

September 2010

### Five Facts About the Uninsured

The number of uninsured rose sharply in 2009, reaching 50 million people.\* Decreasing the number of uninsured is a key goal of the 2010 Patient Protection and Affordable Care Act, which will provide Medicaid or subsidized coverage to qualifying individuals with incomes up to 400% of poverty. This brief provides basic facts that explain why so many people lack coverage and the effects of being uninsured.

#### 1) Most of the nation's 50 million uninsured are low- or moderate-income.

Individuals below poverty are at the highest risk of being uninsured, and this group comprises 40% of all the uninsured (the poverty level for a family of four was \$22,050 in 2009). In total, nine in ten of the uninsured are in low- or moderate-income families, meaning they are below 400% of poverty. Since the average annual cost of employer-sponsored family coverage in 2010 is \$13,770, many cannot afford the premiums without sizable employer contributions.

#### 2) More than three-quarters of the uninsured are in a working family.

Uninsured workers typically are not offered employer-sponsored insurance and cannot access it through family. Additionally, the rise in unemployment during the current recession has put many people's employer-sponsored coverage at risk. Workers who are offered employer-sponsored coverage have seen their share of premiums rise.

#### 3) Medicaid fills a key gap by preventing more people from becoming uninsured.

In 2009, the number of people with Medicaid increased and helped to offset declines in private coverage. However, the program's structure has limited its ability to cover very low-income adults who do not fit into one of its eligibility categories. Despite these limits, Medicaid has been able to play a crucial role in maintaining coverage during the recession, partly because of a temporary increase in federal funding to states.

#### 4) About one-quarter of uninsured adults go without needed care due to cost.

The uninsured suffer from negative health consequences due to their lack of access to necessary medical care. They are less likely than those with insurance to receive preventive care and services for major health conditions—which leads to more serious health problems for many.

#### 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. When they receive 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.

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\* This analysis focuses on people under age 65 because almost all of the elderly are covered by Medicare. However 676,000 of those aged 65 and over are uninsured, bring the total uninsured to 50.7 million.

## 1) Most of the nation's 50 million uninsured are low- or moderate-income.

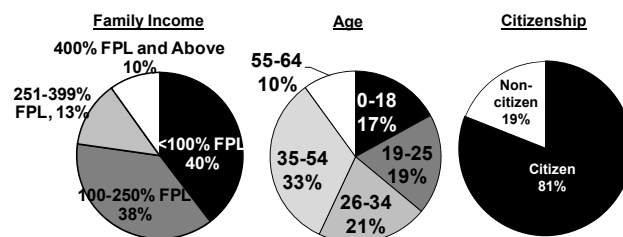
Individuals below poverty are at the highest risk of being uninsured, and this group comprises 40% of all the uninsured (the poverty level for a family of four was \$22,050 in 2009). In total, nine in ten of the uninsured are in low- or moderate-income families, meaning they are below 400% of poverty. The new health reform law targets these individuals through broader Medicaid eligibility and private coverage subsidies for eligible individuals with incomes up to 400% of poverty.

### Key Details:

- Aside from the elderly, who are almost all covered by Medicare, the uninsured span the age spectrum (Figure 1). However, children are the least likely to be uninsured because they are more likely to qualify for public coverage through Medicaid or the Children's Health Insurance Program. Young adults have the highest uninsured rate; starting in September 2010, the health reform law will let young adults stay on their parent's private health insurance until they are 26.
- It can be difficult for uninsured adults to gain jobs with better pay or benefits because they tend to 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 (61% vs. 31%).<sup>1</sup>
- About eight in ten of the uninsured are U.S. citizens and 19% are non-citizens. Non-citizens include legal permanent residents with green cards, refugees, and undocumented immigrants. Undocumented immigrants will remain ineligible for federally funded health coverage under the health reform law.
- Uninsured rates vary by state and by region, with individuals living in the South and West being the most likely to be uninsured.
- About three-quarters of the uninsured are uninsured for more than one year.<sup>2</sup> The uninsured often remain without coverage because they do not have access to employer-sponsored insurance. The recession may increase the number of long-term uninsured as more individuals are unemployed for long periods of time.

Figure 1

### Characteristics of Nonelderly Uninsured, 2009



Total = 50.0 million uninsured

The HHS federal poverty guideline was \$22,050 for a family of four in 2009. Data may not total 100% due to rounding.  
SOURCE: KCMU/Urban Institute analysis of the 2010 ASEC Supplement to the CPS.

## 2) More than three-quarters of the uninsured are in a working family.

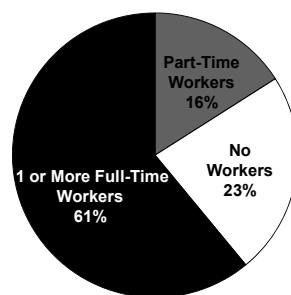
Some 77% of the 50 million uninsured in the U.S. come from working families (Figure 2). Most uninsured workers are self-employed or work for small firms where health benefits are less likely to be offered.<sup>3</sup> Almost three-quarters of uninsured employees in 2005 were not offered employer-sponsored insurance, either through their own employer or that of a family member—and the share is likely to be higher today given the recession and the continued growth in the cost of health premiums.<sup>4</sup>

### Key Details:

- The recent recession has contributed to significant declines in employer-sponsored coverage. A high unemployment rate and increases in the number of individuals living below poverty put employer-sponsored coverage out of reach for many individuals. A temporary subsidy for unemployed individuals continuing their previous employer-sponsored coverage through COBRA expired on May 31, 2010. Without this subsidy, it will be even more difficult for the newly unemployed to remain insured.
- Workers usually enroll in employer-sponsored health insurance if they are eligible.<sup>5</sup> However, it has become increasingly difficult for many workers to afford coverage. The average annual total cost of employer-sponsored family coverage is \$13,770 in 2010, and the share of the premium paid by workers increased to 30% this year. Since 2005, workers' share of premiums has gone up 47%, while overall premiums rose 27% and wages increased 18%.<sup>6</sup>
- The uninsured realize that health insurance is important but often cannot find affordable coverage. In a recent government survey, 72% of adults said that one of the reasons they are uninsured is because the cost is too high or they lost their job, compared to 2% who said they are uninsured because they do not need coverage.<sup>7</sup>

Figure 2

### Nonelderly Uninsured by Family Work Status, 2009



Total = 50.0 million uninsured

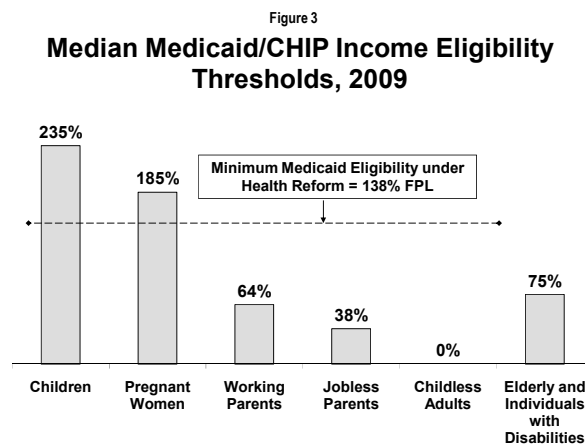
SOURCE: KCMU/Urban Institute analysis of 2010 ASEC Supplement to the CPS.

### 3) Medicaid fills a key gap by preventing more people from becoming uninsured.

Medicaid has been key to preventing more people from being uninsured, and the share of people covered by the program increased significantly during the recession. However, Medicaid is typically only available to low-income children, parents, pregnant women, people with disabilities, and the elderly who meet strict income criteria. Adults without dependent children in most states are ineligible regardless of income (Figure 3). The new health reform law will expand Medicaid to all of the lowest income Americans in 2014.<sup>8</sup>

#### Key Details:

- In 2009, an increase in Medicaid coverage helped to offset declines in private insurance that were caused by the recession. Medicaid's role in covering children was particularly important. While children lost private coverage in 2009, the increase in Medicaid prevented more children from becoming uninsured.
- Confusion over who qualifies for Medicaid or the Children's Health Insurance Program (CHIP) and an enrollment process that can be cumbersome leave one-quarter of the uninsured without coverage despite eligibility for these programs.<sup>8</sup>
- The new health reform law will effectively extend Medicaid to nearly all of the non-elderly at or below 138% of poverty (\$30,429 for a family of four in 2009) in 2014.<sup>9</sup> This new universal minimum coverage level will be coupled with changes in the health reform law that will help streamline Medicaid's enrollment process.
- Federal restrictions on immigrant eligibility prohibit Medicaid and CHIP coverage for low-income immigrants, including legal immigrants who have been in the U.S. for less than five years and many remain uninsured. However, in 2009, states were given the option of extending Medicaid coverage to legal immigrant children and pregnant women who previously would have been subject to the five-year ban. Federal law bars undocumented immigrants from receiving Medicaid and CHIP coverage.<sup>10</sup> These Medicaid eligibility rules will continue under the new health reform law.

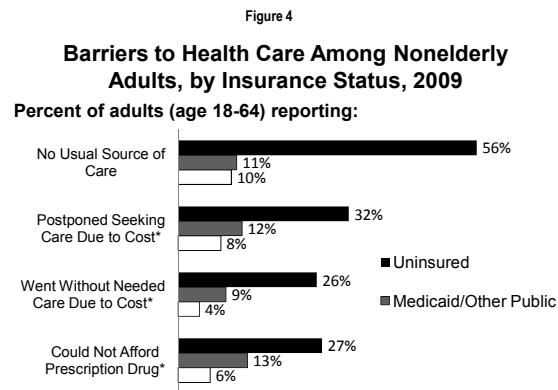


#### 4) About one-quarter of uninsured adults go without needed care due to cost.

About one-quarter (26%) 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>11</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>12</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 not had their blood pressure checked.<sup>13</sup>
- Receiving needed care is especially important for the uninsured since they are generally 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>14</sup>
- The new health reform law will strengthen coverage for preventive care and aims to improve health care coordination, which will help the uninsured gain access to needed services once they become insured.



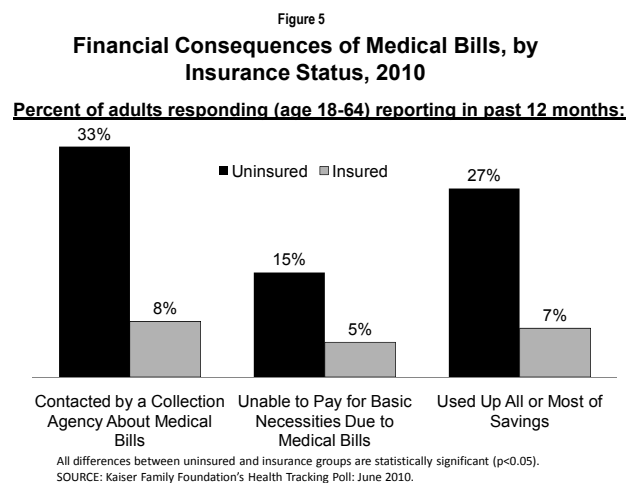
\*In past 12 months.  
Respondents who said usual source of care was the emergency room were included among those not having a usual source of care.  
All differences between uninsured and insurance groups are statistically significant (p<0.05).  
SOURCE: KCMU analysis of 2009 NHIS data.

## 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:

- Uninsured individuals pay for more than one-third (35%) of their care out-of-pocket.<sup>15</sup> They are typically billed for any care they receive, often paying higher charges than the insured.<sup>16</sup>
- Medical bills can put great strain on the uninsured and threaten their physical and financial well-being. The uninsured are three times as likely (15% versus 5%) as those with health insurance coverage to be unable to pay for basic necessities due to medical bills (Figure 5). Additionally, 27% of the uninsured report having used up all or most of their savings because of medical bills.
- The uninsured live with the knowledge that they may not be able to afford to pay for their family's medical care, which can cause anxiety and potentially lead them to delay or forgo care. Almost two-thirds (63%) of the uninsured are not confident that they can pay for their family's usual medical costs, compared to 23% of the insured.<sup>17</sup>
- The average uninsured household has no net assets.<sup>18</sup> Without sufficient income or assets to pay their medical bills, uninsured individuals often see their debts accumulate while their credit ratings are compromised. One-third of uninsured adults have been contacted by a collection agency about their medical bills in the past twelve months, compared to 8% of insured adults.
- Those who gain coverage under health reform will benefit from provisions in the law that expand the scope of coverage and protect against excessive out-of-pocket costs.



## **Policy Implications**

Fifty million people were uninsured in 2009, an increase of 4.3 million over the previous year. The ongoing recession contributed to both an increase in the uninsured rate and a decline in the percent of people with private insurance. The recent rise in the uninsured would have been worse were it not for increases in the number of individuals covered by Medicaid and CHIP.

Going without coverage can have serious health consequences for the uninsured because they receive less preventive care, and delayed care often results in more serious illness requiring advanced treatment. The major coverage provisions in the new health reform law take effect in 2014 and are designed to decrease the number of uninsured by expanding eligibility for Medicaid while also providing subsidies for private coverage. However, most uninsured children are currently eligible for Medicaid or CHIP and do not need to wait until 2014 to gain coverage. The expanded availability of public and private coverage in the new health reform law is intended to decrease the number of individuals who face the access and financial challenges that come with being uninsured.

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- <sup>1</sup> KCMU/Urban Institute analysis of 2010 ASEC Supplement to the CPS.
- <sup>2</sup> 75% of those uninsured at the time of their interview had been uninsured for more than one year. National Center for Health Statistics, CDC, 2009, *Summary of Health Statistics for the U.S. Population: National Health Interview Survey, 2008*.
- <sup>3</sup> Kaiser Commission on Medicaid and the Uninsured/Urban Institute analysis of the 2010 ASEC Supplement to the CPS.
- <sup>4</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>5</sup> P. Cunningham, S. Artiga and K. Schwartz, 2008 "The Fraying Link Between Work and Health Insurance: Trends in Employer-Sponsored Insurance for Employees, 2000-2007." (#7840 November).
- <sup>6</sup> Kaiser Family Foundation and Health Research and Educational Trust, 2010, "Employer Health Benefits 2010 Annual Survey."
- <sup>7</sup> KCMU analysis of 2009 National Health Interview Survey data. Analysis of question "Which of these are reasons {person} stopped being covered or does not have health insurance...cost is too high...lost job or changed employers...no need for it/chooses not to have."
- <sup>8</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>9</sup> The Patient Protection and Affordable Care Act extends Medicaid eligibility to 133% of poverty, but a special income deduction equal to five percentage points of the poverty level effectively raises the eligibility level to 138% of poverty.
- <sup>10</sup> Kaiser Family Foundation, 2009 "Immigrants' Health Coverage and Health Reform: Key Questions and Answers," (#7982 September).
- <sup>11</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>12</sup> B. Asplin, et al, 2005, "Insurance Status and Access to Urgent Ambulatory Care Follow-up Appointments," *JAMA* 294(10):1248-54.
- <sup>13</sup> J. Ayanian et al, 2000.
- <sup>14</sup> J. Hadley, 2007.
- <sup>15</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>16</sup> G. Anderson, 2007, "From 'Soak The Rich' To 'Soak The Poor': Recent Trends In Hospital Pricing." *Health Affairs* 26(4): 780-789.
- <sup>17</sup> Analysis of Kaiser Health Tracking Poll: May 2010. Data analyzed for adults 18-64.
- <sup>18</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).





THE KAISER COMMISSION ON  
**Medicaid and the Uninsured**

**The Henry J. Kaiser Family Foundation**

Headquarters  
2400 Sand Hill Road  
Menlo Park, CA 94025  
(650) 854-9400 Fax: (650) 854-4800

**Washington Offices and  
Barbara Jordan Conference Center**  
1330 G Street, NW,  
Washington, DC 20005  
(202) 347-5270 Fax: (202) 347-5274

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