

GAO

United States General Accounting Office

Report to the Chairman, Subcommittee
on Health for Families and the
Uninsured, Committee on Finance,
U.S. Senate

May 1990

HEALTH INSURANCE

A Profile of the Uninsured in Michigan and the United States



Human Resources Division

B-239251

May 31, 1990

The Honorable Donald W. Riegle, Jr.
Chairman, Subcommittee on Health for
Families and the Uninsured
Committee on Finance
United States Senate

Dear Mr. Chairman:

This report responds to your request and subsequent discussions with your Subcommittee staff for information on the characteristics of individuals without health insurance in Michigan and the United States. In response to your request, we developed data on income, employment, age, marital status, and other characteristics of uninsured individuals using Bureau of the Census Current Population Survey data for 1987, the latest year data were available when we began our work. (See app. I for details on the survey.)

Background

Over 30 million Americans are not covered by health insurance, one of the most important strands in the social safety net. Estimates of uninsured populations suggest that considerable gaps remain in the health insurance coverage of our nation's citizens despite the almost 100-percent coverage of the elderly through Medicare, the expansions in Medicaid coverage, and an increase in protection provided through employer/union-sponsored health plans.

Although the primary means of getting private health insurance is through employment, most of the uninsured are employed. This lack of health insurance has prompted intense scrutiny in the Congress, manifested most recently by the Pepper Commission's recommendations for universal insurance coverage.¹

¹On March 2, 1990, the U.S. Bipartisan Commission on Comprehensive Health Care, formerly the Pepper Commission, released its recommendations to the Congress on "Access to Health Care and Long-Term Care for All Americans."

Results in Brief

In 1987, more than 35 million persons (under age 65)² in the United States did not have some form of health insurance coverage.³ More than 860,000 of these uninsured individuals were Michigan residents. The numbers of uninsured in Michigan have fallen below the peak level experienced in 1984 when more than 1 million persons were without health insurance. Nevertheless, the uninsured population is still one of the more prominent public health issues in Michigan and the nation.

Michigan's uninsured population has many of the same characteristics as those embodied in the national uninsured population. A high percentage of uninsured people were among the lower income, minority, youth, and unmarried segments of the population. Most uninsured people in Michigan live in families with an employed worker. Mirroring national patterns, more than 30 percent of the uninsured worked full time or full year, but a higher percent of uninsured (more than 40 percent) was among part-time/part-year workers. Also, the uninsured rate for workers in the service industries was 10 percent in 1987. As the part-time-worker population and employment in the service industries grow and become a more important component of a more diversified Michigan economy, solutions to the problem of the working uninsured become more important.

GAO's Analysis

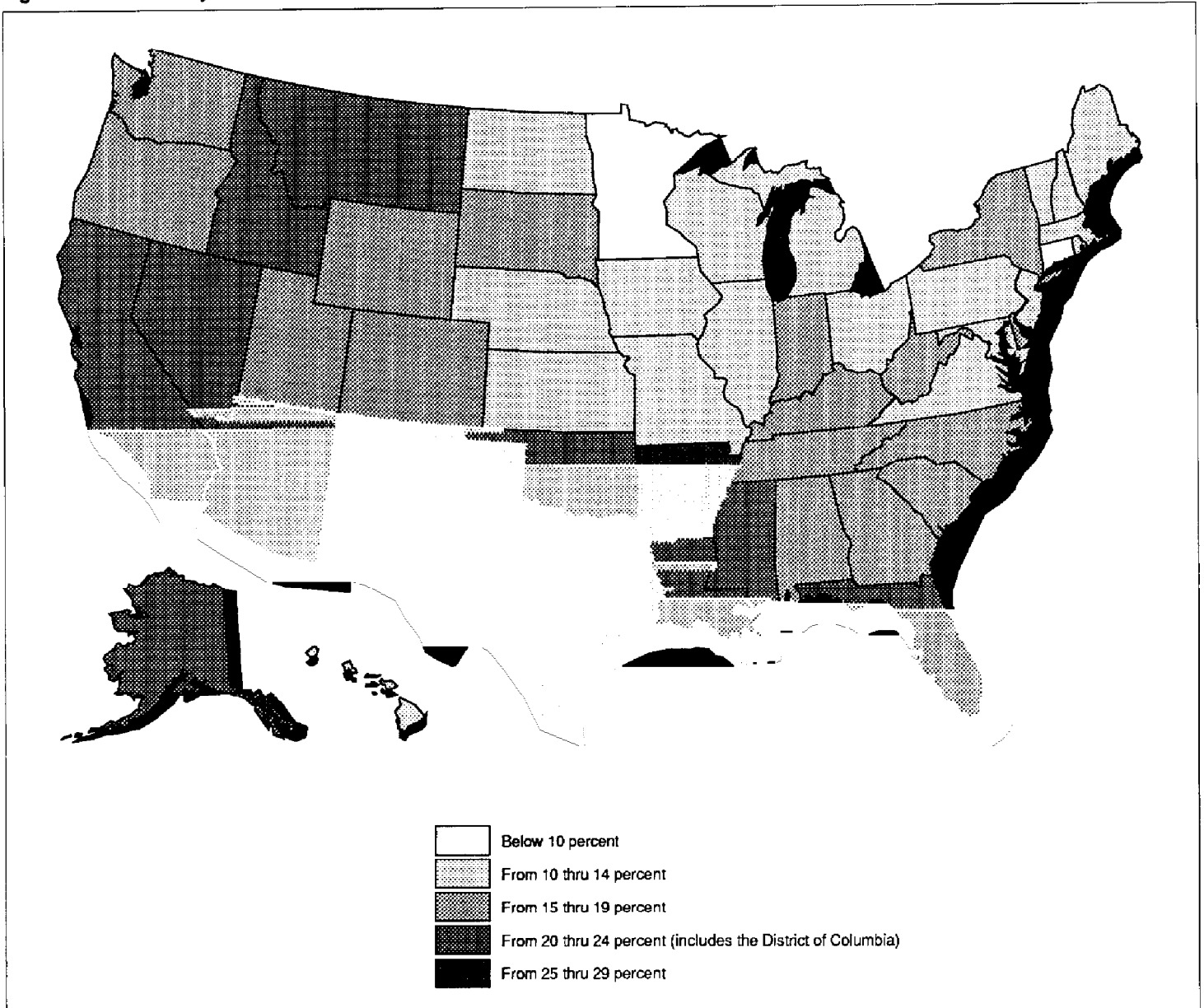
Michigan Had 10.8 Percent Uninsured in 1987

The probability of being uninsured varies depending on where people live. Even though Michigan's 10.8-percent uninsured rate was among the lowest (43rd) of the 50 states and the District of Columbia, there still were more than 860,000 uninsured persons in the state. Uninsured rates among the states ranged from about 8 percent in Minnesota to more than 28 percent in New Mexico. The higher rates tend to cluster in the South Central section of the United States. The percentages of uninsured persons by state are shown in figure 1.

²As the majority, about 99 percent, of individuals 65 and older had Medicare or private insurance, this age group was not included in our study.

³Estimates of the number of uninsured persons in 1987 range from 31 to 35 million. The lower figure, 31 million, is a revised estimate based on analysis by others, of questions added to the March 1988 Current Population Survey. The questions centered around health insurance coverage of children through private insurance provided by sources outside the household or by Medicaid. The revised estimate primarily affects analyses of uninsured that include children and has no effect on rates of insurance by income and employment presented in this report.

Figure 1: Uninsured by Percent of State Populations (1987)



Among the nine geographic regions in the United States, uninsured rates ranged from about 10 percent in New England to about 25 percent in the West South Central region. The East North Central region, of which Michigan is a part, had the third lowest percentage (12.6 percent) of

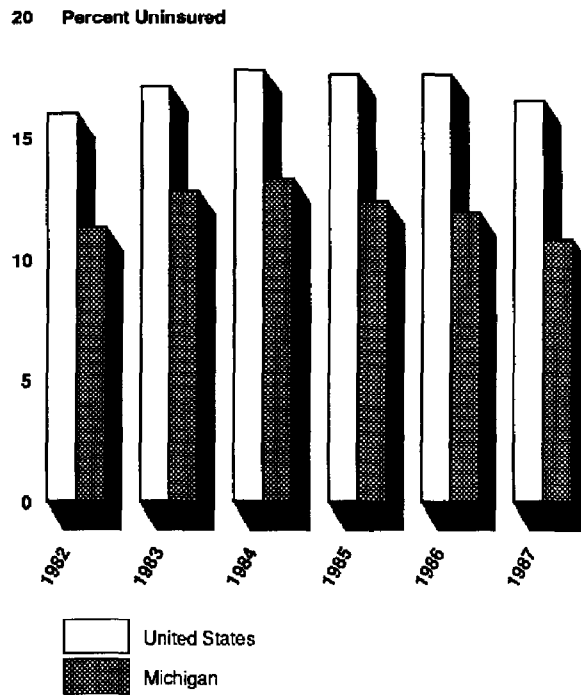
uninsured when compared with the other eight regions (see app. II for uninsured rates by regions and states).

Proportion of Uninsured Declines in Michigan

The percentage of people with health insurance coverage in Michigan was greater than the national percentage. In 1987, about 84 percent of the nation's population under age 65 had some form of health insurance coverage. In Michigan, 89 percent of the population was covered, exceeding the national rate by 5.6 percentage points. The recent trend shows that the portion of Michigan's population not covered by health insurance began to decline in the mid 1980s. From 1984 to 1986, the level of uninsured declined from 13.3 to 11.9 percent in Michigan, while the national rate was more stable, edging down from 17.8 to 17.6 percent (see fig. 2). There were further reductions in the uninsured rate from 1986 to 1987, for both Michigan and the nation (the 1987 rates were 10.8 and 16.5 percent, respectively), but these changes reflect, in part, a change in the way the Current Population Survey measured the uninsured, making it difficult to assess whether the change in 1987 reflects any real improvement in the level of health insurance coverage.⁴

⁴In addition to added questions on children's health insurance coverage, the March 1988 Current Population Survey contained changes in the way individuals were asked questions about their insurance coverage. Because of these changes, the Bureau of the Census suggests that caution be exercised in interpreting the 1987 uninsured rate changes.

Figure 2: Percent of Population Uninsured in the United States and Michigan (1982-87)



Note: Includes only people under age 65.

Source: Bureau of the Census, Current Population Survey (Washington, D.C., 1987).

Employer/Union-Sponsored Health Insurance Coverage Increases

Most of the nation's insured population obtained health insurance coverage through employer- or union-sponsored health insurance plans, which increased from 1985 to 1987 (see table 1). Likewise, the majority of the improvement in Michigan's level of health insurance coverage since 1984 comes from an increase in employer- or union-sponsored insurance, a reflection of the pronounced improvements since 1984 in Michigan's manufacturing sector, which has traditionally provided health insurance coverage for its workers. The federally sponsored Medicaid program coverage rate in Michigan decreased about 4 percent, resulting in a 30-percent decline in the number of persons under age 65, covered by Medicaid, whereas in the United States, Medicaid coverage increased slightly.

Table 1: Health Insurance Coverage of Individuals Under Age 65 in the United States and Michigan (1985 and 1987)

Number of individuals is in thousands

Type of insurance	United States				Michigan			
	1985		1987		1985		1987	
	No.	Percent	No.	Percent	No.	Percent	No.	Percent
Private								
Employer- or union-sponsored	134,570	64	142,747	67	5,363	66	5,803	73
Individual-provided	15,370	7	12,470	6	525	7	474	6
Public (federal)								
Medicaid	14,250	7	14,861	7	996	12	694	9
Medicare	2,510	1	2,095	1	118	2	96	1
CHAMPUS ^a , Veterans Affairs, Military Health ^b	5,820	3	5,287	3	83	1	50	1
Subtotal	172,520	82	177,460	84	7,085	88	7,117	89^c
No insurance coverage	36,900	18	35,167	17	1,003	12	861	11
Total	209,420	100	212,628^c	100^c	8,089^c	100	7,977^c	100

^aThe Civilian Health and Medical Program of the Uniformed Services is operated by the Department of Defense. It provides reimbursement for covered medical care rendered in civilian facilities to wives and children of active military personnel, retired military personnel, and their dependents, and dependents of deceased personnel.

^bArmed Forces members and their dependents living in off-base housing or on-base military housing.

^cNumbers do not add to total due to rounding.

Job Growth, Uninsured Workers Concentrated in Service Sector

Nearly all of the employment growth in both Michigan and the United States occurred in the service sector of the economy. However, the service industry uninsured rates were much higher than those in other sectors of the economy. While the uninsured rate was much lower in the manufacturing sector, particularly in the durable goods industries, employment growth was negligible. Overall, Michigan's uninsured rates were lower than the United States' rates in both the manufacturing and service sectors even though its employment growth rates were lower (see tables 2 and 3). Nevertheless, solutions to the working uninsured problem become more important as the service industries grow and become a larger share of a more diversified Michigan economy.

Table 2: Percent of Uninsured Workers (1987) and Employment Growth in United States, by Industry (1985-87)

Combined industry categories	Percent of uninsured in combined industry category (1987)	Employment (thousands)		Percent of employment growth or decline
		1985	1987	
Manufacturing (durable and nondurable)	10	22,300	22,166	-1
Services	14	70,745	74,704	6
Other	20	20,133	20,184	0
Total		113,178	117,054	

Notes:

1. The data in this table are based on individuals aged 19-64, who responded to employment industry-related questions.
2. For a detailed breakdown of employment categories for the United States, see appendix III.

Table 3: Percent of Uninsured Workers (1987) and Employment Growth in Michigan, by Industry (1985-87)

Combined industry categories	Percent of uninsured in combined industry category (1987)	Employment (thousands)		Percent of employment growth or decline
		1985	1987	
Manufacturing (durable and nondurable)	6	1,183	1,199	1
Services	10	2,415	2,683	11
Other	18	523	546	4
Total		4,121	4,428	

Note: The data in this table are based on individuals aged 19-64, who responded to employment industry-related questions.

Family Income an Important Indicator of Insurance Status

Those with low incomes are more likely to be without health insurance coverage. In Michigan, more than 26 percent of persons in families with incomes below the 1987 federal poverty level were uninsured. Michigan's uninsured rate among the poverty population is considerably lower than the 37-percent rate in the United States (see table 4). Total annual money earnings for the majority of uninsured workers were less than \$10,000 in 1987.

Table 4: Percent Uninsured for Individuals Under Age 65, by Income Class (1987)

Ratio of family income to poverty	United States		Michigan	
	Population in income class (thousands)	Percent in income class	Population in income class (thousands)	Percent in income class
Under 1.0	31,180	37	1,088	26
1.0-1.99	36,150	29	1,110	20
2.0 and over	145,300	9	5,779	6
Total	212,630	17	7,977	11

Lack of health insurance coverage is not restricted to the low-income population. In 1987, more than one-third of all the uninsured were in families with incomes at least twice the poverty level (see table 5). About 13 percent of Michigan's uninsured workers earned \$20,000 or more in 1987 (see table 6).

Table 5: Distribution of the Uninsured Population Under Age 65, by Income Level (1987)

Ratio of family income to poverty	Distribution of uninsured			
	United States		Michigan	
	Number uninsured (thousands)	Percent of uninsured population	Number uninsured (thousands)	Percent of uninsured population
Under 1.0	11,570	33	285	33
1.0-1.99	10,560	30	220	26
2.0-4.99	10,680	30	282	33
5 and over	2,360	7	74	9
Total	35,170	100	861	100^a

^aNumbers do not add to total due to rounding.

Table 6: Income Levels of Uninsured Workers in Michigan, Aged 19-64 (1987)

Personal income	Uninsured workers (percent)		
	Full-time/full-year	Part-time/part-year	Total
\$1-9,999	15	40	55
10,000-19,999	18	15	33
20,000-29,999	6	1	7
30,000-39,999	2	0	3
40,000 and over	2	1	3
Total	43	57	100^a

^aNumbers do not add to total due to rounding.

Many Employed People Are Uninsured

Though unemployed people had the highest uninsured rate among the different employment categories, many employed people also were without health insurance coverage. Most of the working uninsured in Michigan were part-time/part-year workers⁵ (see tables 7 and 8). But even full-time or full-year workers were not assured of health insurance coverage. Nearly one-third of Michigan's uninsured workers had full-time jobs in 1987.

Table 7: Uninsured As a Percent of the Population Aged 19-64, by Employment Status (1987)

Figures in percent

Employment status	Distribution	
	United States uninsured	Michigan uninsured
Full-time/full-year	10	7
Part-time/part-year	22	14
Unemployed	42	41 ^a
Not in work force	18	11

^aSampling error is plus or minus 13 percentage points at the 95-percent confidence level.

Table 8: Distribution of Uninsured Individuals Aged 19-64, by Employment Status (1985 and 1987)

Figures in percent

Employment status	Distribution			
	United States		Michigan	
	1985	1987	1985	1987
Full-time/full-year	28	35	27	32
Part-time/part-year	44	42	46	41
Unemployed or not in work force	28	24	27	28
Total^a	100	100	100	100

^aNumbers may not add to total due to rounding.

Demographic Characteristics of the Uninsured

The likelihood of being uninsured is greater among the youth, minorities, the unmarried, and those who do not have a college education compared with others in the same demographic category. In Michigan, the uninsured rates were high for people that were aged 19-24 (17 percent), Hispanic (22 percent), and black (17 percent), compared with about 10 percent white; unmarried or separated (from 15 to 20 percent compared with 5 percent of married persons); and had no more than a grade

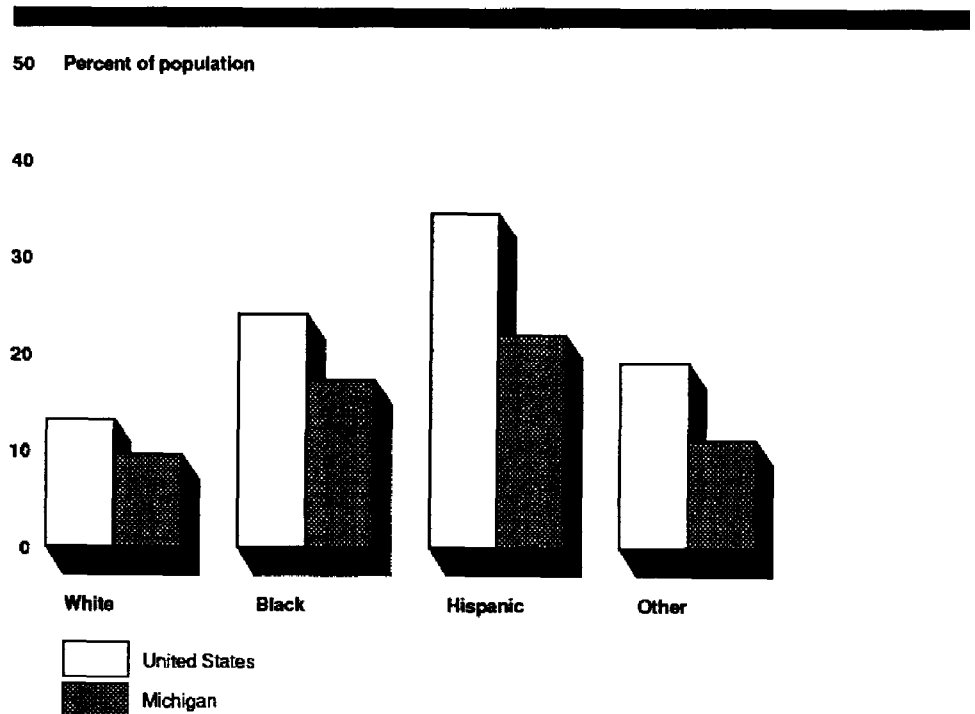
⁵The Bureau of the Census' Technical Documentation for the Current Population Survey states that part-time workers include people who worked less than 35 hours per week in a majority of the weeks worked during the year. People who worked full time for less than 50 weeks are considered part-year workers by Census.

school education (about 20 percent compared with 6 percent of those completing 1 or more years of college). This pattern in Michigan was consistent with that of the nation (see tables 9 and 10 and figures 3 and 4).

Table 9: Percent of Population Uninsured, by Age Group (1987)

Ranges of ages in years	Uninsured (percent)	
	United States	Michigan
55-64	11	7
45-54	11	5
35-44	12	8
25-34	17	13
19-24	25	17
18 and younger	20	12

Figure 3: Percent of Population Uninsured, by Race or Ethnic Origin (1987)



Note: Includes only people under age 65.

^aSampling error is plus or minus 11 percentage points at the 95-percent confidence level for Hispanics in Michigan.

Source: Bureau of the Census, Current Population Survey (Washington, D.C., 1987).

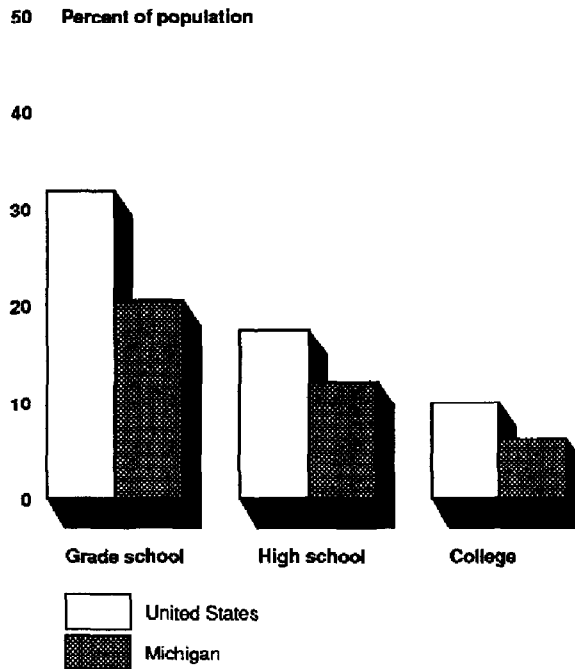
Table 10: Uninsured Under Age 65, by Marital Status (1987)

Figures in percent

Marital status	Uninsured	
	United States	Michigan
Married	10	5
Widowed	23	23 ^a
Divorced or separated	22	15
Never married	24	20

^aSampling error is plus or minus 10.7 percentage points at the 95-percent confidence level.

Figure 4: Percent of Population Uninsured, by Education Level (1987)



Note: Includes only people under age 65.

^aSampling error is plus or minus 8 percentage points at the 95-percent confidence level for the grade school group in Michigan.

Source: Bureau of the Census, Current Population Survey (Washington, D.C., 1987).


Objectives, Scope, and Methodology

We agreed to focus our work on identifying and comparing the characteristics of uninsured people in the United States and Michigan. Additionally, we developed statistics on changes in the uninsured population over a recent period.

To determine the growth in the number of uninsured and characteristics of uninsured individuals under age 65, we analyzed the Bureau of the Census' Current Population Survey data for 1982 through 1987. For most of our analyses we used Census survey data collected for 1987. The data collected for 1988 were not available when we began our analysis.

We are sending copies of this report to the Secretary of Health and Human Services and will make copies available to others on request. As agreed with your staff, we did not obtain agency comments on this report. If you or your staff have questions concerning this report, please call me on (202) 275-5451. Other major contributors to this report are listed in appendix IV.

Sincerely yours,



Mark V. Nadel
Associate Director, National
and Public Health Issues

Contents

Letter	1
Appendix I Current Population Survey	16
Appendix II Uninsured Populations, by Region and State (1987)	18
Appendix III Uninsured Rates for Workers (1987) and Employment Growth in the United States, by Industry Group (1985-87)	20
Appendix IV Major Contributors to This Report	21
Tables	
Table 1: Health Insurance Coverage of Individuals Under Age 65 in the United States and Michigan (1985 and 1987)	6
Table 2: Percent of Uninsured Workers (1987) and Employment Growth in United States, by Industry (1985-87)	7
Table 3: Percent of Uninsured Workers (1987) and Employment Growth in Michigan, by Industry (1985-87)	7
Table 4: Percent Uninsured for Individuals Under Age 65, by Income Class (1987)	8

Contents

Table 5: Distribution of the Uninsured Population Under Age 65, by Income Level (1987)	8
Table 6: Income Levels of Uninsured Workers in Michigan, Aged 19-64 (1987)	8
Table 7: Uninsured As a Percent of the Population Aged 19-64, by Employment Status (1987)	9
Table 8: Distribution of Uninsured Individuals Aged 19-64, by Employment Status (1985 and 1987)	9
Table 9: Percent of Population Uninsured, by Age Group (1987)	10
Table 10: Uninsured Under Age 65, by Marital Status (1987)	11

Figures

Figure 1: Uninsured by Percent of State Populations (1987)	3
Figure 2: Percent of Population Uninsured in the United States and Michigan (1982-87)	5
Figure 3: Percent of Population Uninsured, by Race or Ethnic Origin (1987)	10
Figure 4: Percent of Population Uninsured, by Education Level (1987)	11

Abbreviations

CHAMPUS Civilian Health and Medical Program of the Uniformed Services

Current Population Survey

The Bureau of the Census' Current Population Survey is the source of official government statistics on employment and unemployment. For the survey, households are scientifically selected on the basis of area of residence to represent the nation as a whole, individual states, and other specified areas. The current sample consists of about 60,000 households. The universe is the civilian noninstitutional population of the United States and members of the Armed Forces living with their families in civilian housing units or on a military base. A probability sample is used in selecting housing units. Each household is interviewed once a month for 4 consecutive months during a 1-year period, and again for the corresponding time period a year later. This technique enables Census to obtain month-to-month and year-to-year comparisons at reasonable cost.

The Current Population Survey also provides monthly labor force data, including supplemental data on work experience, income, noncash benefits, and migration. Comprehensive information is collected on the employment status, occupation, and industry in which individuals work. Additional data are available on the number of weeks and hours per week individuals worked and individuals' total income. Although the main purpose of the survey is to collect data on the employment situation, an important secondary purpose is to gather information on the demographic status of the population. This includes age, sex, race, marital status, educational attainment, and family structure. The results serve to update similar information collected once every 10 years through the decennial census. Government policymakers and legislators use the data as important indicators of our nation's economic situation and to plan and evaluate many government programs.

In addition, the survey provides current estimates of the economic status and activities of the nation's population. Because it is not possible to develop one or two overall figures (such as the number of unemployed) that would adequately describe the whole complex of labor market phenomena, the survey is designed to provide a large amount of detailed and supplementary data. Such data are made available to users of labor market information to meet various needs.

The survey provides the only data available on the distribution of workers by number of hours worked (as distinguished from aggregate or average hours for an industry). This permits separate analyses of part-time workers, workers on overtime, and other groups. Also, the survey is the only comprehensive, current source of information on the occupation of workers and the industries in which they work. Not only is information available for people currently in the labor force, but also for

those outside the labor force. Thus, the characteristics of the latter—including married women with or without young children, disabled persons, students, and older retired workers—can be determined.

The Current Population Survey was not designed to capture representative samples of state uninsured populations that would enable users to make refined estimates of some characteristics of the uninsured. Because of the many different variables we analyzed on the Michigan uninsured population, users of this report should exercise caution when interpreting these data because sampling errors would vary depending on the sufficiency of the population base. Unless otherwise indicated, sampling errors for the data in this report were 5 percentage points or less at the 95-percent confidence level.

Uninsured Populations, by Region and State (1987)

Region/state	Number of uninsured (thousands) ^a	Uninsured as a percent of state population
East North Central		
Illinois	1,326	13
Indiana	824	17
Michigan	861	11
Ohio	1,219	13
Wisconsin	402	10
East South Central		
Alabama	671	19
Kentucky	623	19
Mississippi	535	24
Tennessee	743	18
Middle Atlantic		
New Jersey	736	11
New York	2,275	15
Pennsylvania	1,051	11
Mountain		
Arizona	645	21
Colorado	462	16
Idaho	178	21
Montana	141	20
Nevada	188	20
New Mexico	376	29
Utah	223	15
Wyoming	60	15
New England		
Connecticut	223	9
Maine	110	11
Massachusetts	496	10
New Hampshire	114	12
Rhode Island	88	10
Vermont	59	13
Pacific		
Alaska	100	21
California	5,090	20
Hawaii	115	12
Oregon	443	19
Washington	662	17

(continued)

**Appendix II
Uninsured Populations, by Region and
State (1987)**

Region/state	Number of uninsured (thousands)^a	Uninsured as a percent of state population
South Atlantic		
Delaware	84	15
District of Columbia	107	21
Florida	2,384	23
Georgia	841	16
Maryland	508	13
North Carolina	1,041	19
South Carolina	460	16
Virginia	732	14
West Virginia	271	17
West North Central		
Iowa	263	10
Kansas	293	14
Minnesota	300	8
Missouri	588	13
Nebraska	191	14
North Dakota	58	10
South Dakota	110	18
West South Central		
Arkansas	552	26
Louisiana	837	21
Oklahoma	651	23
Texas	3,860	26

^aExcludes ages 65 and over.

Uninsured Rates for Workers (1987) and Employment Growth in the United States, by Industry Group (1985-87)

Industry	Percent of uninsured (1987)	Employment (millions)		Percent of employment growth or decline
		1985	1987	
Public administration	6	5.39	5.75	7
Manufacturing (durable)	9	13.32	13.09	-2
Finance, insurance, and real estate	9	7.17	8.07	13
Mining	9	1.11	0.78	-30
Transportation, communication, and other public utilities	11	7.97	8.25	4
Professional and related services	8	23.02	24.34	6
Wholesale trade	11	4.53	4.63	2
Manufacturing (nondurable)	12	8.98	9.08	1
Retail trade	21	18.32	18.90	3
Business and repair services	21	6.57	7.04	7
Entertainment and recreation	21	1.36	1.42	4
Construction	26	7.82	7.89	1
Personal services, including private households	27	4.40	4.56	4
Agriculture, forestry, and fisheries	31	3.24	3.26	1

Major Contributors to This Report

**Human Resources
Division,
Washington, D.C.**

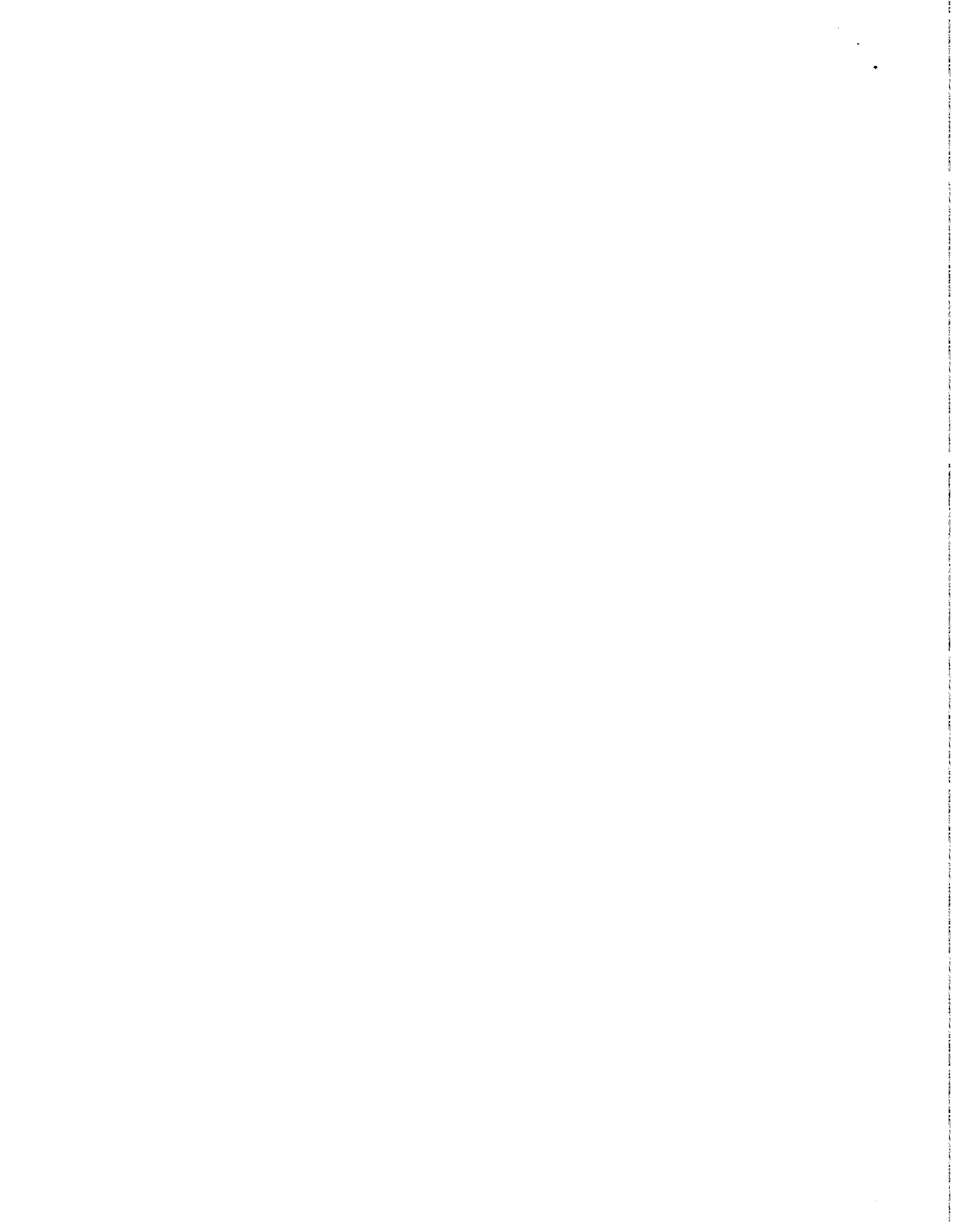
Janet L. Shikles, Director, Health Financing and Policy Issues,
(202) 275-5451

Michael F. Gutowski, Assistant Director

James O. McClyde, Assignment Manager

David W. Bieritz, Evaluator-in-Charge

Paula J. Bonin, Computer Specialist



Requests for copies of GAO reports should be sent to:

**U.S. General Accounting Office
Post Office Box 6015
Gaithersburg, Maryland 20877**

Telephone 202-275-6241

The first five copies of each report are free. Additional copies are \$2.00 each.

There is a 25% discount on orders for 100 or more copies mailed to a single address.

Orders must be prepaid by cash or by check or money order made out to the Superintendent of Documents.

**United States
General Accounting Office
Washington, D.C. 20548**

**Official Business
Penalty for Private Use \$300**

**First-Class Mail
Postage & Fees Paid
GAO
Permit No. G100**