

Public Versus Private Health Insurance

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health insurance coverage in the United States. Other Data Briefs in this series examine health insurance coverage generally, employer-provided health insurance for employees, and changes in the share of Americans receiving employer-provided health insurance as a dependent on another family member's plan. The first Brief details policy options available to expand coverage to include the nearly 70 million Americans who did not have health insurance during all of 2002.

The data used in this series come from CEPR's analysis of the Survey of Income and Program Participation. CEPR creates user-friendly Data Sets from this survey, and the data and programs are available to the public via our website (www.cepr.net).

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Executive Summary

Three out of every five non-elderly Americans receives their health insurance from an employer, either from their own or another family member's. However, over the recent economic contraction, fewer Americans are receiving employer-provided health insurance. The problem is not that employers have been dropping coverage for employees, but that workers are increasingly less likely to extend coverage to their dependents.

Falling employer-provided health insurance has hit low-wage workers hardest. Low-wage workers, who are already less likely than high-wage workers to receive health insurance from their own employer, are also less likely to receive such coverage as a dependent on another family member's plan. In 2002, less than half (47.3 percent) of low-wage workers had employer-provided health insurance, either from their own employer or another family member's, while nine-in-ten (89.7 percent) high-wage workers had such coverage.

As workers have lost employer-provided health insurance, some have begun to turn to Medicaid or the State Child Health Insurance Program (SCHIP), which extended Medicaid to the children of the working poor. The share of families in which members received both employer-provided health insurance and Medicaid grew over the past decade, between 1992 and 2002. This share grew most for Latinos and low-wage workers. By 2002, one in eight (11.8 percent) Latinos lived in mixed private-public health insurance families, as did 8.7 percent of low-wage workers.

Much of the switch from employer-provided health insurance to Medicaid has been among children. The share of children living in a family receiving Medicaid in which at least one family member also received employer-provided health insurance more than doubled between 1992 and 2002, rising from 4.4 to 11.1 percent. Over the same time period, the share of children who were uninsured but living in a family where someone had employer-provided health insurance nearly doubled, rising from 4.6 to 8.3 percent.

Public Versus Private Health Insurance

Most Americans get their health insurance through a private plan offered by an employer; however for many, this coverage is not from their own employer. Among adults, less than two in five receive health insurance from their own employer, and half of these individuals also cover other family members. Among those with health insurance, most children (69.2 percent) and about one-third (31.0 percent) of adults receive it as a dependent on a family member's employer-provided health insurance plan. However, over the past few years, the cost for dependent health insurance coverage has risen rapidly, and fewer Americans are receiving their health insurance this way. (See *Health Insurance Data Briefs* #3 and #4 for information on employer-provided health insurance for employees and their family members.)

This report uses data from the Survey of Income and Program Participation to examine who is covered by employer-provided health insurance and how this interacts with publicly provided coverage through Medicaid. Between 1999 and 2002, the share of Americans with employer-provided health insurance from either their own employer or a family member's has fallen, more so for children than for adults. At the same time, the share of children living in a family where someone has employer-provided health insurance from an employer but the child is on Medicaid has nearly doubled. In 2002, more American families, especially African American and Latino families, are accessing health insurance through both an employer and the Medicaid system.

Employer-provided health insurance

In general, most individuals receive their health insurance from an employer, either through their own employer or the employer of a family member (Table 1). In 2002, 61.6 percent of all non-elderly Americans received health insurance all year from an employer. Latinos are the least likely racial/ethnic group to receive employer-provided health insurance, with about one-third (33.6 percent) receiving it compared to two-thirds of whites (68.8 percent) and about half (49.2 percent) of African Americans. Young adults (18 to 24) are less likely than older adults to have employer-provided health insurance. In 2002, 43.9 percent of young adults had employer-provided health insurance, compared to 66.5 percent of adults ages 35 to 44.

Table 1. Employer-provided health insurance coverage through own or other family member's employer

	Share with coverage			
	During the Year		All Year	
	1999	2002	1999	2002
All under age 65	71.7%	70.3%*	64.0%	61.6%*
Female	72.4	71.2*	65.1	63.2*
Male	71.0	69.3*	62.8	60.0*
White	77.2	76.7*	69.9	68.8*
African-American	60.7	59.1*	52.1	49.2*
Latino	53.2	48.8*	44.1	33.6*
Other	62.3	65.0*	52.9	55.0*
Age group				
18 - 24	59.9	58.7*	45.7	43.9*
25 - 34	68.2	66.0*	58.7	55.8*
35 - 44	75.9	73.8*	69.7	66.5*
45 - 54	77.7	75.7*	72.7	69.3*
55 - 64	71.4	71.9	64.8	64.5
Adults (18 - 64)				
Employed	81.0	80.6*	73.4	72.2*
Not-employed	50.6	49.2*	42.5	40.2*
Low-Wage	60.4	59.6*	49.2	47.3*
High-Wage	94.4	94.3	90.1	89.7*
Small Firms	74.8	75.2	65.5	65.5*
Large Firms	86.1	85.6*	79.1	77.9*
<i>Addendum:</i>				
Children	64.5	62.0*	56.2	51.5*
Elderly	36.1	39.1*	25.8	25.8*

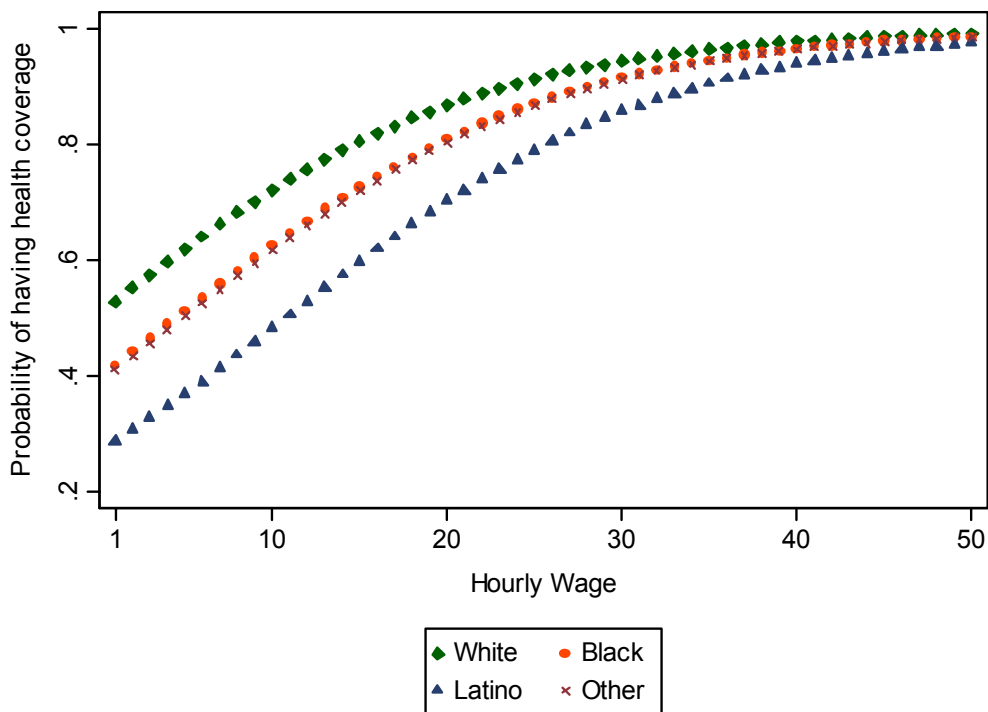
Source: CEPR analysis of Survey of Income and Program Participation, 96 and 02 panels.

Note: To increase sample size, we pooled estimates for Latinos across two years (92/93, 98/99, 01/02).

* Indicates that change from past year is significant at the 5 percent level

The largest gaps in employer-provided health insurance relate to employment-related characteristics. Among low-wage workers, less than half (47.3 percent) have employer-provided health insurance, compared to nine-out-of-ten (89.7 percent) high-wage workers. Figure 1 shows that across wages and controlling for characteristics of

Figure 1. Health insurance coverage from employer (not just own), by race/ethnicity and hourly wage



Source: CEPR analysis of Survey Income and Program Participation (2001 Panel).

Note: Values plotted are the median expected values. See *Technical Documentation: Health Insurance Data Briefs*.

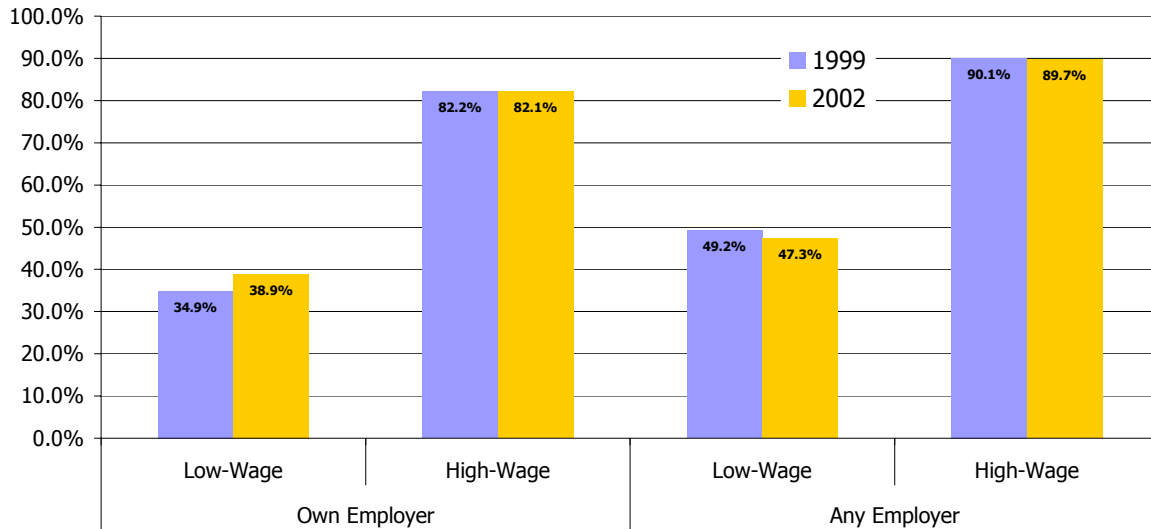
the worker, Latinos are the least likely racial/ethnic group to have employer-provided health insurance from any family member’s employer.²

Workers in small firms are also less likely to have employer-provided health insurance from any employer (65.5 percent), compared to workers employed in large firms (77.9 percent). Thus, many low-wage workers and those working in small firms who do not receive health insurance from their own employer do not make up this lack of coverage by being included on a family member’s employer plan (Figure 2).

² See *Technical Documentation: Health Insurance Data Briefs* for an explanation of the simulations used to produce this figure.

Over the most recent economic contraction, the share of Americans with employer-provided health insurance from either their own employer or another family member fell, more so for children than for adults. Between 1999 and 2002, the share with employer-provided health insurance all year fell by 4.8 percentage points among children and 2.4 percentage points among adults. Latinos had the largest drop in

Figure 2. Employer-provided health insurance for adults



Source: Author's analysis of the Survey of Income and Program Participation 96 and 01 panels.

employer-provided health insurance coverage; the share fell by 10.5 percentage points, from 44.1 percent in 1999 down to 33.6 percent in 2002. Declines in coverage were also large for low-wage workers, who saw their employer-provided health insurance fall by 1.9 percentage points, compared to only 0.4 percentage points for high-wage workers. Non-employed adults saw their coverage fall by 2.3 percentage points, down to 40.2 percent (Table 1).

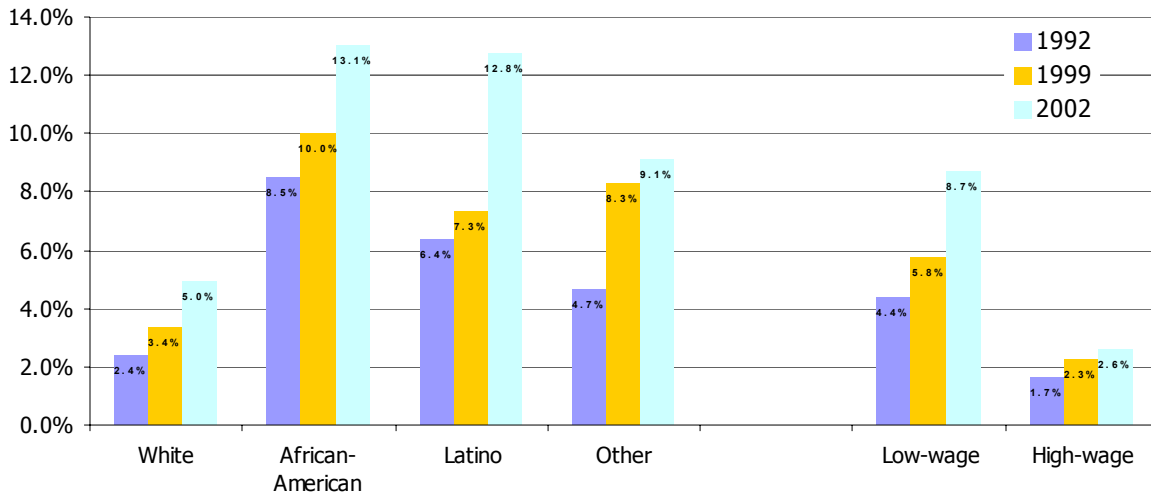
Parents receive employer-provided health insurance, but many of their children are now on Medicaid

Government programs are filling in some of the gap left by declining employer-provided health insurance. One way to look at this is to examine the share of individuals on Medicaid³ who live in a family where anyone receives employer-provided health insurance. Figure 3 shows that 12.8 percent of Latinos and 13.1 percent of African Americans under age 65 lives in a family where someone is receiving

³ "Medicaid" includes children on SCHIP

employer-provided health insurance and someone else is on Medicaid. Only 5.0 percent of whites are in this situation. Living in a family where people are on both employer-provided health insurance and Medicaid is more common among individuals who are low-wage workers: in 2002, 8.7 percent of low-wage workers were in such families, compared to only 2.6 percent of high-wage workers.

Figure 3. Share of children and adults under age 65 living in families with both employer-provided health insurance *and* Medicaid



Source: Author's analysis of the Survey of Income and Program Participation, 92, 96, and 01 panels.

If someone in a family gets health insurance from an employer, nearly all individuals in that family are on an employer-provided health plan (Table 2). This share fell slightly, from 90.5 to 89.3% over the most recent economic contraction, between 1999 and 2002. Over this time period, the share of individuals living in a family where someone else had employer-provided health insurance but they received Medicaid grew by 1.7 percentage points, from 3.8 to 5.5 percent, an increase of 45 percent.

Children make up the bulk of Medicaid recipients who live in families in which someone is on an employer-provided health insurance plan. Between 1999 and 2002, the share of child Medicaid recipients living in a family where other members had employer-provided health insurance more than doubled, growing by 5.4 percentage points, up to 11.1 percent. The share grew most for Latino and African American children. By 2002, the share of child Medicaid recipients living in a family where at least one member had employer-provided health insurance grew by 8.8 percentage points for African American children, up to 21.9 percent, and by 11.3 percentage points for Latino children, up to 22.4 percent.

Table 2. Health insurance coverage among individuals in families with at least one person with employer-provided health insurance

	At all during year							
	Share with employer-provided insurance		Share with Medicaid			Share without health insurance		
	1999	2002	1992	1999	2002	1992	1999	2002
All under age 65	90.5	89.3*	3.0	3.8*	5.5*	4.9	5.9*	6.6*
(a) Adults (18 - 64)	92.1	91.8*	2.4	3.1*	3.3*	5.0	5.5*	5.9*
Women	92.7	92.4*	3.1	3.3*	3.7*	3.8	4.8*	5.1*
Men	91.5	91.2*	1.8	2.8*	2.9	6.3	6.3*	6.7*
White	94.2	94.3*	1.9	2.4*	2.6	3.7	3.9*	3.9
African-American	88.0	86.6*	5.4	6.2*	6.0	9.9	7.9*	9.6*
Latino	78.6	73.1*	7.1	6.9	11.8*	17.2	17.6*	20.7*
Other	86.4	89.5*	2.7	5.5*	4.8*	6.6	9.5*	6.8*
Age group								
18 - 24	79.6	79.6*	3.6	3.9*	5.1*	11.4	14.8*	15.7*
25 - 34	89.7	90.1*	2.0	2.5*	2.6	6.9	8.4*	8.0*
35 - 44	96.0	94.7*	1.2	1.8*	2.0*	2.9	3.1*	4.1*
45 - 54	95.9	94.9*	1.6	2.4*	2.5	2.9	2.5*	3.5*
55 - 64	93.5	93.8*	5.6	6.7*	6.1*	3.1	2.6*	2.5
Employed	94.9	95.0*	0.8	1.2*	1.3	3.3	4.3*	4.3
Not-employed	82.6	81.9*	7.5	9.6*	9.7	10.5	9.9*	10.9*
Low-Wage	86.9	86.7*	2.1	2.8*	3.2*	8.7	10.7*	11.3*
High-Wage	98.9	99.0	0.2	0.4*	0.4	0.5	0.9*	0.8
Small Firms	93.0	93.4		1.7	1.9*		5.4	5.4
Large Firms	96.0	96.1*		1.0	1.2*		3.4	3.5
(b) Children (under 18)	86.3	82.9*	4.4	5.7*	11.1*	4.6	6.9*	8.3*
Girls	86.3	83.0*	4.3	5.9*	11.2*	4.7	7.2*	8.2*
Boys	86.4	82.7*	4.5	5.5*	11*	4.5	6.7*	8.4*
White	90.6	88.2*	2.4	3.5*	7.0*	2.9	4.8*	6.1*
African-American	75.1	71.5*	12.9	13.1*	21.9*	8.7	11.3*	12.0*
Latino	76.2	68.0*	12.3	11.1*	22.4*	17.3	17.5*	19.5*
Other	85.0	81.8*	4.5	9.1*	13.4*	5.0	7.8*	9.4*

Source: CEPR analysis of Survey of Income and Program Participation, 96 and 02 panels.

Notes: The percent of children in families with at least one person with employer-provided health insurance (EPHI) who report having both Medicaid and EPHI increases from 1.67% in 1999 to 3.69% in 2002. This explains why, for children, there is an increase in the cumulative percentage from 98.9% in 1999 to 102.3% in 2002. To increase sample size, we pooled estimates for Latinos across two years (92/93, 98/99, 01/02). Pooling averages out single year error to produce more robust trend estimates.

* Indicates that change from past year is significant at the 5% level

In 1999, Congress expanded Medicaid to cover more children in low-income families through the State Children's Health Insurance Program (SCHIP). The increase in Medicaid for children may be a result of the SCHIP expansion because the share of children in families where someone had employer-provided health insurance but the child is without any health insurance coverage increased relatively slightly. Between 1999 and 2002, the share of children without health insurance grew by 1.4 percentage points, from 6.9 to 8.3 percent.

Conclusions

Over the most recent recession, the share of Americans under age 65 who have health insurance coverage through an employer – be it their own or another family member's – has fallen. Much of the decline has been concentrated among children: in 2002, half (51.5 percent) of children had employer-provided health insurance all year. This is consistent with the finding in *Health Insurance Data Brief #4* that the share of workers with employer-provided health insurance who are providing coverage to family members has fallen, from 56.0 percent in 1999 down to 51.6 percent in 2002.

Many families are simply doing without. The share of uninsured individuals under age 65 living in a family where another member has employer-provided health insurance has risen by 0.7 percentage points. This is consistent with the earlier finding that, overall, the share of Americans with any health insurance all year fell by 3.3 percentage points from 1999 to 2002 (*Health Insurance Data Brief #2*).

Many families are also turning to the Medicaid system, and most likely SCHIP in particular, to cover their children, even if the parent has employer-provided health insurance. The share of families that include some family members on employer-provided health insurance and others on Medicaid has risen by 1.7 percentage points. However, the share of child Medicaid recipients living in families in which other members received employer-provided health insurance more than doubled, up to over one child in ten.

As health insurance costs continue to rise, employers appear to increasingly be rejecting the notion that they should cover their employee's families as well. For many workers who do not have health insurance coverage from their employer – and in particular, low-wage workers where less than two in five have employer-provided health insurance – this could pose significant problems.