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THE CENSUS BUREAU'S UPCOMING REPORT ON HEALTH INSURANCE COVERAGE IN 2011: WHAT TO WATCH FOR

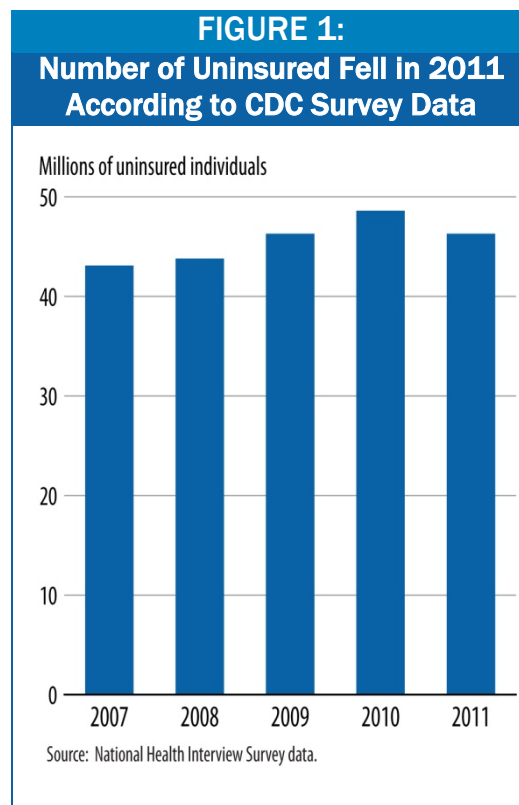
by Matt Broaddus

On September 12, the Census Bureau will release estimates of the number of Americans with and without health insurance coverage in 2011, based on its annual Current Population Survey. Other survey data and historical trends provide clues as to what the Census data are likely to show.

Preliminary data from the Centers for Disease Control and Prevention (CDC) indicate that in 2011, the number of uninsured Americans *fell* for the first time in four years. These data further suggest that federal policies were responsible for the gains in coverage. The largest increase in coverage, according to the CDC data, occurred among young adults, a group benefiting from an Affordable Care Act (ACA) provision allowing adult children up to age 26 to stay on their parents' private insurance plans. Children's coverage also held steady, due to continued enrollment gains in Medicaid and the Children's Health Insurance Program (CHIP), which were bolstered by a federal requirement that states maintain their eligibility rules and procedures for Medicaid and CHIP. In contrast, private health coverage among adults between 26 and 64 years old — a group for whom the major ACA coverage expansions are not yet in effect— continued to decline, marking the fourth consecutive year of a decline in the coverage rate for this group.

Number of Uninsured Fell Substantially but Remains Much Higher Than Before the Recent Recession

In June, the CDC released early estimates from its National Health Interview Survey (NHIS), a nationally representative sample that tends to track well with the more widely known Census Bureau data from the Current Population Survey (CPS). NHIS data indicate that the number of Americans without health insurance coverage declined in 2011 by 2.3 million people to 46.3 million uninsured Americans (see Figure 1).



The share of all people without health insurance coverage also dropped — by nearly 1 percentage point, from 16.0 percent in 2010 to 15.1 percent in 2011. This is the largest decline in a single year in the percentage of people without insurance since CDC began collecting these data in 1997. It reverses a three-year trend in the NHIS data from 2008 through 2010 in which both the *number* of uninsured Americans and the *percentage* of people without insurance increased each year.¹

The CDC data also show, however, that despite the improved coverage numbers, coverage levels remain below the levels prior to the Great Recession. In 2011, 3.2 million more Americans were uninsured than in 2007. The percentage of people without coverage also remains higher than in 2007, when 14.5 percent of the population was uninsured.

Health Reform Law Provision Expanded Coverage for Young Adults

According to the NHIS data, more Americans had health insurance in 2011, due primarily to a substantial increase in the share of young adults with private coverage. Among adults aged 19 through 25, some 56.2 percent had private insurance coverage in 2011 — 5.2 percentage points more than in 2010. Similarly, the percentage of adults aged 19-25 who lack insurance declined, by a full 6 percentage points — from 33.9 percent in 2010 to 27.9 percent in 2011 — as a result of the large increase in private coverage, as well as modest growth in public coverage enrollment in programs such as Medicaid and CHIP.

A provision of the ACA is likely the overwhelming contributor to the increased private health insurance coverage among young adults. Under the ACA, adult children can now obtain coverage through their parents' health insurance plans up to their 26th birthday. This provision marks an important shift from prior rules, under which young adults typically no longer could be covered by their parents' health plans once they turned 19 or graduated from college. This provision first took effect in September 2010, meaning that 2011 represented the first full year that the provision affected health insurance coverage rates. For a measure of that impact, consider that the share of people with private coverage *increased* by the aforementioned 5.2 percentage points among the young adults targeted by the ACA provision even as it *decreased* by 0.7 percentage points among those aged 26 through 35.

Private Coverage Erosion Remains a Concern

As just noted, although the ACA provision led to a significant increase in coverage among young adults, private health coverage for other adults continued to erode. The NHIS data show that while private insurance coverage rates for non-elderly adults *overall* remained stable for the first time since 2007, at 64.2 percent, this masked a continued deterioration of private coverage among those not affected by the ACA provision for young adults. Among people aged 26 through 64, the private coverage rate fell by 0.8 percentage points in 2011, according to the NHIS data, marking the fourth consecutive year of a decline in the private insurance coverage rate for this group. And, over the last

¹ All NHIS estimates and analysis cited in this brief are based on Robin Cohen and Michael Martinez, *Health Insurance Coverage: Early Release of Estimates From the National Health Interview Survey, 2011*, Centers for Disease Control and Prevention, June 2012.

10 years, the share of the non-elderly adult population with private coverage has fallen from 73.7 percent to 64.2 percent.

Various provisions of the ACA scheduled for implementation in 2014 are intended to stem the persistent erosion of private health insurance coverage. Major insurance-market reforms will be instituted in the private individual and small group markets, new health insurance exchanges will be established in states for individuals and small businesses, and the federal government will provide premiums and cost-sharing subsidies to low- and moderate-income individuals who purchase private insurance in these exchanges. In addition, the ACA is already providing tax credits to small employers that offer coverage; in 2014, small employers will continue to be eligible for tax credits if they offer coverage through the new exchanges. Firms of 50 or more employees will also be encouraged to offer coverage to their workers; they will be required to offer health insurance coverage or pay a penalty for not doing so, if their employees instead obtain subsidized exchange coverage. (Finally, Medicaid coverage will expand to cover more low-income working parents and other non-elderly adults in states that elect to institute that expansion.)

Public Programs Continue to Serve More During the Recession, Particularly Children

Medicaid and CHIP have remained an increasing source of coverage for children and adults, particularly during the recent recession and its aftermath. The percentage of children under age 18 with publicly funded health insurance coverage rose by 1.2 percentage points in 2011, to 41 percent. This growth was the sole reason that, despite the percentage of children with private coverage remaining unchanged, the overall percentage of children who were uninsured declined again, by 0.8 percentage points to 7.0 percent.

Since the CDC began collecting these data in 1997, the percentage of children who are uninsured has been cut in half, despite continued erosion in private insurance coverage. In the typical state, Medicaid and CHIP cover children in families with income up to 250 percent of the poverty line (roughly \$47,725 annually for a family of three). Federal policies — including the temporary increase in Medicaid funding for states through June 2011 (provided by the Recovery Act and a subsequent extension) as well as the Affordable Care Act's requirement that states maintain their Medicaid and CHIP eligibility levels and enrollment procedures — bolstered Medicaid and CHIP's ability to increase enrollment during the economic downturn.

Since 2007, the public coverage rate among non-elderly adults also has increased, but by a more modest 3.6 percentage points to 15.9 percent in 2011. Unlike for children, this growth has not been sufficient to offset a larger decline in private insurance coverage. As a result, the percentage of non-elderly adults who lack coverage has continued to rise. State Medicaid income eligibility limits for parents are far lower than those for children — the eligibility limit in the typical (or median) state is only 63 percent of the poverty line for working parents and 37 percent of the poverty line for unemployed parents. In addition, few states offer any Medicaid coverage to non-disabled adults without children. Through the ACA, states will be able — beginning in 2014 — to expand Medicaid at relatively little cost to themselves to adults with incomes up to 133 percent of the poverty line. This should result in substantial progress in covering adults, just as expansions in Medicaid and CHIP have done for children.