



Issue Brief

Health Care Coverage

March 2005

An estimated 15.6 percent of the population, 45 million people, were without health insurance in 2003, up from 15.2 percent and 43.6 million people in 2002. The majority of Americans, 60 percent of those under age 65, receive health insurance coverage through their employers. Almost all of the elderly are covered through Medicare.

While the percentage and number of people covered by employment-based health insurance is falling, the percentage and number of people covered by government health insurance programs increased. The proportion of children without health insurance remained at 11.4 percent of all children, or 8.4 million, in 2003.

Health insurance premiums paid by workers rose by 35.9 percent from 2000 to 2004. The average national premium for individual coverage rose from \$2,864 to \$3,798 during the four-year period. For family coverage, the average national premium rose from \$7,028 to \$9,320 (employer and worker share of premiums combined).

Health premiums paid by workers rose nearly three times faster than the average U.S. earnings from 2000 to 2004. Nationally, workers' average premium costs rose by 35.9 percent from 2000 to 2004, while average earnings rose by only 12.4 percent. Thus, workers' premium costs rose 2.9 times faster than their earnings.

The number of people whose total health care costs exceeded one-quarter of their annual earnings rose substantially from 11.6 million in 2000 to 14.3 million in 2004. Total costs include premiums, deductibles, co-payments, co-insurance, and costs incurred for health services not covered by their health insurance. Among insured people, the number with health care costs in excess of one-quarter of their earnings rose from 8.4 million to 10.7 million between 2000 and 2004.

Low-income workers are less likely to be offered coverage through their own or a spouse's job or to be able to afford coverage on their own. Individually purchased insurance is not often a viable option as these plans are difficult to access, usually charge very high premiums or offer limited benefits.

Medicaid and the State Children's Health Insurance Program (SCHIP) play an important role by covering millions of non-elderly low-income people, especially children. Limits to these public programs and gaps in employer coverage leave millions of non-elderly Americans uninsured which creates substantial barriers to obtaining timely and appropriate health care.

Medicaid helps to cover low-income Americans, but coverage for adults is very limited. Non-elderly adults must meet stringent income and eligibility standards, and unless severely disabled, even the poorest are generally ineligible if they do not have children. Parents may qualify for Medicaid, but their income eligibility levels are set much lower than those of children. In addition, neither Medicaid nor SCHIP has reached its full enrollment potential, leaving many eligible children still uninsured.

Medicaid's coverage of children has gradually expanded since the 1980's. In addition, SCHIP, enacted in 1997, offers federal matching funds to states that provide health insurance for low-income children with slightly higher family incomes (usually family incomes up to 200 percent of the federal poverty level). SCHIP covers 4 million children at a cost of \$6 billion. Together, Medicaid and SCHIP constitute a genuine safety net for most

low-income children. Since the recession began in 2001, enrollment in the programs has increased, catching millions of children who otherwise would have become uninsured when their parents lost their jobs.

Despite this progress, there are still 8.5 million children uninsured in America and over half of uninsured children qualify for Medicaid and SCHIP. Burdensome requirements for face-to-face appointments and extensive documentation continue to create barriers to enrollment and renewal in some states. In addition, as state budgets have tightened, funding for outreach and enrollment has been greatly reduced, which has made it harder for parents to enroll their children.

SCHIP is scheduled to be reauthorized in 2007, but may be considered in 2005 as part of the debate to reform the Medicaid program. A total of 35 states have projected federal SCHIP funding shortfalls under current law. At the same time, 9 states did not spend their SCHIP funds and in October 2004, \$1.27 billion in unspent federal SCHIP funds reverted to the U.S. Treasury. By 2006 or 2007, 18 states are projected to have shortfalls that will force them to reduce the number of children served, or cut SCHIP spending in some other way.

Insurance Matters

- The uninsured are less likely to have a usual source of care outside the emergency room.
- The uninsured often go without screenings and preventive care.
- The uninsured often delay or forgo needed medical care.
- The uninsured are often subject to avoidable hospital stays.
- Uninsured Americans are sicker and die earlier than those who have insurance.
- Medical care is more costly for the uninsured and costs are higher for the American health care system.

State Initiatives

Federal legislation to address the uninsured is unlikely to be considered in 2005, but some states are passing ballot initiatives or legislation that would encourage employers to offer health insurance to their employees. Hawaii's Employer Expansion Plan would require that employers offer health insurance to all employees who work more than 20 hours a week, with some exceptions. California's SB2, which passed in 2003, requires employers to pay a fee to a state-wide purchasing pool or to provide coverage. Subsequently, California voters rejected SB2 in November 2004. Other states are considering legislative initiatives to address the problem of the uninsured.

Covered the Uninsured Week – May 1 – 8, 2005

The goal of Cover the Uninsured Week is to reverse the trend of increasing uninsured people, elevating this issue on the national and local agendas, educating Americans about the problem and providing immediate assistance to the uninsured and small business owners. More than 800 national and local organizations, as well as thousands of Americans in all 50 states and the District of Columbia are working together to organize the *Cover the Uninsured Week* to make the issue of the uninsured a focus of national discussion. Former Presidents Ford (R) and Carter (D) are once again serving as Honorary Co-Chairs.

Cover the Uninsured Week staff work in communities across the country with strong, diverse coalitions that sponsor local activities, leading up to and during the Week as well as in the weeks and months to follow. For example, during the week of May 10th, more than 2,000 events are to be held in communities across the country, including health and enrollment fairs for uninsured Americans and health coverage seminars for small business owners. For more information on *Cover the Uninsured Week*, including what you can do, information on planning an event, and guides that can be downloaded, go to www.covertheuninsuredweek.org.