substitute for the access to care that insurance provides. Research has established that extending coverage to the uninsured improves physical and mental health and reduces financial strain associated with health care costs.

Delaying or forgoing needed care can lead to serious health problems, making the uninsured more likely to be hospitalized for avoidable conditions. Overall, the uninsured are also less likely to receive preventive care, and consequently uninsured cancer patients are diagnosed later and die earlier compared to those with insurance.

Cost barriers to health care have been growing in the past decade, but are particularly challenging for those without insurance. The uninsured are three times more likely than the insured to be unable to pay for basic necessities because of their medical bills. Medical bills forced 27% of uninsured adults to use up all or most of their savings in 2009.

THE UNINSURED AND HEALTH REFORM

The ACA addresses barriers to acquiring insurance coverage through both expanded access to Medicaid and subsidies for private insurance. The majority of the coverage expansions in the ACA will take effect in 2014, at which point there will be a requirement that individuals have health insurance coverage. Starting in 2014, Medicaid eligibility will be extended to virtually all of the lowest income nonelderly individuals, and those with incomes between 138% and 400% of poverty may qualify to purchase federally subsidized private coverage through a Health Insurance Exchange. The law will also prevent insurers from rejecting individuals or charging higher premiums based on health status. By 2019, the ACA is estimated to decrease the number of uninsured by 33 million, leaving far fewer individuals facing the health and financial risks that come with being uninsured.

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