



October 3, 2007

Growing Numbers of Uninsured: Missouri's Rate Three Times Rest of U.S.

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Key Findings:

- The number of uninsured Americans continues to increase. More Americans are uninsured today (47 million) than at the peak of the 2001 recession
- **The number of uninsured Missourians from 2005 to 2006 grew at a rate about 3 times that of the rest of the country.**
- Most of those who are uninsured are poor or near-poor (incomes under 200% of FPL, about \$41,000/yr for a family of four)
- Non-elderly adults are the most likely to be uninsured
- Employer sponsored insurance continues to decrease
- The cost of premiums and cost-sharing for employees continue to rise more rapidly than workers' income and inflation

Recent Census Data Show Growing Numbers of Uninsured

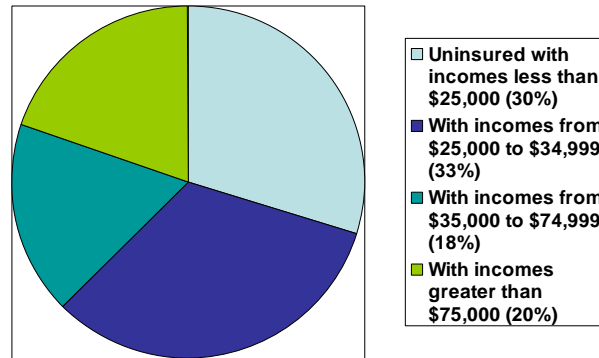
Census data released in August, 2007 indicate nationwide significant growth in the number of uninsured from 44.8 million individuals in 2005 to 47 million in 2006.¹ The number of uninsured Americans has increased steadily since 2001, when the number of uninsured was estimated to be 39.8 million.²

¹The 2005 data have been revised since originally published. See www.census.gov/hhes/www/hlthins/usernote/schedule.html. 2006 data is available within: *Income, Poverty and Health Insurance Coverage in the United States*, "People With or Without Health Insurance Coverage by Selected Characteristics: 2005 and 2006, Table 6, p. 21 at www.census.gov. Source: U.S. Census Bureau, Current Population Survey, 2006 and 2007 Annual Social and Economic Supplements

² Based on revised estimates of the uninsured, March Current Population Surveys. Center on Budget and Policy Priorities, "More Americans, Including More Children, Now Lack Health Insurance, August 31, 2007 at www.cbpp.org.

The largest percent of uninsured people live in households with income below \$50,000. These represent 63% of all of the uninsured individuals. Only 20% of the uninsured live in households with incomes greater than \$75,000.³

Graph 1: Who comprise the uninsured?



But while those with the lowest incomes are more likely to be uninsured, the percent of uninsured individuals in every income bracket has increased, as shown in Table 1, below.

	<i>In 2005</i>	<i>In 2005</i>	<i>In 2006</i>	<i>In 2006</i>
	Number of uninsured individuals with incomes of	Percent of individuals with this income who are uninsured	Number of uninsured individuals with incomes of	Percent of individuals with this income who are uninsured
<i>Household income</i>				
Less than \$25,000/yr	14.5 million	24.2%	13.9 million	24.9%
From \$25,000 to \$49,400/yr	14.7 million	20.1%	15.3 million	21.1%
From \$50,000 to \$74,999/yr	7.8 million	13.3%	8.5 million	14.4%
\$75,000 or more/yr	7.9 million	7.7%	9.3 million	8.5%
<i>Total</i>	<i>44.9 million</i>		<i>47 million</i>	

³ *Income, Poverty and Health Insurance Coverage in the United States*, “People With or Without Health Insurance Coverage by Selected Characteristics: 2005 and 2006, Table 6 , p. 21 at www.census.gov. Source: U.S. Census Bureau, Current Population Survey, 2006 and 2007 Annual Social and Economic Supplements

⁴ *ibid*

A breakdown by age in Table 2 shows that non-elderly adults between the ages of 18 and 34 are the most likely to be uninsured. Many children are insured through public health insurance, Medicaid and the State Children’s Health Insurance Program (MC+ in Missouri). The elderly generally are at least partially insured through Medicare.

Table 2 Number and percent of uninsured US individuals by age group⁵

	<i>In 2005</i>	<i>In 2005</i>	<i>In 2006</i>	<i>In 2006</i>
	Number of uninsured individuals	Percent of uninsured individuals	Number of uninsured individuals	Percent of uninsured individuals
<i>Age</i>				
Under 18 years	8 million	10.9 %	8.7 million	11.7%
18 to 24 years	28.2 million	29.3%	8.3 million	29.3%
25 to 34 years	10.1 million	25.7%	10.7 million	26.9%
35 to 44 years	7.9 million	18.3%	8.0 million	18.8%
45 to 64 years	10.1 million	13.6%	10.7 million	14.2%
65 years and older	449,000	1.3%	541,000	1.5%

The revised March Current Population Survey gives a snapshot of the changes in types of insurance coverage over time. Table 3 shows that the decline in health insurance coverage is primarily due to a decline in employer-sponsored insurance. This will be explored more fully in the discussion of the Kaiser Health Benefit Survey that follows. The number of individuals insured by Medicaid and SCHIP slowly increased from 2001 through 2004, but began to drop in 2006. Missouri contributed to this decline by enacting severe cuts in its Medicaid eligibility and services funded by Medicaid in 2005.

Table 3 Types of national health insurance coverage for those who are insured⁶

	% insured by Employer-sponsored insurance	% insured by Individually purchased insurance	% insured by Medicaid and SCHIP	% insured by Medicare	% insured by Military Health Care
<i>2006</i>	59.6	9.1	12.9	13.6	3.6
<i>2005</i>	60.2	9.2	13.0	13.7	3.8
<i>2004</i>	60.5	9.5	13.0	13.6	3.7
<i>2003</i>	61.0	9.3	12.4	13.7	3.5
<i>2002</i>	61.9	9.4	11.6	13.4	3.5
<i>2001</i>	63.2	9.3	11.2	13.5	3.4

⁵ *ibid*

⁶ *ed* on revised estimates of the uninsured, March Current Population Surveys. Center on Budget and Policy Priorities, “More Americans, Including More Children, Now Lack Health Insurance, August 31, 2007 at www.cbpp.org.

Changes in the types of health insurance coverage for children follow similar patterns to the trends for the general population. Since 2001, employer-sponsored insurance has dropped from insuring 64.4% of insured children to 59.7%.⁷ Children differ from the general population in that the growth in percent of insured children with Medicaid/SCHIP insurance has grown from 22.7% in 2001 to 27.1% in 2006.⁸ However, the growth in the number of children insured by public health insurance is not sufficient to offset the declining coverage through employer-sponsored insurance.

Growth of uninsured individuals in Missouri exceeds national averages

Nationally, the number of people without health insurance rose by 4.9% from 2005-2006. In Missouri, the increase in uninsured individuals was 15%. See Table 4 below. This change, although based on a statistical sample, is statistically significant.⁹

Year	Total number of uninsured in MO	Increase in uninsured in MO from 2005-2006	Total number of uninsured in the US	Increase in uninsured in US from 2005-2006
2005	668,146		44.8 mil	
2006	771,682	15.5%	47 mil	4.9%

Why is the number of uninsured increasing?

When the Missouri trends in private insurance and public insurance (Medicaid and Medicare) are compared, the drop in Medicaid coverage appears to account for the greater part (62,000) of the 103,500 people who lost insurance from 2005 to 2006.¹¹ This is consistent with policy changes enacted as Medicaid was cut to balance the budget in 2005. Tens of thousands of working families were cut from Medicaid, and tens of thousands of children were cut from the SCHIP. While those who lost insurance were not tracked, this data appears to confirm that many of them became uninsured.

Employer-sponsored insurance continues to drop in both Missouri and nationwide. The recent *Survey of Employer Health Benefits- 2007*, published on September 11, 2007 by the Kaiser Family Foundation and the Health Research and Educational Trust, provides some insight into why this is happening.

Graph 2 shows that although premium growth in employer-sponsored insurance (ESI) is moderating, it continues to grow at a higher rate than workers' earnings (3.7%) and inflation (2.6%).¹²

⁷ *ibid*

⁸ *ibid*

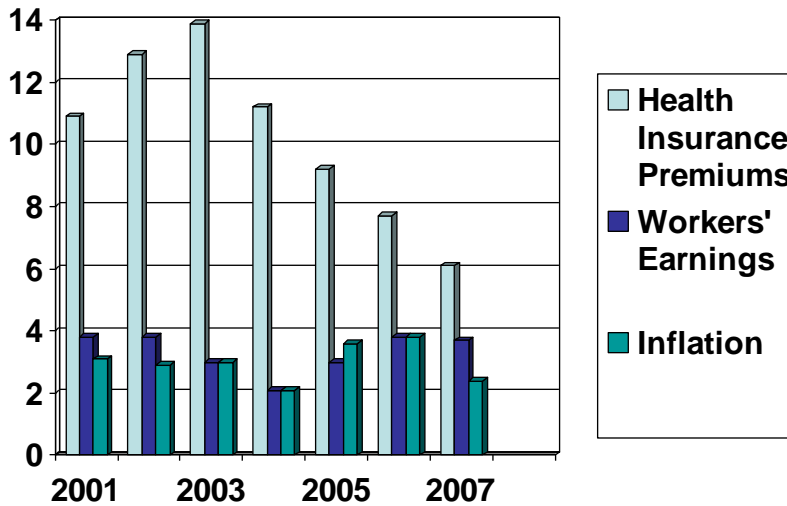
⁹ McBride, Tim. *Uninsured Increased Significantly in Missouri in 2006, by over 103,500*. St. Louis University Center for Health Policy Analysis, August 28, 2007.

¹⁰ <http://www.census.gov/hhes/www/hlthins/historic/hihihst4.html>

¹¹ *ibid*

¹² *Employer Health Benefits; 2007 Summary of Findings*. The Kaiser Family Foundation and the Health Research and Educational Trust, 2007. www.kff.org.

Graph 2 Percent Increase in Health Insurance Premiums Compared to Workers' Earnings and Inflation



The average cost of a premium for a single person was \$4,479/yr. Of this, the employer paid an average of \$3,785 and the employee paid \$694. The average family premium cost was \$12,106. The average employer portion of this was \$8,824 and the employee paid an average of \$3,281.¹³

	Employer cost	Employee cost	Total cost
<i>Type of insurance premium</i>			
Individual premium	\$3,785	\$694	\$4,479
Family premium	\$8,824	\$3,281	\$12,106

The future appears to hold more of the same in terms of cost increases. Data from the Towers Perrin Annual Health Care Cost Survey, which includes detailed information from 300 of the nation's largest companies, project the average corporate health benefit expenditure (includes individual as well as family premiums) in 2008 will be \$9,312 per employee, an increase of 7% over 2007. The survey also indicates that employee contributions will increase by 8%.¹⁴

¹³ *ibid*

¹⁴ September 24, 2007 news release at www.towersperrin.com

In addition to paying a portion of the premium, most employees have additional cost sharing through general annual deductibles, cost-sharing for hospital stays and visits to the emergency room, and copayments or co-insurance for doctor visits and prescription drugs.¹⁵ Over the past 5 years, out-of-pocket costs for employees have essentially doubled.¹⁶

The Kaiser Survey also reported that a drop in the overall offer rate by employers is driven by declining numbers of small firms (3-199 workers) who offer employer-sponsored insurance. Table 6 shows the trend by firm size from 2001 to the present. Over the past 5 years, out-of-pocket costs for employees have essentially doubled.¹⁷

Firm size	2001	2002	2003	2004	2005	2006	2007
3-9 workers	58%	58%	55%	52%	47%	48%	45%
All small firms (3-199 workers)	68%	66%	65%	63%	59%	60%	59%
All large firms (200+ workers)	99%	98%	98%	99%	98%	98%	99%
All firms	68%	66%	66%	63%	60%	61%	60%

What changes in health insurance coverage can we expect in the future?

The Kaiser Health Benefits Survey reports that few employers say they plan to drop health insurance as a benefit. They do report that they plan to ask employees to pick up a larger portion of the cost of insurance premiums and other cost sharing.¹⁹

Increasing workers' cost could lead to fewer workers choosing employer-sponsored insurance because it is cost prohibitive, especially for low-income workers.

At this point the future of the State Children's Health Insurance Program is uncertain. While Congress passed a reauthorization bill that would have allowed an additional 56,900 children in Missouri to be insured through SCHIP, the President vetoed the reauthorization bill on October 3, 2007. There does not appear to be a sufficient number

¹⁵ *Employer Health Benefits; 2007 Summary of Findings*. The Kaiser Family Foundation and the Health Research and Educational Trust, 2007. www.kff.org.

¹⁶ September 24, 2007 news release at www.towersperrin.com

¹⁷ *Employer Health Benefits; 2007 Summary of Findings*. The Kaiser Family Foundation and the Health Research and Educational Trust, 2007. www.kff.org.

¹⁸ *ibid*

¹⁹ *ibid*

of House members to override his veto. While the SCHIP program was approved for continued short-term funding, long-term consequences are unknown.

If funding is available and appropriated, several of the provisions of MO HealthNet (the new name for Missouri's Medicaid program) could be beneficial. There is the potential to provide SCHIP coverage to children who have exhausted the benefits of their private insurance, or who have private insurance that doesn't cover their medical needs. These provisions are not being implemented currently because money was not appropriated for them in the budget (The General Assembly approved the budget two weeks before passing SB577, the legislation creating MO HealthNet).

A new initiative recently announced by Governor Blunt, *Insure Missouri*, has the potential to provide insurance for some of the working families who were cut from Medicaid in 2005. Funding for Phase 1 is secure for the last five months of this fiscal year. Implementation is planned to begin in February if it is possible to secure contracts with providers and complete enrollment in this very aggressive time frame. Phase 1 is an expansion of Missouri's public health insurance (Medicaid).

The implementation of Phases 2 and 3 will require approval of funds and some legislative authority by the General Assembly, as well as approval from the Federal government. Phase 2 will expand Phase 1 to include all adults with earnings under 100% of the Federal Poverty Level, and will allow the state to pay a portion of the premiums for employer-sponsored insurance, with the employer picking up a portion, and the employee paying a portion of the premium up to 5% of his/her income. This type of premium assistance has had limited success in other states. Phase 3 is targeted to assist small businesses with the costs of catastrophic coverage. This initiative was not part of the discussions about reforming Medicaid during the last legislative session. The level of support for *Insure Missouri* by the General Assembly is unknown at this time, although several members of the majority party have expressed concern about its cost.

Several key populations hurt by the 2005 cuts will not benefit from *Insure Missouri*. These include children, and the elderly and individuals with a disability.

The Missouri Budget Project is a statewide, nonprofit, nonpartisan organization that informs the public about the state's budgetary and tax policy options and their impact on low-income Missourians. www.mobudget.org