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## What to Watch for in Next Week's Census Data on Poverty, Income, and Health Insurance in 2022

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On September 12 the Census Bureau will release nationwide figures for poverty, income, and health insurance coverage in 2022 from its Current Population Survey (CPS). Additional health insurance data from the American Community Survey (ACS) will follow September 14. Here are two things to look for:

- Poverty may have risen by historic amounts, driven by the expiration of pandemic relief including, notably, the expanded Child Tax Credit. This rise will be seen in the more comprehensive of the government's two poverty measures.
- A smaller share of people than ever may have lacked health insurance in 2022 — but figures will not reflect the coverage loss underway in 2023 due to the expiration of pandemic-era Medicaid coverage safeguards.<sup>1</sup>

### Historic Poverty Increases Driven by Expiration of Pandemic Relief

The Supplemental Poverty Measure (SPM), both for children and overall, may rise by the largest amount on record in a single year, with historical data back to 2009 from Census, and back to 1967 in data from researchers at Columbia University. The single-year poverty increase will be the largest on record if the SPM poverty rate rises by 1.4 percentage points or more, and 2.2 percentage points or more for children under 18.<sup>2</sup>

Analysts usually favor the SPM for gauging the poverty-reducing impacts of government programs because, unlike the official (cash-only) poverty measure, the SPM includes the effects on

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<sup>1</sup> Health insurance data are available back to 1987 in the CPS and 2008 in the ACS, though survey changes and pandemic-related data disruptions can complicate comparisons over time.

<sup>2</sup> Figures are for the federal government's traditional SPM, rather than the so-called "anchored" SPM, which uses 2021 thresholds adjusted for inflation. See Danilo Trisi, "Government's Pandemic Response Turned a Would-Be Poverty Surge Into a Record Poverty Decline," CBPP, August 29, 2023, Tables 1b and 3b in the supplemental data (Appendix II), <https://www.cbpp.org/research/poverty-and-inequality/governments-pandemic-response-turned-a-would-be-poverty-surge-into>.

family resources of government non-cash benefits (such as food and housing aid), taxes, and tax credits.

In 2021, the American Rescue Plan was responsible for the largest *decline* in children’s poverty on record, and overall poverty also reached a record low, in data back to 1967. A major portion of that record reduction was from the Rescue Plan’s Child Tax Credit expansions, which Census calculates lifted 2.1 million children (2.9 percent of all children) above the poverty line in 2021.<sup>3</sup> More relevant to 2022 — and a better guide to how many children might have been spared poverty in 2022 if Congress had preserved the larger credit — is the number of children the expansion lifted above the poverty line in 2021 *excluding families’ stimulus payments* (which were not available in 2022); we calculate that to be 3.1 million children, or 4.2 percent of all children.<sup>4</sup>

The sharp *rises* in poverty that are likely in 2022 will chiefly reflect the expiration of the Rescue Plan’s Child Tax Credit expansion as well as the law’s stimulus payments.<sup>5</sup> The expanded Child Tax Credit’s expiration means that an estimated 19 million children — 1 in 4 — do not receive the full \$2,000 credit because their families’ incomes are considered too low. This includes roughly 46 percent of Black children, 39 percent of American Indian and Alaska Native children, 37 percent of Latino children, 17 percent of white children, and 15 percent of Asian children.

Like last year’s poverty numbers, this year’s will underscore that the number of children living in poverty is a policy choice. Keeping children out of poverty is particularly consequential, many studies find.<sup>6</sup> Research shows that children who receive more government assistance tend to perform better in school and experience lasting gains in adult health and earnings. President Biden has made clear that expanding the Child Tax Credit to reduce child poverty is a top Administration priority, and signs of bipartisan interest [have recently emerged](#).<sup>7</sup>

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<sup>2</sup> Census will also publish an estimate of the poverty-reducing impact of the refundable Child Tax Credit; this estimate, however, will not be strictly comparable with the 2021 figure due to differences stemming from which portions of the Child Tax Credit that IRS considered refundable.

<sup>4</sup> Chuck Marr *et al.*, “Policymakers Should Expand Child Tax Credit in Year-End Legislation to Fight Child Poverty,” CBPP, updated October 20, 2022, <https://www.cbpp.org/research/federal-tax/policymakers-should-expand-child-tax-credit-in-year-end-legislation-to-fight>.

<sup>5</sup> Besides the Rescue Plan’s \$1,400 stimulus payments and expansion in the Child Tax Credit, other temporary relief measures expiring in 2021 included a larger Earned Income Tax Credit for workers without children and federal expansions in the size, eligibility, and duration of unemployment insurance benefits. In 2022, supplemental SNAP benefits provided in response to the pandemic were in place in most states, but 17 states ended them during or prior to 2022; households in those states did not receive these benefits for some or all months of the year. By the end of 2021, only 8 states had ended these benefits.

<sup>6</sup> For the many benefits of providing government assistance to children, see Arloc Sherman and Tazra Mitchell, “Economic Security Programs Help Low-Income Children Succeed Over Long Term, Many Studies Find,” CBPP, July 17, 2017, <https://www.cbpp.org/research/poverty-and-inequality/economic-security-programs-help-low-income-children-succeed-over>; Martha J. Bailey *et al.*, “Is the Social Safety Net a Long-Term Investment? Large-Scale Evidence From the Food Stamps Program,” *Review of Economic Studies*, June 8, 2023, <https://academic.oup.com/restud/advance-article-abstract/doi/10.1093/restud/rdad063/7191876?redirectedFrom=PDF>; National Academies of Sciences, Engineering, and Medicine, “Consequences of Child Poverty, *A Roadmap to Reducing Child Poverty*, National Academies Press, 2019, <https://nap.nationalacademies.org/read/25246/chapter/5>.

<sup>7</sup> Laura Weiss, “Some Republicans crack open door to child tax credit compromise,” *Roll Call*, August 10, 2023, <https://rollcall.com/2023/08/10/some-republicans-crack-open-door-to-child-tax-credit-compromise/>.

More information about the expired Child Tax Credit expansion, including state-by-state estimates of the approximately 62 million children who received the credit's monthly advance payments in 2021, is available from the IRS.<sup>8</sup>

### **Improvements Likely in Other Measures Due to Strong Labor Market**

In contrast to the SPM, the government's traditional, cash-only, official poverty measure (OPM) will likely *decline* in response to unusually strong job growth. Household median income may rise as well.

- Expected improvements in the OPM will indicate that the labor market's strengths in 2022, including very low unemployment and very strong job growth, *outweighed inflation's effects in 2022* and raised inflation-adjusted incomes for families with lower incomes.
- An increase in Census' main measure of median household income would similarly indicate that gains in employment and earnings outpaced inflation for middle-income households.

The official poverty measure and Census' main measure of household income will consider only households' cash income before taxes — not tax credits, stimulus payments, or non-cash benefits — so they will not show the impact of expiring stimulus payments or tax credits.

### **Smaller Share of People Than Ever May Have Lacked Health Insurance in 2022, When Pandemic Protections Were Still in Effect**

An expected decline in the uninsured rate in 2022 is largely due to policies that prompted major gains in both Affordable Care Act (ACA) marketplace coverage and Medicaid coverage. Next week's figures will likely show that the 2022 uninsured rate was the lowest ever in the ACS, slated for September 14, and at or near a record low in the CPS, due on September 12.

Looking at results of the ACS in addition to the CPS release will provide more insight into the uninsured rate and its change over time. The ACS is larger than the CPS, making it the primary source of state-level estimates. The ACS also has maintained a more consistent methodology for health insurance data in recent years, facilitating analysis of trends before and after the ACA's major provisions took effect in 2014.

- The ACS's uninsured rate will set a new record at anything lower than 8.6 percent, a record first achieved in 2016 and reached again in 2021.
- In the CPS, the uninsured rate was 8.3 percent in 2021, above its record low of 7.9 percent in 2017.<sup>9</sup>

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<sup>8</sup> IRS, "SOI Tax Stats – Advance Child Tax Credit Payments in 2021," <https://www.irs.gov/statistics/soi-tax-stats-advance-child-tax-credit-payments-in-2021>. For state-by-state estimates see <https://www.irs.gov/pub/irs-soi/21in02actc.xls>.

<sup>9</sup> Comparisons of CPS health insurance estimates to years before 2018 are complicated due to an update to the survey's processing system. However, Census created a "bridge" file that allows 2017 estimates to be compared to subsequent years, and a "research" file that enables 2016 to be compared to subsequent years. According to the bridge and research files, the uninsured rate was at a record low of 7.9 percent in both 2016 and 2017. Looking at these figures together with

- In preliminary data already released from the smaller National Health Interview Survey (NHIS), the uninsured rate fell to 8.4 percent in 2022, down substantially from 9.2 percent in 2021 and well below its previous record low of 9.0 percent in 2016.<sup>10</sup>

Note that the uninsured rates across surveys are not comparable due to differences in the definition of uninsured, in the way questions are asked and answers processed, and in survey methods. However, they typically move in the same direction.

The improved uninsured rates provide lessons for policies needed to secure future gains. The Rescue Plan’s enhanced premium tax credits, currently set to expire after 2025, made marketplace coverage more affordable. Also boosting marketplace coverage were expanded enrollment periods and unprecedented investments in the federally funded Navigator program to increase outreach and enrollment assistance.

Finally, the Medicaid continuous coverage requirement safeguarded people’s Medicaid coverage during the pandemic.<sup>11</sup> That requirement paused the coverage renewal process for three years, during which states were prohibited from terminating most Medicaid enrollees’ coverage and enrollees did not have to navigate often-complicated eligibility reviews. The pandemic period demonstrates the importance of supporting future policies to make it as easy as possible for eligible people to maintain coverage over time, including by streamlining enrollment processes and reducing paperwork hurdles wherever possible.

- Average monthly marketplace enrollment reached a record 13.5 million in 2022, up from 11.7 million in 2021 and 10.3 million in 2020. (This upward trend is continuing: in February 2023 enrollment reached 15.7 million.)<sup>12</sup>
- Average monthly Medicaid and Children’s Health Insurance Program enrollment increased from 83.8 million in 2021, already a record high, to 89.9 million in 2022. (By December 2022, enrollment reached 92.6 million.)<sup>13</sup>

### **Medicaid Coverage Losses Already Underway Due to Continuous Coverage “Unwinding”**

Even as coverage likely hit a high point in 2022, it is also likely that the uninsured rate has increased since the spring of 2023 and will continue to do so well into 2024.

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earlier data suggests that the 2022 uninsured rate will tie the lowest on record (in data back to 1987, adjusting for the updated processing system) if it equals 7.9 percent and will be the lowest on record if it falls to 7.8 percent or lower.

<sup>10</sup> Centers for Disease Control and Prevention, “Health Insurance Coverage: Estimates from the National Health Interview Survey,” <https://www.cdc.gov/nchs/nhis/healthinsurancecoverage.htm>.

<sup>11</sup> Caroline Hanson *et al.*, “Health Insurance For People Younger Than Age 65: Expiration of Temporary Policies Projected to Reshuffle Coverage, 2023-33,” *Health Affairs*, May 24, 2023, <https://health-policy.healthaffairs.org/hanson/june2023issue/aop>.

<sup>12</sup> Centers for Medicare & Medicaid Services, “Effectuated Enrollment: Early 2023 Snapshot and Full Year 2022 Average,” August 11, 2023, <https://www.cms.gov/files/document/early-2023-and-full-year-2022-effectuated-enrollment-report.pdf>.

<sup>13</sup> Centers for Medicare & Medicaid Services, Monthly Medicaid and CHIP Application, Eligibility Determination, and Enrollment Reports & Data, <https://www.medicaid.gov/medicaid/national-medicaid-chip-program-information/medicaid-chip-enrollment-data/monthly-medicaid-chip-application-eligibility-determination-and-enrollment-reports-data/index.html>.

In an “unwinding” process that started April 2023, the protection against coverage terminations has ended. States have up to one year to begin renewals for their entire caseloads and generally have 14 months to complete them, though some states are moving far more quickly and others will take longer as they pause redeterminations to address system issues. The Congressional Budget Office (CBO) projects that over the 18 months that follow April 2023, some 15.5 million people will ultimately lose Medicaid coverage and 6.2 million of them will become uninsured.<sup>14</sup> CBO’s projections include people who lose coverage because they are no longer eligible, as well as people who remain eligible but are disenrolled due to administrative requirements.

As of September 5, at least 5.7 million people have been disenrolled from Medicaid, based on data from 48 states and the District of Columbia.<sup>15</sup> CBO’s projected 2023-2024 percentage point increase in the uninsured rate for people under 65 could be among the largest on record.<sup>16</sup>

Projections of coverage loss during the unwinding are highly uncertain. How many people lose their health coverage and become uninsured will depend on how effectively states manage the process to avoid coverage loss for those still eligible for Medicaid and make it easier for those no longer eligible to enroll in other coverage.

To date, there are reasons for concern, with many states reporting high numbers of people losing coverage for procedural reasons — not because they are found ineligible. Some states are struggling with long call center wait times and process errors that are leading to high numbers of eligible children being disenrolled incorrectly.<sup>17</sup>

States can take steps to reduce procedural terminations, which could include pausing renewals while they fix their systems and processes, improving the use of data already available to the state to determine if people are eligible, and implementing strategies to reduce call center wait times and ensure timely and accurate application processing.<sup>18</sup> Looking ahead, states that have not yet done so could help promote coverage continuity in the future by, for example, seeking authority from the federal government to adopt one-year continuous eligibility for adults or continuous eligibility for children until age 6.

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<sup>14</sup> Hanson *et al.*, *op cit.*

<sup>15</sup> KFF, Medicaid Enrollment and Unwinding Tracker, September 5, 2023, <https://www.kff.org/medicaid/issue-brief/medicaid-enrollment-and-unwinding-tracker/>.

<sup>16</sup> The CBO forecasted annual increase over 2023-2024 is larger than any in the CPS since 2008-2009 and larger than any on record in the ACS and NHIS. A methodologically consistent series for the ACS uninsured rate measure is available back to 2009, and the NHIS is available back to 1997. Due to definitional differences, the surveys are not precisely comparable to CBO projections, so comparisons provide helpful context but are approximate. Census Bureau, Health Insurance Data Tables, <https://www.census.gov/topics/health/health-insurance/data/tables.html>. Centers for Disease Control and Prevention, National Health Interview Survey Early Release Program, <https://www.cdc.gov/nchs/nhis/releases.htm>. Congressional Budget Office, “How CBO Defines and Estimates Health Insurance Coverage for People Under Age 65,” May 15, 2018, <https://www.cbo.gov/publication/53822>.

<sup>17</sup> Centers for Medicare & Medicaid Services, Center for Medicaid & CHIP Services, Letter to State Medicaid Directors, August 30, 2023, <https://www.medicaid.gov/sites/default/files/2023-08/state-ltr-ensuring-renewal-compliance.pdf>.

<sup>18</sup> CBPP, “Unwinding Watch: Tracking Medicaid Coverage as Pandemic Protections End,” updated September 1, 2023, <https://www.cbpp.org/research/health/unwinding-watch-tracking-medicaid-coverage-as-pandemic-protections-end>.