

Census Data: Number of Americans Without Health Insurance Falls Amid Middle Class Struggles

By Michael Wood & Mark Price

New data released by the U.S. Census Bureau this week offer a mix of good and bad news. The share of Americans without health insurance declined by more than in any year since 1999, thanks largely to a number of provisions in the Affordable Care Act. At the same time, the data also illuminated how the middle class continues to struggle in the wake of the recession and the acceleration of income inequality.

The number of uninsured in the U.S. in 2011 fell by 1.3 million to 15.7%,¹ the largest annual improvement in this measure since 1999. Forty percent of the decline in the number of uninsured people came among individuals aged 19 to 25. This is likely due, at least in part, to the expansion of health coverage for young adults under their parents' plans, made possible by the Affordable Care Act. Across the nation, 539,000 fewer Americans 19 to 25 years of age were uninsured in 2011 than in 2010.

For the first time in a decade, there was no decrease in the share of people covered by private health insurance. Coupled with an increase in the number of people with government-sponsored health coverage — Medicaid, Medicare, and the Children's Health Insurance Program (CHIP) — fewer Americans found themselves uninsured in 2011.

After adjusting for inflation, median household income in the U.S. declined by 1.5% in 2011 and the poverty rate was 15%, essentially unchanged from last year.

Public programs continued to play an important role in blunting the full force of the economic downturn. An estimated 2.3 million Americans were kept out of poverty through unemployment insurance coverage, while Social Security prevented 21.4 million people (including seniors, adults with disabilities and children) from falling below the poverty line. While not counted in the official poverty measure, the benefits 3.9 million people received through food stamps, as well as tax refunds provided through the Earned Income Tax Credit to 5.7 million (including 3.1 million children under 18), would have been sufficient to lift them out of poverty, as well.

The March Current Population Survey (CPS) was designed to be representative of the nation but has some limited data available by state. Because state-level samples in the March CPS are smaller, and

¹ The Census Bureau released the results of its annual Current Population Survey on September 13, 2012 in a new report available at http://www.census.gov/newsroom/releases/archives/income_wealth/cb12-172.html.

therefore somewhat less reliable, we have averaged data over two years for greater accuracy. Unfortunately, this obscures year-to-year changes at the state level.

The American Community Survey (ACS), which will be released on September 20, will provide more detailed state and local data on poverty, income and health insurance.

The National Highlights

Fewer people are uninsured largely due to the Affordable Care Act. The number of Americans without health insurance decreased from 49.9 million to 48.6 million, and the rate of the uninsured decreased from 16.3% to 15.7% of the population in 2011. Nearly one in six Americans are without health coverage, but this varies widely by state — in part, due to differences in state health care policies.

The percentage of people covered by private health insurance in 2011 was 63.9%, which is statistically unchanged from 2010. This marks the first time in 10 years that private coverage had not declined. Expanded coverage for young adults under their parents' health plan likely drove the increase in private coverage for people under 25. This essentially offset decreases in private coverage among people ages 25 to 64.

Significant increases in the number and share of people with public health care coverage (through Medicare, Medicaid, and CHIP) helped drive down the ranks of the uninsured. In 2011, 99.5 million Americans, or 32.2% of the population, had some type of government health care coverage.

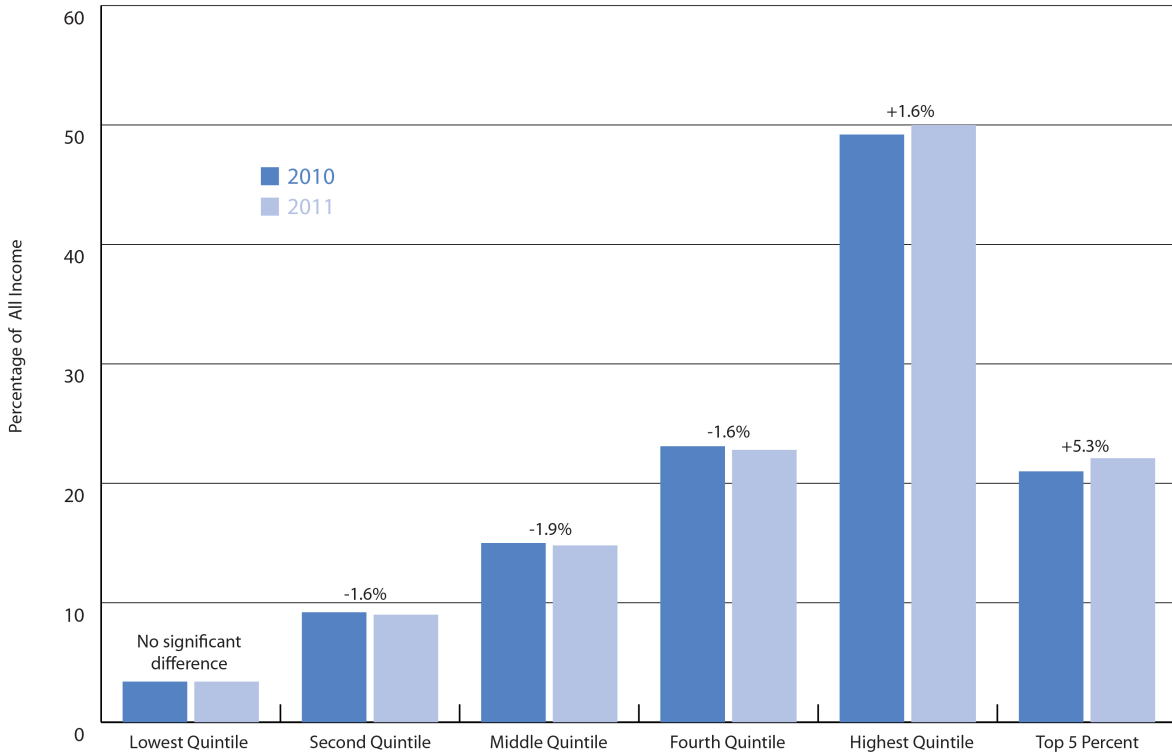
Poverty and child poverty essentially unchanged. At 15% in 2011, the national poverty rate was essentially unchanged from 15.1% in 2010. This will be the first year since the beginning of the Great Recession that the poverty rate did not increase. In 2011, there were 46.2 million Americans living in poverty. Similar to the overall poverty rate, the child poverty rate was essentially unchanged in 2011 at 21.9%.

Income is down and inequality up. With unemployment still high, median household income in 2011 declined from 2010 by just over \$750, or 1.5%. Income inequality was on the rise in 2011, as the only group to experience a statistically significant increase in their total share of income were the top 20% of households. That group saw their share of all income climb by 1.6%. The top 5% of households saw their total share of income increase by 5% and the top 1% by 6%.

Income Falls for Most in U.S.

With unemployment still high, median household income in 2011 declined from 2010 by just over \$750, or 1.5%. Income inequality was on the rise in 2011, as the only group to experience a statistically significant increase in their total share of income were the top 20% of households.

Figure 1. Change in Share of Aggregate Equivalence-Adjusted Income by Quintile and Top Five Percent: 2010 and 2011



Source: U.S. Census Bureau

The importance of the safety net. The Census Bureau has developed a Supplemental Poverty Measure to address shortcomings in the 40-year-old official poverty measure. These calculations include estimates of the number of people who would no longer be classified as poor if income from programs like food stamps and the earned income tax credit were counted when determining whether a family is living in poverty.

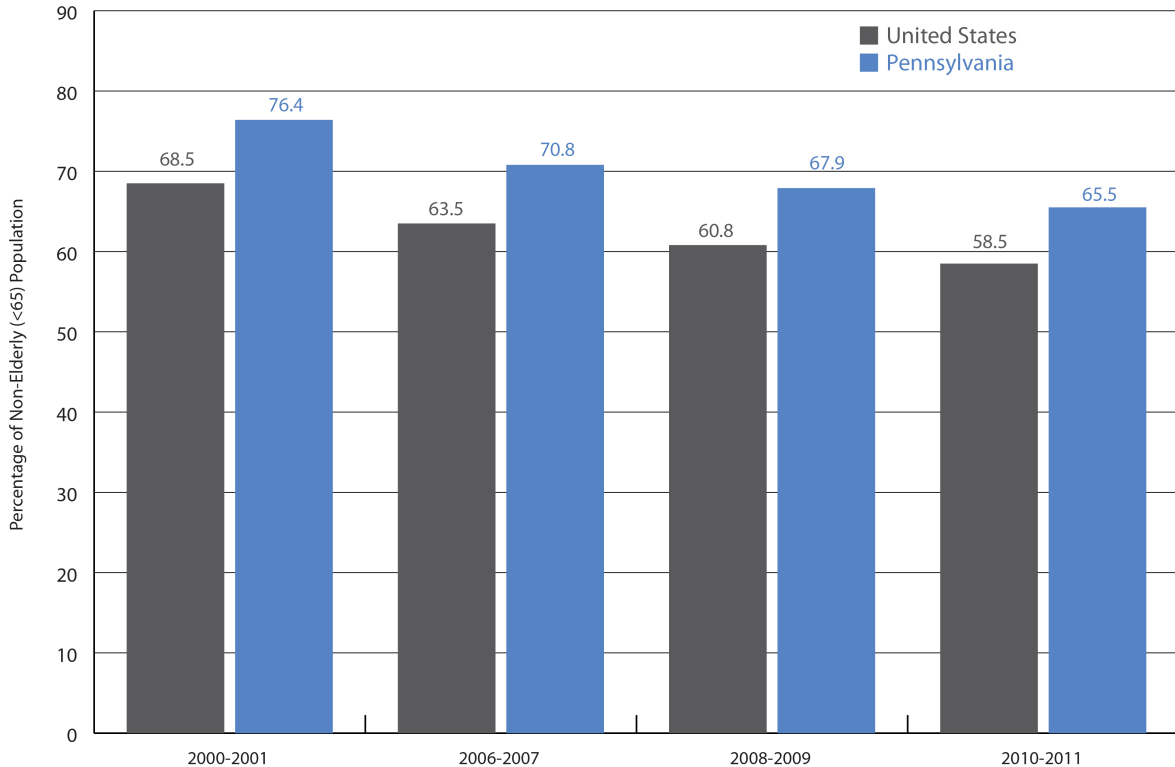
Census Bureau estimates suggest that counting the income from food stamps would reduce the number of Americans in poverty by 3.9 million, while counting the income from the Earned Income Tax Credit would reduce the number in poverty by 5.7 million. Similar calculations show that, were it not for unemployment insurance, 2.3 million people would be in poverty in 2011. Income from Social Security kept 14.5 million seniors out of poverty.

The Pennsylvania Story

Looking at two-year averages, Pennsylvanians are losing employer-sponsored health insurance at a faster rate than the nation. In the last decade, the percentage of non-elderly Pennsylvanians who received health coverage through work decreased from 76.4% to 65.5%. While a larger share of

Pennsylvanians get their health coverage through an employer than in the nation as a whole, the decrease of 10.9 percentage points was larger in Pennsylvania. The results in both Pennsylvania and the nation seem to indicate that the decline is moderating (more year-to-year changes will be measurable with the release of the ACS on September 20).

**Figure 2. Health Insurance Through Work, Selected Years
Pennsylvania and United States**

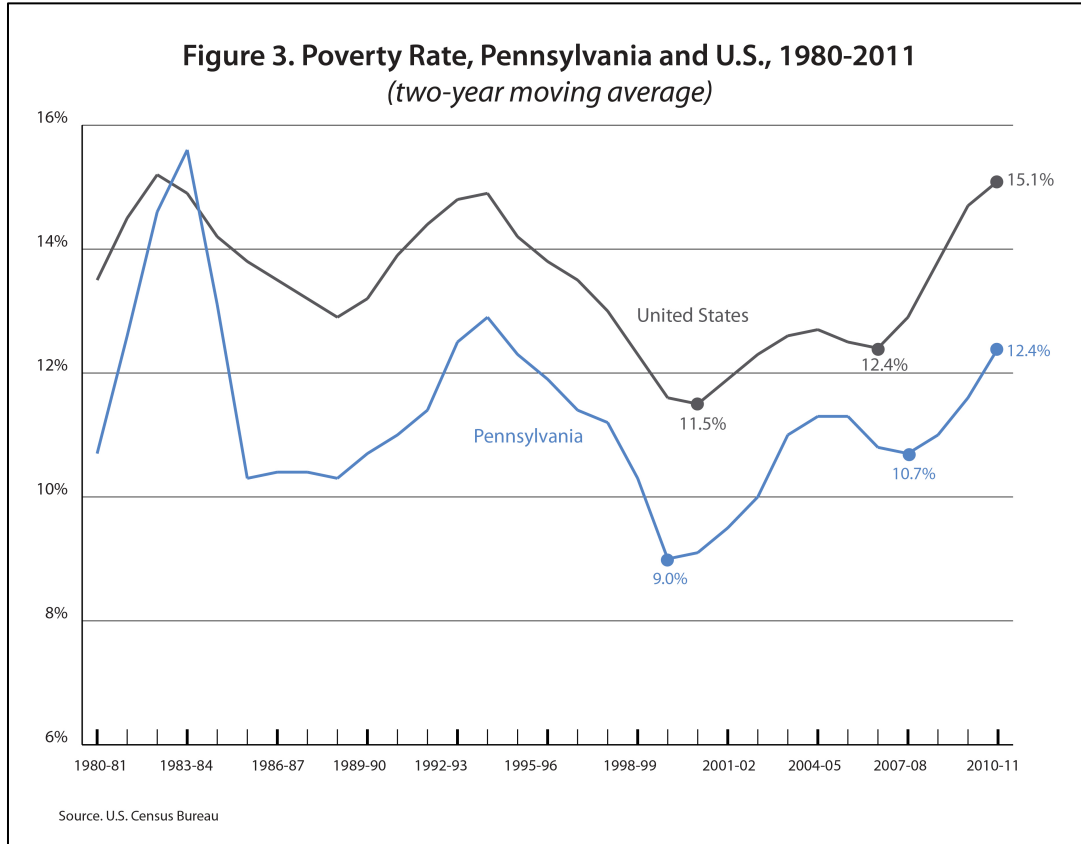


Source. U.S. Census Bureau

Unlike the nation as a whole, public health insurance coverage remains unchanged in Pennsylvania since 2008-2009. In both the state and the nation, public coverage has increased since prior to the recession and over the past decade. Currently, 1.7 million, or about one in six, non-elderly Pennsylvanians rely on public health care through Medicaid. This has increased by 734,000 in the last decade with more than 327,000 Pennsylvanians having been added since the start of the recession in 2006-2007.

Almost one in three children in Pennsylvania have government health coverage through programs like CHIP. This amounts to 888,000 children, or 32.5% of the state’s population under 18. The share of Pennsylvania children with this type of coverage has nearly doubled in the last decade, increasing by 13.1 percentage points since 2000-2001 and 6.8 percentage points since 2006-2007. However, there is no change since 2008-2009.

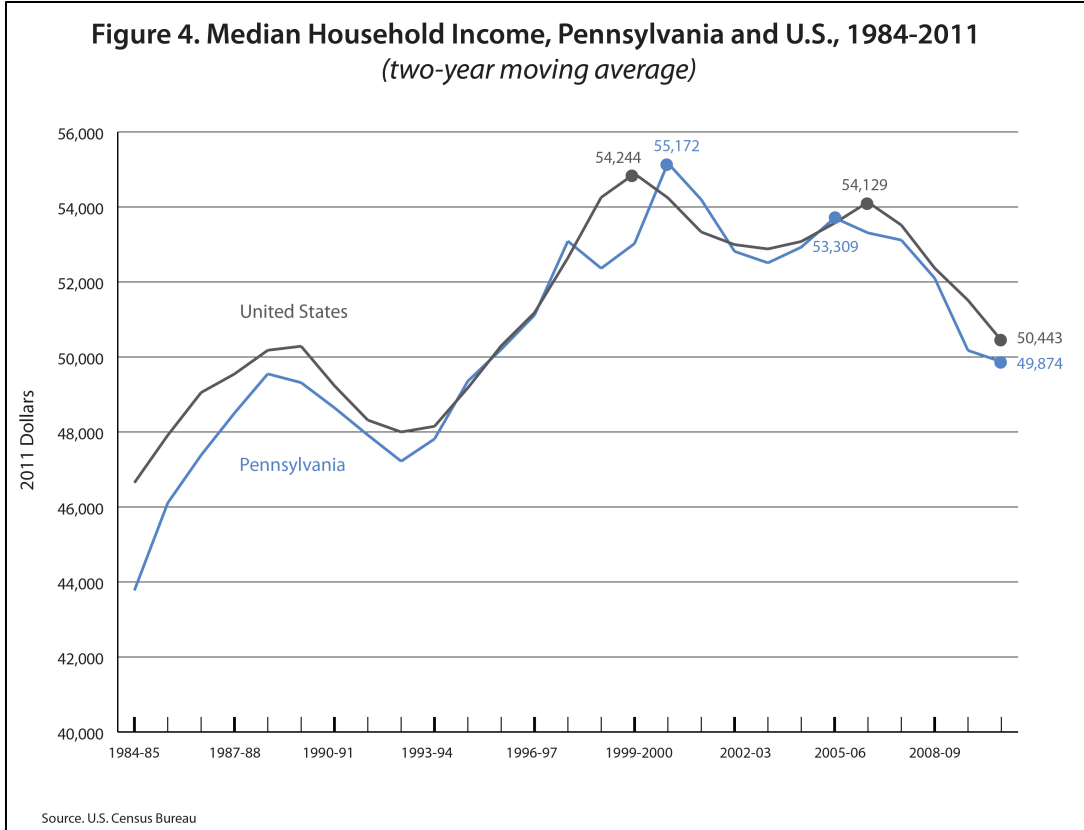
The number (1.36 million) and share (12.8%) of non-elderly Pennsylvanians who are uninsured remains unchanged since 2008-2009. The Pennsylvania rate is markedly lower than the national rate of 18.2% in 2010-2011. Both the share and number of non-elderly people without health insurance in Pennsylvania have increased since prior to the recession and in the last decade.



Compared to before the recession (2006-2007), the current two-year period (2010-2011) is marked by lower incomes and higher poverty.

Median income has declined through the recession. Median household income in Pennsylvania fell by \$3,435, or 6.4%, since the beginning of the recession, dropping from \$53,309 in 2006-2007 to \$49,874 during 2010-2011. During the same period, median income in the U.S. dropped by 6.8%.

Poverty Is Up. At 12.4% in 2010-11, the poverty rate in Pennsylvania is up from 10.8% in 2006-2007 before the recession began. Over this same period, the national poverty rate increased from 12.4% to 15.1%. Poverty in both Pennsylvania and nationally have also increased substantially over the last decade. In 2000-01, the poverty rate in Pennsylvania stood at 9.1% and nationally at 11.5%.



Most of the progress made during the 1990s in reducing poverty in Pennsylvania has now been lost. With paid work the primary pathway out of poverty, the continued high level of unemployment and tepid pace of job growth point to another grim year ahead for low-income households in Pennsylvania.

About the Authors

Michael Wood is the Research Director for the Pennsylvania Budget and Policy Center (PBPC), a non-partisan policy research project that provides independent, credible analysis on state tax, budget and related policy matters, with attention to the impact of current or proposed policies on working families.

Mark Price is the Labor Economist for the Keystone Research Center (KRC), a nonprofit, nonpartisan research organization that promotes a more prosperous and equitable Pennsylvania economy.

Learn more about PBPC at <http://pennbpc.org> and KRC at <http://keystoneresearch.org>.