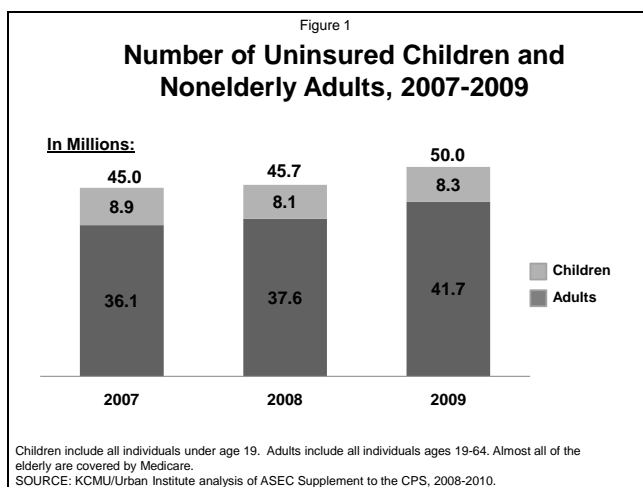


THE UNINSURED AND THE DIFFERENCE HEALTH INSURANCE MAKES

The deep recession and resulting decline in employer-sponsored coverage contributed to a rise in the uninsured that left 50 million without coverage in 2009 (Fig. 1). While public insurance prevented some individuals from losing coverage, Medicaid and the Children's Health Insurance Program (CHIP) do not reach all of those who cannot afford insurance. The 2010 Patient Protection and Affordable Care Act seeks to address the gaps in our private-public insurance system. This new law will require most Americans to have health insurance and many will gain coverage through expanded Medicaid eligibility and subsidized private coverage for individuals with incomes up to 400% of poverty starting in 2014.

Recent increases in the uninsured have largely fallen on adults who have been losing employer-sponsored coverage and have been less likely to qualify for public coverage compared to children. More than one in five adults under age 65 (22%) was uninsured in 2009, which puts their health and financial security at risk.



WHAT EXPLAINS THE RECENT INCREASE IN THE UNINSURED?

The recent recession and ongoing weak job market has contributed to a steep rise in the uninsured. Between 2007 and 2009, the number of uninsured increased by 5 million. This trend was driven by a decline in employer-sponsored coverage, which now insures 57% of the nonelderly population, compared to 61% in 2007. The high jobless rate has helped drive the increase in the uninsured and the decline in employer-sponsored coverage. In December 2009, the unemployment rate was 10.0%—more than double the 4.6% unemployment rate in January 2007.

Workers who are offered employer-sponsored coverage have seen their costs rise. The average annual total cost of employer-sponsored family coverage reached \$13,770 in 2010, and the share of the premium paid by workers

increased to 30%. Since 2005, workers' contributions to premiums have gone up 47%, while overall premiums rose 27% and wages increased 18%.

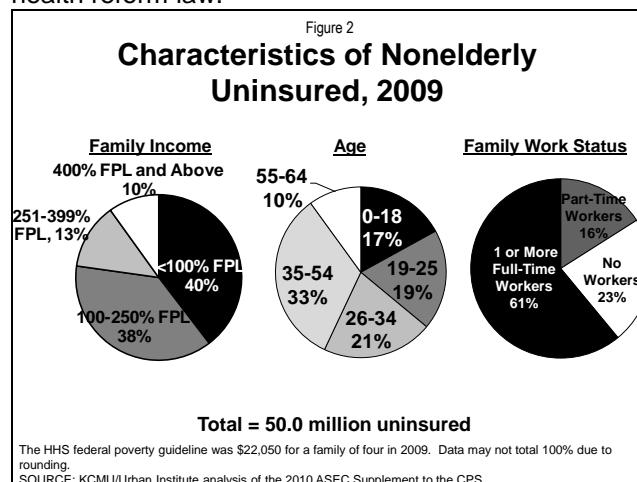
Medicaid and CHIP have been crucial to preventing steeper drops in insurance coverage, and many Americans became newly eligible for these programs when their incomes declined during the recession. These programs now cover 17% of the population under age 65 and have been key to sheltering children from the full effects of the weak economy. To aid states struggling to maintain Medicaid during the recession, the American Recovery and Reinvestment Act (ARRA) provided a temporary increase in federal Medicaid funding through December 2010. In the face of continuing high unemployment, Congress later extended that additional funding at a lower rate through June 2011.

WHO ARE THE UNINSURED?

The majority of the uninsured are in working families. About six in ten of the uninsured have at least one full-time worker in their family and 16% have only part-time workers (Fig. 2). About 80% of the uninsured are U.S. citizens. Uninsured non-citizens include legal permanent residents with green cards, refugees and undocumented immigrants.

Uninsured workers are more likely to have low-wage or blue-collar jobs and to work for small firms or in service industries. More than half (61%) of uninsured adults have no education beyond high school, making it difficult for them to get jobs that are more likely to provide benefits.

Those with low incomes make up a disproportionately large share of the uninsured. Some 40% of the uninsured have family incomes below the federal poverty level (\$22,050 a year for a family of four). Nine in ten of the uninsured have family incomes below 400% of poverty and therefore would receive Medicaid or subsidized coverage under the new health reform law.



Aside from the elderly, who are almost all covered by Medicare, the uninsured span all ages. Young adults have the highest uninsured rate, but under the new health reform law they will now be able to remain on a parent's private health insurance plan until age 26. Children have the lowest uninsured rate, and better outreach and enrollment policies would help reach the majority of uninsured children who are eligible for public coverage.

WHY ARE SO MANY AMERICANS UNINSURED?

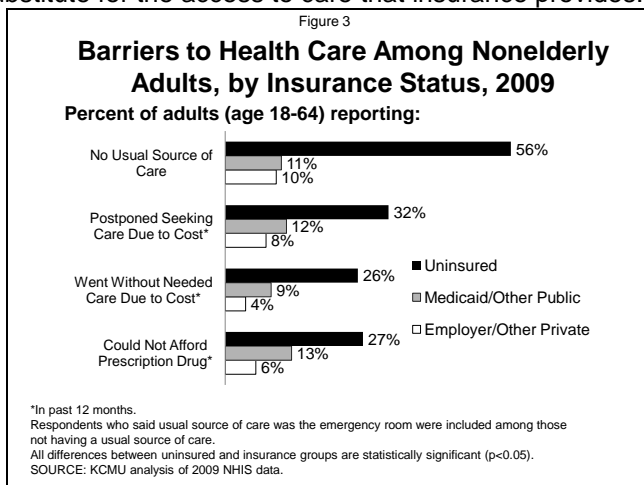
Obtaining coverage through an employer is the most common way Americans gain health insurance. However, not all workers have access to employer-sponsored coverage. Low-income workers—those at greatest risk of being uninsured—are less likely to be offered job-based coverage and are less able to afford their share of the premiums. The new health reform law will provide additional employer incentives to provide coverage.

Medicaid covers many low-income children, but coverage for adults is currently more limited. Parent income eligibility levels are set much lower than those of children, who may also qualify for CHIP. Unless severely disabled, even the poorest childless adults are now generally ineligible. The new health reform law will set a uniform floor for Medicaid eligibility that will extend the program to almost all individuals with incomes at or below 138% of poverty (taking into account a 5% income disregard).

The likelihood of being uninsured varies by state because of differences in employment, average incomes, and public insurance programs' eligibility levels. Uninsured rates vary more than four-fold across states (ranging from 6% in Massachusetts to 28% in Texas), with states in the South and West having some of the highest uninsured rates.

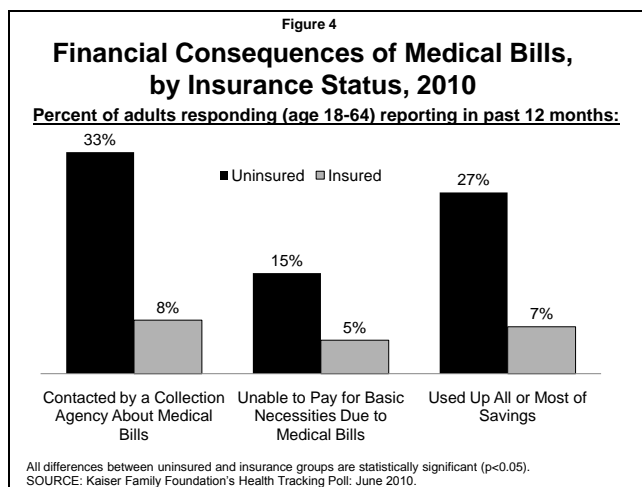
WHAT DIFFERENCE DOES HEALTH INSURANCE MAKE?

Health insurance affects access to health care as well as a person's financial well-being. Over half of uninsured adults have no regular source of health care. Worried about high medical bills, they are more than twice as likely to delay or forgo needed care as the insured (Fig. 3). The safety net of community clinics and public hospitals is unable to fully substitute for the access to care that insurance provides.



Delaying or forgoing needed care can lead to serious health problems, making the uninsured more likely to be hospitalized for avoidable conditions. Overall, the uninsured are also less likely to receive preventive care, and consequently uninsured cancer patients are diagnosed later and die earlier compared to those with insurance.

Cost barriers to health care have been growing in the past decade, even among insured adults. But the uninsured have lost the most ground and it impacts their health and leaves them vulnerable to high medical bills. The uninsured are three times more likely than the insured to be unable to pay for basic necessities because of their medical bills (Fig. 4). Medical bills forced 27% of uninsured adults to use up all or most of their savings in 2009.



THE UNINSURED AND HEALTH REFORM

The weak job market has contributed to millions of Americans losing their health insurance. Additionally, rising premiums for employer-sponsored coverage and current limits on eligibility for public coverage have also left many Americans without access to affordable coverage. The new health reform law addresses these barriers to coverage through both expanded access to Medicaid and subsidies for private insurance.

The majority of the coverage expansions in the new health reform law will take effect in 2014, at which point there will be a requirement that individuals have health insurance coverage. Starting in 2014, Medicaid eligibility will be extended to virtually all of the lowest income nonelderly individuals and those with incomes up to 400% of poverty may qualify to purchase federally subsidized private coverage through a Health Insurance Exchange. The law will also prevent insurers from rejecting individuals or charging higher premiums based on health status. The new law will decrease the number of uninsured by an estimated 32 million by 2019, leaving far fewer individuals facing the health and financial risks that come with being uninsured.

This publication (#1420-12) is available on the Kaiser Family Foundation's website at www.kff.org.