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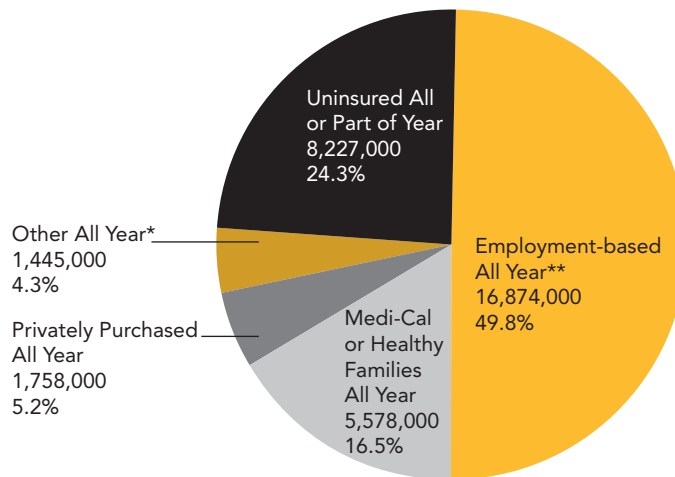
Number of Uninsured Jumped to More Than Eight Million from 2007 to 2009

Shana Alex Lavarreda, E. Richard Brown, Livier Cabezas and Dylan H. Roby

Nearly two million Californians lost their health insurance in 2008 and 2009 during the Great Recession that swept the state and the nation. This figure is based on new estimates adjusted for 2009 population growth and changes in insurance status, updating the 2007 California Health Interview Survey data (CHIS 2007). According to the adjusted estimates, 8.2 million Californians (nearly one-quarter of the nonelderly population) lacked health insurance for all or part of the year in 2009 (Exhibit 1). This sharp increase from the 6.4 million (or 19.5% of Californians) who were uninsured for all or part of 2007 was a result of large drops in private coverage, which were not fully offset by increases in public programs.

Exhibit 1

Health Insurance Coverage During Last 12 Months Among Nonelderly Adults and Children, Ages 0-64, California, 2009



* Includes government programs other than Medi-Cal or Healthy Families, as well as any combinations of insurance over the past year during which the person was never uninsured.

** Includes health insurance coverage through the person's own or family member's employment, as well as coverage through COBRA, which gives temporary continuation of coverage to laid-off workers through former employers at group rates.

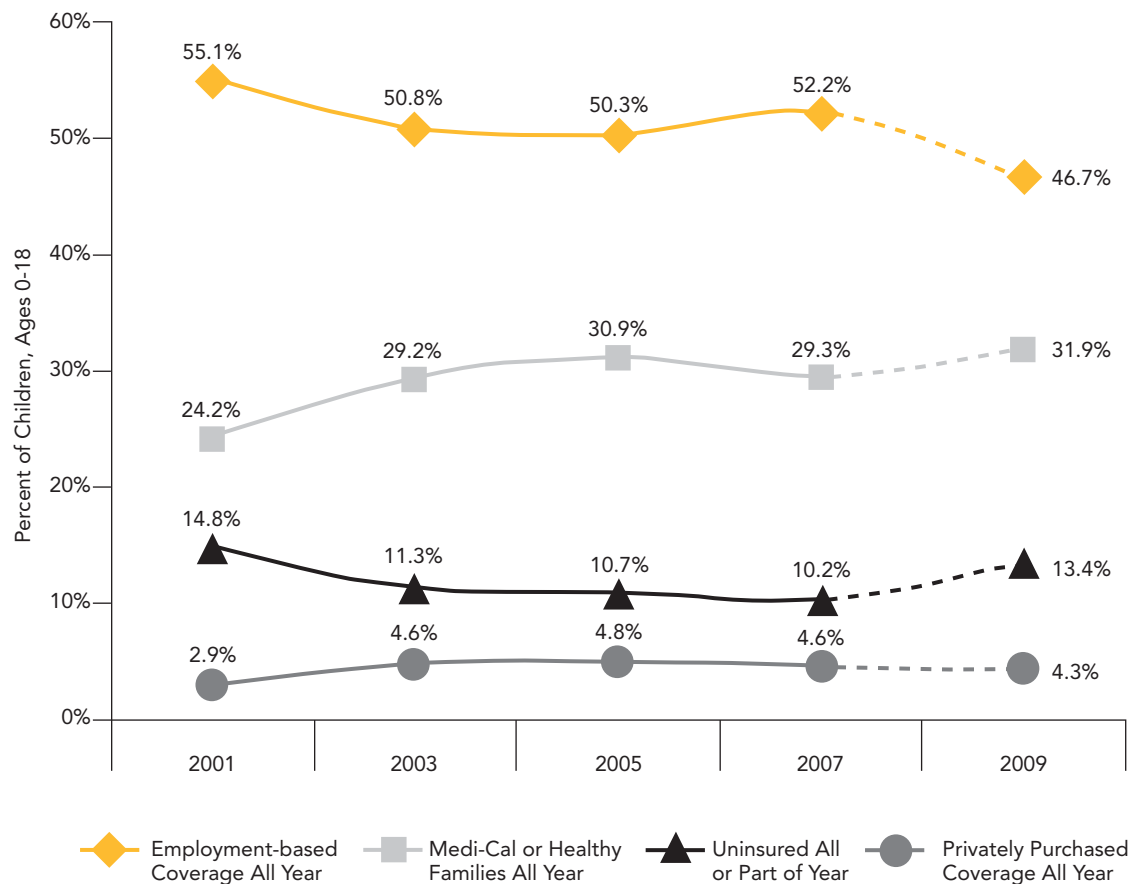
Note: Numbers may not add to 100% due to rounding.
Sources: 2009 data are projections from the 2007 California Health Interview Survey; California Department of Finance population estimates; Medi-Cal, Healthy Families and Medicare administrative data; and 2010 California Health Benefits Review Program Estimates of Sources of Health Insurance in California.



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Exhibit 2

Health Insurance Coverage During Last 12 Months Among Children, Ages 0-18, California, 2001-2009



Notes: Numbers are rates and will not add to 100%. The category "other public coverage" is not shown. "Employment-based Coverage All Year" includes health insurance coverage through the parent's employment and coverage through COBRA, which gives temporary continuation of coverage to laid-off workers through their former employers at group rates.

Sources: 2001, 2003, 2005 and 2007 California Health Interview Surveys (CHIS). 2009 data are projections from 2007 CHIS and California Department of Finance population estimates; Medi-Cal, Healthy Families and Medicare administrative data; and 2010 California Health Benefits Review Program Estimates of Sources of Health Insurance in California.

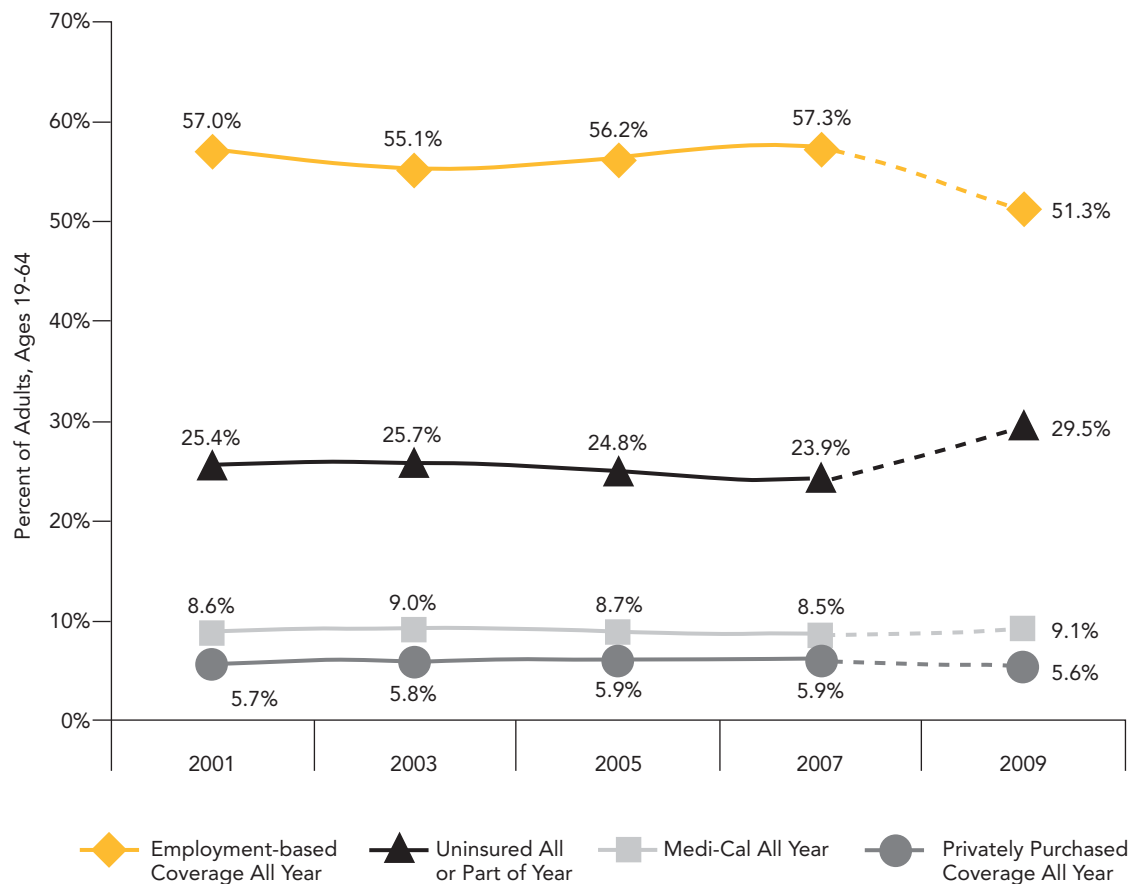
From 2007 to 2009, the percentage of unemployed in California's workforce jumped from 5.4% to 12.3%.¹ Because of this sharp increase in unemployment, we developed an updated estimate of insurance coverage in 2009 based on adjusting the CHIS 2007 data—the most recent direct estimates available—with 2009 administrative data for both public and private coverage.

Because employment-based coverage provided the majority of nonelderly Californians their health insurance coverage in 2007 (55.6%),

the large-scale job loss from 2007 to 2009 led to a corresponding loss of health insurance. The federal government attempted to dampen this effect by funding COBRA subsidies through the American Recovery and Reinvestment Act (ARRA), enacted in March 2009.² An estimate based on a survey of laid-off employees found that the take-up of COBRA coverage doubled—from 19% to 38%—between March and June of 2009, suggesting that the two-thirds premium subsidy from ARRA did, in fact, make COBRA affordable for many more people.³

Health Insurance Coverage During Last 12 Months Among Adults, Ages 19-64, California, 2001-2009

Exhibit 3



Notes: Numbers are rates and will not add to 100%. The category "other public coverage" is not shown. "Employment-based Coverage All Year" includes health insurance coverage through the person's own or family member's employment and coverage through COBRA, which gives temporary continuation of coverage to laid-off workers through the former employer at group rates.

Sources: 2001, 2003, 2005 and 2007 California Health Interview Surveys (CHIS). 2009 data are projections from 2007 CHIS and California Department of Finance population estimates; Medi-Cal, Healthy Families and Medicare administrative data; and 2010 California Health Benefits Review Program Estimates of Sources of Health Insurance in California.

Still, 62% of laid-off employees who lost their employment-based health insurance had to seek coverage from other sources or become uninsured.

The increase in COBRA take-up was not sufficient to prevent the erosion of employer-based health insurance. The harsh economic conditions of 2008 and 2009 resulted in a drop in the rate of job-based coverage to an adjusted estimate of just below 50% for all nonelderly (under 65) Californians (Exhibit 1).

Public coverage increased from 15.3% of Californians in 2007 to an adjusted estimate of 16.5% in 2009, but this surge could not offset the decline in employment-based insurance (Exhibit 1). This substantial increase, however, was smaller than what would be expected from historical patterns at the national level, given the jump in the unemployment rate and the drop in employment-based insurance from 2007 to 2009.⁴ Privately purchased health insurance and other coverage remained flat.

Trends in Coverage for Children

The number of uninsured children in California rose from 1.1 million in 2007 to an adjusted estimate of 1.5 million in 2009, as children's losses in coverage through their parents' employment was only partially offset by an increase in public coverage.

From 2001 to 2007, employment-based health insurance for children in California was eroding, with a slight uptick from 2005 to 2007 due to the last economic expansion (Exhibit 2).

Public coverage grew as a result of expanded outreach, enrollment and retention procedures aimed at ensuring that all eligible children with no other health insurance option could enroll and keep their coverage for at least a year. This expansion of public coverage kept the uninsured rate for children relatively low, despite the declines in job-based coverage.

With rising unemployment in 2009, however, the share of children covered through a parent's job dropped more than five percentage points, from 52.2% in 2007 to an adjusted estimate of 46.7% in 2009 (Exhibit 2). Public coverage of children increased, rising from 29.3% to an adjusted estimate of 31.9%. This increase could not fully offset the decline in employment-based insurance, though, and the uninsured rate correspondingly increased from 10.2% of children to an adjusted estimate of 13.4%.

Trends in Coverage for Adults

The number of uninsured adults increased from 5.3 million to 6.8 million between 2007 and 2009, with the uninsured rate among adults jumping nearly six percentage points, from 23.9% in 2007 to an adjusted estimate of 29.5% in 2009.

Adults experienced a decline in employment-based coverage similar to that among children, with a decrease in job-based coverage among adults from 57.3% in 2007 to an adjusted estimate of 51.3% in 2009 (Exhibit 3).

Adults, however, do not have the substantial safety net that Medi-Cal and Healthy Families provide for children, so there was no large increase in public coverage to offset the decline in employment-based insurance. Adults are barred from receiving Healthy Families coverage, and their enrollment in Medi-Cal or other public programs is limited by stringent restrictions on household income, number of dependents, disability, medical need and age. Medi-Cal enrollment for adults did experience a slight increase, from 8.5% of adults in 2007 to an adjusted estimate of 9.1% in 2009 (Exhibit 3).

Discussion

The Great Recession and the doubling of California's unemployment rate have profoundly impacted the state's health insurance system. Both employment-based and privately purchased coverage experienced steep declines from 2007 to 2009, despite the help offered through ARRA to make purchasing group coverage more affordable to laid-off employees.

The public sector was able to mitigate the impact of the loss of private coverage somewhat by increasing enrollment from 2007 to 2009, particularly among children. With nearly one-third of California's children enrolled in either Medi-Cal or Healthy Families, the fate of these programs will have a direct impact on families and on the health of our next generation of citizens. With an additional 1.5 million children uninsured for all or part of the year in 2009, the already immense pressure on these public health insurance programs will only increase.⁵

During the summer of 2009, the Healthy Families program in California froze enrollment for the first time in its history due to lack of funding. With California's fiscal condition deteriorating rapidly, Governor Schwarzenegger has proposed eliminating the Healthy Families program entirely and reducing Medi-Cal to the minimum eligibility required by federal law.

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These cuts would heavily impact the 5.6 million of California's children who rely on these programs for their health care needs, all of whom are among the lowest-income children in our state.

The unemployment rate in California remains above 12%, undermining any hope that employment-based insurance might recover in the near future. With severe cutbacks in California's health care safety net in the face of plummeting fiscal resources, the state is looking to the federal government for assistance. An immediate increase in federal support for the state's Medi-Cal and Healthy Families programs would stabilize the health care safety net. In addition, national health care reform could help stabilize health insurance markets in the state and provide more—and more stable—opportunities for Californians to obtain affordable health insurance coverage.

Data and Methods

For this policy brief, we adjusted our 2007 California Health Interview Survey (CHIS) estimates of insurance status and type for reported changes in both the public and private health insurance markets from 2007 to 2009. To generate these projections, we first adjusted the 2007 California Health Interview Survey population total to reflect changes between 2007 and 2009 in California's population. In keeping with the weighting system used for the CHIS estimates, we used the total noninstitutionalized population (all ages) from the California Department of Finance (DOF) as our total target. The categories of health insurance were then adjusted upward by the ratio of the total 2009 DOF population to the total 2007 DOF population (from the CHIS 2007 estimates). This implicitly assumes that the demographic composition of the populations comprising the insurance types remained unchanged from 2007 to 2009, since the final CHIS 2007 weighted populations are based on aggregating the weighted sample in CHIS from age, gender, race/ethnicity and county strata.

These rates were then adjusted to take into account the changes from 2007 (the end of the last economic period of expansion) to 2009 in both private and public coverage, as reflected by available administrative data: 1) beneficiary eligibility data files on Medi-Cal enrollees from the California Medical Care Statistics Section (MCSS), 2)

beneficiary enrollment data on Healthy Families enrollees from the Managed Risk Medical Insurance Board (MRMIB), 3) beneficiary enrollment data on Medicare enrollees from the Centers for Medicare & Medicaid Services (CMS), and 4) enrollment data on private insurance enrollees from the California Health Benefits Review Program (CHBRP) estimates of those in group and nongroup coverage as of January 2010. To calculate the rates of change for CHBRP data, the enrollment counts from December 2007 and December 2009 were compared. To calculate the rates of change for MRMIB data, the enrollment counts from April 2007 and April 2009 (the most recent data available) were compared. The rate of change in the administrative data from 2009 compared to 2007 was then applied to the CHIS population total.

The estimated size of the uninsured population represents the residual—that is, those persons remaining in the total 2009 population after the decreases in private coverage and the increases in public coverage were applied.

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Endnotes

- 1 California Employment Development Department data, accessed at: <http://www.edd.ca.gov/> on 1/06/10.
- 2 The 1986 Consolidated Omnibus Budget Reconciliation Act (COBRA) created a federal program that allows laid-off workers to continue purchasing health insurance coverage at the reduced group rate through their former employers for up to 18 months. Workers who choose to purchase COBRA coverage must pay the full amount of the monthly premium (including the former employer's share), plus 3% for administrative fees. Under the American Recovery and Reinvestment Act (ARRA), however, the federal government pays two-thirds of the full monthly premium cost for up to 9 months; in January 2010, this period was extended to 15 months.
- 3 Hewlett Associates press release, August 18, 2009: <http://www.hewittassociates.com/Inil/NA/en-US/AboutHewitt/Newsroom/PressReleaseDetail.aspx?cid=7133>.
- 4 Dorn S, Garrett B, Holahan J. and Williams A (2008). *Medicaid, SCHIP, and Economic Downturn: Policy Changes and Policy Responses*. Report for the Kaiser Family Foundation: <http://www.kff.org/medicaid/upload/7770.pdf>.
- 5 Kaiser Commission on Medicaid and the Uninsured (2010). *Medicaid's Continuing Crunch in a Recession: A Mid-Year Update for State FY 2010 and Preview for FY 2011*. Issue paper accessed at: <http://www.kff.org/medicaid/upload/8049.pdf> on 2/18/10.
- 6 CHBRP data available at http://www.chbrp.org/documents/insur_source_est_2010.pdf, accessed on 2/22/10.