Policy Brief
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Sorting the Facts about the Uninsured

by Mary Katherine Stout, director of the Center for Health Care Policy Studies

During "Cover the Uninsured Week" people around the country, and particularly in Texas, were reminded about the problem of the uninsured with shocking statistics intended to call lawmakers to action in Washington and in state capitals around the nation. While the number of people without health insurance presents serious challenges for both uninsured individuals, policy makers, and health care in general, these statistics also paint an incomplete picture of the uninsured. What's more, the emphasis on raising awareness generally comes with recommendations to expand government health insurance programs, though without assessing what the growth of these programs has done to reduce the uninsured.

Recent estimates indicate that there are roughly 46 million people in the United States without health insurance coverage. According to these estimates, a quarter of Texas' population is uninsured—the highest percentage of any state in the country.

Estimates of the uninsured should be approached with some caution since they are generated using a survey to develop a representative sample of the population, rather than administrative records that would yield a more accurate number. For instance, the Current Population Survey reported by the U.S. Census Bureau estimates the number of uninsured based on survey data that asks individuals about insurance coverage in the previous calendar year.[1] According to U.S. Census Bureau reports, the survey is thought to underreport insurance coverage as respondents' recollections may not be entirely accurate. In addition, Census numbers often undercount Medicaid and Medicare enrollment when compared to data from the Centers for Medicare and Medicaid Services. Both the underreporting of insurance coverage through survey responses and undercounting enrollment in Medicaid and Medicare may impact the accuracy of the estimate.

Looking more closely at the data it becomes increasingly apparent that the uninsured cut across the population in different ways. Conventional wisdom typically paints a picture of the uninsured as a homogenous group of unemployed or low-income workers, regularly filling emergency rooms, and receiving poor care. These assumptions fail to capture differences among the uninsured, though a growing body of literature has emerged to more carefully analyze the uninsured.

CONVENTIONAL WISDOM: The uninsured are responsible for crowding emergency rooms.

WRONG. According to researchers from the Robert Wood Johnson Foundation and UC San Francisco, and findings published in the *Annals of Emergency Medicine*, adults who frequently use hospital emergency departments (four or more times a year) are most likely to have insurance (84 percent) and a "usual source of care" (81 percent).[2] These results imply the uninsured seeking care in the emergency room may be less of a factor in crowding than the insured who make frequent use of the emergency department.

CONVENTIONAL WISDOM: The uninsured get worse care than those with insurance.

WRONG. A report from the *New England Journal of Medicine* finds that "health insurance status was largely unrelated to the quality of care among those with at least minimal access to care. Although having health insurance increases the ease of access to the health care system, it is not sufficient to ensure appropriate use of services or content of care." The report adds that "in the United Kingdom, with universal coverage, a study using our methods found that the overall proportion of recommended health care that was received was similar" to the results here.[3]

CONVENTIONAL WISDOM: The uninsured are primarily low income workers who cannot afford health insurance.

WRONG. According to a report from the National Center for Policy Analysis, middle and upper income workers are the fastest growing portion of the uninsured. Over the last ten years, the number of uninsured people living in households making $50,000-$75,000 a year has increased by 57 percent, and by 153 percent in families making more than $75,000.[4] Over the same period, the number of low income families making less than $25,000 who have health insurance coverage—often through Medicaid or CHIP—has actually increased by 19 percent.[5]

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Immigration Issues and the Uninsured

The increase in the number of immigrants—legal and illegal—has contributed to the number of uninsured in the United States. According to the Center for Immigration Studies, one-third of immigrants nationwide lacks health insurance, which is two and a half times the rate of the native-born uninsured.[6] In addition, immigrants and their U.S. born children account for almost three-fourths of the increase in the nation's uninsured population since 1989.[7]

As a border state and home to a growing immigrant community, Texas particularly feels the impact of uninsured immigrants. According to a three-year average of the percent of the population without insurance from 2002-2004 reported by the U.S. Census Bureau, all of the states along the border had higher rates of uninsured than the national average of 15.5 percent.[8] Texas has the highest percentage of uninsured residents nationwide at 25 percent, New Mexico comes in at 21 percent, Nevada at 19 percent, California at 18.4 percent and Arizona at 17 percent.[9] According to a policy brief by the National Center for Policy Analysis, cultural differences and attitudes toward health insurance may contribute to an individual's decision to remain uninsured as rates of uninsured Hispanics are 10 percent higher than Caucasians when incomes are the same.[10]

The Uninsured in Texas

The Census Bureau's Current Population Survey finds:[11]

- the uninsured in Texas are most likely to be children (24 percent) or ages 25-34 (21 percent);
- more than 40 percent of the uninsured make more than 200 percent of the Federal Poverty Ratio and 70 percent are above 100 percent;
- the uninsured are only slightly more like to be male (52 percent); and
- most uninsured were born in the United States (almost 70 percent).

Recommendations

Public policy "solutions" thus far have not reduced the number of uninsured in the country in general, or in Texas in particular. As a result, a seemingly myopic focus on the uninsured has emerged, leading public policy discussions to drift toward ideas of achieving universal coverage either through government mandates or the expansion of government programs. Clearly, the expansion of government programs has not proven effective in reducing the number of people without health insurance: and there is good reason to doubt an individual mandate's ability to achieve more widespread coverage or control cost. These solutions fail to deliver the real kind of consumerism and competition that health care and health insurance need to bring down cost and tackle the problem of the uninsured.

- The growth in the middle and upper income uninsured has more to do with value than affordability. These individuals may decide to forego insurance, even when they can afford it, because they see the product as a bad value. Policymakers should make health insurance more affordable by loosening regulations that hinder consumer choice and competition.
- Health insurance mandates drive up the cost of a policy, negatively impacting both affordability and value. Lawmakers should reject well-intentioned calls for mandated coverage and practices that increase price and restrict competition.
- Tax policies do not offer individuals purchasing coverage for themselves the same tax benefits as employers purchasing policies for employee benefits. Federal tax reforms are essential, but the state must similarly ensure that people purchasing coverage in the individual market have state tax incentives comparable to those employers receive for providing benefits to employees.

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[1] United States Census Bureau, "Income, Poverty and Health Insurance Coverage in the United States: 2004," (August 2005) 16.
[2] "Characteristics of Frequent Users of Emergency Departments," *Annals of Emergency Medicine*, March 2006, http://download.journals.elsevierhealth.com/pdfs/journals/0196-0644/PIIS0196064406000680.pdf, and as reported by the *Los Angeles Times,* http://www.latimes.com/business/la-fi-crowds29mar29,1,7726342.story?coll=la-headlines-business.
[3] Asch, Steven, et al. New England Journal of Medicine 354;11, "Who Is at Greatest Risk for Receiving Poor-Quality Health Care?" March 16, 2006, 1154.
[4] National Center for Policy Analysis, "Crisis of the Uninsured: 2005 Update" Brief Analysis No. 528, September 22, 2005; http://www.ncpa.org/pub/ba/ba528/.
[5] Ibid.
[6] Center for Immigration Studies, "Immigrants at Mid-Decade: A Snapshot of American's Foreign Born Population in 2005," Stephen Camarota, December 2005; accessed 29 Apr 2006, http://www.cis.org/articles/2005/back1405.html#author.
[7] Ibid.
[8] United States Census Bureau, "Income, Poverty and Health Insurance Coverage in the United States: 2004," (August 2005) 27.
[9] Ibid.
[10] National Center for Policy Analysis, "Crisis of the Uninsured: 2005 Update" Brief Analysis No. 528, September 22, 2005; http://www.ncpa.org/pub/ba/ba528/.
[11] United States Census Bureau, Current Population Survey Table Creator generated from the Current Population Survey, Annual and Social Economic Supplement 2003 through 2005; http://www.census.gov/hhes/www/cpstc/cps_table_creator.html.

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