
Greenstein: Health Coverage, Income, and Poverty All Move Decisively in Right Direction for First Time Since 1999

Increase in Typical Family's Income Largest On Record

The three key indicators of well-being in today's Census data all moved decisively in the right direction in 2015 — the first time that has occurred in nearly two decades. The number of uninsured Americans fell by 4 million from 2014 to 2015, on top of a nearly 9 million drop the year before, with the share of Americans without insurance falling to an all-time low of 9.1 percent. After adjusting for inflation, the typical household's income rose by a stunning 5.2 percent, or \$2,798, the largest increase in median income in *both* percentage and dollar terms ever recorded, with data back to 1967. The poverty rate fell from 14.8 percent to 13.5 percent, tying the record for the largest improvement since 1968.

Since 1988 — the first year for which Census data on health insurance are available — the only other year that brought simultaneous progress on poverty, median income, and health insurance was 1999, according to the Census Bureau's main source of national survey data, the Current Population Survey. In four other years, median incomes rose and poverty fell, but health coverage did not improve; in fact, in three of those years, health coverage eroded significantly. Before health reform, even when median incomes and poverty improved in tandem, health coverage typically grew worse.

The welcome progress of 2015 reflects both reasonably "tight" labor markets and improved government policies. As the economy neared full employment, average real earnings rose. In addition, state and local minimum wage increases gave many low-income workers a further income boost. And health reform reversed the once-stubborn trend of shrinking health insurance coverage, fueling coverage expansions. Even so, standards of living still haven't fully rebounded to where they were before the Great Recession caused income to fall and poverty to rise substantially.

These three factors — income, poverty, and health coverage — all show further progress so far in 2016, though at a more modest pace. That suggests that the trifecta of rising median incomes, improved health coverage, and falling poverty may well occur again in 2016, adding to the gains in 2015.

To sustain across-the-board progress, the Federal Reserve should continue to promote tight labor markets, especially given continued low inflation. In addition, federal policymakers should move forward as planned to implement a new rule making more salaried workers with moderate incomes eligible for overtime, and the President and Congress at long last should raise the federal minimum wage, which has lost considerable purchasing power. Policymakers also should further expand refundable tax credits for the working poor and expand access to child care for low-income families with children. Finally, federal policymakers should fend off attacks on health reform, and the 19 states that haven't yet adopted health reform's Medicaid expansion should do so.

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