How Many Are Uninsured? Different Data Offer Different Dimensions

THE PROBLEM

Imagine a physician prescribing treatment for a diabetic based only on a single blood-sugar test, or on the average blood-sugar level the preceding year. Choosing a therapy on such limited information would be foolhardy. Yet using only the most commonly cited estimate of 43.6 million uninsured Americans in 2002 misses the millions who move in and out of coverage during the year.

The number and composition of the uninsured changes dramatically if you look at the uninsured during a particular month rather than over an entire year. Getting accurate and timely estimates of how many people experience what kinds of spells of uninsurance is important in order to craft effective policies for the uninsured. Further, those uninsured all year differ from those individuals who lose coverage for only part of the year.

A team of researchers at the University of Michigan's Economic Research Initiative on the Uninsured (ERIU) has assembled Fast Facts on the Uninsured, a set of statistics highlighting important differences contained in three key data sources: the Current Population Survey (CPS), an annual data source that interviews individuals about their health insurance once a year; the Survey of Income and Program Participation (SIPP); and the Medical Expenditure Panel Survey (MEPS). The latter two surveys interview people about their coverage multiple times during a year.

POLICY PERSPECTIVE

Many of us have become comfortable thinking about "the uninsured" in terms of the statistic reported by the annual Current Population Survey— 43.6 million in 2002. Each year's estimate is an indicator of whether the "problem of the uninsured" is increasing or decreasing, and by how much.

The CPS number is a useful estimate of year-to-year change, but masks key information that can be of value to those evaluating and designing policies aimed at reducing the number of uninsured individuals, leaving unanswered questions such as: Who are leaving the ranks of the uninsured in a given year? Or, who are joining the ranks of the uninsured? Answers may indicate labor market changes or the need for new interventions. We can get answers to some of these questions by examining SIPP and MEPS.

Our ability to predict the impact of any change in the economy or in the design or generosity of public programs depends in part on our understanding of who is without health insurance for how long.

– Catherine McLaughlin, Ph.D.
Professor at the University
of Michigan and Director of ERIU

THE FACTS

> **The number of persons lacking coverage for some period during a year is much larger than the number of uninsured at a particular point-in-time.** Roughly 64 million nonelderly Americans (26 percent of the nonelderly population) were uninsured for at least part of 2001, according to MEPS and SIPP data. Because of survey design, CPS cannot provide such estimates.

> **CPS estimates most closely match the point-in-time estimates from SIPP and MEPS.** While the March CPS is designed to measure the number of Americans who were without coverage for all of the previous year, the CPS estimates that 40.9 million Americans under age 65 were uninsured in 2001, nearly identical to the point-in-time figure from SIPP of 41.4 million, or the MEPS' estimate of 44.8 million.

> **For some populations, the three measures of uninsurance tell very different stories.** Children, for example, experience more transitions in and out of coverage during any given year than do adults. Thus, children are more likely to be captured in a measure counting individuals who are uninsured for part of a year. In contrast, Hispanics, non-citizen immigrants, and the self-employed are all more likely than average to be uninsured all year.

Estimates of the Number of Uninsured By Survey, 2001

Survey	All year	Part year	Point in time
CPS	40.9		
MEPS		60.8	44.8
SIPP		64.2	41.4

Legend: All year, Part year, Point in time
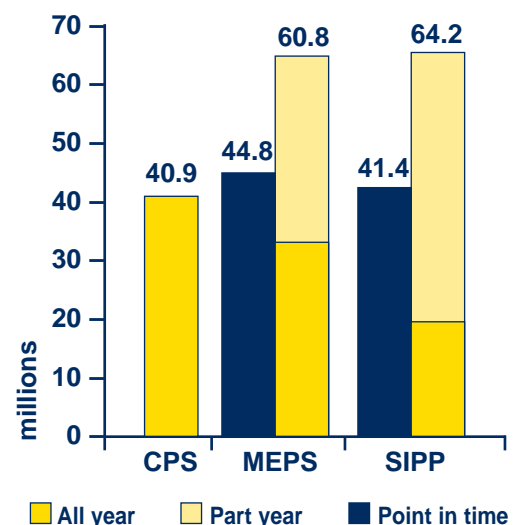
Q&A with Mary Harrington, ERIU

Mary Harrington, a Research Investigator with ERIU and formerly with Mathematica Policy Research, Inc., has spent 14 years investigating different issues involving health insurance coverage for low-income populations. Harrington talks about the importance of researchers and policymakers looking at other data sources on the uninsured and not over-relying on the Current Population Survey (CPS).

Q: *What is the purpose of ERIU compiling Fast Facts?*

A: We're trying to make health policymakers and researchers with an interest in the uninsured aware of how much difference it can make when you look at statistics about the uninsured from different data sources and at different points in time or reference periods. Researchers and policymakers can use the Fast Facts data to answer numerous questions about the magnitude, characteristics, and distribution of the uninsured over different time frames and data sources.

Q: *Why is this important?*

A: People who are uninsured for an entire year, the chronically uninsured, are distinct from those uninsured for some portion of the year. And the part-year uninsured includes people who cycle in and out of coverage as well as those who begin or end a spell without coverage during that year. Policies targeted to the chronically uninsured are likely to differ from the kinds of policies needed for those who change from one status to another and experience a brief period without insurance.

Q: *What specifically can MEPS and SIPP tell us that CPS can't?*

A: For some populations it doesn't seem to matter which data source you use, as you're able to tell a very similar story. But for certain groups, including children, the self-employed, Hispanics, and immigrants, it really does seem to make a difference when you look at the all-year vs. part-year distinctions. When looking at MEPS and SIPP we see children are less likely than average to experience a lack of coverage throughout the entire year. Children are more likely to be covered under public programs, and turnover is greater in public programs than it is in employment-based and other private coverage. Those are the kinds of things you can tease out.

Q: *How could policies be more specifically targeted to address the different types of uninsured?*

A: A person who lacks insurance throughout the year may very well benefit from policies that would expand public coverage or make affordable employer-based coverage available to them. Whereas the people who are cycling in and out of coverage during a year, and who are experiencing periods of being uninsured, are going to benefit from policies that would allow them to keep insurance once they get it.

Q: *What do we need to keep in mind when we read about 43.6 million uninsured Americans?*

A: We need to realize the number of people who are uninsured is much larger than 43 million. More than 60 million are uninsured at some time during the year, and the number can be as high as 80 million if you expand your view to a period of two years. Uninsurance touches an awful lot of people's lives. This is not a uniformly unemployed, low-income group of people. It's a very diverse population that includes working families who are middle-income and upper-income, as well as very vulnerable families and adults. This is a dynamic population and we can't lose sight of that. We need to start thinking about being uninsured as periods of uninsurance that people experience.

'We need to start thinking about being uninsured as periods of uninsurance that people experience.'

UPCOMING

This Research Highlight is the sixth in a series of research-based policy documents that address current questions and issues related to the health care coverage debate. The next Research Highlight will examine the effect of welfare reform on immigrant coverage.

For text of the full interview, visit **www.umich.edu/eriu/findings/highlights.html**.
The full set of Fast Facts data can be found at **www.umich.edu/~eriu/fastfacts/index.html**.