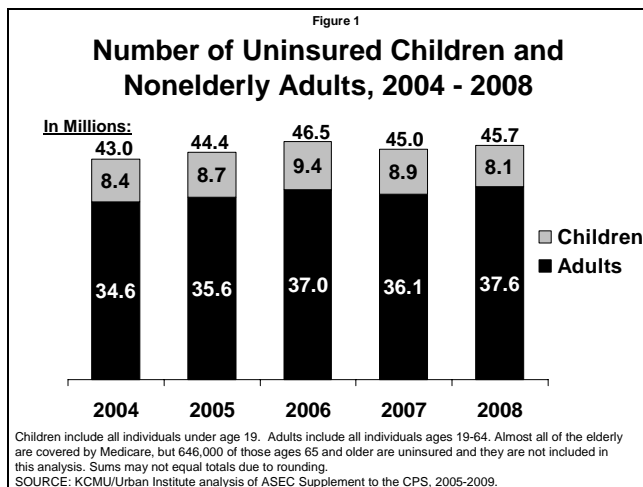


## THE UNINSURED AND THE DIFFERENCE HEALTH INSURANCE MAKES

About two million people lost their employer-sponsored insurance in 2008. While public insurance has buffered the impact of those losses, Medicaid and the Children's Health Insurance Program (CHIP) do not reach all of those who cannot afford insurance. The gaps in our private-public system left 46 million nonelderly people uninsured in 2008 (Fig. 1).

The share of adults who are uninsured, particularly lower-income adults, has been rising because fewer have access to private coverage and they are less likely than children to qualify for public coverage. More than one in six individuals under age 65 (17%) was uninsured in 2008, which puts their health and financial security at risk.



### WHAT EXPLAINS RECENT TRENDS IN INSURANCE COVERAGE?

The full impact of the recession has not yet been felt, but increases in unemployment have already added to what has been a steady decline in employer-sponsored coverage since 2000. The percent of individuals under age 65 with employer-sponsored coverage is now 60%. The recession is also making it difficult for some workers to find a job with insurance coverage or to afford the coverage that is offered. The percentage of firms offering coverage dropped from 69% in 2000 to 60% in 2009, which was in part due to rising premiums. In 2009, the annual total cost for family coverage purchased through an employer was \$13,375, more than double the cost in 2000.

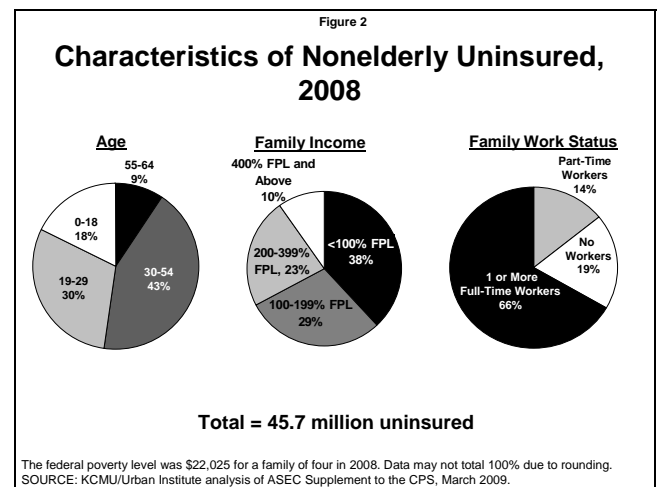
Medicaid and CHIP have been crucial to preventing steeper declines in insurance coverage. These programs now cover 15% of the population under age 65 and have been key to lowering the uninsured rate for children. As the recession continues, more Americans' incomes will decline, making them eligible for Medicaid and CHIP. In the American Recovery and Reinvestment Act, the federal government is temporarily providing additional Medicaid funding to help states pay for this influx of new enrollees.

### WHO ARE THE UNINSURED?

The majority of the uninsured are in working families. Two-thirds of the uninsured have at least one full-time worker in their family and 14% have only part-time workers (Fig. 2). About 80% of the uninsured are U.S. citizens. Uninsured non-citizens include legal permanent residents with green cards, refugees and undocumented immigrants.

Uninsured workers are more likely to have low-wage or blue-collar jobs and to work for small firms or in service industries. More than half (61%) of uninsured workers have no education beyond high school, making it difficult for them to get jobs that are more likely to provide benefits.

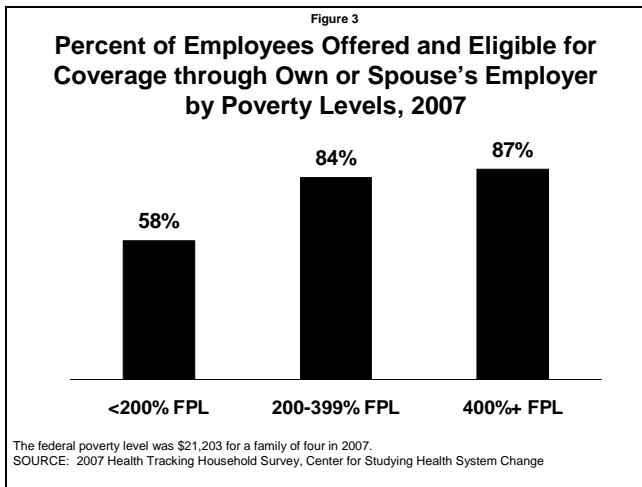
Those with low incomes make up a disproportionately large share of the uninsured. More than two-thirds of the uninsured have family incomes below 200% of the poverty level (\$44,050 a year for a family of four). Only 10% of the uninsured have family incomes above 400% of poverty.



Aside from the elderly, who are almost all covered by Medicare, the uninsured span all ages. Adults age 30 and over comprise more than half (52%) of the uninsured. About 30% are younger adults (age 19 to 29), who are beginning their careers and often have low incomes or are in jobs that are less likely to provide health benefits. Despite efforts to broaden public coverage for children, 18% of the uninsured are under age 19.

### WHY ARE SO MANY AMERICANS UNINSURED?

Most Americans obtain health insurance through their employers; however, not all workers have access to employer-sponsored coverage. Low-income workers—those at greatest risk of being uninsured—are much less likely to be offered job-based coverage and are less able to afford their share of the premiums (Fig. 3). When lower income workers are offered coverage, the majority still choose to participate in their employer's insurance plan.

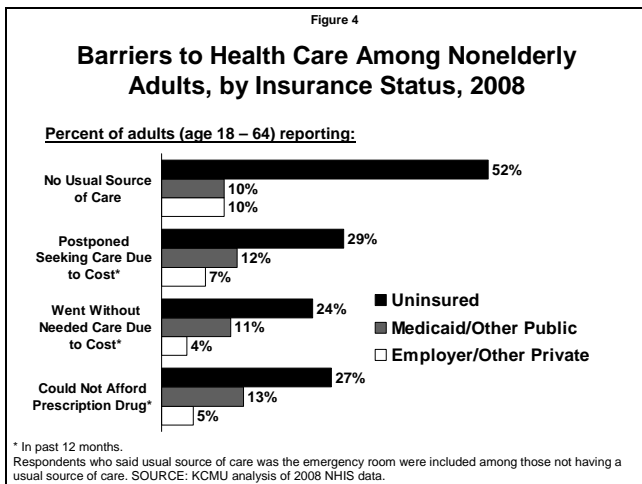


Medicaid covers many low-income children, but coverage for adults is more limited. Parent income eligibility levels are set much lower than those of children, who also have access to coverage through CHIP. Unless severely disabled, even the poorest adults are generally ineligible if they do not have children. Some of those who are eligible for Medicaid are unaware that they qualify for the program and others face hurdles when they apply for coverage.

The likelihood of being uninsured varies by state because of differences in types of employment, average incomes, and public insurance programs' eligibility levels. Uninsured rates vary more than four-fold across states (ranging from 6% in Massachusetts to 28% in Texas), with states in the South and West having some of the highest uninsured rates.

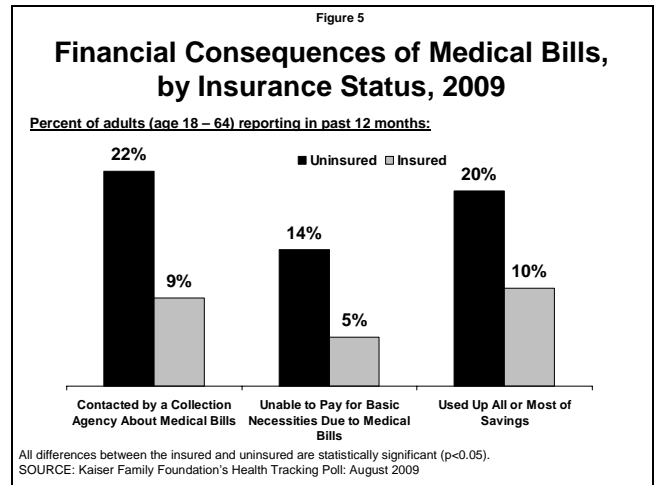
**WHAT DIFFERENCE DOES HEALTH INSURANCE MAKE?**

Health insurance affects access to health care as well as a person's financial well-being. Over 50% of uninsured adults have no regular source of health care. Worried about high medical bills, they are more than twice as likely to delay or forgo needed care as the insured (Fig. 4). The safety net of community clinics and public hospitals are unable to fully substitute for the broader access to health care that insurance provides.



Delaying or forgoing needed care can lead to serious health problems, making the uninsured more likely to be hospitalized for avoidable conditions. Overall, the uninsured are also less likely to receive preventive care, and consequently uninsured cancer patients are diagnosed later and die earlier compared to those with insurance.

Cost barriers to health care have been growing in the past decade, even among insured adults. But the uninsured have lost the most ground and it impacts their health and leaves them vulnerable to high medical bills. The uninsured are almost three times more likely than the insured to be unable to pay for basic necessities because of their medical bills (Fig. 5). Medical bills forced 20% of uninsured adults to use up all or most of their savings in 2009.



**OUTLOOK FOR THE UNINSURED**

As the recession continues, more Americans are at risk of losing their health insurance. Under current eligibility rules, public coverage will not fully offset losses in private coverage because some newly uninsured individuals will not be eligible for Medicaid. States will also continue to struggle to pay for Medicaid as their revenues decline during the recession. While additional federal funding has helped support state Medicaid programs, that additional funding is set to expire at the end of 2010.

As states and individuals grapple with the impact of the recession, Washington is debating plans to expand health insurance coverage as part of wider health reform. These reforms would increase access to public coverage while also enabling more individuals to purchase private insurance through a government-regulated exchange. Massachusetts has served as a model for many of these reforms and has dramatically lowered its uninsured rate through a mix of public coverage and subsidized private insurance. The adequacy of subsidies for uninsured individuals not eligible for public coverage will help determine whether health reform provides them with access to affordable health insurance that allows them to receive needed care.

This publication (#1420-11) is available on the Kaiser Family Foundation's website at [www.kff.org](http://www.kff.org).