
UpDate

I. SPECIAL REPORT

A Profile Of The Uninsured In America

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As the nation debates health care reform and Congress considers the president's plan and alternative approaches, much of the debate will focus on the uninsured population and how or whether to achieve universal coverage. Understanding the size and characteristics of the uninsured population is central to evaluation of the various reform options to expand insurance coverage.

This UpDate presents a profile of the U.S. uninsured population, providing key facts on its size and demographics, and the impact of lack of insurance on access to care and health status. The primary data source used for the analysis of the characteristics of the uninsured population is the March 1993 Current Population Survey (CPS), which is conducted annually by the U.S. Bureau of the Census.¹ In addition, we draw from the Kaiser/Commonwealth Fund Health Insurance Survey conducted by Louis Harris and Associates in 1993 to provide information on differences between uninsured and privately insured adults and their access to health care services.²

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How Many Persons Are Uninsured?

In 1992, 37.1 million people, accounting for 17 percent of the nonelderly population, were without health insurance. Almost all Americans without health insurance coverage are under age sixty-five, because Medicare provides health insurance coverage to virtually all elderly Americans as well as to most severely disabled Americans. Most nonelderly Americans obtain private health insurance coverage through their employers (60 percent) or purchase it individually (9 percent). Medicaid covers those on welfare and some related low-income groups, providing health care coverage to 12 percent of the nonelderly population. Uninsured Americans either fall through the cracks of the employment-based health insurance system or do not meet the restrictive income and categorical requirements for Medicaid's welfare-linked assistance.

The 37.1 million statistic provides a general snapshot of the number of uninsured people on any given day in 1992. It does not, however, capture the changes in insurance status that occur over the course of a year, in which some people gain or lose coverage. It is estimated that in 1993, 51.3 million people—one in five Americans—were uninsured for at least some period of time during the year.³ Of those who were uninsured, only 22 percent reported their gap in insurance coverage to have lasted less than four months. Twenty-four percent were uninsured for four to seven months, and 19 percent were uninsured for eight to eleven months. More than one-third (35 percent) or eighteen million people lacked insurance coverage for the full year.⁴

Lack of insurance appears to represent more than a short-term problem for most

uninsured Americans. Moreover, the nature of most longitudinal studies only allows us to capture what occurred during a specific time period. Many of the eighteen million people who reported being without insurance for the entire year under review may have been uninsured for some period before the year began and may have continued their time without insurance beyond the study period.

Who Are The Uninsured?

Uninsured people come from different age groups, income levels, occupations, social classes, and regions of the nation. The vast majority (81 percent) of the uninsured population is adults between ages twenty-five and sixty-four and children (Exhibit 1). Only 19 percent of the uninsured population are between eighteen and twenty-four years of age—the age group most likely to be uninsured. Twenty-three percent (8.4 million persons) of the uninsured are children.

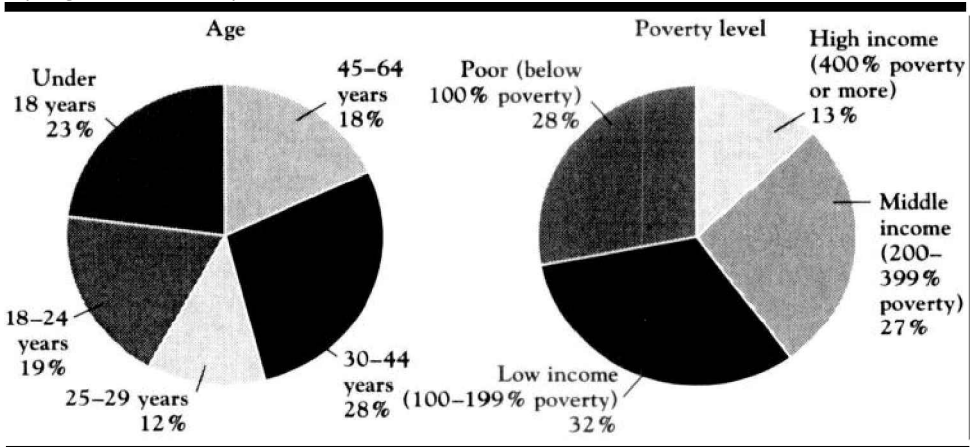
The majority of the uninsured are not poor. Seven in ten uninsured Americans (72 percent) are from families with incomes above the federal poverty level, and 40 percent are middle or high income. A total of 60 percent of the uninsured, however, have

incomes below 200 percent of the poverty level and are likely to require assistance in paying for health insurance premium costs.

While every state and every region of the United States has an uninsured population, the percentage ranges from a low of 9 percent in Iowa and Wisconsin to a high of 28 percent in New Mexico? This variation reflects differences among states in the nature of employment, with more workers in the South and West employed by firms that are less likely to insure their workers. It also reflects the wide state-to-state differences in the scope of Medicaid coverage for the poor. These employment and coverage differentials make the problem of large numbers of people without insurance more significant in the South and West. While 34 percent of the U.S. population live in the South, 43 percent of the uninsured reside there. Nearly one-quarter (24 percent) of the uninsured live in the West, 18 percent are in the Midwest, and 15 percent are in the Northeast⁶. Thus, any attempt to provide coverage for the uninsured will have notable regional effects.

The profile of the uninsured is predominately a picture of working people and their families. Most uninsured persons—84 percent—are workers or the dependents of

Exhibit 1
Distribution Of The Uninsured Population Under Age Sixty-Five,
By Age And Poverty Level, 1992



Source: March 1993 Current Population Survey, U.S. Bureau of the Census.
 Note: N = 37.1 million persons. Federal poverty level was \$11,570 for a family of three in 1992.

workers who do not receive health insurance through their jobs (Exhibit 2). More than half (52 percent) are in families headed by a full-time worker who has been employed for the full year. Nearly a third (32 percent) are in families headed by either a part-time worker or a full-time worker who was not employed for the full year.

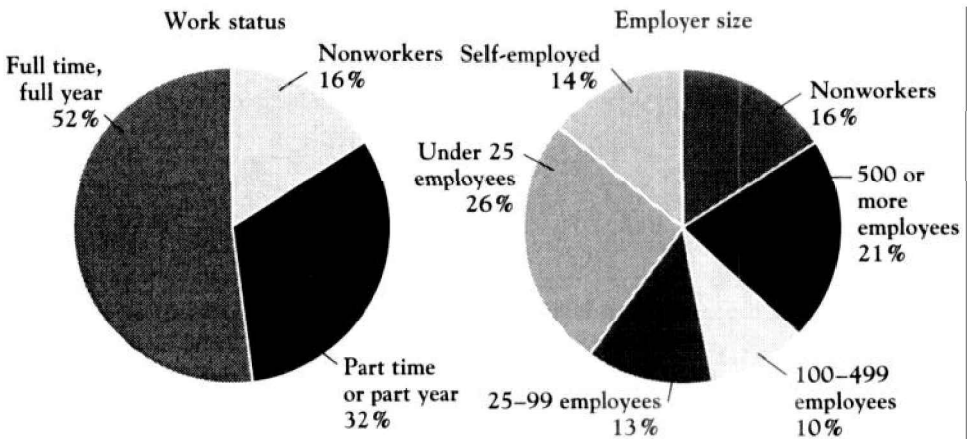
The fact that 84 percent of the uninsured come from working families is a function of how health insurance is provided through the workplace. Most large firms offer their employees group health insurance coverage; more than 95 percent of firms with 100 or more workers offer health benefits.⁷ Small firms tend to have less ability to negotiate favorable group rates, in part because they have a small pool of employees over which to spread the risk. As a result, about one-third (32 percent) of firms with fewer than twenty-five workers offer health insurance. The self-employed and employees of firms with fewer than 100 workers make up over half (53 percent) of the uninsured population. Over a quarter (26 percent) of the uninsured are from families headed by an employee of a firm with fewer than twenty five employees.

Employees of unionized and manufactur-

ing firms are the most likely to be covered, while temporary and part-time workers are most often left uninsured. For example, 40 percent of persons who worked in the seasonal agriculture, forestry, or fishing industries in 1992 were uninsured. In contrast, only 8 percent of those who worked in mining and 11 percent of those who worked in manufacturing, both highly unionized industries, were uninsured.⁸

Group health insurance premiums for families are expensive, costing an average of \$5,232 annually.⁹ Most workers receiving coverage through their employers also have an employer contribution that covers approximately 70 percent of the cost.¹⁰ If insurance is not offered through the workplace, individuals can still purchase private insurance coverage on their own. However, such policies can be even more expensive than employer-sponsored group coverage, and the full premium must be borne by the individual. In addition to their higher cost, individually purchased policies often have higher deductible and coinsurance levels and more limited benefit packages than group coverage obtained through an employer. Policies marketed to individuals are also likely to exclude coverage of preexisting

Exhibit 2
Distribution Of The Uninsured Population Under Age Sixty-Five,
By Work Characteristics Of Family Head, 1992



Source: March 1993 Current Population Survey, U.S. Bureau of the Census.
 Note: N = 37.1 million persons.

health conditions.

Given the high cost of health insurance coverage, it is not surprising that when asked the primary reason that they do not have insurance, 59 percent of uninsured adults say that they cannot afford coverage.¹¹ Another 22 percent of uninsured adults cite loss of a job and unemployment or lack of health benefits on the job as the primary reason they are uninsured. Ill health or prior illness is a barrier to 3 percent of the uninsured. Only 7 percent of uninsured adults report that they are uninsured by choice or because they do not believe in insurance. For most uninsured Americans, lack of insurance is an economic, not a personal, choice.

What Difference Does Insurance Make?

Persons without insurance have more difficulty gaining access to the health care system and use less care than those who are insured.¹² They are less likely to visit doctors for primary care and preventive care, and they receive fewer preventive services.¹³ More than one-third (36 percent) of the uninsured report that they have no regular source of care, compared with 17 percent of the privately insured population.¹⁴ Having a usual source of care is generally identified with better coordination of illness episodes and greater likelihood of provision of primary and preventive care.

Lack of insurance also influences the way in which people seek medical care. The uninsured are more likely than the insured population to delay care.¹⁵ Seventy-one percent of uninsured adults, compared with 21 percent of privately insured adults surveyed in 1993, reported that in the previous year they had postponed seeking care they felt they needed because they could not afford it.¹⁶ Even more striking, 34 percent of uninsured adults, compared with 7 percent of privately insured adults, reported going without needed care in the prior year because of financial reasons.

When the uninsured finally see a doctor, their health problems are likely to be worse and more difficult to treat. The uninsured

are twice as likely to be hospitalized for diabetes, hypertension, and immunizable conditions—all health problems that are amenable to appropriate ambulatory care.¹⁷ In contrast, hospitalization rates for congestive heart failure and ruptured appendix, both emergency admissions without a strong relationship to the receipt of appropriate ambulatory care, are comparable for uninsured and privately insured people.

Research on differences in care patterns for uninsured versus insured persons increasingly reveals that the uninsured not only have reduced access to care, but also that they are more likely to suffer adverse health outcomes. A study of hospitalized patients found that those without insurance were up to three times more likely than privately insured patients to die in the hospital and were less likely to receive procedures subject to discretion, including total hip replacement and coronary bypass surgery.¹⁸

One of the consequences of lack of insurance is that persons without insurance often seek care later, at a more advanced stage of the disease, and have higher mortality rates than the insured population.¹⁹ The differences in health outcomes by insurance status are particularly striking in the case of women with breast cancer, for which early diagnosis and treatment are critical. Women without insurance are more likely than privately insured women to be diagnosed at a more advanced stage of the disease, and are 49 percent more likely to die during the four to seven years following their initial diagnosis of breast cancer.²⁰

Policy Implications

Health insurance affects job decisions, access to care, financial security, and health outcomes. The plight of the thirty-seven million Americans without health insurance will depend on the choices Congress ultimately makes as it fashions a health reform proposal to respond to the president's initiative.

Some reform proposals seek to extend coverage by making insurance more affordable, while others look to extending employ-

ers' role in offering and, in some cases, paying for insurance coverage. Other approaches seek instead to expand government's responsibility for health insurance coverage of either the full population or at least those without access to coverage in the workplace. This UpDate is offered to assist in understanding and examining alternative reform approaches in terms of their impact on the uninsured population.

The statements made and views expressed are those of the authors and do not necessarily reflect those of The Henry J. Kaiser Family Foundation or the Kaiser Commission on the Future of Medicaid. The authors thank Janemarie Mulvey, Steve Puller, and their colleagues at The Urban Institute for research assistance.

NOTES

1. The March 1993 Current Population Survey (CPS) provides information on demographic characteristics and insurance coverage for 60,000 households for 1992.
2. Kaiser/Commonwealth Fund Health Insurance Survey II was conducted in August 1993 by Louis Harris and Associates. It surveyed 2,000 adults on their experiences in securing health insurance and health care services.
3. Unpublished estimate by Lewin-VHI, using the March 1993 CPS and the 1990 Survey of Income and Program Participation (conducted by the Bureau of the Census and based on interviews with 65,000 persons representing the U.S. civilian non-institutionalized population).
4. Ibid.
5. P. Loprest and M. Gates, *Health Care Financing Reform: A State Data Resource* (Washington: Urban Institute Press, 1992).
6. Tabulations based on March 1993 CPS.
7. C.B. Sullivan et al., "Employer-Sponsored Health Insurance in 1991," *Health Affairs* (Winter 1992): 172-185.
8. Tabulations based on March 1993 CPS.
9. J. Gabel et al., "The Health Insurance Picture in 1993: Some Rare Good News," *Health Affairs* (Spring I 1994): 327-336.
10. Ibid.
11. Kaiser/Commonwealth Fund Health Insurance Survey 11, 1993. Respondents were asked to provide a single response to: "Why don't you have health insurance now?"
12. For an exhaustive review of the research on the impact of insurance on access to care and health outcomes, see U.S. Congress, Office of Technology Assessment, *Does Health Insurance Make a Difference?—Background Paper*, OTA-BP-H-99 (Washington: U.S. Government Printing Office, September 1992).
13. S. Woolhandler and D.U. Himmelstein, "Reverse Targeting of Preventive Care Due to Lack of Insurance," *Journal of the American Medical Association* 259 (1988): 2872-2874.
14. Unpublished analysis of the 1987 National Medical Expenditure Survey by The Johns Hopkins University for the Kaiser Commission on the Future of Medicaid, 1993.
15. J.S. Weissman et al., "Delayed Access to Health Care: Risk Factors, Reasons, and Consequences," *Annals of Internal Medicine* 114 (1991): 325-331.
16. Kaiser/Commonwealth Fund Health Insurance Survey II, 1993. The respondents were asked, "In the past twelve months, was there a time when you needed medical care but did not get it, or not?" and "In the past twelve months, have you ever put off or postponed seeking health care you felt you needed because you could not afford it, or not?"
17. J.S. Weissman, C. Gatsonis, and A.M. Epstein, "Rates of Avoidable Hospitalization by Insurance Status in Massachusetts and Maryland," *Journal of the American Medical Association* 267 (1992): 1255-1260.
18. J. Hadley, E.P. Steinberg, and J. Feder, "Comparison of Uninsured and Privately Insured Hospital Patients: Condition on Admission, Resource Use, and Outcome," *Journal of the American Medical Association* 265 (1991): 374-379.
19. P. Franks, C.M. Clancy, and M.P. Gold, "Health Insurance and Mortality: Evidence from a National Cohort," *Journal of the American Medical Association* 270 (1993): 737-741.
20. J.Z. Ayanian et al., "The Relation between Health Insurance Coverage and Clinical Outcomes among Women with Breast Cancer," *The New England Journal of Medicine* 329 (1993): 326-331.