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Nearly 6.4 Million Californians Lacked Health Insurance in 2007 -- Recession Likely to Reverse Small Gains in Coverage

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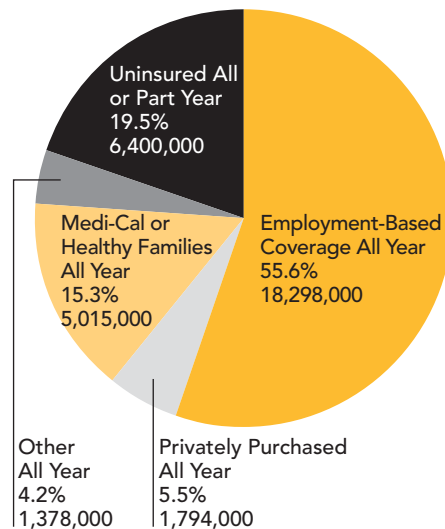
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## Nearly 6.4 Million Californians Lacked Health Insurance in 2007 – Recession Likely to Reverse Small Gains in Coverage

E. Richard Brown, Shana Alex Lavarreda, Erin Peckham and Y. Jenny Chia

**N**early 6.4 million Californians were without any health insurance coverage for all or some of 2007 (Exhibit 1). This number represents 19.5% of all Californians under age 65, which is slightly lower than the uninsured rate of 20.2% in 2005.

**Exhibit 1**  
**Health Insurance Coverage During Last 12 Months, Ages 0-64, California, 2007**



Note: Numbers may not add to 100% due to rounding. "Other All Year" includes other government-sponsored programs that are not Medi-Cal or Healthy Families, as well as any combinations of insurance over the last 12 months during which the person was never uninsured.

Source: 2007 California Health Interview Survey

The decrease in the rate of uninsurance was due to an increase in employment-based coverage throughout the year, which rose from 54.3% in 2005 to 55.6% in 2007 (Exhibit 1; data for 2005 not shown). This pattern is likely to be reversed by the recession of 2008.

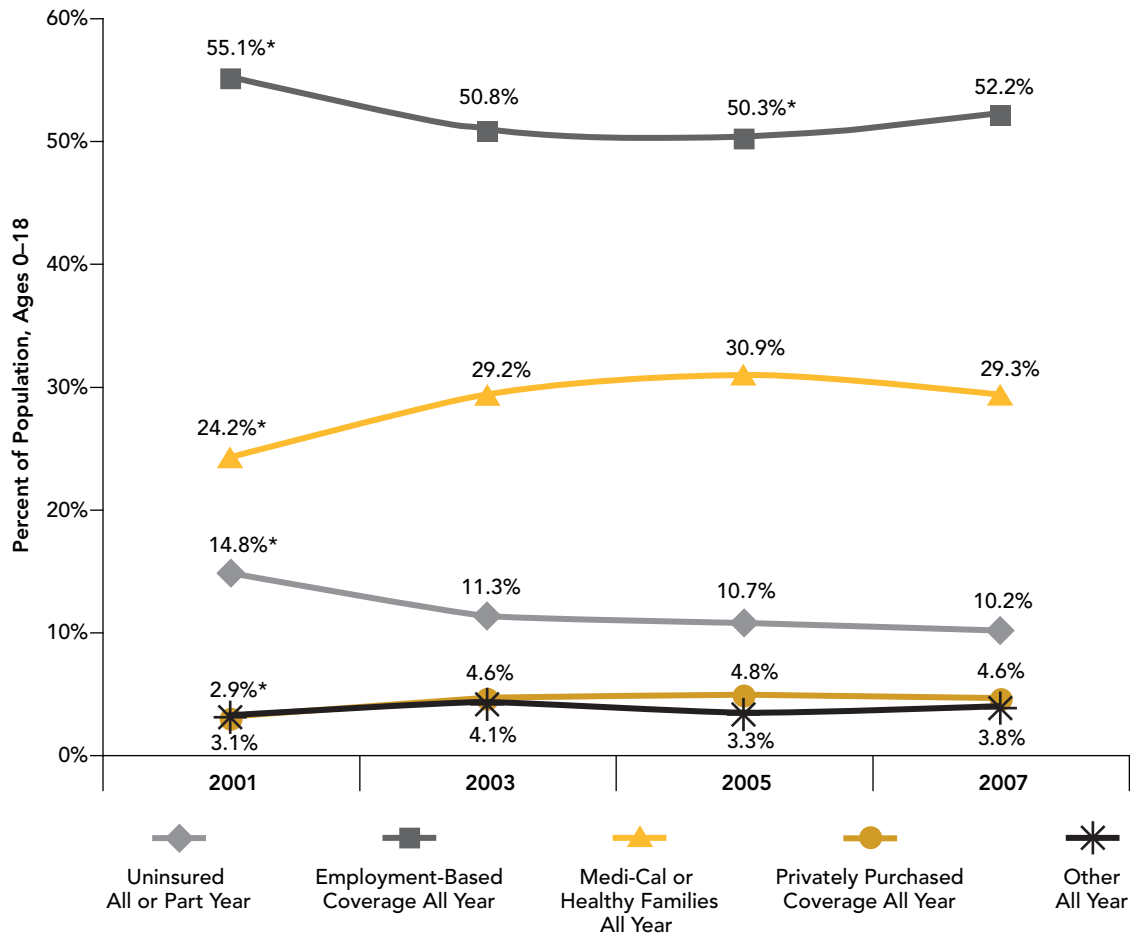
### Children and Adults Gained Employment-Based Coverage

Although the direction of change was similar for children and adults, the patterns of coverage differ greatly. In 2007, 10.2% of California children up to age 18 were uninsured, a slight improvement compared to 2005 (Exhibit 2). Slightly more than half of children (52.2%) were covered all year by employment-based insurance obtained through their parent's employment, an increase of nearly two percentage points over 2005.

Nonelderly adults have an uninsured rate twice that of children (23.9%; Exhibit 3). Nearly one in four adults had no health insurance coverage for all or some of 2007, which represented a slight improvement over 2005 (Exhibit 3). The small decrease in the uninsured rate of adults was accounted for by their increasing employment-based coverage throughout the year, which rose from 56.2% in 2005 to 57.3% in 2007, recovering from

## Exhibit 2

## Health Insurance Coverage for Children During Last 12 Months, Ages 0-18, California, 2001-2007



Note: Numbers may not add to 100% due to rounding.

"Other All Year" includes other government-sponsored programs that are not Medi-Cal or Healthy Families, as well as any combinations of insurance over the last 12 months during which the person was never uninsured.

\* Significantly different from 2007 at the 95% confidence level.

Sources: 2001, 2003, 2005 and 2007 California Health Interview Surveys

the decline in employment-based coverage that occurred between 2001 and 2003.

Despite their similar rates of employment-based insurance—which covers only about four percentage points more adults than children—children have a much lower rate of uninsurance due to the protective safety net provided by Medi-Cal (California's Medicaid program) and Healthy Families (California's State Children's Health Insurance Program). These two programs cover nearly one-third of the state's children throughout the year.

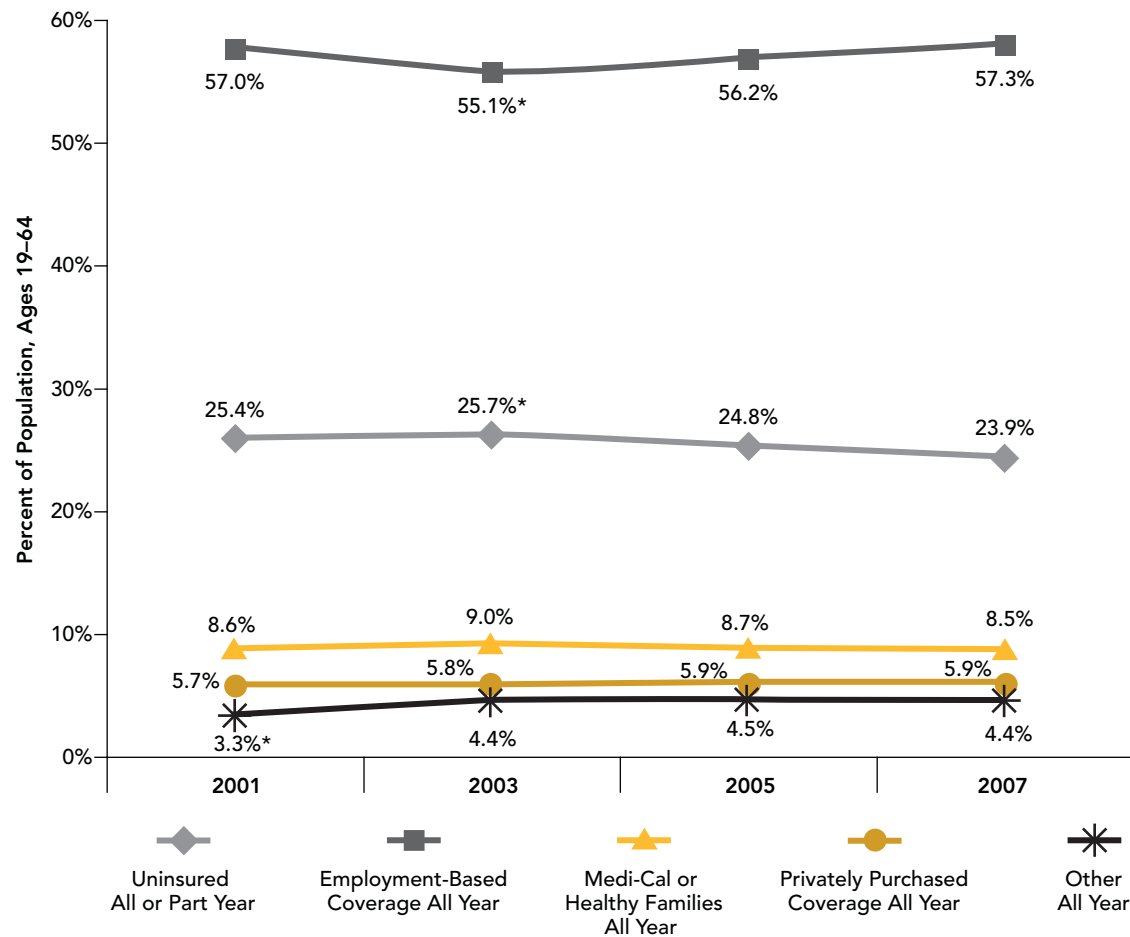
Coverage purchased through the private individual insurance market has held steady at about 5.5% of the nonelderly population, and other combinations of public and private coverage served another 4%.

#### Eligibility for Public Coverage of Uninsured Children and Adults

Among the 683,000 children who were uninsured at the time of the survey, over half were eligible for Medi-Cal or the Healthy Families program (56.4%; Exhibit 4). Nearly 23% were eligible for the public-private funded Healthy Kids program in their county, although most of these programs have been

## Health Insurance Coverage for Adults During Last 12 Months, Ages 19-64, California, 2001-2007

Exhibit 3



Note: Numbers may not add to 100% due to rounding.

“Other All Year” includes other government-sponsored programs that are not Medi-Cal or Healthy Families, as well as any combinations of insurance over the last 12 months during which the person was never uninsured.

\* Significantly different from 2007 at the 95% confidence level.

Sources: 2001, 2003, 2005 and 2007 California Health Interview Surveys

struggling for funds and are closed to new enrollment. One in five uninsured children were not eligible for any assistance, either because their family earned more than allowed by public coverage programs or because of their immigration status.

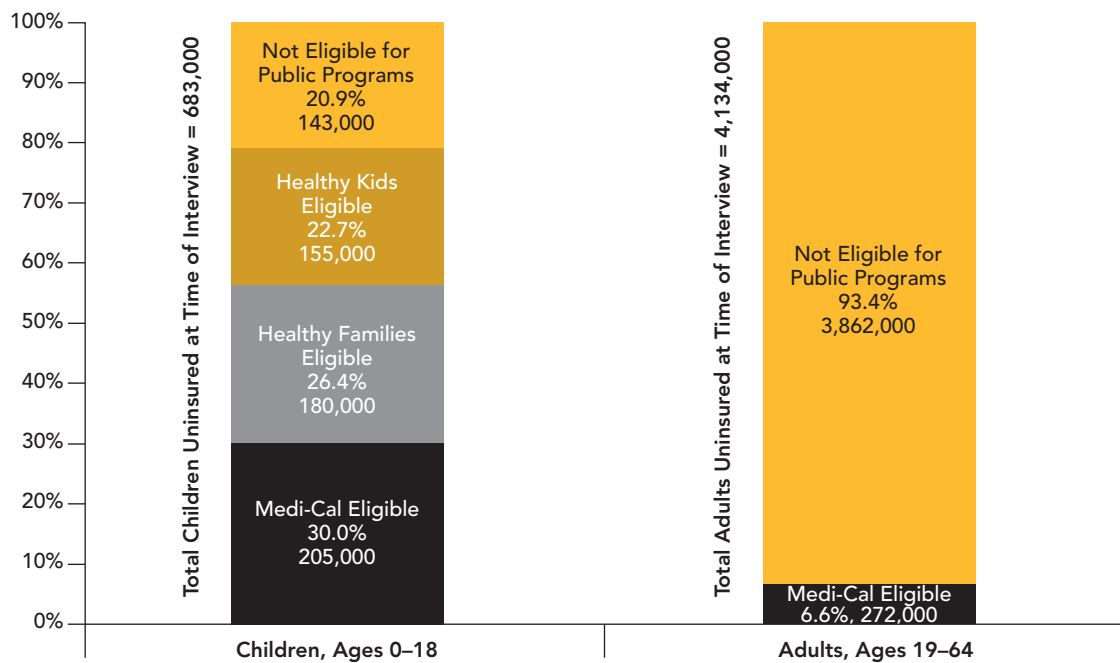
Uninsured adults do not have the health insurance safety net that is available to children. Of the 4.1 million adults who were uninsured at the time they were interviewed, only 6.6% were eligible for Medi-Cal, leaving nearly 3.9 million adults without any assistance from public programs to help them afford coverage. Three-fourths of these

adults who are not eligible either have financial resources that exceed the very low level allowed by Medi-Cal, or they do not meet the “categorical” requirements for Medi-Cal eligibility. These requirements mean that unless they have dependent children in their family or are disabled, nonelderly adults are simply not eligible for Medi-Cal, regardless of their income or need. The remaining one-fourth of ineligible adults are not eligible due to their immigration status (data not shown).

Combined, more than eight in ten uninsured adults and children in California are not

## Eligibility of Currently Uninsured Children and Adults for Public Insurance Programs, Ages 0-64, California, 2007

Exhibit 4



Notes: Numbers may not add to 100% due to rounding.

Eligibility for Healthy Kids programs is determined by meeting the eligibility criteria, and disregards whether there is room in the program to accept new enrollees.

Source: 2007 California Health Interview Survey

eligible for any government assistance to obtain health insurance coverage. Yet, three-fourths of the uninsured have family incomes below 300% of the federal poverty level (in 2007, this was less than \$50,000 income for a family of three), including 60% who have family incomes below 200% of the poverty level. By any accounting, these Californians do not have the resources to be able to buy health insurance without some type of assistance.

If California had enacted the health care reform legislation proposed last year by Governor Schwarzenegger and Democratic legislative leaders, 84% of uninsured children and 44% of all uninsured adults in the state would qualify for Medi-Cal, Healthy Families or financial assistance in purchasing private health insurance.

### Discussion and Policy Implications

The welcome increase in employment-based health insurance coverage between 2005 and 2007 is due to the substantial expansion of the economy during this period, in contrast to the preceding years when the economy was in recession and unemployment was higher. The state's unemployment rate rose from 5.4% in 2001 to 6.8% in 2003,<sup>1</sup> which was a main driver of the decline in employment-based insurance from 56.4% in 2001 to 53.8% in 2003 (data not shown). As unemployment fell to a low of 4.9% in 2006 and 5.4% in 2007, job-based insurance coverage peaked at 55.6% in 2007, still slightly below the level it reached in 2001.

Over the past three decades job-based coverage has declined in California, as it has in the rest of the nation. The long-term

*(Continued on Page 5)*

decline in employment-based coverage is primarily a result of the fact that the cost of health insurance has increased much more quickly than workers' productivity or wages. However, in the short-term, the rise and fall in employment-based coverage parallels the unemployment rate, and we are likely to see a dramatic decline in employment-based coverage in response to the economic contraction that has gripped the nation and most of the world beginning in 2008. By October 2008, 8.2% of the active California workforce was unemployed, well above the national average of 6.5%. The safety net that Medi-Cal and Healthy Families have provided for many children and some adults will be in greater demand if the recession deepens and persists, as is expected.

Health care reform will be critical to helping Californians get and keep health insurance coverage under these economic conditions. The Medi-Cal and Healthy Families programs have been key in helping children retain coverage, and they have the potential to provide a health care safety net to many more low- and moderate-income Californians. With both an economic stimulus initiative and health care reform on the immediate national policy agenda, California, as well as many other states, would benefit from a significant enhancement of the federal side of these programs. With limited state funds available, California policymakers should press Congress and the new Obama administration to increase Medicaid and SCHIP funding to the states and fund eligibility expansions for these critical health care safety net programs. Strengthening and expanding these programs can be a part of broader reforms that ultimately make coverage affordable and accessible to all Americans.

### Data Source

Based on data from the 2001, 2003, 2005 and 2007 California Health Interview Surveys, this policy brief compares health insurance coverage for children and nonelderly adults during the 12 months preceding the CHIS interviews between 2001 and 2007, and eligibility for public health insurance programs in 2007. CHIS 2007 provides the most recent information available on health insurance coverage of Californians, both statewide and at the county level. For more information on the California Health Interview Survey, please visit [www.chis.ucla.edu](http://www.chis.ucla.edu).

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### Endnote

- 1 Seasonally adjusted unemployment rates, California Department of Finance. [http://www.dof.ca.gov/HTML/FS\\_DATA/LatestEconData/documents/BBUNR.XLS](http://www.dof.ca.gov/HTML/FS_DATA/LatestEconData/documents/BBUNR.XLS)

### Note

A full report on *The State of Health Insurance in California* will be released by the UCLA Center for Health Policy Research in early 2009.



The UCLA Center  
for Health Policy Research  
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