THE HENRY J. KAISER FAMILY FOUNDATION

THE KAISER COMMISSION ON
Medicaid and the Uninsured

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September 2013 | Fact Sheet

Key Facts about the Uninsured Population

Over 47 million nonelderly Americans were uninsured in 2012. Decreasing the number of uninsured is a key goal of the Affordable Care Act (ACA), which will provide Medicaid or subsidized coverage to qualifying individuals with incomes up to 400% of poverty beginning in 2014. This brief answers some basic questions about the uninsured, including why people are uninsured, trends in the uninsured, who the uninsured are, access and financial implications of not having coverage, and the likely impact of the ACA on Medicaid and the uninsured.

Summary: Key Facts about the Uninsured Population

Why are so many Americans uninsured?
The high cost of insurance is the main reason why people go without coverage. Many people do not have access to coverage through a job, and gaps in eligibility for public coverage leave many without an affordable option.

What has been happening to the uninsured over time?
The trend in the uninsured tracks economic conditions, with the number of uninsured people increasing during recessionary periods when people lose their jobs. Public programs fill in some of the loss of coverage, but many adults are currently ineligible. In recent years, as the economy has stabilized, coverage losses have slowed.

Who are the uninsured?
The majority of the uninsured are in low-income working families. Reflecting the more limited availability of public coverage, adults are more likely to be uninsured than children. People of color are at higher risk of being uninsured than non-Hispanic Whites.

How does the lack of insurance affect access to health care?
People without insurance coverage have worse access to care than people who are insured. Studies repeatedly demonstrate that the uninsured are less likely than those with insurance to receive preventive care and services for major health conditions and chronic diseases.

What are the financial implications of lack of coverage?
The uninsured often face unaffordable medical bills when they do seek care. These bills can quickly translate into medical debt since most of the uninsured have low or moderate incomes and have little, if any, savings.

What are the implications of the ACA for the uninsured?
The ACA has the potential to expand coverage to millions of currently uninsured people through the expansion of Medicaid eligibility and establishment of Health Insurance Marketplaces in 2014. The ACA also includes reforms to help people maintain coverage and make private insurance affordable and accessible. State decisions about whether to implement the Medicaid expansion will impact the scope of coverage changes under the law.

Why are so many Americans uninsured?

Insurance is expensive, and few people can afford to buy it on their own. Most Americans obtain health insurance coverage through an employer, but not all workers are offered employer-sponsored coverage. Also, not all who are offered coverage by an employer can afford their share of the premiums. Medicaid and the Children's Health Insurance Program (CHIP) cover many low-income children, but eligibility for parents and adults without dependent children is limited, leaving many without affordable coverage.

Key Details:

- Uninsured individuals report that cost poses a major barrier to purchasing coverage. In 2012, 61% of adults said that the main reason they are uninsured is either because the cost is too high or because they lost their job, compared to 1.5% who said they are uninsured because they do not need coverage (Figure 1).

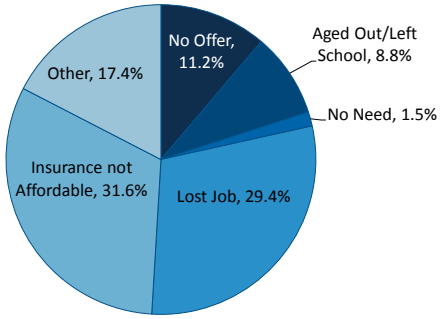
- Most uninsured workers are self-employed or work for small firms where health benefits are less likely to be offered.[1] Low-wage workers who are offered coverage often cannot afford their share of the premiums, especially for family coverage.[2,3]

- Workers usually enroll in employer-sponsored health insurance if they are eligible.[4] However, it has become increasingly difficult for many workers to afford coverage. In 2013, the average annual total cost of employer-sponsored family coverage was $16,351, and the share of the premium paid by workers was 29%. Between 2003 and 2013, premiums have increased by 80%.[5]

- In 2012, almost 48 million nonelderly individuals were enrolled in Medicaid and CHIP. Historically, Medicaid has only been available to low-income children, parents, pregnant women, people with disabilities, and the elderly. While states have increasingly expanded eligibility for children over time, eligibility for parents remains much more limited, and only nine states provide full Medicaid coverage to low-income adults without dependent children.[6]

Figure 1

Reasons for Being Uninsured among Uninsured Nonelderly Adults



SOURCE: KCMU analysis of 2013 NHIS.

What has been happening to the uninsured over time?

The number of uninsured people steadily increased throughout most of the past decade due to decreasing employer sponsored insurance coverage and rising health care costs. The recent recession led to a steep increase in uninsured rates from 2008 to 2010 as a high jobless rate led millions to lose their employer sponsored coverage.[7] Medicaid and CHIP prevented steeper drops in insurance coverage, as many Americans became newly eligible for these programs when their income declined during the recession. Over the past two years, the uninsured rate declined somewhat as employer coverage stabilized and public coverage expanded.

Key Details:

- The trend in the uninsured in part reflects availability of employer-sponsored coverage. The share of the nonelderly population with employer-sponsored coverage declined steadily between 2000 and 2010. In both 2011 and 2012, this trend ended as the share with employer-sponsored coverage held nearly constant at 56%.

- The uninsured trend also reflects changing economic conditions. The unemployment rate peaked at 10.0 percent in October 2009. From 2010 on, the unemployment rate improved steadily, and there was a slight drop in the uninsured rate in 2011, in part due to stability in employer-sponsored coverage. Uninsured rates in 2012 held steady as the economy slowly recovered.

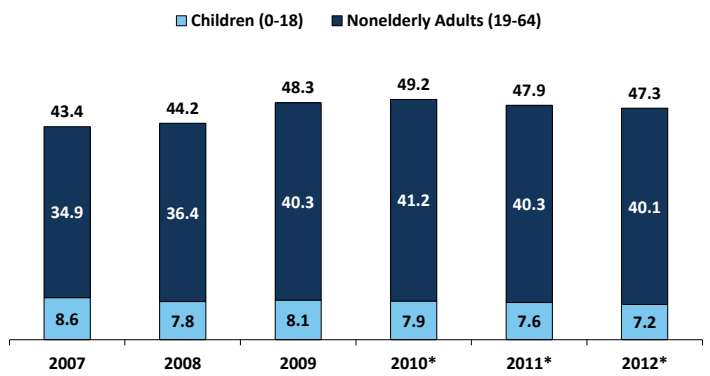
- The share of people covered by Medicaid has increased significantly in recent years due to the weak economy and loss of jobs, which has led to declining family incomes and decreasing employer-sponsored coverage among families. Between 2007 and 2012, nearly 11 million people—primarily children—gained Medicaid coverage.

- The uninsured rate among the nonelderly fell slightly to 17.7% in 2012, a non-significant decline from 17.9% in 2011. The number of nonelderly uninsured people (47.3 million) is down from a high of 49 million people in 2010 (Figure 2).

- In 2012, three-quarters of uninsured nonelderly people were without insurance for more than a year.[8] The uninsured often are without coverage because they do not have access to employer-sponsored insurance. The continued slow economic recovery may contribute to a large number of long-term uninsured as more individuals are unemployed for long periods of time.

Figure 2

Number of Nonelderly Uninsured Individuals, 2007-2012



NOTE: May not sum to totals due to rounding. * Applied Census 2010-based population controls.
SOURCE: KCMU/Urban Institute analysis of 2009 through 2012 ASEC Supplement to the CPS. Holahan J and Chen V. "Changes in Health Insurance Coverage in the Great Recession, 2007-2010." Kaiser Commission on Medicaid and the Uninsured. December 2011.

Who are the uninsured?

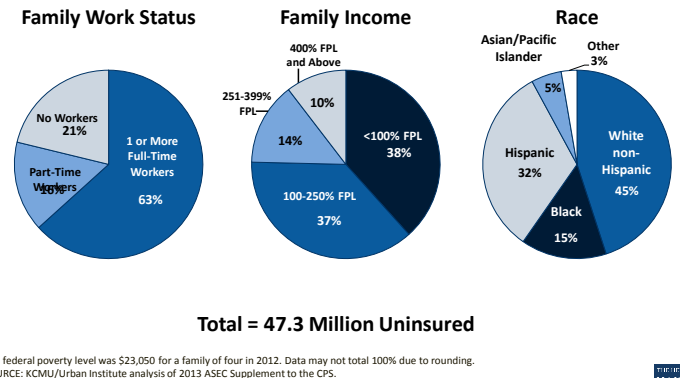
The majority of the uninsured are in low-income working families. Reflecting the more limited availability of public coverage, adults are more likely to be uninsured than children. People of color are at higher risk of being uninsured than non-Hispanic Whites.

Key Details:

- Over six in ten of the uninsured have at least one full-time worker in their family, and 16% have a part-time worker in the family (Figure 3).[9]

- Individuals below poverty are at the highest risk of being uninsured, and this group accounts for 38% of all the uninsured (the poverty level for a family of four was $23,050 in 2012). In total, nine in ten of the uninsured are in low- or moderate-income families, meaning they are below 400% of poverty (Figure 3).

Figure 3

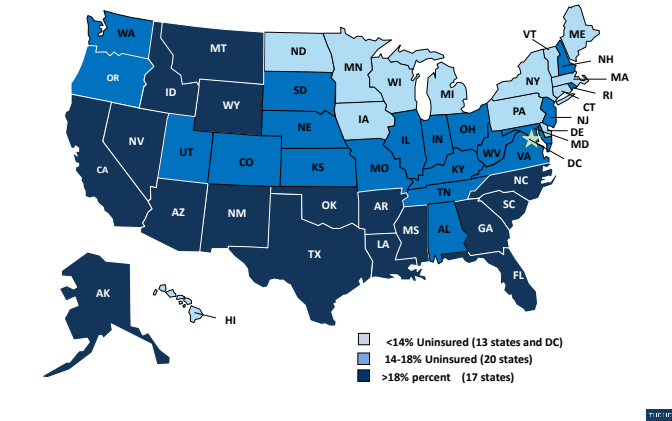


The federal poverty level was $23,050 for a family of four in 2012. Data may not total 100% due to rounding.
SOURCE: KCMU/Urban Institute analysis of 2013 ASEC Supplement to the CPS.

- The uninsured span the age spectrum. However, children are the least likely to be uninsured because they are more likely to qualify for public coverage through Medicaid or CHIP. The uninsured rate among young adults was 27.4% in 2012, a decrease in recent years due in part to the ACA provision allowing them to remain on a parent's private health plan until age 26. However, young adults continue to have a high uninsured rate compared to other age groups.

- Uninsured rates vary widely by state and by region, with individuals living in the South and West the most likely to be uninsured (Figure 4).

Figure 4



SOURCE: KCMU/Urban Institute analysis of 2013 ASEC Supplement to the CPS.

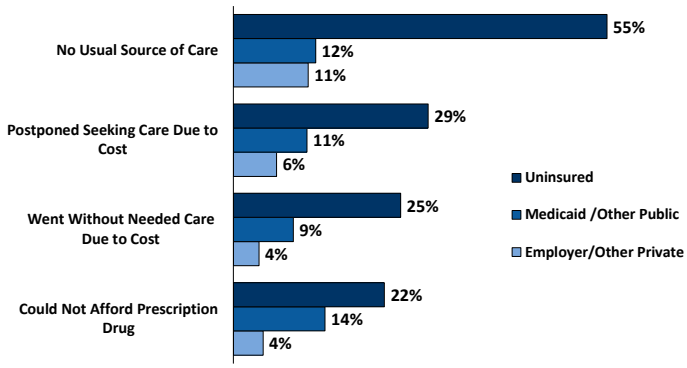
- About eight in ten of the uninsured are U.S. citizens and 19.7% are non-citizens. Uninsured non-citizens include both lawfully present and undocumented immigrants. Undocumented immigrants and legal immigrants residing in the U.S. for less than five years are ineligible for federally funded health coverage.

How does the lack of insurance affect access to health care?

One-quarter (25%) of uninsured adults go without needed care each year due to cost (Figure 5). Studies repeatedly demonstrate that the uninsured are less likely than those with insurance to receive preventive care and services for major health conditions and chronic diseases.[10, 11, 12, 13] Research also has suggested that insurance can decrease likelihood of depression and stress.[14]

Figure 5

Barriers to Health Care Among Nonelderly Adults by Insurance Status, 2012



In past 12 months.
Respondents who said usual source of care was the emergency room were included among those not having a usual source of care.
All differences between uninsured and insurance groups are statistically significant (p<0.05).
SOURCE: KCMU analysis of 2013 NHIS.

Key Details:

- Health providers can choose to not provide care to the uninsured. Only emergency departments are required by federal law to screen and stabilize all individuals. However, the uninsured are not necessarily more likely to use the emergency room than those with insurance.[15] If the uninsured are unable to pay for care in full, they are often turned away when they seek follow-up care for urgent medical conditions.[16]

- The uninsured receive less preventive care and recommended screenings than the insured. Uninsured older adults (ages 50-64) were far less likely than their insured counterparts to report having been screened for cancer in the past five years.[17]

- Receiving needed care is especially important for the uninsured since they are generally not as healthy as those with private coverage. The uninsured are at higher risk for preventable hospitalizations and for missed diagnoses of serious health conditions.[18] After a chronic condition is diagnosed, they are less likely to receive follow-up care and as a result are more likely to have their health decline.[19] Lack of follow-up attributed to being uninsured can delay the detection of certain cancers, which can result in adverse outcomes.[20] It follows that the uninsured also have significantly higher mortality rates than those with insurance.[21,22]

- The uninsured report higher rates of postponing care or forgoing needed care or prescriptions due to cost compared to those enrolled in Medicaid and other public programs. A seminal study of health insurance in Oregon found that the uninsured were less likely to receive care from a hospital or doctor than newly insured Medicaid enrollees.[23] A follow-up study found that newly insured Medicaid enrollees were much less likely to delay care because of costs than the uninsured.[24]

What are the financial implications of lack of coverage?

The uninsured often face unaffordable medical bills when they do seek care. These bills can quickly translate into medical debt since most of the uninsured have low or moderate incomes and have little, if any, savings.

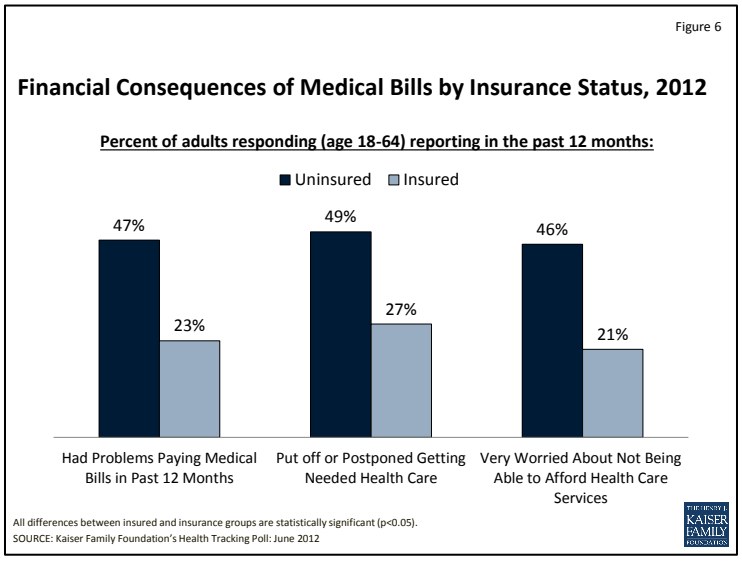
Key Details:

- The uninsured pay for more than one-third (35%) of their care out-of-pocket.[25] They are typically billed for any care they receive, often paying higher charges than the insured.[26]

- Medical bills can put great strain on the uninsured and threaten their physical and financial well-being. The uninsured are almost twice as likely (47% versus 23%) as those with health insurance coverage to have trouble paying medical bills (Figure 6).

- A recent study based on the Oregon Health Insurance Experiment found that the uninsured were more likely to experience financial strain from medical bills and out-of-pocket expenses than those with Medicaid coverage. The uninsured were also more likely than the insured to have to postpone care because of costs.[27]

Figure 6



- The uninsured live with the knowledge that they may not be able to afford to pay for their family's medical care, which can cause anxiety and potentially lead them to delay or forgo care. Almost half (46%) of the uninsured are not confident that they can pay for the health care services they think they need, compared to 21% of the insured (Figure 6).

- The average uninsured household has no net assets.[28] Without sufficient income or assets to pay their medical bills, uninsured individuals often see their debts accumulate while their credit ratings are compromised. Medical debts contribute to almost half of all bankruptcies in the United States.[29]

What are the implications of the ACA for the uninsured?

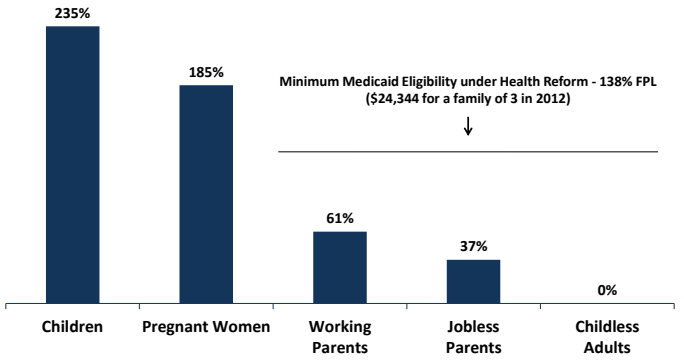
The ACA has the potential to expand coverage to millions of currently uninsured people through the expansion of Medicaid eligibility and establishment of Health Insurance Marketplaces in 2014. ACA reforms also aim to help people maintain coverage and make private insurance affordable and accessible. State decisions about whether to implement the Medicaid expansion will impact the scope of coverage changes under the law.

Key Details:

- Currently, Medicaid and CHIP cover millions of low-income individuals who lack access to other affordable coverage, yet eligibility for adults without dependent children remains limited or nonexistent (Figure 7). Beginning in January 2014, the ACA provides for the expansion of Medicaid eligibility to adults with incomes up to 138% FPL ($31,809 for a family of four in 2012), which would make millions of currently uninsured adults newly eligible for the program. The ACA also will significantly simplify and streamline Medicaid and subsidy eligibility and enrollment processes to facilitate enrollment of eligible individuals.

Figure 7

Median Medicaid/CHIP Eligibility Thresholds, January 2013

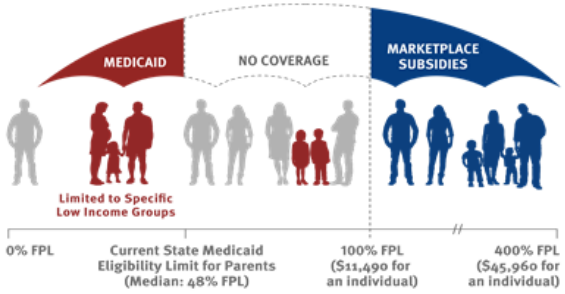


SOURCE: Based on the results of a national survey conducted by the Kaiser Commission on Medicaid and the Uninsured and the Georgetown University Center for Children and Families, 2013.

- If all states implement the Medicaid expansion, eligibility would increase in 42 states for parents and in nearly every state for other adults.[30] As of September 2013, 22 states have indicated they will not expand Medicaid and three were still debating whether to expand.[31] If these 25 states do not expand Medicaid, the Medicaid expansion will reach only half the number of uninsured people it could, leaving many poor uninsured adults without coverage (Figure 8).

Figure 8

In states that do not expand Medicaid, there will be large gaps in coverage, leaving millions of low-income adults with no affordable options.



NOTE: Applies to states that do not expand Medicaid. The current median state Medicaid eligibility limit for parents is 48% FPL in the 21 states that are not moving forward with the Medicaid expansion at this time.

- The ACA will also make private insurance more affordable and accessible for some uninsured individuals. Starting in 2014, low-income (between 100 and 400% of FPL) individuals will be eligible for subsidies to purchase private insurance through Health Insurance Marketplaces. In 2015, employers with over 100 employees will be required to provide insurance to eligible employees or pay a penalty. Subsidies also are available for smaller employers as an incentive to provide insurance.
- Not all the uninsured will be covered even after the ACA is fully implemented. Undocumented immigrants are ineligible for coverage expansions, and legal immigrants are barred from Medicaid for their first five years in the country. Further, some who are eligible may not take up coverage due to confusion over eligibility, enrollment barriers, or lack of information about the law. Outreach and enrollment will be crucial to extending coverage to enable the law to reach its full potential.

Conclusion

Over 47 million nonelderly individuals were uninsured in 2012. This represents a decrease of almost 2 million uninsured people since 2010. This change resulted from small gains in public coverage and stability in private coverage. However, the number of uninsured is still more than 4 million higher than when the recession began in 2007. The continued weak economy contributes to the high uninsured rate. More individuals would have become uninsured were it not for the stability of coverage provided by Medicaid and CHIP.

Going without coverage can have serious health consequences for the uninsured because they receive less preventive care, and delayed care often results in more serious illness requiring advanced treatment. The major coverage provisions in the ACA take effect in 2014 and are designed to decrease the number of uninsured by expanding Medicaid, while also providing subsidies for private coverage and improving the health insurance marketplace. The expanded availability of public and private coverage in the ACA is intended to decrease the number of individuals who face the access and financial challenges that come with being uninsured. The ACA holds promise for many people who will gain access to health insurance coverage, but millions of people are struggling right now to access affordable healthcare for themselves and their families.

ENDNOTES

[1] Kaiser Commission on Medicaid and the Uninsured/Urban Institute analysis of the 2012 ASEC Supplement to the CPS.

[2] Kaiser Family Foundation and Health Research & Educational Trust. 2013. 2013 Kaiser/HRET Employer Health Benefits Survey. Available at: http://www.kff.org/private-insurance/report/2013-employer-health-benefits/

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[5] Kaiser Family Foundation and Health Research and Educational Trust, 2013.

[6] Kaiser Family Foundation. 2013. "Getting into Gear for 2014: Findings from a 50-State Survey of Eligibility, Enrollment, Renewal, and Cost-Sharing Policies in Medicaid and CHIP, 2012–2013." Available at: http://www.kff.org/medicaid/report/getting-into-gear-for-2014-findings-from-a-50-state-survey-of-eligibility-enrollment-renewal-and-cost-sharing-policies-in-medicaid-and-chip-2012-2013/

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[14] K. Baicker et al., 2013. "The Oregon Experiment — Effects of Medicaid on Clinical Outcomes." *N Engl J Med* 368 (18): 1713-1722.

[15] Newton et al. 2008. "Uninsured Adults Presenting to US Emergency Departments: Assumptions vs. Data", *JAMA* 300(16):1914-24.

[16] B. Asplin, et al, 2005, "Insurance Status and Access to Urgent Ambulatory Care Follow-up Appointments.," *JAMA* 294(10):1248-54.

[17] Collins et al., 2011.

[18] Institute of Medicine, 2002. *Health Insurance is a Family Matter*. Washington, DC.

[19] J. Hadley, 2007.

[20] S. Tejada et al., 2013. "Patient Barriers to Follow-Up Care for Breast and Cervical Cancer Abnormalities." *Journal of Women's Health* 22(6):507-517.

[21] Wilper et al., 2009.

[22] Institute of Medicine, 2009. *America's Uninsured Crisis: Consequences for Health and Health Care*. Washington, DC: National Academies Press. p. 60-63.

[23] Finkelstein et al., 2011, "The Oregon Health Insurance Experiment: Evidence From the First Year", National Bureau of Economic Research. Available at http://www.nber.org/papers/w17190.

[24] K. Baicker et al., 2013.

[25] J. Hadley, J. Holahan, T. Coughlin, and D. Miller, 2008 "Covering The Uninsured In 2008: Current Costs, Sources Of Payment, And Incremental Costs" Health Affairs 27 (5) w399 (published online 25 August 2008).

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[30] The Patient Protection and Affordable Care Act extends Medicaid eligibility to 133% of poverty in states that choose to expand, but a special income deduction equal to five percentage points of the poverty level effectively raises the eligibility level to 138% of poverty.

[31] State Health Facts. "State Activity Around Expanding Medicaid Under the Affordable Care Act." Kaiser Family Foundation, 2013. http://www.kff.org/medicaid/state-indicator/state-activity-around-expanding-medicaid-under-the-affordable-care-act/