

# Uninsured in America

key facts

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THE KAISER COMMISSION ON  
Medicaid and the Uninsured

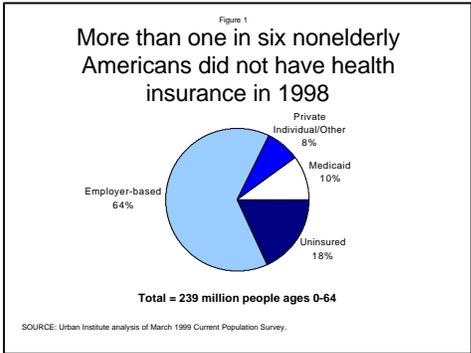
# Uninsured in America

*The continued growth in the number of uninsured, unabated even in this time of national prosperity, is of concern to all. While federal and state governments have taken incremental steps to extend coverage—including federal grants to states to help finance health insurance coverage for more uninsured children—the number of Americans without insurance has increased since 1994 by one million per year on average.*

*Interest among both public and private sector leaders in improving health insurance coverage is gaining momentum again. As ways to secure health insurance coverage for more of the uninsured are debated, a clear understanding of who the uninsured are, why the number of uninsured continues to grow, and in particular, the very real consequences of not having health coverage is important.*

*There are legitimate differences in policy proposals as to how to address the problems of America's uninsured population. This summary was prepared as background for the public discussions, updating what we know about the uninsured. These key facts outline the fundamental dimensions of the problem and hopefully help more of us evaluate the alternative approaches to broaden health insurance coverage.*

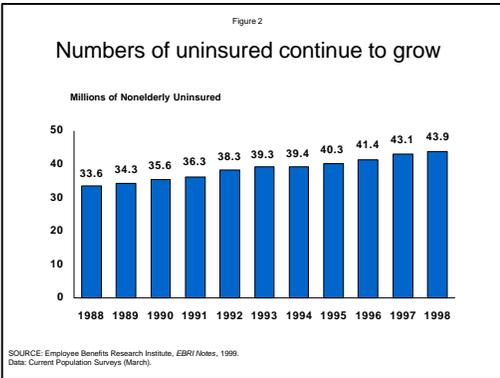
# How many Americans are uninsured?



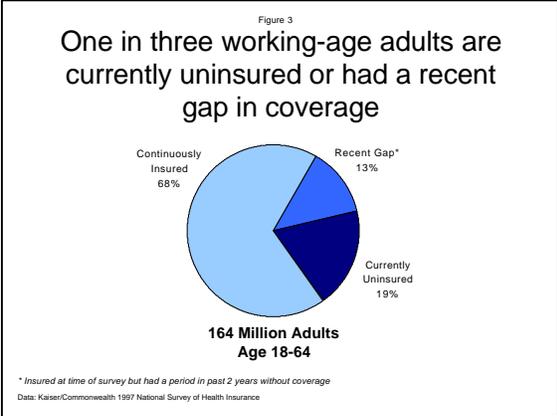
Lack of health insurance coverage is a problem for millions of Americans. In 1998, 44 million, or more than one in six nonelderly Americans (18%), did not have health insurance (Figure 1).

The uninsured are children and adults under age 65 because virtually all persons over age 65 have health coverage through Medicare. Most nonelderly Americans have private health insurance through their employer. Medicaid provides insurance to some low-income Americans, covering 10% of the nonelderly population.

Over the past ten years, both the number and percentage of Americans who have no health insurance coverage has gradually grown. Eleven million more were uninsured in 1998 (the most recent estimate) than had been in 1988 (Figure 2).

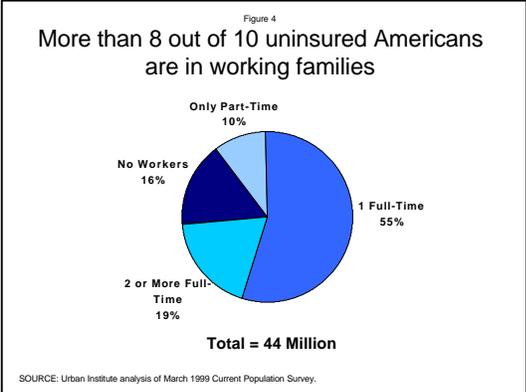


Most statistics report the number of uninsured on any given day, but that snapshot does not tell the



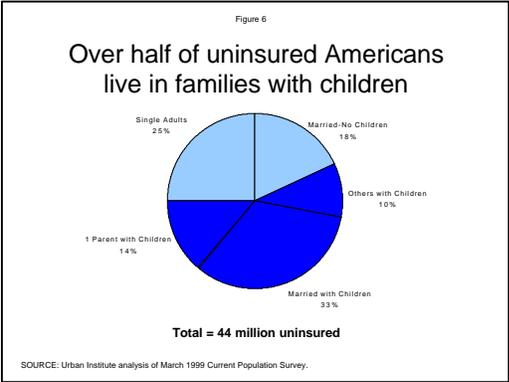
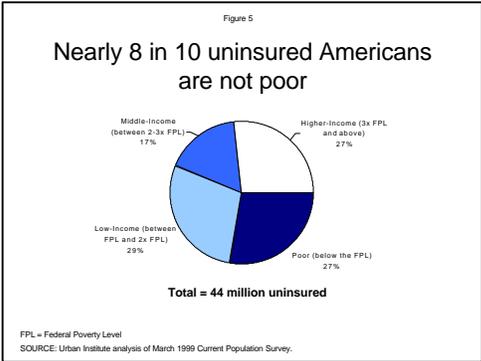
whole story of how many Americans have experience with being uninsured. Many people gain or lose insurance for part of a year, and these gaps in coverage have an impact as well. In 1997, one-third of working-age adults reported they had some period of time in the past two years when they were uninsured, and most of these people were without health insurance for more than a year (Figure 3).

# Who are the uninsured?



Over eight in ten uninsured Americans are workers or dependents of workers (Figure 4). The large majority (74%) of the uninsured are in families with at least one full-time worker, and most of these workers are in permanent positions (i.e., working for the full-year). Only a quarter of the uninsured are in families with only part-time workers or where no member is working outside the home.

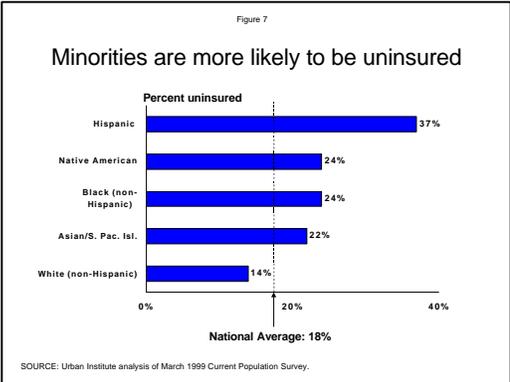
Because most of the uninsured are from working families, the majority are not poor by federal poverty standards (Figure 5). Only a quarter of the uninsured (27%) are from families with incomes below the poverty level (about \$16,450 for a family of four in 1998). Low-income persons make up another 29% of the uninsured. The remaining uninsured (46%) come from families with at least middle incomes. Taken together, the poor and low-income groups comprise a disproportionately large share of the uninsured however, because their chances of being uninsured are three times as great as those with higher incomes (33% risk vs. 12%).



Single adults are at high risk of being uninsured because they have only themselves as a link to job-based health benefits, are more likely to earn low incomes, and are not likely to qualify for Medicaid; however, over half of the uninsured come from families with children (Figure 6). While both the Medicaid program and the recently

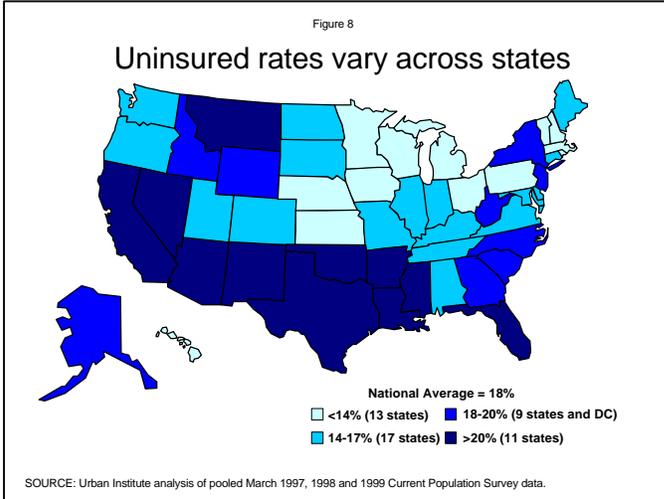
implemented State Children's Health Insurance Program target low-income children, still one in four of the uninsured are children.

Minorities are at much higher risk of being uninsured. Over a third of Hispanics are uninsured, and a quarter of both African



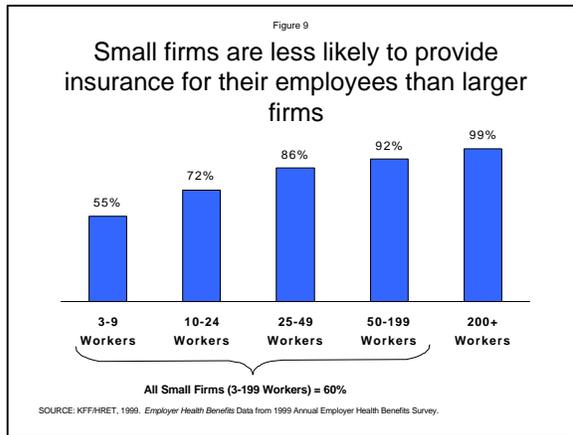
Americans and Native Americans have no health coverage. The differences in health coverage across racial and ethnic groups are only partially explained by differences in income (Figure 7).

Every state has a group of people who lack health insurance, but in some regions of the



country, a greater share of the population is uninsured because of differences in their populations, the nature of employment, and the scope of their state Medicaid programs. Greater than 20% of the nonelderly population is uninsured in many of the southwest and south central states — where poverty rates are higher and rates of employer-sponsored coverage are lower than the national average (Figure 8).

# Why don't they have health insurance?



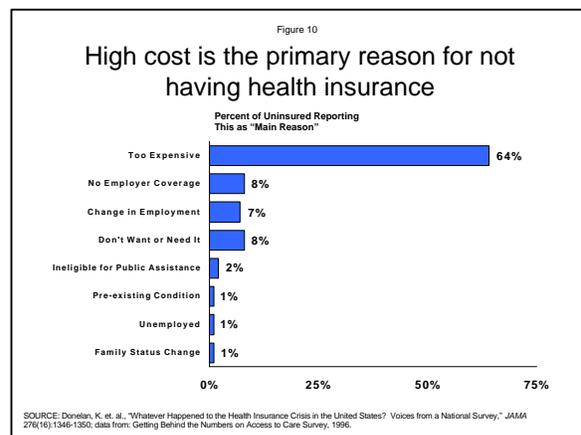
Our health insurance system is fundamentally job-based, meaning that the large majority of Americans (nearly two-thirds of the nonelderly) receive health insurance as a benefit from their employers, who in turn receive a tax break for offering these benefits. Employers voluntarily decide whether or not to offer health benefits to their workers and how much, if any, their employees contribute to the cost of premiums. The employee's

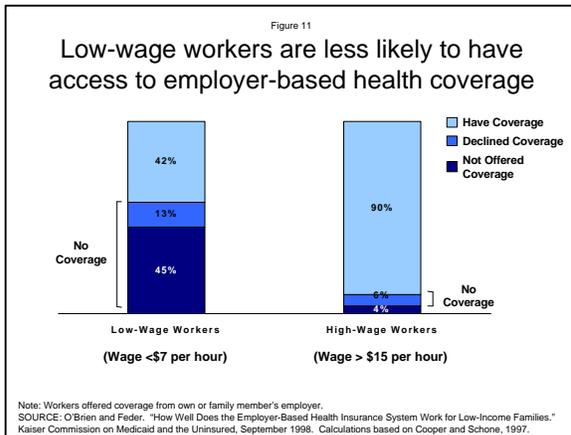
share is also given a tax break, since it is paid with before-tax dollars.

Those businesses that are older, have more employees, are incorporated, or are in an industry where workers tend to be unionized have been more likely to sponsor health insurance. For example, nearly all firms with more than 200 employees offer health coverage, however only 60% of smaller firms offered health coverage in 1999 (Figure 9).

Workers are less likely to have health coverage if they are working in construction, agriculture, and the service sector. These types of businesses also tend to employ more part-time or temporary workers and also pay less, making it difficult for employees to afford their part of the premium when health benefits are even offered.

Two-thirds of those without health insurance coverage cite the high cost of insurance as the main reason they are uninsured (Figure 10). Less than 10% are not covered because they feel they don't need health insurance. The costs of health insurance have increased substantially over the past 20 years, and in the 1990s employers passed a greater share of the premiums onto their employees. Consequently, workers paid more than three times as much for health benefits in 1998 as in 1977.

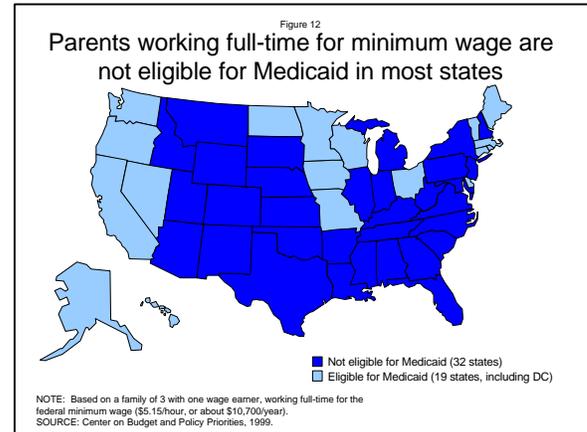




Low-wage workers have borne the brunt of higher premiums and cost-sharing. Rates of employer-sponsored coverage among low-wage workers (making less than \$7/hour) decreased between 1987 and 1996, while rates of coverage for high-wage workers actually increased. By 1996, only 42% of low-wage workers had job-based coverage. While 12% declined coverage, almost half (45%) did not have health benefits available to them either through their own job or their spouse's. In

contrast, only 4% of higher-wage workers did not have health benefits available to them and 90% were insured by an employer-sponsored plan.

While the Medicaid program provides health coverage for many low-income children, federal Medicaid policy toward low-income adults is more restrictive. There are only a few eligibility pathways for adults, aside from being significantly disabled or pregnant—and those that do exist are primarily limited to single parent adults with very low incomes. Parents working full-time at the minimum wage, for example, are not eligible for Medicaid in the majority of states (Figure 12).



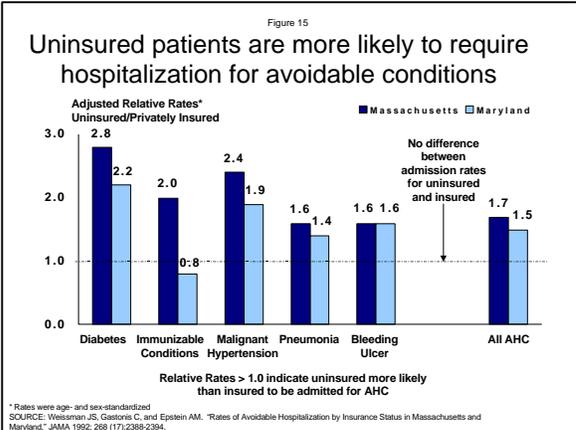
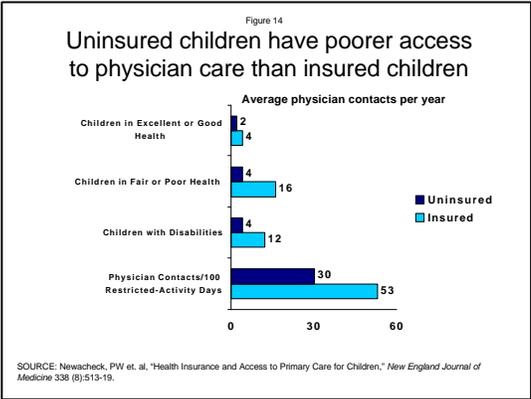
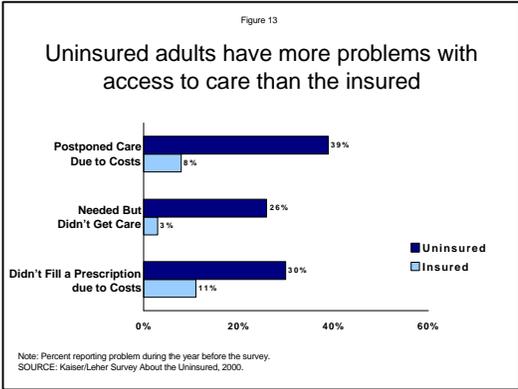
While sustained economic growth has recently enabled more employees to afford health insurance offered through their jobs, still the number of uninsured has continued to grow. This is due in large part to the fact that the increase in employer-sponsored coverage has not been enough to offset recent declines in enrollment in the Medicaid program for low-income people. Welfare system reforms enacted in 1996 unintentionally affected the Medicaid enrollment process and have been associated with decreases in Medicaid coverage. In addition, as those leaving welfare move into the workforce, they are taking low-wage positions where health benefits are less likely to be offered or affordable.

# What difference does health insurance make to a person's health and financial security?

**N**ot having health insurance makes a substantial difference in the amount and kind of health care people are able to afford. Medical bills can mount quickly if you are uninsured, and fear of high bills prevents many of the uninsured from getting necessary health care.

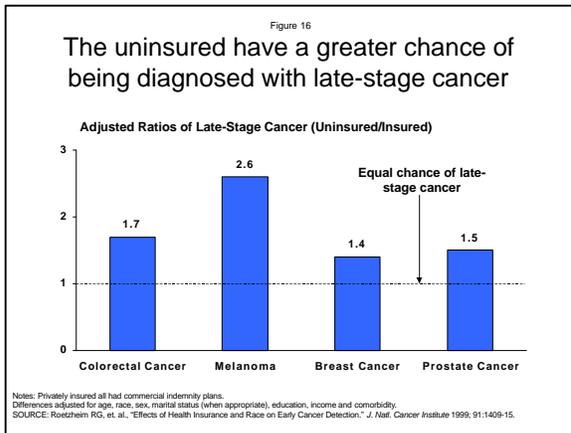
The uninsured are more likely to go without needed medical care. Uninsured adults are at least four times as likely as the insured to report delaying or foregoing needed health services (Figure 13). Similarly, uninsured children have less access to physician services, with a third not seeing a physician in the past year. Even those who have been ill, are disabled, or in poor health visit a physician significantly less often than those with health coverage (Figure 14).

Poor access to care has serious consequences for the uninsured. Americans without health coverage who are in poor health may not enter the health system until their disease has progressed to a serious state. For example, the uninsured are at least twice as likely as those with private



insurance to be hospitalized for avoidable complications of conditions such as diabetes and hypertension—problems that could be managed in a doctor's office (Figure 15).

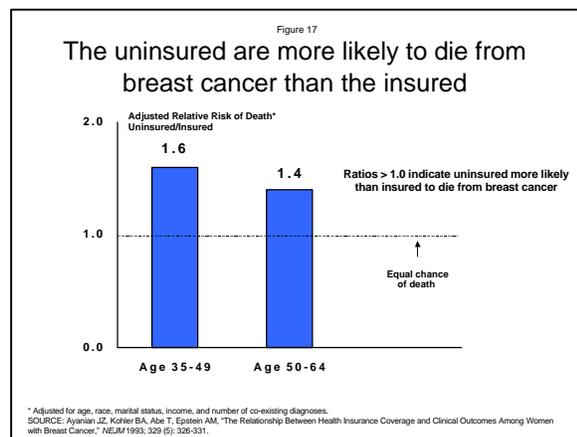
The effects of poor access to care for the uninsured are particularly striking in diseases where early detection is critical. The uninsured are not as likely as those with insurance to seek preventive care. For example, only 16% of uninsured



women report having had a mammogram in the past year, compared to 42% of insured women.<sup>1</sup> Because regular preventive care is not received, the uninsured are more likely to be diagnosed at a more advanced stage of cancer — over 40% more likely to be diagnosed with late stage breast and prostate cancer and more than twice as likely to be diagnosed with late stage melanoma than the insured (Figure 16). The

consequences of such poor access and delayed care on health outcomes are dire. For example, uninsured women are 40 to 50% more likely to die from breast cancer than insured women, depending on their age (Figure 17).

Contrary to common belief, most uninsured people are not receiving services at a reduced charge or free care. Getting low cost health care when it is needed is becoming even more difficult for the uninsured. Hospitals and doctors are less able to absorb these uncompensated costs as managed care contracts become more competitive and they accept lower payment rates.



## Why do the problems of uninsured Americans matter to all of us?

Having health insurance affects job decisions, financial security, access to care, and health status. But lack of insurance and gaps in coverage affect more than just those without insurance. There is a cost to society. When an uninsured person goes to a public hospital or clinic, an emergency room, or a private physician for care and cannot pay the full cost, some of the bill is passed on to those who do pay—through higher insurance premiums and in the form of taxes supporting our public insurance programs: Medicaid, the State Children's Health Insurance Program, and Medicare. One way or another, we all pay indirectly for having a large and growing uninsured population.

<sup>1</sup> Kaiser Family Foundation/Lehrer Survey About the Uninsured. Unpublished, Feb. 2000.