



**At a
Crossroads:**

**Is Health Coverage
Ahead for America?**

Families USA

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Introduction

As debate continues on the Patient Protection and Affordable Care Act this week, the fate of health reform lies in the hands of the Senate. Passage of a bill is the crucial next step. If the Senate fails to do this, the current effort to reform the health care system will come to a halt. The actions that the Senate takes in the coming weeks will have a profound effect on the future of health coverage for millions of American families.

The Congressional Budget Office (CBO) estimates that 31 million Americans would gain coverage under the Senate bill by 2019. In contrast, if efforts to pass the bill fail, millions of Americans will join the ranks of the uninsured. The CBO estimates that the number of uninsured, which is currently about 46 million,¹ would rise to 54 million by 2019 (the last year for which the CBO includes estimates of coverage). As these data clearly demonstrate, the United States is at a crossroads: The Senate can pass its health reform bill, which would extend coverage to millions of Americans who are currently uninsured, or it can fail to act, allowing the crisis of the uninsured to grow unabated.

Key Findings

In order to better understand how the Senate health reform bill will affect health coverage, Families USA used the CBO's national estimate of coverage gained under the bill and its estimate of the number of uninsured by 2019 in the absence of reform. We apportioned those estimates across all 50 states and the District of Columbia based on the most current Census Bureau data on the uninsured (which run through 2008). Using those data, we determined the following:

- Under this bill, every state will see a significant increase in the number of residents with health coverage (see Table 1 on page 3).
 - The following 10 states are projected to have the largest gains in coverage by 2019: Arizona, New Jersey, Ohio, North Carolina, Illinois, Georgia, New York, Florida, Texas, and California.²
 - In 2019, the coverage gains in these 10 states will range from 821,000 to 4,527,000.
 - Nationally, 31 million people will gain coverage.
- In the absence of health reform, every state will see substantial losses in coverage (see Table 2 on pages 4 and 5).
 - If health reform fails, the following 10 states will have the largest losses in coverage by 2019: Arizona, New Jersey, Ohio, North Carolina, Illinois, Georgia, New York, Florida, Texas, and California.³
 - If health reform does not pass, coverage losses in these 10 states will range from 212,000 to 1,168,000 by 2019.
 - Nationally, more than 8 million people will lose coverage.

Discussion

In our current system, millions of Americans are uninsured, and this number has risen over time as more families have been priced out of coverage. In the absence of reform, the crisis of the uninsured will continue to grow.

By building on the strengths of our current system, the Senate bill will expand coverage to millions while allowing those who like their current coverage to keep it. It will make coverage more affordable for families by providing assistance with the cost of premiums through sliding-scale subsidies, and it will create new options for purchasing coverage through regulated markets, called health insurance “exchanges” (for more details, see “How the Senate Health Reform Bill Expands Coverage” on page 7). Moreover, the bill will make coverage more stable for all Americans by ensuring that everyone has access to quality coverage, regardless of age or health status. The CBO estimates that these provisions will extend coverage to 31 million people by 2019, the last year for which the CBO has provided data.⁴

Every State Stands to Gain

Each and every state stands to gain from the passage of health reform. While the benefits of expanding coverage are clear for those who gain health insurance, expanding coverage will have a much broader positive effect, as well. We know, for example, that expanding coverage is good for the economy. Insured workers are healthier and are more productive on the job.⁵ They are absent less frequently and miss fewer days of work than those without coverage.⁶ In addition, in our current system, where some employers offer health insurance and others don't, the labor market functions inefficiently. People who need or want the protection that health coverage provides are more likely to remain in their jobs in an attempt to keep their coverage.⁷ This phenomenon, known as “job lock,” reduces job mobility by an estimated 25 percent.⁸ By expanding coverage and ensuring that all Americans have access to coverage, regardless of their place of work, the Senate health reform bill will make the workforce healthier and more productive, while ensuring that the labor market functions more efficiently.

Expanding coverage will benefit individuals who already have health insurance as well. Millions of Americans are uninsured, and as they weigh the costs of health care against other necessities, uninsured families are forced to make tough choices about when to seek care. When uninsured people do seek medical care, they struggle to pay as much of their bills as they can: In 2008, the uninsured paid an average of 37 percent of the cost of their care out of their own pockets.⁹ Few, however, can afford to pay for the full cost of care. Government and charity programs pick up a share, but a portion—known as “uncompensated care”—remains unpaid.

Table 1. Estimate of Those Gaining Health Coverage under the Senate Patient Protection and Affordable Care Act, by State

State	Net Gain in Coverage, 2019	State	Net Gain in Coverage, 2019
Alabama	374,000	Montana	102,000
Alaska	86,000	Nebraska	149,000
Arizona	821,000	Nevada	313,000
Arkansas	322,000	New Hampshire	91,000
California	4,527,000	New Jersey	859,000
Colorado	533,000	New Mexico	305,000
Connecticut	225,000	New York	1,765,000
Delaware	64,000	North Carolina	988,000
District of Columbia	39,000	North Dakota	46,000
Florida	2,449,000	Ohio	886,000
Georgia	1,134,000	Oklahoma	381,000
Hawaii	65,000	Oregon	422,000
Idaho	150,000	Pennsylvania	804,000
Illinois	1,125,000	Rhode Island	80,000
Indiana	502,000	South Carolina	481,000
Iowa	188,000	South Dakota	61,000
Kansas	228,000	Tennessee	611,000
Kentucky	422,000	Texas	4,059,000
Louisiana	554,000	Utah	237,000
Maine	85,000	Vermont	42,000
Maryland	482,000	Virginia	707,000
Massachusetts	*	Washington	521,000
Michigan	776,000	West Virginia	177,000
Minnesota	295,000	Wisconsin	332,000
Mississippi	359,000	Wyoming	48,000
Missouri	495,000	United States**	31,000,000

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

** Numbers do not add to total because they do not include data for Massachusetts.

Table 2. The Cost of Doing Nothing: Increases in the Number of Uninsured by 2019 in the Absence Of Health Reform

State	Average Number Of Uninsured, 2007 and 2008*	Number of Uninsured In the Absence of Health Health Reform, 2019	Increase in The Number of Uninsured
Alabama	555,000	652,000	97,000
Alaska	128,000	150,000	22,000
Arizona	1,219,000	1,431,000	212,000
Arkansas	478,000	561,000	83,000
California	6,718,000	7,886,000	1,168,000
Colorado	790,000	928,000	138,000
Connecticut	334,000	392,000	58,000
Delaware	95,000	112,000	17,000
District of Columbia	57,000	67,000	10,000
Florida	3,633,000	4,265,000	632,000
Georgia	1,682,000	1,975,000	293,000
Hawaii	97,000	114,000	17,000
Idaho	223,000	261,000	38,000
Illinois	1,669,000	1,959,000	290,000
Indiana	745,000	874,000	129,000
Iowa	279,000	328,000	49,000
Kansas	338,000	397,000	59,000
Kentucky	626,000	735,000	109,000
Louisiana	823,000	966,000	143,000
Maine	126,000	148,000	22,000
Maryland	715,000	840,000	125,000
Massachusetts	**	**	**
Michigan	1,151,000	1,351,000	200,000
Minnesota	438,000	515,000	77,000
Mississippi	532,000	625,000	93,000
Missouri	734,000	862,000	128,000

Table 2. The Cost of Doing Nothing: Increases in the Number of Uninsured by 2019 in the Absence Of Health Reform, continued

State	Average Number Of Uninsured, 2007 and 2008*	Number of Uninsured In the Absence of Health Health Reform, 2019	Increase in The Number of Uninsured
Montana	152,000	178,000	26,000
Nebraska	222,000	260,000	38,000
Nevada	464,000	545,000	81,000
New Hampshire	135,000	159,000	24,000
New Jersey	1,274,000	1,496,000	222,000
New Mexico	453,000	532,000	79,000
New York	2,620,000	3,075,000	455,000
North Carolina	1,466,000	1,720,000	254,000
North Dakota	68,000	80,000	12,000
Ohio	1,315,000	1,544,000	229,000
Oklahoma	565,000	663,000	98,000
Oregon	626,000	735,000	109,000
Pennsylvania	1,193,000	1,401,000	208,000
Rhode Island	118,000	139,000	21,000
South Carolina	714,000	838,000	124,000
South Dakota	90,000	106,000	16,000
Tennessee	907,000	1,065,000	158,000
Texas	6,023,000	7,071,000	1,048,000
Utah	352,000	413,000	61,000
Vermont	63,000	74,000	11,000
Virginia	1,049,000	1,231,000	182,000
Washington	773,000	907,000	134,000
West Virginia	262,000	308,000	46,000
Wisconsin	493,000	579,000	86,000
Wyoming	71,000	84,000	13,000
United States***	45,998,000	54,000,000	8,002,000

*Because the presentation of state-level Current Population Survey data on the uninsured requires a multi-year merge, data presented here include the annual average number of uninsured for the calendar years 2007 and 2008.

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

***Numbers do not add to total because they do not include data for Massachusetts.

To cover the cost of this uncompensated care, health providers charge higher rates to insurance companies, and these increases are then shifted to those who have private insurance through higher premiums. This creates a “hidden health tax,” which added more than \$1,000 to family premiums in 2008.¹⁰ By expanding coverage, the Senate health reform bill will reduce the amount of uncompensated care and, in turn, reduce the hidden health tax on people with coverage. This will help to control the rapid growth of health care premiums.

The Cost of Doing Nothing

If the Senate does not pass its bill, the number of uninsured Americans will continue to rise. According to CBO estimates, without health reform, the number of uninsured will reach 54 million in 2019.¹¹ This means that, if the Senate fails to act, more than 8 million additional people will join the ranks of the uninsured in the coming years.

Each state will see a substantial increase in its uninsured population. And millions more American families will suffer the physical and financial consequences of going without coverage. Far too often, these consequences are catastrophic. Uninsured Americans are far more likely than those with insurance to go without needed medical care. For example,

- Uninsured children are nearly five times more likely than insured children to have at least one delayed or unmet health care need.¹²
- Cancer patients without health insurance are more than five times more likely than insured patients to delay or forgo cancer-related care because of medical costs.¹³
- The uninsured are much more likely to be diagnosed with a disease in an advanced stage.¹⁴
- The uninsured are also more likely to live sicker and die earlier than those with coverage.¹⁵
- Each year, the deaths of at least 22,000 people between the ages of 25 and 64 can be attributed to a lack of health insurance.¹⁶

If the Senate fails to act, a growing share of American families will face the devastating effects of going without coverage.

Conclusion

Passing the Patient Protection and Affordable Care Act will extend coverage to millions of Americans, bolstering the economy, increasing the stability and security of coverage, and helping to control the rapid rise of health insurance premiums. The consequences of inaction are simply too great. The Senate should act swiftly to approve this legislation and move the United States down the path toward achieving quality, affordable coverage for all Americans.

How the Senate Health Reform Bill Expands Coverage

The Patient Protection and Affordable Care Act covers millions of people by doing the following:

■ Ensuring Access for All

Under our current system, millions of Americans with health problems, even common conditions such as diabetes and asthma, are unable to buy health coverage on their own. Or, if they are offered coverage, the premiums can be so high that they are unaffordable.¹⁷ The Senate bill requires insurers to offer coverage to every person who applies, regardless of health status, age, or gender. In addition, under the bill, insurance companies will no longer be able to discriminate against people with pre-existing conditions by charging them higher premiums or denying them coverage altogether.

■ Making Premiums Affordable

Millions of middle-class families simply cannot afford health coverage. The Senate bill helps these families by creating a new health insurance marketplace where people will be able to purchase quality coverage, regardless of age or health status. This new marketplace is known as a health insurance “exchange.” In addition, for middle-class families who purchase coverage through such an exchange, the bill will provide subsidies to make premiums affordable. These premium subsidies will be available to families with incomes up to 400 percent of the federal poverty level (\$88,200 for a family of four in 2009).

■ Strengthening Medicaid

There is a common perception that people with low incomes are all eligible for Medicaid, but this is simply untrue. Federal law does require states to cover all low-income children. However, eligibility levels for parents vary widely across the nation; the national median income eligibility for parents is only 67 percent of poverty (a mere \$14,770 in annual income for a family of four in 2009).¹⁸ Moreover, in 43 states, adults without dependent children are not eligible for Medicaid at all—even if they are penniless.¹⁹ The Senate bill will make all individuals who have incomes below 133 percent of poverty (about \$29,330 for a family of four in 2009) eligible for Medicaid, substantially increasing the number of very low-income people with health coverage.

Methodology

This report is designed to show how many people will gain coverage in each state under the health reform legislation that is currently under consideration in the Senate (the Patient Protection and Affordable Care Act), as well as how many would lose coverage in the absence of health reform.

To develop state-level data on gains in coverage, Families USA used national estimates of the reduction in the number of uninsured from the Congressional Budget Office (CBO) for 2019 (the last year for which the CBO provided data) and apportioned those estimates across the states. In determining these state-specific gains in health coverage, we assumed that coverage gains would occur across states relative to the share of total uninsured individuals residing in each state. We calculated the share of uninsured individuals residing in each state using data reported in the Census Bureau's Current Population Survey for 2007-2008, the most recent period for which such data are available. We used the resulting distribution to apportion the national estimates of coverage gains in 2019 across the states. We then apportioned the CBO's estimates of the number of uninsured by 2019 in the absence of reform across the states using the same method of distribution.

Estimates for Massachusetts are not reportable because the most recent Current Population Survey data on the uninsured do not fully reflect changes in coverage under the Massachusetts health reform law, which was implemented beginning in 2006.

Endnotes

- ¹ U.S. Census Bureau, Current Population Survey, CPS 2-Year Average Data on the Uninsured, by state, accessed through the Current Population Survey Table Creator on December 3, 2009. Because the presentation of state-level Current Population Survey data on the uninsured requires a multi-year merge, data presented here include the annual average numbers of uninsured for the calendar years 2007 and 2008.
- ² This assumes that coverage gains follow the current distribution of the uninsured across the states.
- ³ This assumes that coverage losses follow the current distribution of the uninsured across the states.
- ⁴ Congressional Budget Office, *Letter to the Honorable Harry Reid Regarding the Patient Protection and Affordable Care Act*, November 18, 2009, available online at www.cbo.gov/ftpdocs/107xx/doc10731/Reid_letter_11_18_09.pdf.
- ⁵ Paul Fronstin and Alphonse G. Holtmann, *Productivity Gains from Employment-Based Health Insurance* (Washington: Employee Benefits Research Institute, April 2000).
- ⁶ Jennifer H. Lofland and Kevin D. Frick, "Effect of Health Insurance on Workplace Absenteeism in the U.S. Workforce," *Journal of Occupational and Environmental Medicine* 46, no. 1 (January 2006): 13-21.
- ⁷ "Held Hostage by Health Care: Fear of Losing Coverage Keeps People at Jobs Where They're Not Their Most Productive," *Business Week*, January 29, 2007; Brigitte C. Madrian, "Employment-Based Health Insurance and Job Mobility: Is There Evidence of Job-Lock?" *The Quarterly Journal of Economics* 109, no. 1 (February 1994): 27-54.
- ⁸ Brigitte C. Madrian, op. cit.
- ⁹ Kathleen Stoll and Kim Bailey, *Hidden Health Tax: Americans Pay a Premium* (Washington: Families USA, May 2009).
- ¹⁰ Ibid.
- ¹¹ Congressional Budget Office, op. cit.
- ¹² Jennifer Sullivan, *No Shelter from the Storm: America's Uninsured Children* (Washington: Families USA, September 2006).
- ¹³ USA Today/Kaiser Family Foundation and Harvard School of Public Health, *National Survey of Households Affected by Cancer* (Washington: Kaiser Family Foundation, November 2006).
- ¹⁴ Cathy J. Bradley, David Neumark, Lisa M. Shickle, and Nicholas Farrell, "Differences in Breast Cancer Diagnosis and Treatment: Experiences of Insured and Uninsured Patients in a Safety Net Setting," *Inquiry* 45, no. 3 (Fall 2008): 323-339; Michael Halpern, John Bian, Elizabeth Ward, Nicole Schrag, and Amy Chen, "Insurance Status and Stage of Cancer at Diagnosis among Women with Breast Cancer," *Cancer* 110, no. 2 (June 11, 2007): 403-411.
- ¹⁵ David Baker, Joseph Sudano, Ramon Durazo-Arvizu, Joseph Feinglass, Whitney Witt, and Jason Thompson, "Health Insurance Coverage and the Risk of Decline in Overall Health and Death among the Near Elderly, 1992-2002," *Medical Care* 44, no. 3 (March 2006): 277-282; Institute of Medicine, *Insuring America's Health* (Washington: National Academy Press, 2002).
- ¹⁶ Stan Dorn, *Uninsured and Dying Because of It: Updating the Institute of Medicine Analysis on the Impact of Uninsurance on Mortality* (Washington: The Urban Institute, January 2008).
- ¹⁷ For data on current state consumer protections in the individual health insurance market, see Ella Hushagen and Cheryl Fish-Parcham, *Failing Grades: State Consumer Protections in the Individual Health Insurance Market* (Washington: Families USA, June 2008).
- ¹⁸ Data are on file with Families USA.
- ¹⁹ A list of states that provide Medicaid coverage to adults without dependent children and to those who do not qualify for disability-related coverage is on file with Families USA.

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