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Greenstein: New Census Data Show Historic Health Coverage Gains, Though Disappointing Results on Poverty and Income

Today's Census data provide striking evidence that health reform is dramatically reducing the ranks of the uninsured, with 2014 witnessing the largest single-year drop on record — along with other evidence, however, that the economic recovery has yet to do much to reduce poverty or raise the typical household's income.

The number of uninsured Americans fell by 8.8 million in 2014, while the share of Americans without insurance fell by 2.9 percentage points. These are the largest single-year declines on record in data back to 1987, according to Census data supplemented by other surveys going further back in time.

Both *private* health coverage and coverage through *public* programs such as Medicaid grew robustly in 2014. 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 90 percent of the population — and 94 percent of children — had health coverage last year. Surveys show further substantial coverage gains in 2015 (see box).

Today's data underscore the importance of state participation in health reform's Medicaid expansion. As a group, the 25 states (including the District of Columbia) that expanded Medicaid by January 2014 had much larger declines in their uninsured populations than the other 26. If the uninsured rate had fallen in non-expansion states at the same rate as in expansion states, an additional 2.6 million uninsured Americans would have gained coverage last year.

Disappointing Results on Poverty and Income

Although today's health insurance results are very positive, the data on poverty and income are disappointing. Poverty remained statistically unchanged at 14.8 percent, or 46.7 million people. (Under the Supplemental Poverty Measure or SPM, which counts non-cash and tax-based benefits and thus provides a fuller picture of poverty, the poverty rate fell by half a percentage point in 2014, but the change wasn't statistically significant.) Median income remained statistically unchanged for the third straight year.

Moreover, the poverty rate remained substantially higher in 2014 — and median income markedly lower — than in 2007, before the Great Recession. Median income was 6.5 percent — or $3,700 — below the 2007 level, adjusted for inflation.

CDC and Other Surveys Show Further Health Coverage Gains in 2015

Today's Census data do not include health coverage estimates for 2015, but preliminary 2015 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 substantial reductions this year in the uninsured. In the NHIS data, the uninsured rate fell from 11.5 percent in 2014 to 9.2 percent in the first quarter of 2015, with the number of uninsured falling from 36 million to 29 million — on top of the 8.8 million-person decline between 2013 and 2014. Since health reform's major coverage expansions began taking effect in January 2014, the number of uninsured has fallen by *15.8 million* — or more than 35 percent — under the NHIS. Similarly, the Urban Institute survey data show the uninsured rate among adults aged 18-64 falling from 12.8 percent in the fourth quarter of 2014 to 10.1 percent in the first quarter of 2015, with a total decline since 2013 in the number of uninsured non-elderly adults of 15 million.

These results come despite a large increase in 2014 in the number of Americans who were working. Some 2.8 million more Americans worked full-time year-round in 2014 than in 2013, the new Census data show.

The lack of improvement in poverty and income in recent years reflects, in part, limits in the labor market's recovery as well as the marked rise in income inequality over the past decade and a half (though inequality didn't rise between 2013 and 2014). Median wages remained largely flat in 2014, while large numbers of people who sought full-time work could only find part-time work and many others didn't seek work actively because they thought they had little chance of finding it.

The Federal Reserve should take the new Census data into account in deciding this week whether to raise interest rates, which would slow the economic recovery and job creation.

On inequality, the Census data show large increases between 1999 and 2014, with incomes falling in real terms by 16.5 percent at the bottom of the income scale (at the 10^{th} percentile) and by 7.2 percent in the middle (at the 50^{th} percentile), while *rising* at the top.

Importance of the Safety Net

Without the safety net, the picture would have been much worse. Today's data show that SNAP (formerly food stamps) lifted 4.7 million people out of poverty in 2014 under the SPM. (Other research suggests SNAP kept substantially more people out of poverty once the Census data are adjusted for the underreporting of SNAP benefits.) The new data also show that the Earned Income Tax Credit (EITC) and Child Tax Credit lifted roughly 10 million people out of poverty in 2014, including more than 5 million children, while Supplemental Security Income for very low-income elderly and disabled people lifted 3.8 million out of poverty. And using a version of the SPM, Columbia University researchers last year found that the poverty rate has been cut 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.

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 high risk of adult poverty, compared with non-poor children. A growing and impressive array of rigorous 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, along with today's disappointing poverty data, suggest that policymakers should 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 Ways and Means Committee Chairman Paul Ryan have proposed; enabling more low-income households with housing subsidies to live in lower-poverty neighborhoods; instituting criminal justice reforms to reduce incarceration without jeopardizing public safety; expanding access to preschool and child care; and enacting a long-overdue increase in the federal minimum wage. Today's data also underscore the importance of health reform's historic coverage expansions — and of spreading its Medicaid expansion to all states.

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