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INCREASING ACCESS TO PRIVATE AND PUBLIC HEALTH INSURANCE, Policy Alert

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Authors

Schauffler, Helen
McMenamin, Sara

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INCREASING ACCESS TO PRIVATE AND PUBLIC HEALTH INSURANCE FOR CALIFORNIA'S CHRONICALLY UNINSURED POPULATION

Helen Schauffler, Ph.D., and Sara McMenamain, MPH
Center for Health and Public Policy Studies, University of California, Berkeley

The Problem

Over 40 percent of non-elderly adults without health insurance in California are chronically uninsured – they have been without health insurance for 5 years or more or they have never had health insurance coverage. The chronically uninsured who are most likely to try, but fail to purchase private coverage, are disabled or have a chronic condition. Neither existing public programs nor the private individual insurance market are accessible to this population.

- ◆ Approximately 2.1 million adult Californians were chronically uninsured in 1999.
- ◆ Of these, nearly one million had incomes below the federal poverty level.
- ◆ More than half a million tried to buy health insurance in California's individual market in the last year, yet remain uninsured.
- ◆ The uninsured most likely to try to find private coverage in California are those who need it most – individuals with disabilities and chronic conditions.

Increasing access to health insurance for the chronically uninsured will require policies that make both public and private health insurance plans more accessible and affordable. Strict eligibility criteria for publicly financed health insurance, underwriting practices in the individual health insurance market, and limited space in the state's high risk pool all contribute to this problem.

Policy Options

- ❖ Increase eligibility for Medi-Cal to all Californians whose incomes are below 100% of poverty, regardless of age, gender or employment status.
- ❖ Increase the capacity of the state's high risk pool (MRMIP) to accommodate those whose disabili-

ties and pre-existing conditions lock them out of the individual market.

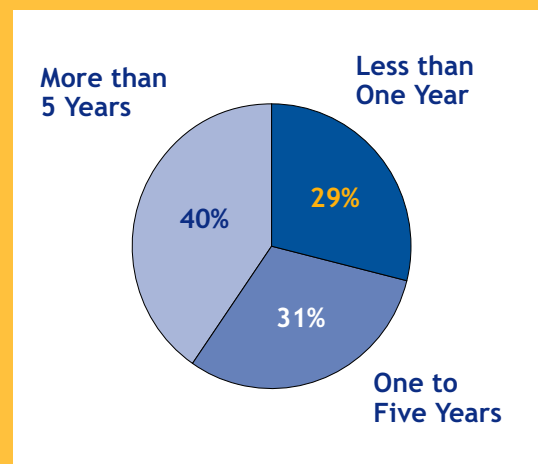
- ❖ Reform the individual health insurance market to guarantee issue and renewal of insurance with rating bands (using the expansion of MRMIP to minimize price increases in the individual market).
- ❖ Premium subsidies are needed to purchase coverage in the individual market or through MRMIP for persons with incomes below 250% of poverty.

The Evidence

- ◆ More than 4 out of 10 uninsured California adults have been without coverage for over 5 years or have never had health insurance.

Of the more than 5 million non-elderly adults in California without health insurance, 29% or 1.5 million have been without coverage for less than a year. In addition, another 1.5 million have been without coverage for one to five years. However, more than 2 million of the uninsured adults in California have been without any coverage for 5 or more years or have never had health insurance (Exhibit 1).

EXHIBIT 1: LENGTH OF UNINSURANCE, AGES 18-64, CALIFORNIA, 1999



Source: California Behavioral Risk Factor Survey, 1999

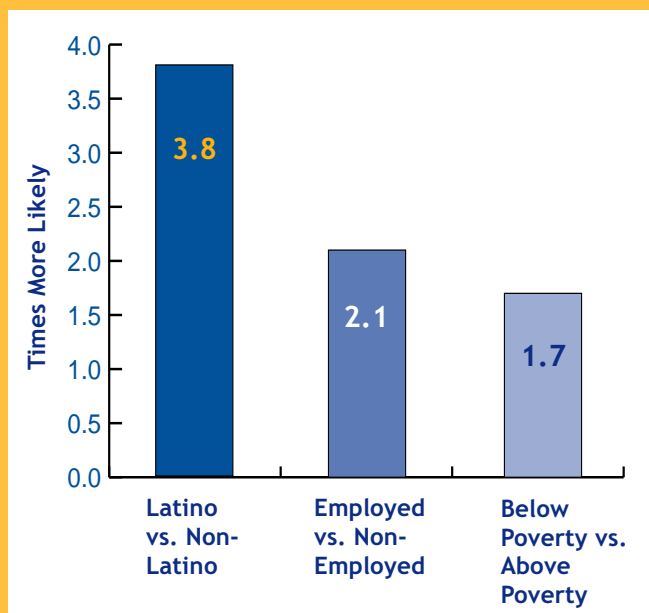
- ◆ **The longer Californians have been uninsured, the less likely they are to try to find private insurance.**

Among all uninsured adults in California, nearly 40% of those who have been without coverage for less than twelve months tried to find private health insurance in the last year. In contrast, 26% of those who have been uninsured for 1-5 years and only 21% of the chronically uninsured tried to find private coverage in the last year.

- ◆ **Californians at greatest risk of being chronically uninsured are employed, Latino, or have family incomes below 100% of the federal poverty level.**

Nearly one million chronically uninsured adult Californians have annual family incomes below 100% of the federal poverty level; approximately 1.3 million are Latino; and nearly 1.5 million are employed for wages or self-employed. Among all uninsured adults, the odds that Latinos are chronically uninsured are 3.8 times higher than non-Latinos; the odds of being chronically uninsured are 2.1 times higher for those who are employed compared to those not employed; and the odds that those with incomes below poverty are chronically uninsured are 1.7 times that of adults with incomes above the poverty level (Exhibit 2). Among those who are employed, workers in small firms are most likely to be chronically uninsured.

EXHIBIT 2: ODDS OF BEING CHRONICALLY UNINSURED, AGES 18-64, CALIFORNIA, 1999

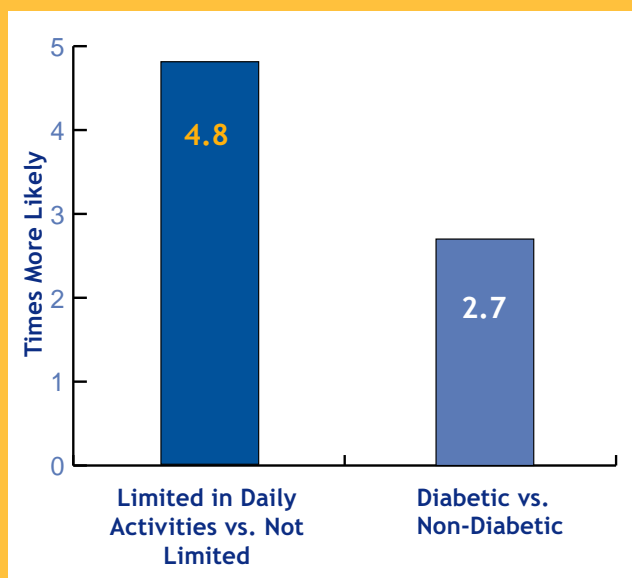


Source: California Behavioral Risk Factor Survey, 1999

- ◆ **Uninsured adult Californians with diabetes or functional disabilities are much more likely than adults without these conditions to try to find individual health insurance, yet remain uninsured.**

The odds that uninsured adult Californians with diabetes tried to find private health insurance in the last year are 4.8 times that of uninsured adults without diabetes (Exhibit 3). In addition, the odds that uninsured adults who are limited in their daily activities by a disability tried to find private health insurance in the last year are 2.7 times those of uninsured adults without disabilities.

EXHIBIT 3: ODDS OF TRYING TO FIND PRIVATE INSURANCE IF UNINSURED, AGES 18-64, CALIFORNIA, 1999



Source: California Behavioral Risk Factor Survey, 1999

Health Insurance Policy Program (HIPP)

Center for Health and Public Policy Studies
 UC Berkeley, School of Public Health
 Berkeley, CA 94720-7360
 Phone: (510) 643-1675 Fax: (510) 643-2340
 e-mail: chpps@uclink.berkeley.edu
 Internet: <http://chpps.berkeley.edu>

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