



Gains in Public Health Insurance Offset Reductions in Employer Coverage among Adults

by Stephen Zuckerman

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The share of nonelderly adults who were uninsured remained stable between 1999 and 2002 because overall increases in enrollment in public health insurance programs offset reductions in employer coverage. This trend held even among low-income adults, who experienced greater reductions in employer coverage than other adults. However, uninsurance rose among low-income adults who were poor, young (19 to 34 years old), or in fair or poor health. Black adults maintained the same rate of employer coverage during this period, and saw their uninsurance rate decline.¹ Despite those gains, black adults are still more likely to be uninsured than white adults.

This Snapshot uses the National Survey of America's Families (NSAF) to examine changes in insurance coverage among adults age 19 to 64 between 1999 and 2002, with a detailed discussion of changes among low-income adults (those with incomes below 200 percent of the federal poverty thresholds). The forces likely to affect adults' health insurance coverage during this period were strong economic growth followed by a recession and expansion of public coverage in a number of states. The public coverage expansions were generally implemented through changes in Medicaid rules that allowed states to raise income eligibility limits for parents, Medicaid waivers that some states used to cover childless adults, and waivers under the State Children's Health Insurance Program that enabled states to direct coverage toward parents of newly eligible children (Holahan and Pohl 2003).

Major Findings

Although the rate of uninsurance remained at about 17 percent between 1999 and 2002 (table 1), population growth resulted in an increase of 2.0 million uninsured adults, to a total of 29.1 million.² The sources of adult health insurance coverage did change over this period. The share of adults with employer coverage fell from 72.2 to 70.5 percent, while the share with public coverage rose from 4.7 to 5.7 percent (table 1).³

Both low-income and higher-income adults experienced declining employer coverage and expanding public coverage, but changes were much more dramatic for the low-income group. Employer coverage of low-income adults fell from 41.6 percent to 37.0 percent. A rise in public coverage from 14.5 percent to 17.6 percent offset much of this decline. Although the uninsurance rate among low-income adults increased from 35.2 percent to 37.0 percent, that change was not statistically significant. The drop in the number of adults in low-income families (1.3 million fewer than in 1999) limited the increase in the number of low-income uninsured adults to 300,000.

Among higher-income adults (those with incomes 200 percent of the federal poverty thresholds and above), changes in insurance coverage were smaller and the rate of uninsurance did not change. Employer coverage fell by 1.8 percentage points, while public coverage increased by 0.6 percentage points. However, the number of higher-income adults increased by over 8 million. As a result, over 80

DATA AT A GLANCE

17 PERCENT OF ADULTS WERE WITHOUT HEALTH INSURANCE IN 2002—SIMILAR TO THE RATE IN 1999.

THE NUMBER OF ADULTS WITHOUT HEALTH INSURANCE ROSE BY 2.0 MILLION TO 29.1 MILLION IN 2002.

EMPLOYER-SPONSORED COVERAGE OF ADULTS FELL FROM 72.2 TO 70.5 PERCENT, WHILE PUBLIC COVERAGE OF ADULTS INCREASED FROM 4.7 TO 5.7 PERCENT.

THE UNINSURANCE RATE INCREASED BY 3 PERCENTAGE POINTS FOR HISPANICS, DECREASED BY 3 PERCENTAGE POINTS FOR BLACKS, AND WAS UNCHANGED FOR WHITES.



Table 1. Health Insurance Coverage of Adults, by Income and Race/Ethnicity, 1999 and 2002

	Employer-Sponsored (percent)			Medicaid/SCHIP (percent)			Other Coverage (percent)			Uninsured (percent)			Number of Adults in Group (millions)	
	'99	'02	Change	'99	'02	Change	'99	'02	Change	'99	'02	Change	'99	'02
All Adults	72.2	70.5	-1.7 [^]	4.7	5.7	1.0 [^]	6.5	6.8	0.2	16.5	17.0	0.5	164.0	171.0
Income^a														
Low-income	41.6	37.0	-4.6 [^]	14.5	17.6	3.1 [^]	8.8	8.5	-0.3	35.2	37.0	1.8	44.8	43.5
Higher-income	83.7	82.0	-1.8 [^]	1.1	1.7	0.6 [^]	5.7	6.2	0.5	9.5	10.1	0.7	119.2	127.5
Race/Ethnicity^b														
Non-Hispanic white	77.4	75.7	-1.7 [^]	3.2	4.2	1.0 [^]	7.3	7.7	0.4	12.1	12.3	0.2	117.3	120.0
Non-Hispanic black	60.7	63.1	2.4	11.8	12.2	0.4	4.8	4.8	0.0	22.7	19.9	-2.8 [^]	19.1	20.2
Hispanic	51.9	47.0	-5.0 [^]	7.3	8.6	1.3 [^]	3.2	3.7	0.5	37.7	40.8	3.1 [^]	19.2	22.0

Sources: 1999 and 2002 National Survey of America's Families

Notes: Insurance coverage represents status at the time of the survey. Adults are age 19–64. 1999 estimates use new weights based on the 2000 Census and may differ from previously published estimates based on the 1990 Census. Percentage point changes are calculated from unrounded estimates for each year and may therefore differ slightly from calculations based on the rounded estimates given here.

^a Low-income is defined as below 200 percent of the federal poverty thresholds and higher-income as 200 percent of the federal poverty thresholds and above.

^b The non-Hispanic other race group is not analyzed separately.

[^] Increase between 1999 and 2002 is significant at the 0.10 level.

[^] Decrease between 1999 and 2002 is significant at the 0.10 level.

percent of the increase in the number of uninsured adults between 1999 and 2002 (about 1.7 million people) occurred among adults in higher-income families.⁴

The three racial/ethnic groups shown in table 1 experienced somewhat different changes in health insurance coverage between 1999 and 2002. Employer coverage of whites fell by 1.7 percentage points, public coverage increased by 1.0 percentage point, and uninsurance rates remained virtually constant. For Hispanics, the drop-off in employer coverage was so large (5.0 percentage points) that the gains in public coverage were not sufficient to prevent an increase in the uninsurance rate, from 37.7 to 40.8 percent. Hispanics had the highest rates of uninsurance in 1999, and their relative position did not improve over the next three years.

Blacks, on the other hand, saw their position improve relative to whites. The uninsurance rate for black adults fell from 22.7 to 19.9 percent. The rate of employer coverage among black adults did not decline, as it did for whites and Hispanics. Analysis of data not shown in table 1 indicates that black adults maintained their rate of employer coverage because a greater share of blacks than of whites or Hispanics moved from the low- to the higher-income group between 1999 and 2002.

Changes in Insurance Coverage of Low-Income Adults

For poor adults (those with incomes below 100 percent of the poverty thresholds), the rate of employer coverage fell from 26.8 percent to 23.6 percent, but public coverage remained virtually unchanged (table 2). As a result, the uninsurance rate for poor adults rose by 3.3 percentage points between 1999 and 2002. The changes were quite different for near-poor adults (those with incomes between 100 and 200 percent of the poverty thresholds). For this subgroup, the rate of employer coverage fell by 5.6 percentage points and public coverage rose by 4.9 percentage points, leaving the uninsurance rate of near-poor adults virtually unchanged.

The rate of employer coverage fell from 43.0 to 37.6 percent for low-income parents and from 40.3 to 36.4 percent for low-income childless adults.⁵ The decrease in the rate of employer coverage among low-income parents was almost totally offset by a 5.0 percentage point increase in public coverage. Low-income childless adults did not see a comparable gain in public coverage, so the uninsurance rate for this group rose by 2.5 percentage points. The increase is not statistically significant.

Despite the greater gain in public coverage of parents relative to childless adults, parents did not experience the same degree of improvement as their children (Kenney, Haley, and Tebay 2003). Public coverage of children in low-income families rose by 12.4 percentage points, and their uninsurance rates fell by 5.7 percentage points (from 22.5 percent to 16.8 percent). Over the three years, the gains in public coverage of low-income children were sufficiently large to compensate for the reduction in employer coverage of these children and to extend coverage to a significant share of the uninsured. The expansion of public coverage was not sufficient to lower the uninsurance rate for low-income parents.

The reduction in employer coverage and the increase in public coverage occurred within all age groups of low-income adults. However, among young adults, the increase in the rate of public coverage was not sufficient to offset the 4.7 percentage point decline in employer coverage, and the uninsurance rate increased by 3.9 per-

centage points. Analysis of data not shown indicates that young men had a greater increase in uninsurance than young women because they experienced a greater reduction in employer coverage.

After a rise in the rate of employer coverage of low-income adults in fair or poor health between 1997 and 1999 (Zuckerman, Haley, and Holahan 2000), employer coverage of this group fell by 4.5 percentage points between 1999 and 2002. Although the drop is comparable to that experienced by adults in better health, adults in fair or poor health did not see a significant gain in public coverage. Therefore, the uninsurance rate for this group increased by 2.6 percentage points, a change that is not statistically significant.

Discussion

The years between 1999 and 2002 saw deterioration in employer health insurance coverage for every group of adults examined in this snapshot except blacks. To get a sense of the magnitude of

Table 2. Health Insurance Coverage of Low-Income Adults, Selected Subgroups, 1999 and 2002

	Employer-Sponsored (percent)			Medicaid/SCHIP (percent)			Other Coverage (percent)			Uninsured (percent)			Number of Adults in Group (millions)	
	'99	'02	Change	'99	'02	Change	'99	'02	Change	'99	'02	Change	'99	'02
All Low-Income Adults^a	41.6	37.0	-4.6 ^c	14.5	17.6	3.1 ^a	8.8	8.5	-0.3	35.2	37.0	1.8	44.8	43.5
Income														
0–99% of poverty	26.8	23.6	-3.2 ^c	24.0	24.5	0.5	9.6	9.1	-0.6	39.6	42.8	3.3 ^a	18.3	17.9
100–200% of poverty	51.8	46.3	-5.6 ^c	7.8	12.7	4.9 ^a	8.1	8.1	0.0	32.2	32.9	0.7	26.5	25.7
Parental Status														
Parent	43.0	37.6	-5.4 ^c	15.6	20.5	5.0 ^a	4.9	4.3	-0.6	36.5	37.6	1.1	21.4	20.0
Childless adult	40.3	36.4	-3.9 ^c	13.4	15.0	1.6	12.3	12.1	-0.2	34.0	36.5	2.5	23.4	23.5
Age														
19–34	39.7	35.0	-4.7 ^c	14.4	16.4	2.0 ^a	6.5	5.3	-1.2	39.5	43.4	3.9 ^a	21.0	19.8
35–54	42.6	38.4	-4.2 ^c	14.6	18.6	4.0 ^a	9.0	8.7	-0.3	33.8	34.3	0.4	18.0	18.1
55–64	45.4	39.5	-5.9 ^c	14.3	18.2	3.9 ^a	16.2	18.9	2.7	24.1	23.4	-0.8	5.9	5.6
Health Status														
Excellent/very good/good	45.8	41.7	-4.1 ^c	11.0	14.1	3.1 ^a	8.1	7.7	-0.5	35.0	36.5	1.5	34.2	32.0
Fair/poor	28.1	23.6	-4.5 ^c	25.4	27.2	1.8	10.7	10.7	0.0	35.9	38.5	2.6	10.7	11.4

Sources: 1999 and 2002 National Survey of America's Families

Notes: Insurance coverage represents status at the time of the survey. Adults are age 19–64. 1999 estimates use new weights based on the 2000 Census and may differ from previously published estimates based on the 1990 Census. Percentage point changes are calculated from unrounded estimates for each year and may therefore differ slightly from calculations based on the rounded estimates given here.

^a Low-income is defined as below 200 percent of the federal poverty thresholds.

^c Increase between 1999 and 2002 is significant at the 0.10 level.

^a Decrease between 1999 and 2002 is significant at the 0.10 level.

the decline, we computed the number of adults who would have lost employer coverage if population size and the income distribution had remained the same as in 1999.⁶ The result showed that about 4 million adults would have lost employer coverage. Almost half of this potential increase in uninsured adults was averted because public coverage was expanded during this period.

However, about 29 million adults remained uninsured in 2002.

The data illustrate the dynamics of adult insurance coverage in a health care system dominated by employer coverage. As jobs were lost (Bernstein 2003), so too were the health insurance benefits that often accompany employment (Holahan 2003). Public programs filled some gaps created by the loss of employer coverage, but public programs were typically intended to help only certain groups of adults. Although all adults were free to purchase coverage on their own, the data show that there was no increase in other coverage (primarily private, nongroup coverage) during the three-year period. Unless policymakers expand eligibility for the current set of public programs or provide subsidies that enable people to purchase other coverage more easily, adults will be forced to wait for the economy to recover and employment to rebound before their health insurance prospects improve.

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Endnotes

¹ "White" and "black" adults are non-Hispanic; "Hispanic" refers to Hispanics of all races. The non-Hispanic "other" race group was not analyzed separately.

² NSAF measures insurance coverage by inquiring about various sources of coverage and then asking a verification question that confirms lack of coverage for those not identified as having any type. Coverage was measured at the time of the survey and grouped into four categories: employer-sponsored insurance (including military coverage); Medicaid, separate SCHIP, or another state program; other (including coverage through Medicare, privately purchased coverage, and other coverage not classifiable elsewhere); and uninsurance/no coverage. Coverage is defined using a hierarchy; in cases where individuals had both employer-sponsored coverage and some other form of coverage, they were classified as having employer-sponsored coverage. Similarly, those without employer-sponsored coverage but with Medicaid/SCHIP were classified as having Medicaid/SCHIP. No adjustment was made for the possible undercount of Medicaid/SCHIP coverage.

³ Unless otherwise noted, all changes discussed in this snapshot are significant at the 0.10 level or lower. Changes noted, but described as not statistically significant, are significant between the 0.10 and 0.15 levels.

⁴ The NSAF data reported here are on insurance coverage at the time of the survey (2002) and family income data for the previous calendar year (2001). Insurance coverage is most accurate when respondents are reporting on their family's current situation, whereas the previous calendar year is the most recent period for which families have complete income data. Some families classified as higher-income may have lost income between 2001 and 2002 because of the economic downturn. As a result, some of the increase in uninsurance among higher-income families might actually have occurred in families that would have been classified as low-income in 2002.

⁵ Parents are defined as adults age 19 and older living in the household with their biological, step, or adoptive child under age 18. All other adults are classified as childless.

⁶ Author's calculations from data in table 1.

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Information on more than 100,000 people was gathered from approximately 40,000 representative households in each round. The NSAF is part of the *Assessing the New Federalism* project (ANF). Information on ANF and the NSAF can be obtained at <http://www.urban.org/anf>.

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