



THE CLOCK IS TICKING:

**More Americans
Losing Health
Coverage**

Families USA

**The Clock Is Ticking:
More Americans Losing Health Coverage**

© July 2009 by Families USA

Families USA

1201 New York Avenue NW, Suite 1100

Washington, DC 20005

Phone: 202-628-3030

Fax: 202-347-2417

E-mail: info@familiesusa.org

This publication is available online at www.familiesusa.org.

Introduction

In this turbulent economy, Americans are not only losing their jobs and their homes—they are also losing their health coverage at an alarming rate. The latest data from the Census Bureau indicate that some 45.7 million Americans lacked health coverage in 2007, and economists believe that the situation has only worsened in the intervening months as the economic downturn has taken its toll.¹

Health reform is needed now more than ever. As health care costs rise, more and more families are priced out of health coverage. Increasing numbers of employers, especially small businesses, are no longer able to offer their employees affordable coverage, or in some cases, any coverage at all. If current economic trends continue, more and more Americans will lose the health coverage they currently have. National experts have predicted that at least 6.9 million more Americans will lose their health coverage by the end of 2010.²

In this report, Families USA provides the first ever state-by-state illustration of the number of people who may lose health coverage between the beginning of 2008 (the period immediately after the last Census Bureau report on the number of uninsured) and the end of 2010 (the close of the current 111th Congress).

Key Findings

With each passing week that meaningful health care reform is not enacted, more families in every state are losing health coverage (see table on page 2):

- 44,230 more people are losing health coverage each week.
- 191,670 more people are losing health coverage each month.
- 2.3 million more people are losing health coverage each year.

Families USA based its state numbers on national estimates published in the peer-reviewed policy journal *Health Affairs* in May 2009. These estimates project that 6.9 million more Americans, primarily people in working families, will lose health coverage by the end of 2010.³ The *Health Affairs* analysis, which focused on the time period between 2008 and 2010, is based on a model that assumes that, during this time period, there will be no policy changes with respect to the health care system. It further assumes that personal income growth and per capita health spending among insured adults will follow the latest projections from the Congressional Budget Office and the Office of the Actuary at the Centers for Medicare and Medicaid Services (CMS), respectively.

Health Coverage Lost between January 2008 and December 2010, by State

State	Average Number Losing Coverage			Total Number Losing Coverage, 2008-2010
	Per Week	Per Month	Per Year	
Alabama	590	2,550	30,570	91,710
Alaska	110	480	5,790	17,360
Arizona	1,180	5,120	61,430	184,280
Arkansas	470	2,030	24,330	72,980
California	6,380	27,640	331,730	995,200
Colorado	780	3,370	40,470	121,420
Connecticut	310	1,350	16,220	48,660
Delaware	100	420	5,010	15,030
District of Columbia	60	250	2,970	8,910
Florida	3,560	15,450	185,360	556,070
Georgia	1,590	6,890	82,720	248,160
Hawaii	100	420	5,050	15,160
Idaho	210	910	10,900	32,700
Illinois	1,660	7,180	86,200	258,600
Indiana	700	3,030	36,350	109,040
Iowa	280	1,220	14,600	43,800
Kansas	320	1,410	16,880	50,630
Kentucky	580	2,510	30,090	90,260
Louisiana	810	3,530	42,350	127,040
Maine	110	500	5,950	17,840
Maryland	740	3,190	38,260	114,780
Massachusetts	*	*	*	*
Michigan	1,040	4,500	54,030	162,100
Minnesota	430	1,880	22,580	67,750
Mississippi	550	2,370	28,390	85,180
Missouri	720	3,120	37,440	112,310
Montana	150	640	7,640	22,920
Nebraska	220	930	11,210	33,630
Nevada	450	1,940	23,310	69,940
New Hampshire	140	600	7,170	21,500
New Jersey	1,280	5,530	66,370	199,110
New Mexico	420	1,830	21,960	65,880
New York	2,470	10,720	128,580	385,750
North Carolina	1,480	6,420	77,000	230,990
North Dakota	70	290	3,420	10,260
Ohio	1,180	5,130	61,580	184,730
Oklahoma	620	2,690	32,240	96,730
Oregon	620	2,690	32,300	96,900
Pennsylvania	1,140	4,960	59,510	178,520
Rhode Island	100	420	5,050	15,160
South Carolina	670	2,910	34,920	104,750
South Dakota	80	360	4,280	12,850
Tennessee	810	3,520	42,290	126,880
Texas	5,550	24,070	288,860	866,580
Utah	370	1,620	19,480	58,450
Vermont	60	280	3,320	9,970
Virginia	1,020	4,410	52,900	158,700
Washington	710	3,070	36,850	110,540
West Virginia	240	1,040	12,490	37,480
Wisconsin	450	1,940	23,330	70,000
Wyoming	70	300	3,650	10,950
Total**	44,230	191,670	2,300,000	6,900,000

* Data for Massachusetts are not reportable because state-level data on the uninsured do not fully reflect changes in coverage under the Massachusetts health reform law, implementation of which began in 2006.

** Numbers do not add to total due to rounding, and because they do not include data for Massachusetts.

This time period is appropriate for Families USA's analysis because it captures potential losses of coverage between the most recent Census Bureau calculations of the number of uninsured Americans (which reflect calendar year 2007) and the end of the 111th Congress (December 2010), which has taken up health reform as one of its major legislative goals.

In order to generate state-level numbers, Families USA calculated the share of uninsured, nonelderly individuals residing in each state using the most recent data reported in the Census Bureau's Current Population Survey for 2006-2007. We assumed that state losses in health coverage would parallel this distribution, and we apportioned the national estimate accordingly. The data suggest that the health care crisis is continuing to deepen across the nation, and that the longer Americans are forced to wait for health reform, the more people will lose coverage.

Discussion

Health Insurance Premiums Are Rising

Over the last decade, health insurance premiums have risen at rates that far outpace inflation. Between 1999 and 2008, the average annual family premium more than doubled, soaring from \$5,791 to \$12,680, an increase of 119 percent.⁴ During the same time period, the Consumer Price Index, which measures inflation, rose by only 29.2 percent.⁵ In the current economic downturn, working families are already struggling to afford basic necessities like groceries, car payments, gas, and housing costs.⁶ Paying for skyrocketing health care premiums is putting additional strain on families that are already financially strapped.

Higher Premiums Lead to Less Health Coverage

These high and continually rising premiums affect families as well as employers, and the combined result is that more and more Americans are losing health coverage. Employers that do continue to offer health coverage are being forced to pass on the rising costs to their employees by imposing higher premiums or copayments or by offering plans that cover fewer benefits. Other employers are choosing not to offer coverage at all because it is simply too expensive. Between 2000 and 2008, the share of firms offering health coverage declined by 6 percentage points, with small businesses being the most likely to drop coverage.⁷ Among firms with fewer than 200 employees that do not offer their employees health coverage, a total of 70 percent cited high premiums as either the most important reason (48 percent) or the second most important reason (22 percent) that they do not offer coverage.⁸

Even if families are fortunate enough to have access to health coverage, either through job-based plans or through the individual market, they are still at great financial risk. In 2009, nearly one in four non-elderly Americans with insurance—53.2 million people—will

spend more than 10 percent of their pre-tax income on health care.⁹ The problem is even worse for an estimated 14.3 million non-elderly Americans with insurance who will spend more than a quarter of their pre-tax income on health care in 2009. This financial burden means that some Americans are literally becoming impoverished in order to pay for health care costs.¹⁰

When families are pushed to the brink by the current health care crisis, some must make tough choices between paying for health coverage and paying for other necessities, while others have no choice at all—they are simply forced to go without coverage. A previous Families USA report found that during the two-year period from 2007-2008, an estimated 86.7 million Americans under the age of 65—one in three non-elderly Americans—were uninsured.¹¹ The majority of these individuals (79.2 percent) were from working families where at least one family member was employed full- or part-time. These individuals either work for an employer that does not offer health coverage, or they cannot afford the coverage that is offered. The data presented in this report show that the number of people who find themselves in this situation is growing in every state (see table on page 2).

Growing Unemployment Contributes to Further Coverage Losses

Since the data presented in this report are based primarily on working Americans, they do not account directly for the effect that growing unemployment is having on losses of health coverage. Nonetheless, with the economy in recession, rising unemployment is almost certainly fueling additional increases in the number of people who are losing coverage. The Urban Institute estimates that every 1 percent increase in the unemployment rate leads to a 0.59 percent increase in the number of adults under the age of 65 without health coverage.¹² Between January 2008 and June 2009, unemployment swelled by 4.6 percent, so it is safe to assume that states will experience even greater losses of coverage between 2008 and 2010 than can be captured by our Key Findings.¹³

Conclusion

With each passing week, more Americans are losing their health coverage, and they will continue doing so if current economic patterns hold. Recent polling data show that Americans fear that instability in the availability and affordability of their health coverage will continue if health reform is not enacted.¹⁴ In order to stem the rising tide of uninsured in this country and to provide American families with stable health coverage that they can depend on, Congress should act expeditiously to pass health reform legislation. As this report suggests, the longer Congress waits to enact meaningful health reform, the more American families will lose coverage in each and every state.

Endnotes

- ¹ Paul Fronstin, *Sources of Health Insurance and Characteristics of the Uninsured: Analysis of the March 2008 CPS Survey* (Washington: Employee Benefit Research Institute, September 2008).
- ² Todd P. Gilmer and Richard G. Kronick, “Hard Times and Health Insurance: How Many Americans Will Be Uninsured by 2010?” *Health Affairs* Web Exclusive (May 28, 2009): w573-w577.
- ³ Ibid.
- ⁴ Kaiser Family Foundation and Health Research and Educational Trust, *Employer Health Benefits: 2008 Annual Survey* (Washington: Kaiser Family Foundation, September 2008).
- ⁵ Consumer Price Index data from the Department of Labor, Bureau of Labor Statistics.
- ⁶ Michael Perry, Julia Cummings, Julia Paradise, and Tanya Schwartz, *Snapshots from the Kitchen Table: Family Budgets and Health Care* (Washington: Kaiser Commission on Medicaid and the Uninsured, February 2009).
- ⁷ Kaiser Family Foundation and Health Research and Educational Trust, op. cit.
- ⁸ Ibid.
- ⁹ Kim Bailey, *Too Great a Burden: Americans Face Rising Health Care Costs* (Washington: Families USA, April 2009).
- ¹⁰ Michelle M. Doty, Sara R. Collins, Sheila Rustgi, and Jennifer L. Kriss, *Seeing Red: The Growing Burden of Medical Debt Faced by U.S. Families* (New York: The Commonwealth Fund, August 2008).
- ¹¹ Kim Bailey, *Americans at Risk: One in Three Uninsured* (Washington: Families USA, March 2009).
- ¹² John Holahan and A. Bowen Garrett, *Rising Unemployment, Medicaid, and the Uninsured* (Washington: Kaiser Commission on Medicaid and the Uninsured, January 2009).
- ¹³ Unemployment data from the Department of Labor, Bureau of Labor Statistics, available online at http://data.bls.gov/PDQ/servlet/SurveyOutputServlet?data_tool=latest_numbers&series_id=LNS14000000, accessed on July 8, 2009.
- ¹⁴ Memo from Jim Kessler and Anne Kim to Interested Parties, *Offering Stability to Harry and Louise—A Strategy to Get to Yes on Health Care Reform* (Washington: Third Way, July 6, 2009), available online at http://www.thirdway.org/data/product/file/224/Getting_to_Yes_with_Harry_and_Louise.pdf.



1201 New York Avenue NW, Suite 1100 ■ Washington, DC 20005
Phone: 202-628-3030 ■ E-mail: info@familiesusa.org
www.familiesusa.org