

## Census Uninsured Data

September 10, 2009

The Republican Conference has prepared the following summary and analysis of the annual [report](#) by the Census bureau on the number of uninsured Americans in 2008.

**Summary:** The Census Bureau found that as of 2008, there were 46.3 million uninsured Americans—an increase of 682,000 uninsured from the 2007 number of 45.7 million. The overall uninsured rate rose only slightly, from 15.3 percent to 15.4 percent. Among various demographic groups, the number of uninsured children declined by more than 800,000, while rising slightly for other age groups, most significantly those aged 45-64 (increase of 571,000). Also of note, the number of uninsured Americans in households with incomes of over \$75,000—many of whom could afford to purchase their own private coverage—rose by more than 600,000, to more than 9.7 million.

**Cohorts of the Uninsured:** Former National Economic Council Director Keith Hennessey has [analyzed](#) the various groups within the uninsured population to ascertain who might need assistance to purchase health coverage:

- *Medicaid Undercount:* 6.4 million (14 percent of the 45.7 million uninsured in 2007) were enrolled in Medicaid or SCHIP, but did not report such coverage to the Census Bureau.
- *Eligible for But Not Enrolled in Government Coverage:* An additional 4.3 million (9.4 percent) were eligible for public programs like Medicaid and SCHIP but not enrolled in them. As a 2003 CBO [report](#) noted, “Some policy-makers...believe that such people should be regarded as insured, because they can apply for Medicaid when they require care and receive retroactive coverage for their expenses.”
- *Non-Citizens:* This figure of 9.3 million (20.3 percent of the uninsured) includes both legal aliens—many of whom are not eligible for federally-subsidized coverage for five years after their arrival—and undocumented immigrants.
- *Over Three Times Poverty:* Many of these 10.1 million individuals (22.1 percent of the uninsured) may be able to afford coverage, as their incomes are above 300 percent of the federal poverty level (\$66,150 for a family of four in 2009), but choose not to purchase such coverage.
- *“Young Invincibles:”* An additional 5 million uninsured (10.9 percent of the total) are aged between 18 and 34; while many likely could purchase coverage at affordable rates, some may choose not to do so—because they feel they do not need it, and/or do not perceive it to be of value to them.

Presuming that at least some of the above categories may not need federal assistance leaves a residual uninsured population of 10.6 million—23.2 percent of the 45.7 million total for 2007, and approximately 3-5 percent of the American population as a whole—who do not fit into any of the above categories.

The President, in his address to Congress last night, gave a tacit admission that the number of uninsured Americans is overstated, by citing a statistic that “there are now more than 30 million Americans without health coverage”—a much lower figure than the Census data report. According to the [Politico, White House aides admit that as many as 10 million of the uninsured are undocumented, and another 5-7 million are eligible for, but not enrolled in, public programs like Medicare and Medicaid.](#)

**Uninsured Number vs. Rate:** While the number of uninsured Americans in absolute terms has risen in recent years, the rate of uninsurance has remained relatively constant within a range of 14-15 percent for at least two decades, according to the Census data. When compared to the public concentration on the number of uninsured Americans, economists tend to focus on the unemployment rate—and not the total number of unemployed workers—as the most accurate picture of economic health, as the former reduces the impact of population growth. For instance, while the number of currently unemployed workers exceeds levels in the 1982-83 recession by more than 2.8 million, the unemployment rate has yet to hit levels reached during that downturn because the size of the American workforce has grown significantly in the past 25 years. Some may therefore argue that the uninsured rate, as opposed to the number of uninsured overall, may present a more accurate picture of the health insurance system.

In that same vein, the most recent employment numbers released last Friday found a total unemployment rate—including discouraged workers who have left the workforce and part-time workers who cannot find full-time employment—of 16.8 percent. With the uninsured rate rising only slightly to 15.4 percent, this marks the first year in at least two decades that the percentage of individuals seeking full-time work who cannot find it exceeds the percentage of individuals without health coverage. This dynamic may cause many to question the logic of passing more than \$800 billion in tax increases—as the House Democrat bill would do—which, according to a model developed by President Obama's senior economic advisor, would demolish or destroy as many as 5.5 million additional jobs.

**Survey Methodology:** While the Census Bureau figure of uninsured Americans is among the most widely reported, it is far from the only measure used—or the most accurate. Many indicators confirm that the Census survey represents a “point-in-time” snapshot of the uninsured population at any given moment, and does not reflect the number of individuals without insurance for long periods of time—those in most need of assistance. For instance, while last year's Census Bureau report found just under 46 million uninsured, a separate [study](#) by the Centers for Disease Control found that 31.1 million Americans were uninsured for one year or longer in 2008, and a [survey](#) of health spending conducted by the Department of Health and Human Services found 37 million Americans lacked coverage for all of 2006.

In addition, the Census survey relies on individuals to self-report their insurance status, and some individuals may not remember periods of health insurance coverage. Adding a “residual” question to the Census survey in 2000—to confirm that those without employer, individual, or government coverage were in fact uninsured—reduced the number of uninsured Americans by 8 percent. One [survey](#) conducted for the Department of Health and Human Services in 2005 adjusted for the number of individuals which the Centers for Medicare and Medicaid Services (CMS) reported were enrolled in Medicaid, but who did not report insurance coverage for the Census survey. As discussed above, such adjustments for the Medicaid undercount reduced the number of uninsured by about 9 million—or one-fifth of the total uninsured—and the number of uninsured children by half. For these reasons, the Census Bureau report itself admits that “health insurance coverage is underreported [in the Census data] for a variety of reasons.”

**Conclusion:** The increase in the number of uninsured is not entirely surprising, given the economic downturn that began in 2008 and its effects on jobs and therefore individuals' health coverage. However, it remains a different question entirely whether such an increase in the uninsured population warrants a government takeover of health care as proposed by Congressional Democrats. Given that the targeted number of uninsured Americans who may need government intervention to purchase coverage remains at 3-5 percent of the total population, spending \$1.6 trillion and creating a new government-run health plan without making health care more affordable—as the House Democrat bill (H.R. 3200) would do—may seem particularly unwise.

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#### STAFF CONTACT

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