

## The Texas Model: The Uninsured in Texas

by Spencer Harris, Policy Analyst, Center for Health Care Policy

“By the way, one in four Texans lacks health insurance, the highest proportion in the nation, thanks largely to the state’s small-government approach. Meanwhile, Massachusetts has near-universal coverage thanks to health reform very similar to the “job-killing” Affordable Care Act.” –Paul Krugman, *New York Times*, Aug. 14, 2011

“That still leaves Texas with the nation’s lowest rate of insurance coverage, even when compared to other states that have high immigrant populations. Experts say one of the key problems is a relatively low level of employer-sponsored private coverage.” –Associated Press, Aug. 22, 2011

“[S]ome states have used Medicaid waivers to cover low-income populations they’re not required to cover. Texas doesn’t do this much.... That means a decent number of residents who might receive coverage in another state don’t in Texas.” –Sarah Kliff, *Washington Post*, Aug. 15, 2011

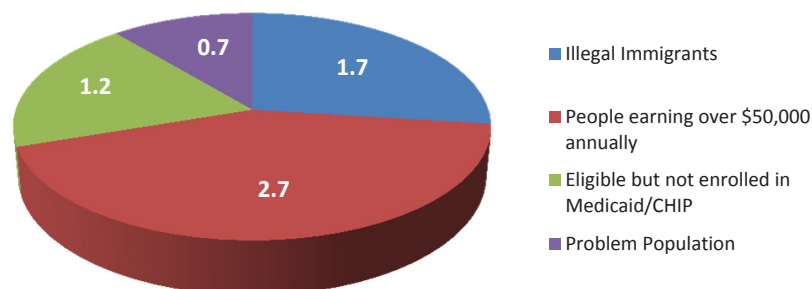
One quarter of Texans, about 6.3 million people, do not have health insurance. This is a fact being consistently repeated as part of the current national scrutiny of the Texas Model. However, claims that our high uninsured rate is caused by Texas’ “small-government approach,” unavailability of private coverage, or restrictive Medicaid eligibility criteria do not adequately analyze the situation in Texas.

What are the facts?

- Texas insurance premiums are comparable with national averages. Employer sponsored insurance rates in Texas are \$4,499 and \$13,221 for individual and family coverage annually, respectively. Nationwide those rates are \$4,669 and \$13,027.
- Included in the uninsured rate are the roughly 1.7 million illegal immigrants that reside in Texas.<sup>1</sup>
- Texas is home to 2.7 million uninsured people earning over \$50,000 a year.<sup>2</sup> These people must be assumed to be capable of purchasing catastrophic coverage.
- 1.2 million Texans are eligible but not enrolled in either Medicaid or CHIP.<sup>3</sup>
- The remaining population of roughly 700,000 Texans is the group for which insurance coverage is economically prohibitive and not eligible for Medicaid or CHIP. This is the “problem population.”

These demographics are crucial to understanding who the Texas uninsured are.

**Texas Uninsured (in millions)**



Source: Author’s calculations based on data from the U.S. Census Bureau

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Properly identifying the population for which insurance coverage is out of reach brings the Texas problem population down to about 3 percent of the total population, which is a 65 percent reduction in this problem population from 2006. This reduction is chiefly due to two factors: job growth and larger Medicaid rolls. These two factors rarely coincide, but the recent economic success of Texas within the economic downturn of the nation has brought more people and jobs to the state.

If our premiums are within national averages and a number of Texans are eligible but not enrolled in Medicaid/CHIP, then rate review and Medicaid eligibility are not the sources of Texas' high uninsured rate. The illegal immigrant population inflates our uninsured rate, but it is the result of federal immigration policy, not state health insurance policy. The Texas uninsured rate is far more an issue of demographics than policy. Because of this, enacting insurance reforms that other states have modeled would likely do little to alleviate our uninsured rate. Without acknowledging this reality, one cannot fully explain Texas health care policy.

## Solutions

Even though a lack of health insurance doesn't equate to a lack of health care, and the Texas uninsured rate is not as problematic as critics claim, there is still much that can be done to extend affordable insurance coverage and health care to all Texans:

- Eliminate unnecessary state regulations, including coverage mandates, which inflate the cost of health insurance plans.
- Permit nurse practitioners to practice independently within their scope of practice as defined by the Board of Nursing.
- Allow state employees the option to enroll in health savings accounts.
- Seek a federal waiver for Medicaid funding block grants, in order to give the state greater certainty in the Medicaid budget from year-to-year, as well as greater flexibility to run the Medicaid program. ★

<sup>1</sup> Michael Hoefer, Nancy Rytina, and Bryan C. Baker, "Estimates of the Unauthorized Immigrant Population Residing in the United States: January 2010" (Washington, DC: Department of Homeland Security).

<sup>2</sup> U.S. Census Bureau, "2009 American Community Survey: Health Insurance Coverage Status" (2009).

<sup>3</sup> U.S. Census Bureau, "2008-2009 American Community Survey for Texas" and "Current Population Survey for Texas" (March 2010).

