Opinion

Surprising Statistics on the Uninsured

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IN LATE MAY, THE NATIONAL CENTER FOR HEALTH STATISTICS (NCHS), a unit of the Centers for Disease Control and Prevention (CDC), released its estimates of the uninsured for 2017.¹ Despite the unsuccessful efforts of congressional Republicans and the urgings of the president to pass legislation repealing the Affordable Care Act (ACA), as well as the instability that this uncertainty about the ACA's future may have produced, the number of uninsured remained at 29 million Americans, or 9.1% of the population. This number is down from the 48 million Americans (or 16% of the population) who were uninsured in 2010, the year the ACA was enacted and during which time the country was still being impacted by the 2008 recession. The 2017 number of uninsured, however, does not reflect the effect of eliminating the financial penalty for not having any insurance—the so-called insurance coverage mandate. This change does not go into effect until 2019, although it is unclear how vigorously the Treasury Department will audit 2018 income tax forms for evidence of insurance coverage.

Although some policy analysts may have been surprised by the report of stable coverage for 2017, these numbers are not surprising to me given that the majority of newly insured came from expansions in Medicaid coverage, which, to date, has not been negatively affected by the change in administrations. According to a February 2016 report from the Centers for Medicare & Medicaid Services (CMS), Medicaid and the Children's Health Insurance Program (CHIP) had added 14.5 million people as of the end of 2015.² Some of the individuals added were eligible under the pre-ACA rules but only joined after the ACA was implemented; others were made eligible as a result of the Medicaid expansion in the ACA.

The Kaiser Family Foundation described the changed Medicaid environment as a “welcome mat” approach, with kids joining Medicaid after the parents also became eligible. States that chose to expand Medicaid could do so for anyone below 138% of the poverty line, with the federal government paying 100% of the cost for the first 3 years and at least

90% of the cost of the expansion population thereafter. Some estimates of those newly enrolled in Medicaid post-ACA who were previously eligible are as high as 50%. Although this number sounds high, historically the number of people who are eligible for income-related programs who actually enroll is about 50%, which means this estimate would be consistent with these norms. While it is interesting to speculate why some of the individuals who were previously eligible only enrolled in Medicaid after the ACA and it may be useful for designing strategies to reach out to others who remain eligible but have not yet enrolled, such speculation is less important to an understanding of whether they will remain covered. Once people enroll in Medicaid, there is no evidence suggesting they will disenroll unless the eligibility rules in their states change.

There are at least 2 reasons an individual who is currently enrolled may not continue to be eligible for Medicaid in the future. First, the individual's income may exceed the threshold allowed for Medicaid—138% of the poverty line for the 33 states (plus the District of Columbia) that expanded their Medicaid program and a lower amount for states that did not expand. Whether or not these individuals remain insured will depend on the reason for their increased income—such as whether the individual or someone in their family gained full-time employment. If employment is the reason and the position comes with employment-sponsored insurance, the person may be able to continue coverage with their children enrolled in CHIP. If the job does not include insurance coverage or if the employer-sponsored insurance is regarded as too expensive, the adult could end up being uninsured although presumably they would be eligible for highly subsidized coverage in the insurance exchange. If the adult or adults in the family lose coverage, there is no reason for the children not to remain covered through CHIP, although whether they remain covered will only be known after the fact.

The second reason why an individual currently eligible for Medicaid may not continue to be eligible is that the state may receive a waiver from CMS to impose additional restrictions on eligibility for Medicaid beyond the income requirement. Kentucky has received such a waiver and several other states, including Maine, New Hampshire, Utah, and Wisconsin, have requested waivers from CMS to impose work requirements on able-bodied enrollees under specified circumstances, although they typically also allow individuals to be in a training program, to be looking for work,

and to be involved in certain types of community-related activities.³ Until evaluations of the effects of these waivers are completed, the effect that they have on the number of individuals covered by Medicaid will be unknown.

Although the total number of individuals with coverage remained the same for 2017 as in 2016, there are still reasons for concern. Individuals classified as “non-poor” showed a small increase in being uninsured—from 7.2% to 8.2% although no change in the coverage of children was reported. This could reflect individuals who dropped their coverage because of premium increases while keeping their children in public programs. This also suggests that adults who become uninsured may not drop coverage for their children.

States that haven’t expanded their Medicaid coverage also showed increases in the number of uninsured—for adults, from 17.9% to 19% although this is still much less than in 2010 when it was 22.7%. The uninsured rate in these states remains much higher than in the states that did expand Medicaid coverage—19% versus 9.1%.

These 2017 estimates of the uninsured do not reflect the effects of allowing insurers to offer lower-cost plans with fewer benefits, similar to the transitional insurance that was allowed from 2014 to 2016.⁴

There are some important takeaways from the NCHS survey results. First, insurance coverage has been surprisingly stable through 2017, but it is important to continue monitoring these numbers going forward. Most of the increase in coverage came from people who were eligible for Medicaid or who were heavily subsidized under the ACA. These people will continue to be heavily subsidized, although with premiums continuing to rise and mandate penalties going away after 2018, the exchanges could become increasingly more destabilized over time.

Second, waiting until estimates from government surveys with large samples and extensive experience are available is important. Several smaller, private surveys have been indicating increases in the number of uninsured.

Finally, while concern has been expressed about the potential discouraging effects of work requirement waivers for Medicaid recipients that several states are requesting, these same requirements have allowed some Republicans who had previously not supported a Medicaid expansion to support an expansion. Virginia, for example, recently voted to expand its Medicaid program after multiple failed attempts. A substantial increase in the number of Democrats in the state legislature elected last

November certainly helped, but the assistance of Republicans was still needed and was facilitated by the work requirement waiver requests currently being encouraged by the Trump administration. We will have to wait to see if other states follow suit.

References

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