

The Uninsured In America

A Vimo Research Group™ Brief

Expert, independent and objective health care industry analysis

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Introduction

The percentage of the U.S. population without insurance rose from 15.3 percent in 2005 to 15.8 percent in 2006. The blame was placed on a drop in the percentage of residents covered by employment-based health insurance: from 60.2 percent in 2005 to 59.7 percent in 2006.

On August 28, 2007, the U.S. Census Bureau revealed new figures on the number of Americans living without health insurance. The news was, for the most part, not good. In 2006, while the poverty rate decreased and real median household income grew, America's uninsured population increased by 2.2 million - from 44.8 million in 2005 to 47 million in 2006. (1) The percentage of the U.S. population without insurance rose from 15.3 percent in 2005 to 15.8 percent in 2006. The blame was placed on a drop in the percentage of residents covered by employment-based health insurance: from 60.2 percent in 2005 to 59.7 percent in 2006.

The Census Bureau also found that:

- The percentage of people covered by government health programs also decreased to 27 percent in 2006, down from 27.3 percent in 2005.
- The number of uninsured children 18 and under grew from 8 million in 2005 to 8.7 million in 2006 (increasing the uninsured rate among this group from 10.9 to 11.7 percent)
- During the same period that the uninsured rate grew, real median household income increased .7 percent, from \$47,845 in 2005 to \$48,201 in 2006 - the second consecutive year that it increased. (1)

According to the Henry J. Kaiser Family Foundation, the drop in employer coverage was not compensated by a corresponding change in Medicaid or SCHIP coverage, especially among middle-income families. The average per-employee annual premium for family coverage reached \$12,106, nearly twice what it was in 2000. As a result, many employers dropped dependents from coverage - or dropped coverage altogether. (2)

The steepest increase in the uninsured rate was among children.

The steepest increase in the uninsured rate was among middle-class children.

"Nearly half (48 percent) of the increase in the number of uninsured children was in families between 200% and 399% FPL (about \$40,000 to \$80,000 for a family of four in 2006). Most children in this income group are not eligible for public coverage."

Children in the lowest income brackets were better able to offset the loss of employer-sponsored coverage with increases in Medicaid and SCHIP. "Employer-sponsored coverage fell at all income levels, not just among lower-income children who are likely to be eligible for Medicaid and SCHIP. Employer-sponsored coverage also fell among adults, who are not likely to be eligible for public coverage, as well as children." (3)

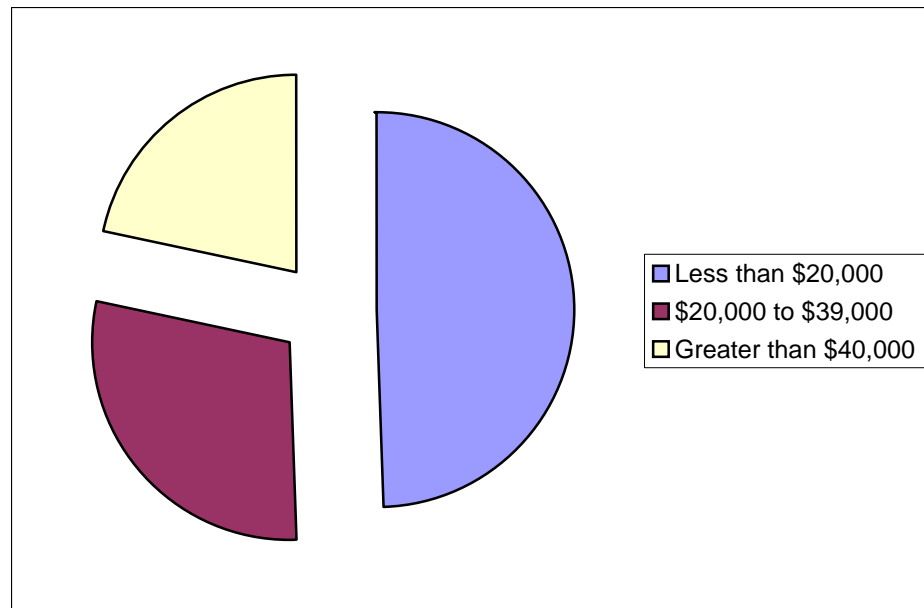
Who Are the Uninsured?

Many uninsured families make more than \$40,000 a year. And many qualify for state insurance benefits but don't use them.

The "stereotypical" uninsured person may be someone who is between jobs, has a part-time job or is unemployed. This person can't afford individual insurance and is still turned away from government assistance. In fact, a significant percentage of the uninsured are in families with a fulltime worker. Many uninsured families make more than \$40,000 a year. And many qualify for state insurance benefits but don't use them.

The Kaiser Foundation's report "Health Insurance Coverage in America" shows the breakdown of this population in 2005. Among the population of this study, the uninsured rate as a whole appears higher than the Census data because the focus is only on the non-elderly. While 61.4 percent of the non-elderly population that year enjoyed employer-sponsored coverage, the remaining 38.6 percent did not. Of that 38.6 percent, only 5.4 percent purchased their own insurance, while 13.5 percent benefited from Medicaid, and 2.4 percent received coverage from other sources. The remaining 17.2 percent of the non-elderly population went without insurance.

Figure 1: Portion of the Uninsured with Incomes of ...



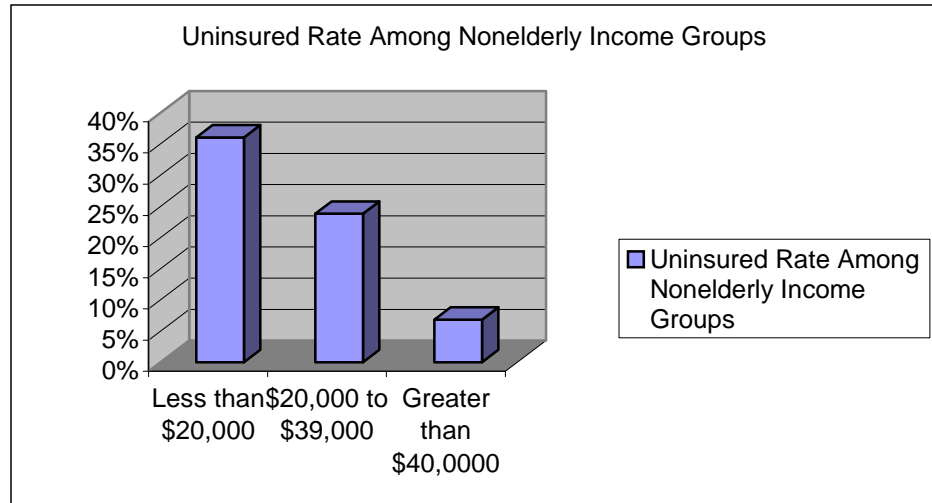
Source: Kaiser Commission on Medicaid and the Uninsured. May 2007.

Among non-elderly, non-U.S. citizens in the country for less than five years, the uninsured rate was at a dramatically high 50.9 percent.

The Kaiser study found that about half of the non-elderly uninsured have incomes less than \$20,000. 21.8 percent of uninsured non-elderly Americans have incomes greater than \$40,000 and 28.7 percent have incomes between \$20,000 and \$39,999. (See Figure 1)

Not surprisingly, the uninsured rate is dramatically higher for families with an income of less than \$40,000 a year. While only 6.8 percent of the \$40,000+ a year non-elderly population goes without insurance, families that make between \$20-39,999 are uninsured 23.8 percent of the time, and families that make less than \$20,000 are uninsured 36 percent of the time. (See Figure 2).

Figure 2: Non-elderly Uninsured Rates and Salaries



Source: Kaiser Commission on Medicaid and the Uninsured. May 2007.

Figures on Family Sizes and Citizen Status

Two-parent families are uninsured 12.1 percent of the time, while 18.9 percent of single-parent families are uninsured. Families with two full-time workers had a dramatically lower uninsured rate: 7.7 percent of this group is uninsured compared to 18.4 percent of families with only one full-time worker.

Among non-elderly, native U.S. citizens, the uninsured rate stood at 14.5 percent, while among naturalized citizens it stood at 20.9 percent. Among non-elderly, non-U.S. citizens in the country for less than five years, the uninsured rate was at 50.9 percent.

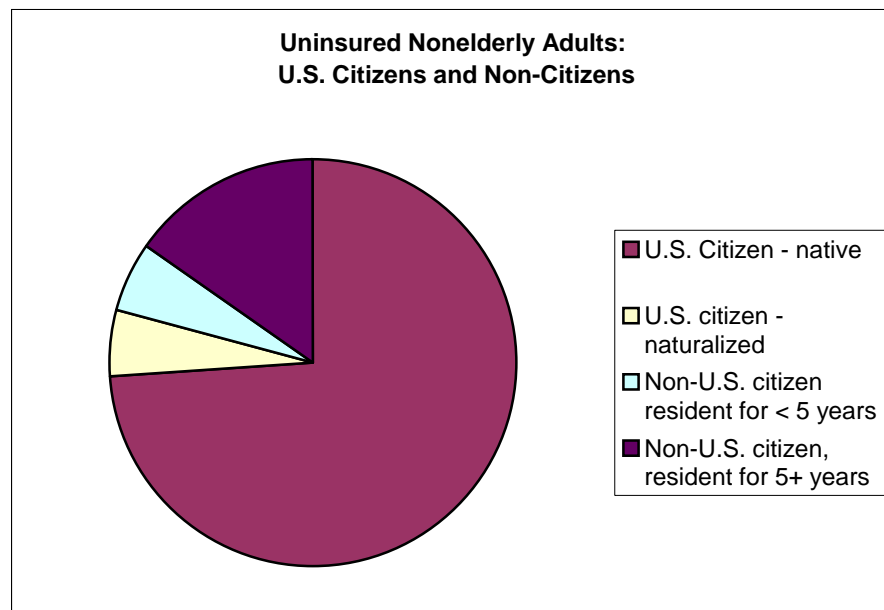
When one looks at the non-elderly, uninsured population as a whole, some surprising statistics emerge:

11 million of the uninsured are eligible for government-sponsored insurance, but not enrolled.

- 21.8 percent of the uninsured are in households that earn \$40,000 +
- Most of the uninsured are employed: 57.2 percent of the uninsured are in families with one fulltime worker. 12.5 percent are in families with 2 fulltime workers
- 74 percent are U.S. citizens
- 90 percent are in health that can be considered excellent or good (4)

These statistics belie a stereotype of the typical uninsured person as unemployed or unable to qualify for insurance because of pre-existing health conditions. A separate Kaiser study finds that 11 million of the uninsured are eligible for government-sponsored insurance, but not enrolled. "The eligible uninsured population is largely composed of low-income children and parents who would benefit from increased outreach for Medicaid and SCHIP and the adoption of family-friendly enrollment and renewal procedures." (5)

Figure 3: Most of the Uninsured Are Native U.S. Citizens



Source: Kaiser Commission on Medicaid and the Uninsured. May 2007.

Affordable Health Insurance

The average \$12,106 spent on average per year on families in group plans is an unaffordable amount for a family with an income of \$40,000 a year. But that \$12,106 price tag is much higher than the rates available on the individual and family insurance market. Affordable health insurance is available to individuals and families that seek it out.

Figures from 2004 show that a family health plan purchased by an individual is significantly less expensive than a plan purchased by an employer. Using data collected from member companies, America's Health Insurance Plans (AHIP) in 2004 reported average premiums of \$4,424 for family coverage purchased by an individual, compared to \$9,950 for family coverage purchased in a group plan. (6) Despite the differences in price, more than 10 times as many Americans receive insurance from employers than purchase it themselves. (7)

Of 710,000 children added to the ranks of the uninsured in 2006, 68.7 percent were in families 200 percent above the federal poverty level or higher.

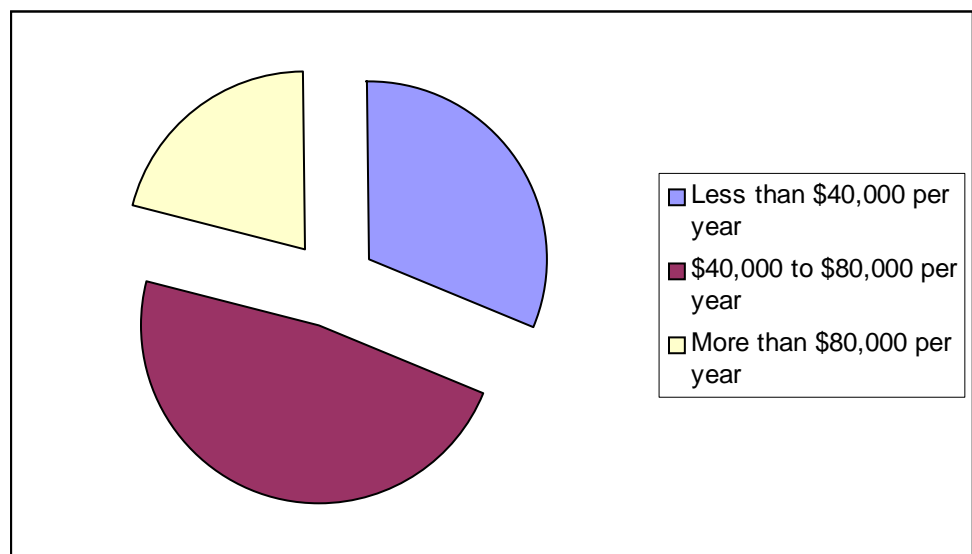
Based on the Census data, the National Center for Policy Analysis (NCPA) estimates that a sizeable portion of the uninsured population earns \$50,000 a year or more or qualifies for state benefits. "In theory ... about 32 million people, or 68 percent of the uninsured, could easily obtain coverage but have chosen to forgo insurance. That means that about 94 percent of United States residents either have health coverage or access to it. The remaining 6 percent live in households that earn less than \$50,000 annually. This group does not qualify for Medicaid and (arguably) earns too little to easily afford expensive family plans costing more than \$12,000 per year." (8)

In a study earlier this year, Kaiser reported that 74 percent of uninsured children estimated are eligible for Medicaid or SCHIP. "These 6 million eligible but unenrolled children are the target population for Medicaid and SCHIP outreach and enrollment activities. Because most live in working families, awareness of and experience with government programs may be limited." (9)

Of 710,000 children added to the ranks of the uninsured in 2006, 68.7 percent were in families 200 percent above the federal poverty level or higher. If one broke that out into incomes, and for the purposes of discussion assumed each

family had four members, that would be an income of roughly \$40,000 or higher. Surprisingly, 21.2 percent would be in families that earned roughly \$80,000 or more. (10)

Figure 4:
Federal Poverty Level Distribution of Newly
Uninsured Children, 2005-2006:
Family Income (Assuming Four-Member Families)



Source: Kaiser Commission on Medicaid and the Uninsured. September 2007.

Based on family's placement in Federal Poverty Level Index, and assumes a family consists of four members.

Discussion

With health care expenditures already blamed for half of the bankruptcies in the United States (11), the rising uninsured rate should concern every American. A retreat by small business away from providing coverage to employees reduced the percentage of businesses that offer health benefits from 69% in 2000 to 60% today. (12)

But while much of the public discussion has focused on a lack of *access* to health insurance, statistics indicate that for a sizeable number of Americans -- even, possibly, a majority of the uninsured -- access to affordable private or free state-sponsored health insurance may not be the problem. Something else is preventing these Americans from obtaining insurance.

One issue may be convenience. Kaiser recommends streamlining the process for parents that have the opportunity to enroll 6 million eligible but un-enrolled children in SCHIP. "Streamlined and convenient enrollment procedures are essential to enable parents to sign their children up for coverage without missing work." (13) Given the 50.9 percent uninsured rate among non-elderly, non-citizens in the country less than five years, it's also conceivable that language is a factor.

With more Americans now responsible for paying for their own coverage, tax incentives could also help. While money spent on insurance for an employee by an employer is not taxed as income, money spent by a wage earner on his own insurance is still taxed as income. Legislation has been proposed that would make it a tax write-off. (14)

Defining 'Uninsured'

The U.S. Census Department determines whether an American resident is uninsured by asking separate questions about each of the major types of health insurance. Only individuals that answer "no" to each of the coverage questions are asked to verify that they were not covered by any type of health insurance. The types of plans considered as health insurance by the Department include:

Private Insurance:

- Employer-sponsored plans
- Union-sponsored plans
- Plans purchased by an individual

Government Insurance:

- Federal programs like Medicare, Medicaid and military health care
- State Children's Health Insurance Program (SCHIP)
- Individual state health plans

People were "uninsured" if they were not covered by any of these types of plans for part or all of the previous year.

Source: U.S. Census Bureau: Income, Poverty and Health Insurance Coverage in the United States: 2006

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Appendix I: State Rankings

State Rankings:
Uninsured Rates Among Non-elderly Residents
Highest to Lowest by U.S. State

U.S. State	Uninsured %
Texas	26.5
Florida	23.4
New Mexico	22.9
Oklahoma	21.6
Arizona	20.7
California	20.4
Nevada	19.9
Montana	19.6
Arkansas	19.5
West Virginia	19.4
Georgia	19.3
Louisiana	19.2
Mississippi	19
South Carolina	18.3
Alaska	18.2
Oregon	18.2
Colorado	17.8
North Carolina	17.1
Idaho	16.2
Utah	16
New Jersey	15.8
Wyoming	15.5
Tennessee	15.4
Alabama	15.3
Indiana	15.2
Illinois	15

Maryland	15
Kentucky	14.8
Virginia	14.6
Deleware	14.5
New York	14.5
Washington	14.5
D.C.	14.1
Missouri	13.4
South Dakota	13.2
Connecticut	12.5
Ohio	12.5
Vermont	12.5
Rhode Island	12.3
North Dakota	12.2
Michigan	12.1
Pennsylvania	12
Kansas	11.9
Nebraska	11.9
Massachusetts	11.5
New Hamp.	11.2
Maine	11.1
Wisconsin	11.1
Hawaii	9.9
Iowa	9.9
Minnesota	9.2

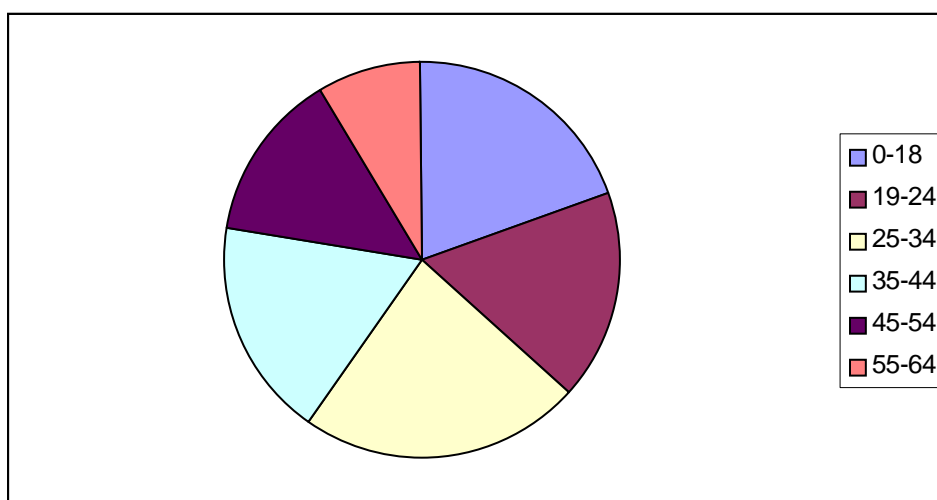
Appendix II: The Uninsured 'Pie'

Pie charts breaking down the non-elderly uninsured into segments show the largest groups that make up the uninsured are American residents ages 25-34, white, and with family incomes of less than \$20,000 a year. (See Figure 1 in the main body for income figures among the total non-elderly uninsured population.)

Among uninsured children, who make up the second largest uninsured group (19.7%), the percentages of uninsured by family income more or less mirrors the pie chart for adults, with children in families earning less \$20,000 a year making up the largest slice of the pie. But note that more than half of uninsured children come from families with incomes of \$20,000 or more. Among the general non-elderly population, half of the uninsured are in families that make less than \$20,000 (see Figure 1 again.)

The Total Uninsured 'Pie':

Percentages of Non-elderly Uninsured Population by Age

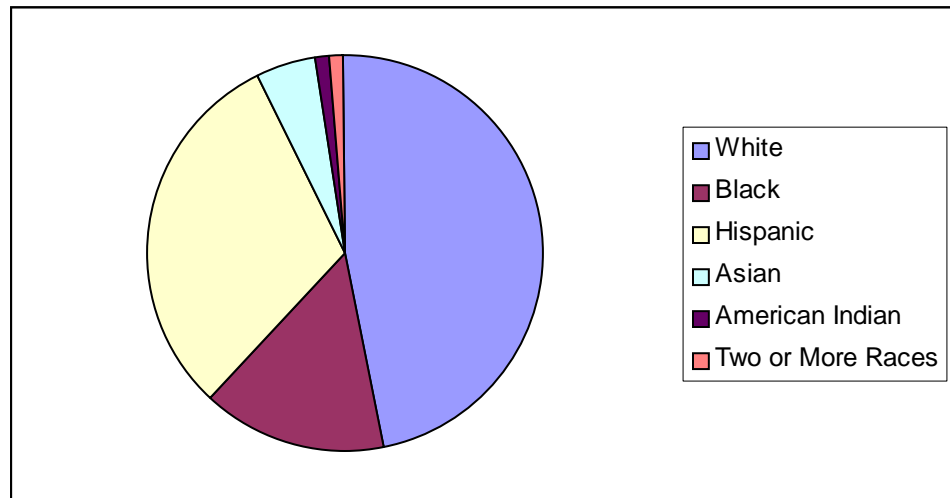


Ages	% of Non-Elderly Uninsured
0-18	19.7
19-24	16.9
25-34	22.9
35-44	17.8
45-54	14
55-64	8.6
Total:	100% of Uninsured Non-Elderly Population Uninsured Non-Elderly in 2005: 44.4 million

Source: Kaiser Commission on Medicaid and the Uninsured. May 2007.

The Total Uninsured 'Pie':

Percentages of Non-elderly Uninsured Population by Ethnicity

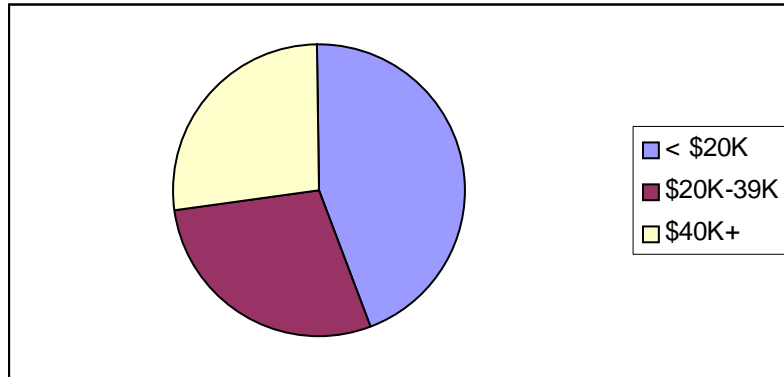


Ethnicity	% of Non-Elderly Uninsured
White	46.7
Black	14.9
Hispanic	31.2
Asian	4.9
American Indian	1.1
Two or More Races	1.2
Total:	100% of Uninsured Non-Elderly Population
	Uninsured Non-Elderly in 2005: 44.4 million

Source: Kaiser Commission on Medicaid and the Uninsured. May 2007.

The Total Uninsured 'Pie':

Percentages of Uninsured Children by Family Income



Family Income	% of Uninsured Children
< \$20K	44.10%
\$20K-39K	28.40%
\$40K+	27.50%
Total:	100% of Uninsured Children

Uninsured Rate for Children in 2005: 11.2%

Total Number of Uninsured Children in 2005: 8.7 million

Source: Kaiser Commission on Medicaid and the Uninsured. May 2007.

About Vimo

Vimo is the nation's first integrated comparison-shopping portal for health care products and services. On January 24, 2006 we launched a website that allows businesses and consumers to research, rate and purchase health insurance plans and Health Savings Accounts (HSAs), and choose doctors from across the country. Vimo brings together a variety of private and public data sources so that shoppers can find a physician and compare hospital prices for medical procedures. Vimo users can read and post reviews about any of the services or products available.