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## **Commentary: Health Coverage, Income, and Poverty All Improved Decisively in 2015, With Historic Gains in Some Areas**

By Robert Greenstein

For the first time since 1999, all three key indicators of well-being in the annual Census data moved decisively in the right direction in 2015. The number of uninsured Americans fell by 4 million from 2014 to 2015, on top of a drop of nearly 9 million the year before, with the uninsured rate falling to a historically low 9.1 percent. The typical household's income rose by 5.2 percent, or \$2,798, after adjusting for inflation, the largest increase on record with data back to 1967. The poverty rate dropped from 14.8 percent to 13.5 percent, tying the largest improvement since 1968. Moreover, data to date for 2016 indicate further progress so far this year.

The only other year since 1988 (the first year for which the Census data on health insurance are available) in which statistically significant progress occurred in all three areas — poverty, median income, and health insurance — was 1999, according to the Census Bureau's principal annual survey, the Current Population Survey. In several other years, median incomes rose and poverty fell but health coverage failed to improve — and in most of those years, health coverage eroded. Prior to health reform, even when income and poverty improved together, the ranks of the uninsured usually continued to expand.

### **Income Rebounding Toward Pre-Recession Levels**

The new Census data indicate that as the economy began to approach full employment, the recovery finally counteracted most of the income losses due to the Great Recession. Median household income rose by more than 4 percent in 2015 among non-Hispanic whites, Hispanics, and African Americans alike. (Asian households didn't experience a statistically significant change; the small sample size of such households in the survey makes it harder for detectable changes to occur.) All median income figures in this commentary are adjusted for inflation.

In fact, the median income of non-Hispanic white households in 2015 tied for the highest level on record; those households recaptured all of the ground they had lost due to recession. Their median income of \$62,950 in 2015 is not statistically distinguishable from the previous highs in 1999 (\$62,834), 2000 (\$62,790), and 2007 (\$62,781).

Among Hispanic households, median income fully recovered the ground lost during the recession. Their median income of \$45,148 in 2015 exceeded their 2007 level of \$44,215.

Among African American households, median income rose 4.1 percent, or \$1,459, in 2015. Yet they haven't yet recovered all of the ground they lost during the recession. Their median income is now \$36,898, compared to \$38,771 in 2007.

The median income of Asian households was \$77,166 in 2015, compared to \$75,565 in 2007; these figures aren't statistically distinguishable.

Nevertheless, median household income for the nation as a whole remained about \$900, or 1.6 percent, below the 2007 level, although the Census Bureau classifies this difference as not statistically significant. These figures may raise a question of why, if median incomes for most demographic groups returned in 2015 to their pre-recession (2007) levels, median income for the country as a whole remained modestly below its 2007 level. The answer appears to be, in part, that the composition of the U.S. population has changed, with a larger share now in demographic categories with median incomes below that of the nation as a whole.

## **Progress on Poverty**

Declines in poverty also were widespread, with the poverty rate falling from 14.8 percent in 2014 to 13.5 percent in 2015, according to the official poverty measure. (Under the Supplemental Poverty Measure or SPM, which counts non-cash and tax-based benefits, the poverty rate fell by 1.0 percentage points in 2015.) Poverty declined for most demographic groups. Of particular note, the poverty rate for female-headed households with children declined by 3.3 percentage points, from 39.8 percent in 2014 to 36.5 percent in 2015, the largest decline since 1966.

Even so, the poverty rate remained higher in 2015 than in 2007, when it was 12.5 percent. Some 43.1 million people remained poor last year under the official poverty measure.

The substantial progress on both income and poverty in 2015 reflects widespread increases in real earnings, among other factors. Jobs and real average weekly earnings rose at their fastest pace in more than 15 years.

Moreover, the Census data show that incomes grew fastest in the bottom and middle of the income spectrum, rising 7.9 percent in real (i.e., inflation-adjusted) terms for households at 10<sup>th</sup> percentile and 5.2 percent for households at the 50<sup>th</sup> percentile, compared to 2.9 percent for those at the 90<sup>th</sup> percentile. (A household at the 10<sup>th</sup> percentile has income below that of 90 percent of U.S. households and above that of the other 10 percent of households.) The decline in the national unemployment rate to 5.3 percent in 2015 contributed to these gains. Minimum wage increases in various states and cities provided a further income boost for many workers on the lower rungs of the wage scale.

Significant further wage and employment gains have occurred through August 2016, though the pace of labor market gains has moderated somewhat relative to 2015. Additional state and local

## CDC and Other Surveys Show Further Health Coverage Gains in 2016

Today's Census data do not include health coverage estimates for 2016, but preliminary 2016 data from the Centers for Disease Control and Prevention's National Health Interview Survey (NHIS) and the Urban Institute's Health Reform Monitoring Survey show further, though more modest, reductions this year in the ranks of the uninsured. In the NHIS data, the uninsured rate fell from 9.1 percent in 2015 to 8.6 percent in the first quarter of 2016, with the number of uninsured falling from 28.6 million to 27.3 million, on top of a decline between 2013 and 2015 of more than 16 million people. Since health reform's major coverage expansions began taking effect in January 2014, the number of uninsured has fallen by 17.5 million — or 39 percent — under the NHIS. Similarly, the Urban Institute survey data show the uninsured rate among adults aged 18-64 falling from 10.5 percent in the third quarter of 2015 to 9.9 percent in the first quarter of 2016.

minimum wage increases have also taken effect. These factors bode well for further progress in income and poverty this year.<sup>1</sup>

### Health Reform Drives Gains in Health Coverage

As noted, the number and share of Americans who are uninsured fell to their lowest levels in the nation's history in 2015. The uninsured rate fell for nearly all demographic categories that the Census data cover.

Both *private* health coverage and coverage through *public* programs grew robustly. A simultaneous rise in both public and private coverage is rare over recent decades and reflects health reform's approach to covering the uninsured by bolstering both private and public insurance. The new data show that nearly 91 percent of the population — and nearly 95 percent of children — had health coverage last year. Surveys show further coverage gains in 2016 (see box).

Today's data also underscore the importance of state participation in health reform's Medicaid expansion. As a group, the 27 states (and the District of Columbia) that expanded Medicaid by January 2015 had much larger declines in their uninsured populations than did the non-expansion states. Had the uninsured rate fallen over the past two years in non-expansion states at the same rate as it did in expansion states, 3.7 million fewer Americans would have been uninsured last year.

### Role of the Safety Net

The safety net continued to play a large role in 2015 in reducing poverty. Today's data show that SNAP (formerly known as food stamps) lifted 4.6 million people out of poverty in 2015, under the SPM. (Other research suggests SNAP kept even more people out of poverty once the Census data

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<sup>1</sup> This 2014 Current Population Survey (CPS) also found a large increase in health coverage, but did not find progress from 2013 to 2014 on poverty or median income. While the CPS is generally the best survey on income and poverty trends, its findings that compare 2014 to 2013 should be viewed skeptically due to a revision in its income questions in 2013 and a simultaneous change in the sample. Notably, a larger Census survey — the American Community Survey (ACS), which did not change its questions — found the poverty rate fell and median income rose in 2014, thereby suggesting across-the-board progress might have occurred last year as well. The finding is not definitive, however, as the ACS's income measure is somewhat imprecise and only partly covers calendar year changes.

are adjusted for the underreporting of SNAP benefits.) The new Census data also show that the Earned Income Tax Credit (EITC) and the low-income component of the Child Tax Credit lifted roughly 9.2 million people out of poverty in 2015, including more than 4.8 million children, while Supplemental Security Income for very low-income elderly and disabled people lifted 3.3 million out of poverty.

Using a version of the SPM, Columbia University researchers have found that the poverty rate has fallen by two-fifths since the late 1960s, with virtually all of the improvement due to the increased scope and anti-poverty impact of safety-net programs. The degree to which the safety net lifts otherwise-poor people above the poverty line has grown nearly ten-fold over this period.

These figures come amid mounting evidence that income support and health insurance programs not only reduce poverty and expand medical coverage in the short run, but can also have important long-run benefits. Children exposed to poverty experience greater learning and health problems, adverse effects on brain structure, and higher risk of adult poverty, compared with non-poor children. A growing and impressive array of studies indicate that low-income children who receive safety-net assistance tend to experience significantly fewer deficits in educational attainment, health status, and employment and earnings as they grow up.

These findings suggest that policymakers should support policies that keep wages rising for low- and middle-income workers, including increases in the minimum wage at both the state and federal levels and implementation of the new federal rule making more salaried workers eligible for overtime pay. Policymakers should also seek common ground on measures that can make public policies still more effective in reducing poverty. Examples include strengthening the inadequate EITC for low-income childless workers, as both President Obama and House Speaker Paul Ryan have proposed; strengthening the Child Tax Credit for children in the poorest families, especially young children; increasing the supply of rental vouchers and enabling more low-income households with vouchers to live in neighborhoods with lower poverty, better schools, and more job opportunities; expanding access to preschool and child care; and instituting criminal justice reforms to reduce incarceration without jeopardizing public safety. Today's data also underscore the importance of sustaining health reform's historic coverage expansions — and of spreading its Medicaid expansion to all states.