

# **Health Insurance Coverage in the United States**

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*This is the second of a five-part series by the Center for Economic and Policy Research (CEPR) on access to health insurance in the United States. Other Data Briefs in this series examine access to health insurance generally, changes in the share of Americans receiving employer-provided health insurance for employees, changes in the share of Americans receiving employer-provided health insurance as a dependent on another family member's plan, and interactions between the private and public health insurance systems. 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 makes the data and programs available to the public via our website ([www.cepr.net](http://www.cepr.net)).*

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## **Executive Summary**

Nearly 70 million Americans were without health insurance coverage at some point during 2002. Three-quarters (75.8 percent) of Americans had health insurance for all of 2002. Two-thirds of Americans (63.5 percent) had private health insurance for all of 2002 and one-in-five (18.4 percent) received health insurance from one of the two main government health programs Medicaid, for low-income individuals, or Medicare, for those ages 65 and over.

Health insurance coverage varies across demographic groups. Children and young adults are less likely to have coverage than are the elderly or older adults. In 2002, only about half (55.4 percent) of young adults (ages 18 to 24) had health insurance all year, compared to three-quarters (76.0 percent) of adults ages 35 to 44. Latinos are less likely to have coverage than are other racial/ethnic groups. In 2002, four-fifths of white adults had health insurance all year, compared to two Latino adults in five (38.5 percent). Overall, women are slightly more likely than men to have health insurance, and more likely than men to receive coverage through Medicaid.

Over the economic boom of the 1990s, health insurance coverage increased. However, coverage fell back during the most recent economic contraction. The decline in coverage over the economic contraction was due to falling private health insurance coverage. Medicaid coverage increased, especially for children.

The overwhelming majority of those without health insurance coverage report that they are not covered because it is too expensive. This is true across demographic groups. Only a small share of those uncovered – around five to seven percent – report that they either “don’t want” or “don’t need” health insurance coverage. Thus, the lack of coverage for so many Americans is indeed a hardship and most people would prefer to be covered, rather than not.

## **Health insurance coverage in the United States**

It has been reported that there were “44.6 million people without health insurance coverage during the entire year in 2002” (Mills and Bhandari 2003). However, since this figure represents the number of Americans who did not have health insurance *at all* during 2002, it leaves open questions about how many Americans were fully covered by health insurance all year. The share of Americans with health insurance coverage *all year* in 2002 was 75.8 percent, leaving 69.5 million Americans without health insurance at some point in 2002. Looked at this way, lack of health insurance coverage is more of a problem.

This report uses data from the Survey of Income and Program Participation to address how health insurance coverage varies across demographic groups and how this has changed from the early 1990s through the early 2000s. Most people access health insurance through private insurance, except for the elderly who have nearly universal coverage under Medicare. Health insurance coverage differs across age groups and along racial/ethnic lines. Children are less likely to have coverage than are adults, and young adults (ages 18 to 24) are the least likely adults to have health insurance coverage. Latinos are far less likely than other groups to have coverage and have been hit especially hard over the course of the most recent recession. This is true even once we account for other demographic differences across racial/ethnic groups. For those without health insurance, the overwhelming majority reports that health insurance’s high cost is what prohibits them from obtaining coverage.

### ***Medicare for the elderly, continuing lack of coverage for children and young adults***

In the United States, people receive health insurance from one of three main sources: employer-provided health insurance, or through one of the two main government programs, Medicare (for those age 65 and over) or Medicaid (for low-income individuals). While the vast majority of adults and children receive health insurance through private plans, Medicare provides nearly universal coverage of the elderly as well as many disabled Americans. As a result, in 2002, while nearly one-third of children did not have health insurance all year, nearly all – 98.1 percent – of the elderly had coverage all year. Nearly two-thirds of the elderly also have private health insurance, so this age group has a high level of access to the health care system (Table 1).

Children, however, are not so lucky. Less than three-quarters (71.4 percent) of children had health insurance coverage all year in 2002. In 2002, a little over half – 54.5

**Table 1. All Year insurance coverage**

	All year								
	Any insurance			Private insurance			Medicaid/Medicare		
	1992	1999	2002	1992	1999	2002	1992	1999	2002
All	74.9%	79.1%*	75.8%*	63.8%	68.3%*	63.5%*	18.2%	17.7%*	18.4%*
Children (under 18)	73.9	74.9*	71.4*	60.2	62.6*	54.5*	12.9	10.6*	14.0*
Adults (18 - 64)	70.8	77.1*	73.3*	65.2	71.3*	67.3*	5.7	6.1*	5.8*
Age group									
18 - 24	56.5	61.2*	55.4*	50.1	55.9*	55.4*	5.6	4.7*	5.0*
25 - 34	64.6	68.5*	64.6*	58.2	63.0*	59.1*	6.0	5.1*	4.4
35 - 44	75.4	80.1*	76*	71.1	75.3*	70.6*	4.3	4.9*	4.7
45 - 54	77.8	85.0*	80.6*	73.2	79.8*	75.1*	4.8	5.8*	5.6
55 - 64	79.1*	86.9*	94.1*	71.8	77.9*	75.7*	9.0	11.6*	10.1*
Elderly (over 65)	98.7	98.3*	98.1*	64.4	65.1*	63.3*	95.4	93.2*	93.4*

Source: CEPR analysis of Survey of Income and Program Participation, 92, 99, and 02 panels.

Note: Universe is all individuals.

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

percent – of children had private health insurance and 14.0 percent had Medicaid all year.

Adults (ages 18 to 64) are only slightly more likely than children to have health insurance coverage all year. In 2002, 73.3 percent of adults were covered, with 67.3 percent covered by a private plan and 5.8 percent with Medicaid. Young adults (ages 18 to 24) are less likely to have coverage than are older adults. In 2002, 76.0 percent of adults ages 35 to 44 had health insurance all year, compared to only 55.4 percent of young adults. The Centers for Disease Control reports that nearly 60 percent of all first births are to mothers aged 18 to 24, underscoring the importance of health insurance for this age group.

**Table 2. Partial Year insurance coverage**

	At all during year		
	1992	1999	2002
All	90.6%	91.6%*	92.1%*
Children (under 18)	91.2	92.5*	94.7*
Adults (18 - 64)	88.6	89.6*	89.5*
Age group			
18 - 24	86.2	85.2*	85.1
25 - 34	85.9	86.8*	86.3*
35 - 44	89.6	90.3	90.0*
45 - 54	90.7	91.9*	91.4*
55 - 64	91.6	93.2*	93.5*
Elderly (over 65)	99.6	99.5*	99.6

Source: CEPR analysis of Survey of Income and Program Participation, 92, 99, and 02 panels.

Note: Universe is all individuals.

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

### ***Race/ethnicity and gender gap exists in who has health insurance coverage***

Latinos are less likely to have health insurance coverage than are other racial/ethnic groups. Latino children had the lowest rates of health insurance coverage among children, with only two in five (40.9 percent) having coverage all year in 2002 (Table 3). In 2002, 78.2 percent of white children had health insurance all year, compared to 40.9 percent of Latino children and 65.4 percent of African American children. Latino children were the least likely non-elderly group to have private coverage (23.7 percent) and yet not as likely as African American children to have Medicaid coverage. In 2002, 26.3 percent of African American children had Medicaid, compared to only 12.7 percent of Latino children.

**Table 3. Health insurance coverage by gender and race/ethnicity**

	All year								
	Any insurance			Private insurance			Medicaid/Medicare		
	1992	1999	2002	1992	1999	2002	1992	1999	2002
<i>(a) Children (under 18)</i>									
Girls	73.8%	74.8%	71.4%*	60.4%	62.2%	54.8%*	12.7%	10.9%*	13.8%*
Boys	74.0	75.0*	71.5*	60.1	62.9*	54.3*	13.2	10.5*	14.1*
White	78.5	81.8*	78.2*	71.3	74.7*	67.3*	6.7	6.1*	8.9*
African-American	69.6	65.5*	65.4*	35.2	40.3*	34.0*	33.0	21.1*	26.3*
Latino	49.4	45.8*	40.9*	28.1	31.6*	23.7*	19.2	11.1*	12.7*
Other	67.8	73.7*	66.5*	53.9	56.6	48.6*	12.8	17.0*	14.2*
<i>(b) Adults (18 - 64)</i>									
Women	74.1	78.8*	75.1*	66.2	71.8*	67.8*	7.8	7.1	6.8
Men	67.4	75.4*	71.5*	64.1	70.9*	66.8*	3.6	5.2*	4.6*
White	75.1	82.2*	80.1*	71.2	78.0*	75.6*	4.1	4.7*	4.6*
African-American	61.1	69.7*	64.6*	46.1	57.2*	51.6*	14.7	12.3*	11.3*
Latino	43.0	47.3*	38.5*	34.9	40.5*	32.3*	7.3	5.9*	4.5*
Other	75.1	82.2*	80.1*	71.2	78.0*	75.6*	4.1	4.7*	4.6*
<i>(c) Elderly (over 65)</i>									
Women	98.8	98.4*	98.2*	62.9	64.1*	62.0*	96.0	94.2*	93.8*
Men	98.6	98.1*	98.0*	66.6	66.5*	65.1*	94.7	91.9*	92.8*
White	98.9	98.9*	99.0	70.0	71.8*	70.3*	95.7	93.9*	94.5*
African-American	98.4	96.6*	96.7*	25.8	35.3*	33.5	95.7	91.0*	90.5*
Latino	95.8	91.7*	87.0*	24.2	17.5*	16.0*	90.0	86.2*	77.3*
Other	91.6	92.3*	91.3*	37.4	33.2*	32.3	89.3	83.6*	85.1*

Source: CEPR analysis of Survey of Income and Program Participation, 92, 99, and 02 panels.

Note: Universe is all individuals. 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

**Table 4. Partial year insurance coverage by gender and race/ethnicity**

	At all during year		
	1992	1999	2002
<i>(a) Children (under 18)</i>			
Girls	91.4%	92.3%*	94.6%*
Boys	91.0	92.8*	94.7*
White	92.6	95.3*	96.4*
African-American	91.8	91.8*	94.8*
Latino	89.8	85.2*	92.0
Other	85.4	93.1*	94.3*
<i>(b) Adults (18 - 64)</i>			
Women	90.5	91.1	91.2
Men	86.7	88.2*	87.7*
White	90.7	92.6*	92.7
African-American	85.1	86.4	87.4*
Latino	84.0	79.8*	80.8
Other	90.7	92.6*	92.7*
<i>(c) Elderly (over 65)</i>			
Women	99.6	99.6*	99.7
Men	99.6	99.4*	99.6
White	99.6	99.7	99.9*
African-American	100.0	99.3*	99.5
Latino	99.6	98.4*	98.4*
Other	98.8	97.3*	97.8

Source: CEPR analysis of Survey of Income and Program Participation, 92, 99, and 02 panels.

Note: Universe is all individuals. 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% level



Among adults, Latinos had the lowest rate of health insurance coverage. In 2002, only 38.5 percent of Latino adults had health insurance coverage all year, compared to 80.1 percent of whites and 64.6 percent of African Americans. Latino adults were far less likely than other racial/ethnic groups to have private health insurance all year: in 2002, 32.3 percent of Latino adults had private health insurance all year, compared to 51.6 of African Americans and 75.6 percent of whites. As with Latino children, Latino adults did not access Medicaid in large numbers: in 2002, 4.5 percent of Latino adults had Medicaid, compared to 11.3 percent of African Americans and 4.6 percent of whites. The gap in health insurance coverage for Latinos is also evident among the elderly as they are the least likely racial/ethnic group to supplement Medicare with private coverage.

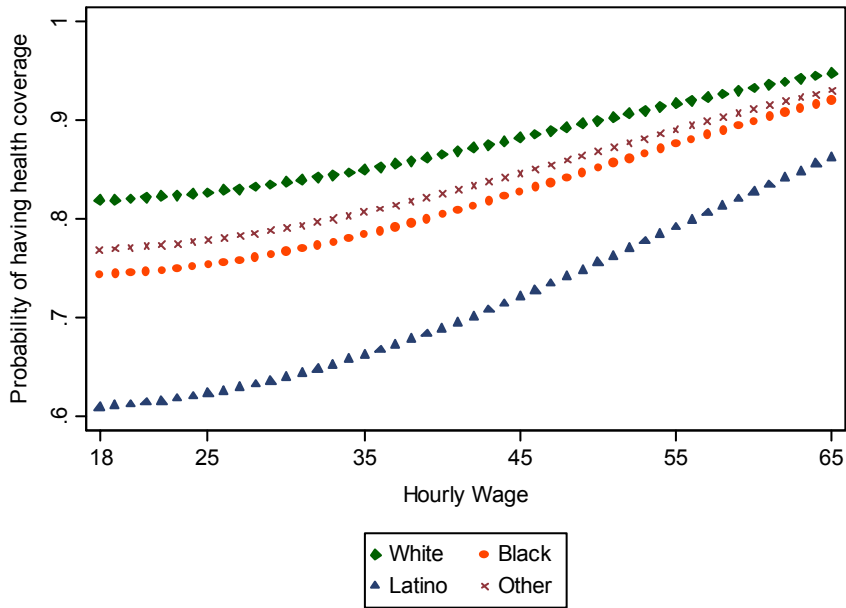
The gap in health insurance coverage for Latinos remains even once we account for differences in personal characteristics between Latinos and other racial/ethnic groups. Figure 1 shows that Latinos are the least likely to have health insurance across age, even after controlling for age, gender, marital status, place of birth (U.S. or abroad), and employment status and wage.<sup>2</sup> Age remains a critical factor across racial/ethnic groups in whether or not adults have health insurance coverage; younger adults are far less likely to have coverage compared to older adults.

The gender gap in health insurance coverage among adults shows up in terms of where men and women get their health insurance. Overall, women are slightly more likely than men to have health insurance coverage: in 2002, 71.5 percent of men had health insurance coverage all year, compared to 75.1 of women. However, women were more likely to have Medicaid: in 2002, 6.8 percent of women received Medicaid, compared to only 4.6 percent of men. The gender gap remains even once we control for other characteristics of women and men (Figure 2).

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<sup>2</sup> See *Technical Documentation: Health Insurance Data Briefs* for a complete description of the analysis.

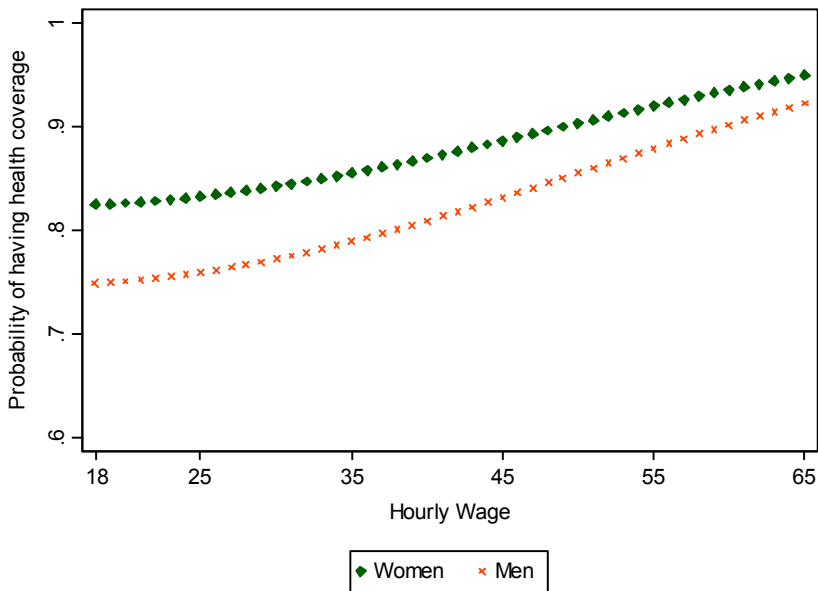
**Figure 1. Health Insurance Coverage by race/ethnicity (2002)**



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

Notes: plotted values are median expected values. See *Technical Documentation: Health Insurance Data Briefs* for information on simulations.

**Figure 2. Health insurance coverage by gender (2002)**



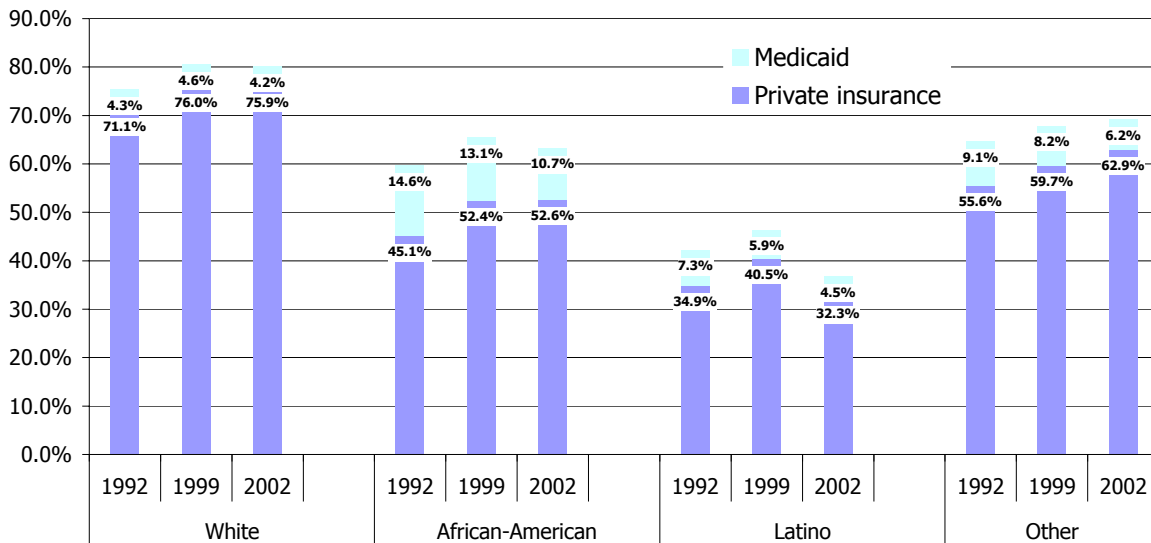
Source: CEPR analysis of Survey Income and Program Participation (2001 Panel).

Notes: plotted values are median expected values. See *Technical Documentation: Health Insurance Data Briefs* for information on simulations.

*Health insurance coverage fell over early 2000s recession and recovery*

Over the course of the most recent recession and recovery, the proportion of Americans with health insurance all year fell by 3.3 percentage points, from 79.1 percent in 1999, near the peak of the business cycle, to 75.8 percent in 2002, during the recession.<sup>3</sup> Figures 3 and 4 show the trends in health insurance coverage over the expansion and contraction. Over the expansion, the trend was towards an increase in private health insurance coverage, with the largest increases for adults (a 6.1 percentage point increase). However, during the economic contraction, the share having private health insurance coverage all year fell, especially for children (a 8.1 percentage point decline) and Latinos (a 8.2 percentage point decline among adults and a 7.9 percentage point decline among children).

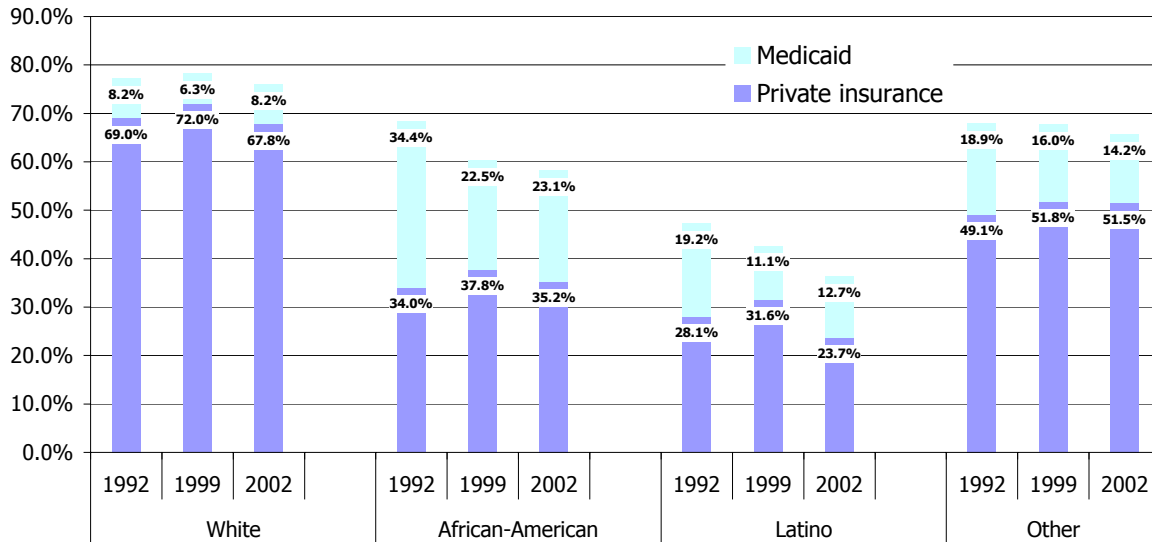
Figure 3: Full-year health insurance coverage for adults



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

<sup>3</sup> The most recent economic boom ended in 2000 and the economy was in a recession throughout most of 2002. However, as late as 2003, the economy continued to shed jobs. Our latest data is for 2002 and, since we do not have 2000 data, we compare it to 1999, which is near the business cycle peak. The year 1992 was chosen because it is the year in which the unemployment rate reached its height, during the contraction of the early years.

Figure 4: Full-year health insurance coverage for children



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

In 1997, Congress expanded Medicaid under the State Children's Health Insurance Program to cover more children in low-income families. However, Figure 4 shows that this expansion was not enough to overcome the loss in private health insurance coverage. Latino children were hurt most over the economic contraction, even though their gains in coverage over the 1990s economic expansion were about the same as other groups. In 2002, only 40.9 percent of Latino children had either private health insurance or Medicaid, down from 45.8 percent in 1999.<sup>4</sup> Much of the decline for Latino children was due to a decline in private health insurance coverage of 7.9 percentage points. Over this same period, private coverage fell by 7.4 percent, down to 67.3 percent, for white children and by 6.3 percent, down to 34.0 percent for African American children.

***Cost and ineligibility because of employment status cited as the most common reasons for going without health insurance***

Most Americans without health insurance report that it is the high expense of coverage that is the primary reason that they are uncovered (Table 5). In 2002, 84.3 percent of adults without health insurance reported that high cost was the reason that

<sup>4</sup> Another 2.8 percent of children had health insurance from another source, not Medicaid or private, but possibly through CHAMPUS or another government program.

**Table 5. Reason cited for being without health insurance**

	Too expensive		Ineligible b/c employment status		Don't want/need	
	1999	2002	1999	2002	1999	2002
All adults (18 - 64)	84.8%	84.3%	47.4%	40.5%*	5.6%	6.1%*
Women	86.5	85.9	45.8	37.8*	4.8	5.0
Men	83.4	82.9*	48.8	42.7*	6.3	7.1*
White	83.0	83.5*	47.8	42.4*	6.0	6.6*
African-American	87.3	87.0	41.9	34.1*	4.9	5.0
Latino	87.2	84.9*	50.6	43.8*	5.1	5.6*
Other	85.0	76.2*	47.4	33.4*	8.8	9.2*
18 - 24	82.4	81.6*	48.5	41.9*	5.3	5.7*
25 - 34	83.0	83.3*	51.3	44.9*	4.7	5.6*
35 - 44	86.9	85.0*	49.5	40.8*	5.0	5.3*
45 - 54	86.6	85.9*	42.9	36.9*	8.2	7.2*
55 - 64	87.9	87.9*	35.1	30.7*	6.5	8.5*

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

Note: Universe is all adults (ages 18 to 64) without health insurance. Reasons are not mutually exclusive. The cumulative means fall from 1999 to 2002. 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

they did not have coverage, with more women reporting this than men. The second-most frequently cited reason is that they are ineligible for health insurance because they have not been working at their firm long enough or because of some other employment-related issue. Very few adults – 6.1 percent overall – report that they do not have health insurance because they either do not want it or they do not need it.

African-Americans are least likely to report that they do not have health insurance because of employment status, while Latinos are most likely. African-Americans and Latinos are also less likely to report that they do not want or need health insurance than whites. Older adults (45 to 64) are less likely than younger adults (18 to 44) to report employment status as the reason for not having health insurance, but they are more likely to report that they do not want or need it. Adults aged 25 to 34 are also

the most likely to report that they do not have health insurance because of their employment status.

## **Conclusions**

In 2002, there were nearly 70 million Americans without health insurance coverage at some point during the year. Going without health insurance was more common among Latinos than other racial/ethnic groups, which is especially important since they are now the largest ethnic minority in the United States. Since the government chooses to cover the elderly through the Medicare system, but does not similarly provide coverage for other Americans, the elderly have nearly universal health insurance coverage while nearly one-third of children have no coverage at all. Even though Congress extended Medicaid in the late 1990s to cover more low-income children, this was not enough to overcome the sharp drops in private coverage. Since most adults and children get their coverage based on employment, as unemployment rose and firms cut back on costs, this had led to an even greater crisis in access to health insurance. The crisis continues for children, but young adults also struggle to access the health insurance system.

The lower likelihood of younger adults to have health insurance poses a significant policy problem. Given that most first births occur within this age demographic, young adults will need a mechanism to opt into the health insurance system in a way that is affordable. Yet shorter work histories, lower wages and student status are common impediments to health care coverage for young adults.

## **References**

Mills, Robert J., and Shailesh Bhandari. 2003. *Health Insurance Coverage in the United States: 2002*. Washington, DC: US. Department of Commerce, U.S. Census Bureau.