

September 2008

### **Five Basic Facts on the Uninsured**

About 45 million people in the U.S. lack health insurance and enabling more people to gain coverage has become a focus of policy efforts at the state and national levels. This brief provides basic facts that explain why so many people lack coverage and how being uninsured affects their health and financial security.

#### **Most of the 45 million uninsured are in working families and do not have access to employer-sponsored insurance.**

Approximately eight in ten of the uninsured live in families with at least one worker. Uninsured workers typically do not have employer sponsored insurance offered through their jobs and cannot access it through a family member.

#### **More than eight in ten of the uninsured are in low- or moderate-income families.**

About two-thirds of the uninsured have incomes below 200% of the federal poverty level (about \$42,400 for a family of four in 2007). Only one in ten of the uninsured are above 400% of poverty. Since the average annual cost of employer-sponsored family coverage in 2007 was \$12,106, those with lower incomes can only afford coverage if they receive sizable employer contributions.

#### **Most low- and moderate-income uninsured adults are not eligible for Medicaid.**

Medicaid coverage is primarily available to low-income children, parents, pregnant women, people with disabilities, and the elderly. Most non-disabled adults under age 65 who do not have dependent children are not eligible for Medicaid regardless of their income.

#### **The uninsured suffer from negative health consequences due to their lack of access to necessary medical care.**

About one-quarter of uninsured adults go without needed care due to cost each year. The uninsured are less likely than those with insurance to receive preventive care and services for major health conditions. Lack of access to timely care causes more than 20,000 uninsured adults to die prematurely each year.<sup>1</sup>

#### **Medical bills are a burden for the uninsured and frequently leave them with debt.**

The uninsured often face unaffordable medical bills when they do seek care. The uninsured pay for more than one-third of their care out-of-pocket and are often charged higher amounts for their care than the insured pay. These bills can quickly translate into unaffordable levels of medical debt since most of the uninsured have low or moderate incomes and have little, if any, savings.

**1) Most of the 45 million uninsured are in working families and do not have access to employer-sponsored insurance.**

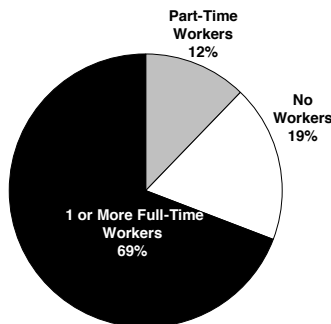
More than eight in ten of the uninsured in the U.S. come from working families (Figure 1). Most uninsured workers are self-employed or work for small firms where health benefits are much less likely to be offered.<sup>2</sup> Almost three-quarters of uninsured employees in 2005 were not offered employer-sponsored insurance, either through their own employer or that of a family member.<sup>3</sup>

Key Details:

- Workers usually enroll in employer-sponsored health insurance if they are eligible. Since the average annual cost of employer-sponsored family coverage in 2007 was \$12,106, lower income workers cannot afford these plans without sizable contributions from their employers.<sup>4</sup>
- Fewer firms are offering coverage and the percent of people with employer-sponsored insurance has declined over the past several years. Recent declines in employers offering coverage have had the greatest impact on low-income employees.<sup>5</sup>
- The uninsured realize that health insurance is important but cannot find affordable coverage. In a recent government survey, only 1.5% of adults said that they are uninsured because they do not need coverage.<sup>6</sup>
- About three-quarters of the uninsured are uninsured for more than one year.<sup>7</sup> The uninsured often remain without coverage because they do not have access to employer-sponsored insurance.

Figure 1

**Nonelderly Uninsured by Family Work Status, 2007**



**Total = 45.0 million uninsured**

SOURCE: KCMU/Urban Institute analysis of March 2008 CPS.

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**2) More than eight in ten of the uninsured are in low- or moderate-income families.**

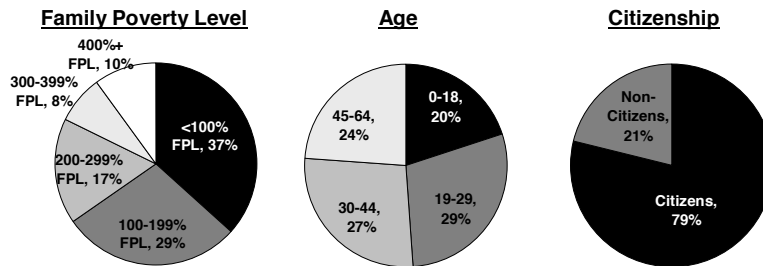
About two-thirds of the uninsured are low-income, meaning their family income is less than 200% of the poverty level (about \$42,400 a year for a family of four or \$21,200 a year for a single person in 2007). Moderate income families, those from 200-299% of poverty, comprise 17% of the uninsured (Figure 2).

Key Details:

- Aside from the elderly, who are almost all covered by Medicare, the uninsured span the age spectrum. Young adults age 19-29 comprise 29% of the uninsured and they have the highest uninsured rate (30%) of any age group. Young adults' low incomes leave them more likely to be uninsured than older adults. Most uninsured young adults (58%) live in families with incomes below \$20,000 a year.<sup>8</sup>
- It can be difficult for uninsured adults to gain jobs with better pay or benefits since they have much lower levels of education than those with private insurance. Uninsured adults are about twice as likely as privately insured adults to have no education beyond high school (63% vs. 32%).<sup>9</sup>
- About eight in ten of the uninsured (79%) are American citizens. However, non-citizens have high uninsured rates due to their employment in low-wage jobs that are less likely to offer health insurance.

Figure 2

**Nonelderly Uninsured by Poverty Level, Age and Citizenship, 2007**



**Total = 45.0 million uninsured**

The federal poverty level was \$21,203 for a family of four in 2007. SOURCE: KCMU/Urban Institute analysis of March 2008 CPS.

### 3) Most low- and moderate-income uninsured adults are not eligible for Medicaid.

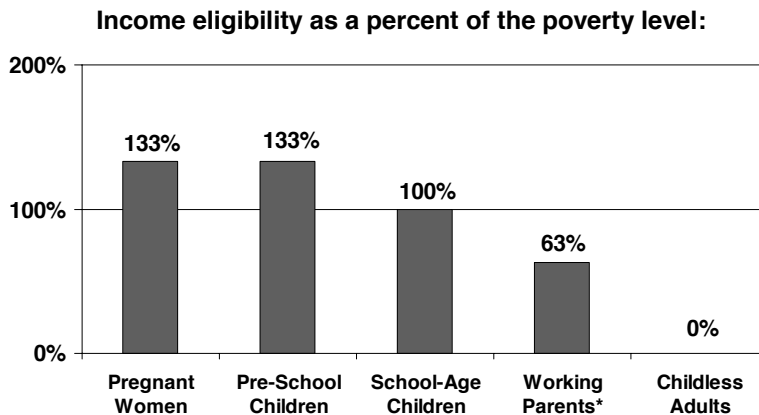
Medicaid coverage is primarily available to low-income children, parents, pregnant women, people with disabilities, and the elderly. Federal rules limit states' ability to use Medicaid to cover non-disabled adults under age 65 who do not have dependent children. These rules leave most adults who are not parents ineligible for public coverage even if they have incomes below the poverty level (Figure 3).

#### Key Details:

- Children are much less likely to be uninsured than nonelderly adults (11% vs. 20%), which is largely due to wider eligibility for public coverage for children through Medicaid and the State Children's Health Insurance Program (SCHIP).<sup>10</sup>
- Some states have expanded Medicaid coverage beyond federal minimums and made more of their low-income population eligible for the program. At the same time, other states have left most low-income individuals ineligible for public coverage.
- Confusion over who qualifies for Medicaid or SCHIP and an enrollment process that can be difficult to navigate have left one-quarter of the uninsured without coverage despite being eligible for these programs.<sup>11</sup> Many states have tried to streamline eligibility and increase awareness of Medicaid and SCHIP to prevent those who are eligible from remaining uninsured, but federal rules and state budget constraints have limited these efforts.<sup>12</sup>
- Federal restrictions on immigrant eligibility for Medicaid and SCHIP leave many low-income immigrants uninsured. Federal law generally bars undocumented and recent legal immigrants from receiving Medicaid and SCHIP coverage.

Figure 3

### Minimum Medicaid Eligibility Levels, 2008



\* National median Medicaid income eligibility level for working parents in 2008.

**4) The uninsured suffer from negative health consequences due to their lack of access to necessary medical care.**

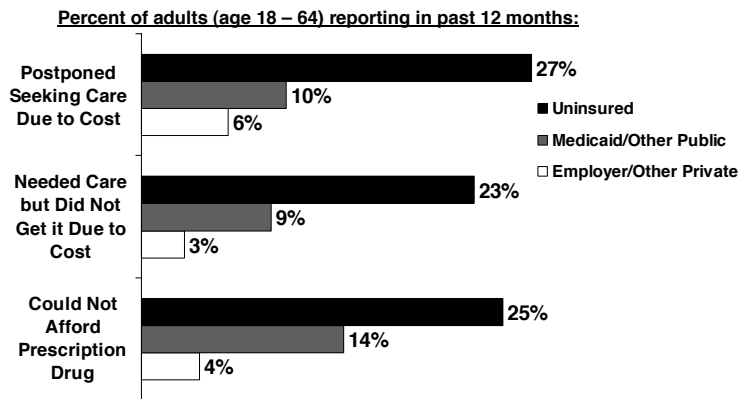
About one-quarter (23%) of uninsured adults go without needed care each year due to cost (Figure 4). Studies repeatedly demonstrate that the uninsured are less likely than those with insurance to receive preventive care and services for major health conditions, including traumatic injuries, heart attacks, and chronic diseases -- and many suffer serious consequences.<sup>13</sup> An estimated 22,000 adults between the age of 25 and 64 die prematurely each year from not having access to care because they are uninsured.<sup>14</sup>

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. 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.<sup>15</sup>
- The uninsured receive less preventive care and recommended screenings than the insured. Adults who have been uninsured for more than one year are three to four times more likely to have not received recommended breast cancer screenings or to have had their blood pressure checked.<sup>16</sup>
- Receiving needed care is especially important for the uninsured since they are not as healthy as those with private coverage. Uninsured adults are less likely to receive follow-up care after a chronic condition is diagnosed and as a result are more likely to have their health decline.<sup>17</sup> Over the past ten years, it has become more difficult for uninsured adults with a chronic condition to access care.<sup>18</sup>

Figure 4

**Barriers to Health Care Among Nonelderly Adults, by Insurance Status, 2007**



SOURCE: KCMU analysis of 2007 NHIS data.

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**5) Medical bills are a burden for the uninsured and frequently leave them with debt.**

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.

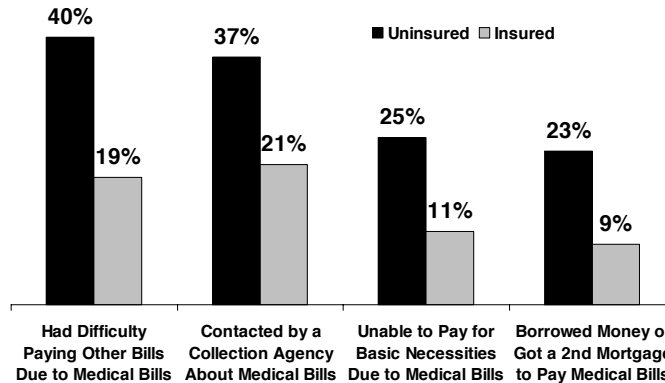
Key Details:

- The uninsured pay for more than one-third (35%) of their care out-of-pocket.<sup>19</sup> They are typically billed for any care they receive, often paying higher charges than the insured.<sup>20</sup>
- About one-quarter of uninsured adults (23%) report that they have borrowed money to pay their medical bills, a rate that is more than twice as high as the insured (Figure 5).<sup>21</sup> These debts can be particularly burdensome for the uninsured since the average uninsured household has no net assets.<sup>22</sup>
- Without sufficient income or assets to pay their medical bills, uninsured individuals often see their debts accumulate and their credit ratings compromised. More than one-third (37%) of uninsured adults have been contacted by a collection agency about their medical debts in the past five years, compared to 21% of insured adults.

Figure 5

**Financial Consequences of Medical Bills, by Insurance Status, 2008**

Percent of adults (age 18 – 64) reporting in past 5 years:



SOURCE: Kaiser Family Foundation, 2008 "Economic Problems Facing Families," (#7773 April).

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## Conclusion

Most of the uninsured have low incomes and are in working families. Low- and moderate-income uninsured adults are typically not eligible for Medicaid coverage. They are also often unable to afford insurance on their own, and so are left without options if their employer does not offer affordable coverage. The uninsured are typically unprotected from the costs of medical care and often incur medical debts to pay for the care they receive. Going without coverage can also have serious health consequences for the uninsured. They receive less preventive care and less treatment for serious illnesses than the insured. More than 20,000 adults die each year from lack of care because they are uninsured.<sup>23</sup> With about 45 million people in the U.S. lacking coverage and their access to care declining, there is added urgency for policy makers to address the needs of this population.

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- <sup>1</sup> S. Dorn, 2008 “Uninsured and Dying Because of It: Updating the Institute of Medicine Analysis on the Impact of Uninsurance on Mortality,” Urban Institute, Available at: <http://www.urban.org/publications/411588.html>
- <sup>2</sup> Kaiser Commission on Medicaid and the Uninsured/Urban Institute analysis of the March 2008 CPS. Kaiser Family Foundation and Health Research and Educational Trust, 2007, “Employer Health Benefits 2007 Annual Survey,” Available at: <http://www.kff.org/insurance/7672>
- <sup>3</sup> L. Clemans-Cope, B. Garrett, and C. Hoffman, 2006, “Changes in Employees Health Insurance Coverage, 2001-2005,” Kaiser Commission on Medicaid and the Uninsured (#7570 October) Available at: <http://www.kff.org/uninsured/7570.cfm>
- <sup>4</sup> Kaiser Family Foundation and Health Research and Educational Trust, 2007, “Employer Health Benefits 2007 Annual Survey.”
- <sup>5</sup> L. Clemans-Cope, B. Garrett, and C. Hoffman, 2006.
- <sup>6</sup> KCMU analysis of 2007 National Health Interview Survey data. Analysis of question “Which of these are reasons {person} stopped being covered or does not have health insurance...no need for it/chooses not to have.”
- <sup>7</sup> 73% of those uninsured at the time of their interview had been uninsured for more than one year. National Center for Health Statistics, CDC, 2008, *Summary of Health Statistics for the U.S. Population: National Health Interview Survey, 2006*.
- <sup>8</sup> KCMU/Urban Institute analysis of March 2008 CPS data. More information on uninsured young adults is in the following report: K. Schwartz and T. Schwartz, 2008 "Uninsured Young Adults: A Profile and Overview of Coverage Options," KCMU (#7785 June) Available at: <http://www.kff.org/uninsured/7785.cfm>
- <sup>9</sup> KCMU/Urban Institute analysis of March 2008 CPS data.
- <sup>10</sup> KCMU/Urban Institute analysis of March 2008 CPS data.
- <sup>11</sup> J. Holahan, A. Cook, and L. Dubay, 2007 "Characteristics of the Uninsured: Who is Eligible for Public Coverage and Who Needs Help Affording Coverage?" KCMU (#7613 October) Available at: <http://www.kff.org/uninsured/7613.cfm>
- <sup>12</sup> D.C. Ross, A. Horn, and C. Marks, 2008 “Health Coverage for Children and Families in Medicaid and SCHIP: State Efforts Face New Hurdles,” KCMU (#7740 January).
- <sup>13</sup> J. Ayanian et al., 2000, “Unmet Health Needs of Uninsured Adults in the United States,” *JAMA* 284(16):2061-9. R. Roetzheim et al, 2000, “Effects of Health Insurance and Race on Colorectal Cancer Treatments and Outcomes,” *American Journal of Public Health* 90(11):1746-54. J. Hadley, 2007, “Insurance Coverage, Medical Care Use, and Short-term Health Changes Following an Unintentional Injury or the Onset of a Chronic Condition,” *JAMA* 297(10):1073-84. Canto J et al., 2000, “Payer Status and the Utilization of Hospital Resources in Acute Myocardial Infarction,” *Archives of Internal Medicine*, 160(6):817-23.
- <sup>14</sup> S. Dorn, 2008.
- <sup>15</sup> B. Asplin, et al, 2005, “Insurance Status and Access to Urgent Ambulatory Care Follow-up Appointments,” *JAMA* 294(10):1248-54.
- <sup>16</sup> J. Ayanian et al, 2000.
- <sup>17</sup> J. Hadley, 2007.
- <sup>18</sup> C. Hoffman and K. Schwartz, 2008 "Eroding Access among Nonelderly Adults with Chronic Conditions: Ten Years of Change," *Health Affairs* 27(5) w340 (published online 22 July 2008).
- <sup>19</sup> 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).
- <sup>20</sup> G. Anderson, 2007, “From ‘Soak The Rich’ To ‘Soak The Poor’: Recent Trends In Hospital Pricing.” *Health Affairs* 26(4): 780-789.
- <sup>21</sup> Kaiser Family Foundation, 2008 "Economic Problems Facing Families," (#7773 April) Available at: <http://www.kff.org/kaiserpolls/7773.cfm>
- <sup>22</sup> P. Jacobs and G. Claxton, "Comparing the Assets of Uninsured Households to Cost Sharing Under High Deductible Health Plans," *Health Affairs* 27(3):w214 (published online 15 April 2008).
- <sup>23</sup> S. Dorn, 2008.



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**Medicaid and the Uninsured**

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