

POLICY BRIEF

Volume 1, Issue 2

May 2004

GREATEST INCREASE IN UNINSURED FOUND AMONG WEALTHY

BY MATTHEW HISRICH

As “Cover the Uninsured Week” kicks off, the growing ranks of uninsured are receiving perhaps more attention than ever before. According to recent Census Bureau data, the number of Americans without health insurance rose from 38.7 million in 2000 to roughly 43.6 million in 2002. [1]

Income and Insurance Coverage

While it is often assumed that a lack of resources is the culprit behind a lack of insurance, this may not always be the case. The Census numbers actually show the uninsured represent a broad spectrum of incomes. In fact, in the last decade the greatest increase in the uninsured took place among the wealthiest Americans, while the least wealthy actually experienced a decline.

Among those with incomes greater than \$75,000, the number of uninsured rose 114 percent. Those with incomes between \$50,000 and \$75,000 rose 57 percent, those with incomes between \$25,000 and \$50,000 rose 17 percent, and for those with incomes below \$25,000, the number of uninsured fell by 17 percent. [2]

Job Fluctuation

Much of the total increase is likely the result of job change. The Census Bureau finds that 74.7 percent of periods without insurance last for less than one year. Of the remainder, only 2.5 percent last beyond three years. According to the Blue Cross Blue Shield Association, just under half of those with incomes below \$50,000 who do not qualify for public coverage spent only six months or less without insurance. [3]

Crowding Out

Government insurance programs can also have the unintended effect of “crowding out” private insurance. The *Quarterly Journal of Economics* reports that between 50 and 70 percent of new Medicaid spending in the early 1990s was offset by a reduction in employer coverage. With alternatives such as Medicaid and CHIP available, many lower income employees may simply prefer higher wages to employer-provided coverage. [4]





Matthew Hisrich is Director of the Flint Hills Center for Public Policy project on Consumer Driven Health Care. He can be reached at matthew.hisrich@flinthills.org

Notes

[1] Devon M. Herrick, "Uninsured by Choice: Update," *Brief Analysis No. 460* (Dallas, TX: The National Center for Policy Analysis, 7 October 2003). Available at: <http://www.ncpa.org>.

[2] Ibid.

[3] Ibid.

[4] Ibid.

MORE ABOUT THE FLINT HILLS CENTER FOR PUBLIC POLICY

The Flint Hills Center for Public Policy is an independent voice for sound public policy in Kansas. As a non-profit, nonpartisan think tank, the Center provides critical information about policy options to legislators and citizens. For more information, please visit our web site at www.flinthills.org or contact us at inquiries@flinthills.org or (316) 634-0218.

Flint Hills Center for Public Policy

P.O. Box 782317
Wichita, KS 67278-2317
(316) 634-0218
inquiries@flinthills.org
www.flinthills.org

