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THE NUMBER OF UNINSURED AMERICANS CONTINUED TO RISE IN 2004

Data released today by the Census Bureau show that the number of uninsured Americans stood at 45.8 million in 2004, an increase of 800,000 people over the number uninsured in 2003 (45.0 million). The percentage of people without health insurance, 15.7 percent in 2004, was not significantly different from the 15.6 percent rate in 2003.

“The number of uninsured Americans was at an all-time high in 2004, while the percentage who lack health insurance coverage showed no improvement,” said Robert Greenstein, executive director of the Center on Budget and Policy Priorities. “These findings are disappointing, as they follow three years of successive deterioration in health insurance coverage. It is sobering that six million more people lacked health insurance in 2004 than in 2000. Once again, Medicaid and the State Children’s Health Insurance Program played a pivotal role in keeping the number of uninsured Americans from being even higher.”

Key Findings from the New Census Data

- The number of people without health insurance was 45.8 million in 2004, compared to 45.0 million in 2003 and 39.8 million in 2000 (see table below).
- The increase in the number of those without insurance was focused among working age adults. The percentage of working adults (18 to 64) who were uninsured climbed from 18.6 percent in 2003 to 19.0 percent in 2004 (an increase of over 750,000 people in 2004).
- The percentage of children (under 18) who are uninsured was 11.2 percent in 2004, not significantly different from the level in 2003 (11.4 percent). More detailed data suggest that Medicaid and SCHIP enrollment of children rose in

	Uninsured		Medicaid/ SCHIP	Job- Based Insurance
	Number (millions)	Percent	Percent	Percent
2004	45.8	15.7%	12.9%	59.8%
2003	45.0	15.6%	12.4%	60.4%
2002	43.6	15.2%	11.6%	61.3%
2001	41.2	14.6%	11.2%	62.6%
2000	39.8	14.2%	10.6%	63.6%

2004 and completely offset the reduction in private employment-based insurance for children, as it did in 2003.

- Lack of insurance was much more common among those with low incomes. Some 24.3 percent of people with incomes below \$25,000 were uninsured, almost triple the rate of 8.4 percent for people with incomes over \$75,000.
- African-Americans (19.7 percent uninsured) and Hispanics (32.7 percent) were much more likely to be uninsured than white, non-Hispanic people (11.3 percent).
- The percentage of native citizens who were uninsured rose in 2004, while the percentage of non-citizen immigrants who lacked coverage fell. Nonetheless, non-citizen immigrants (44.1 percent uninsured) were much more likely to be uninsured than native-born citizens (13.3 percent).
- Significant changes in the percentage of those who were uninsured occurred in a number of states. Comparing the 2003-4 period with the 2002-2003 period, the percentage of people who are uninsured increased significantly in eight states (Delaware, Florida, Massachusetts, Montana, New Hampshire, Oklahoma, South Carolina and Tennessee), while it declined significantly in Idaho, New York and Wyoming.
- In a majority of states, the percentage of residents who are uninsured was significantly higher in the 2003-2004 period than in 2000-2001. The 26 states in which uninsurance rose are: Colorado, Delaware, Florida, Indiana, Iowa, Maryland, Massachusetts, Michigan, Mississippi, Missouri, Montana, Nebraska, New Hampshire, New Jersey, North Carolina, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Virginia, West Virginia and Wisconsin. In one state, New York, the percent uninsured fell.¹

Changes in Employer-based Coverage

Private employment-based health insurance coverage fell again in 2004, for the fifth successive year. The share of Americans with job-based coverage stood at 59.8 percent in 2004, significantly less than the share in 2003 (60.4 percent) and in 2000 (63.6 percent). Over the years, the primary cause for the decline in job-based health insurance has been escalating health care costs, which has led some employers to stop offering coverage and many others to shift more costs to employees, making it more difficult for low- and moderate-income workers to afford insurance for themselves or their families. Growth in the cost of job-based health insurance premiums continued in 2004, although the rate of growth eased modestly, falling from 14 percent in 2003 to 11 percent in 2004.² While many have noted the difficulties that employers face in paying for health insurance coverage, it is noteworthy that corporate profits rose by 16 percent in 2004, while employment-based health insurance coverage fell.³

¹ Based on analyses of Current Population data by the Center on Budget and Policy Priorities.

² Kaiser Family Foundation and Health Research and Education Trust, *Employer Health Benefits 2004 Annual Survey*, Sept. 2004.

³ According to National Income and Product Accounts data from the Bureau of Economic Analysis, corporate profits rose from \$1.02 trillion in 2003 to \$1.19 trillion in 2004, in constant 2000 dollars.

In addition to reductions in the proportion of people with employment-sponsored insurance coverage, there are signs that private coverage is weakening for those who have coverage. A recent survey found that more than one-third of adults have problems paying medical bills and encounter related problems of access to care. These problems are most severe among the uninsured, but about one-third of those who have insurance also reported having difficulties. Those whose private insurance policies have high deductibles (e.g., greater than \$500 per year) or limited benefits (e.g., no prescription drug coverage) are more prone to serious problems with medical bills.⁴ Another survey found that the percentage of privately insured people who have problems paying medical bills has risen in recent years and that problems are particularly severe for low-income people with chronic health problems.⁵

Changes in Medicaid and SCHIP Coverage

Coverage under Medicaid and the State Children's Health Insurance Program (SCHIP) rose from 12.4 percent in 2003 to 12.9 percent in 2004. Among children under 18, the percentage covered by these programs rose from 26.4 percent in 2003 to 26.9 percent in 2004. These increases helped offset the reduction in private employer-sponsored insurance and kept the percentage of uninsured Americans, including children, from rising in 2004. Enrollment in these programs increased in response to the increase in poverty and the reduction in private insurance coverage. Census data also show that the number of people with incomes below the poverty line rose by 1.1 million in 2004 and the percentage who are poor rose from 12.5 percent in 2003 to 12.7 percent in 2004. Had Medicaid and SCHIP enrollment not grown during this period of need, the number of uninsured Americans would have been higher. Medicaid and SCHIP continue to fulfill their role of making insurance available to low-income children, parents, and elderly and disabled people who lack access to private health insurance and thereby to avert larger increases in the ranks of the uninsured.

Policy Issues

In September, Congress will develop budget reconciliation legislation to reduce funding for health entitlement programs by about \$10 billion over five years. Some of the changes that may be considered, such as reductions in how much Medicaid pays for prescription drugs or how much Medicare pays to managed care organizations, could save money without adversely affecting coverage for low-income beneficiaries. Other changes, however, such as increases in cost-sharing or the imposition of premiums in Medicaid, could lead to reductions in enrollment and thus to increases in the number of low-income individuals who are uninsured or could make it more difficult for beneficiaries to obtain certain services or medications they may need. The new Census data demonstrate the continuing importance of Medicaid as a health-insurance safety net program.

⁴ Michelle Doty, et al. "Seeing Red: Americans Being Driven Deeper in Debt by Medical Bills," Commonwealth Fund, Aug. 2005.

⁵ Ha Tu, "Rising Health Costs, Medical Debt and Chronic Conditions," Issue Brief No. 88, Center for Studying Health Systems Change, Sept. 2004.

In addition, a number of states, including Tennessee, Missouri, Florida and Ohio, recently approved major cuts in their Medicaid programs that are not reflected in the Census data for 2004, because these cuts were not yet in effect in 2004. Tennessee is terminating Medicaid coverage for about 200,000 to 300,000 people and Florida is cutting Medicaid coverage for about 75,000 low-income senior citizens and people with disabilities. The cuts in these two states will increase the number of uninsured people in those states, which were already worsening according to the new Census data. Missouri is eliminating Medicaid coverage for about 100,000 people, while Ohio is cutting coverage of about 25,000 low-income adults. A few other states, most notably Illinois, have approved initiatives to expand coverage, and a number of other states have reversed some of the cuts made during the economic downturn, but the net effect of recent state policy changes will be to reduce insurance coverage.