



In the Literature

BATTERY-POWERED HEALTH INSURANCE? STABILITY IN COVERAGE OF THE UNINSURED

Pamela Farley Short, Ph.D.
Deborah R. Graefe, Ph.D.

Health Affairs
November/December 2003
22 (6): 244–55

Copies of the full article can be downloaded at:

www.healthaffairs.org

For more information about this study, please contact:

Pamela Farley Short, Ph.D.
Professor, Health Policy and Administration
Pennsylvania State University
TEL 814-863-8786
E-MAIL pamshort@psu.edu

or

Mary Mahon
Public Information Officer
The Commonwealth Fund
TEL 212-606-3853
E-MAIL mm@cmwf.org

Commonwealth Fund Pub. #687
November 2003

In the Literature presents brief summaries of Commonwealth Fund-supported research recently published in professional journals. To read or learn more about new publications as soon as they become available, visit www.cmwf.org and register to receive Commonwealth Fund e-mail alerts.

THE COMMONWEALTH FUND
ONE EAST 75TH STREET
NEW YORK, NY 10021-2692
TEL 212.606.3800
FAX 212.606.3500
E-MAIL cmwf@cmwf.org
<http://www.cmwf.org>

New analysis of insurance coverage over time finds that a total of 84.8 million people under age 65 were uninsured for at least one month in the four-year period 1996 to 1999. This amounts to 38 percent of the population tracked during these four years. Reflecting turnover in the uninsured population, the number of people who were uninsured was nearly double the number uninsured at any one point in time. It is also nearly double a recent Census Bureau estimate of uninsured Americans in 2002 (43.6 million). In addition to those uninsured for all or most of the four years, a substantial portion who had a time without coverage experienced repeated lapses in coverage, exposing them to major financial and health risks.

In the Commonwealth Fund-supported study, “Battery-Powered Health Insurance? Stability in Coverage of the Uninsured,” published in *Health Affairs* (Nov./Dec. 2003), researchers Pamela Farley Short and Deborah R. Graefe of Pennsylvania State University analyzed monthly insurance status over the four years 1996 to 1999 using data from the 1996 panel of the Survey of Income and Program Participation (SIPP). SIPP tracked coverage for 40,000 households representing 226 million Americans under age 65. The authors’ analysis reveals a complex picture of insurance instability over time,

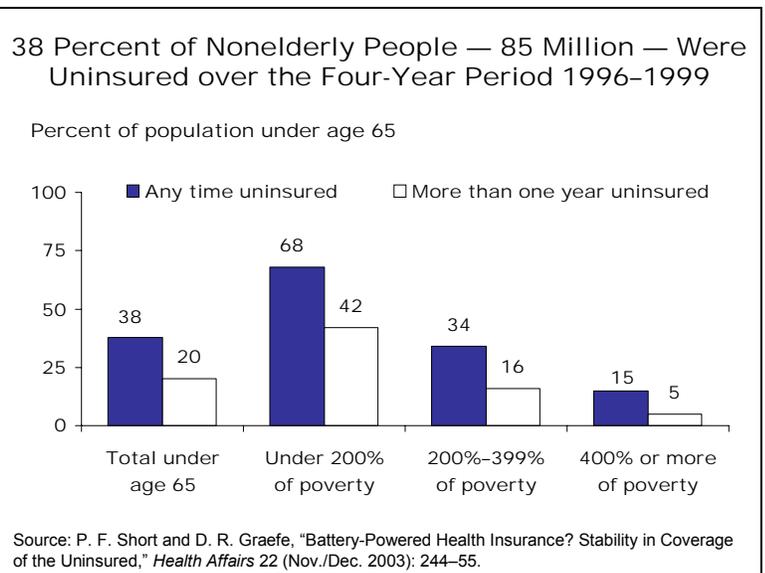
with implications for the design of health policy reforms.

Patterns of Uninsured Gaps over Time

The finding that 84.8 million people under age 65 were uninsured for at least one month uncovers considerable turnover and instability in coverage. Most of those uninsured had one or more changes in coverage over time, often adding up to substantial time uninsured during the four years. The majority of the uninsured were uninsured for more than 12 months over the four-year period, although most new uninsured spells lasted for less than one year.

Those with any time uninsured divided into several distinct longitudinal patterns.

- A third of those uninsured—28.2 million people—were repeatedly uninsured, meaning two or more lapses in insurance and at least two times insured. The majority of these individuals (70%)



were uninsured more often than they were insured during the four years.

- 10.1 million were without coverage for the entire four years. Nearly 5 million were uninsured for most of the four years, with only temporary coverage when insured. Most people in this group (87%) were without insurance for more than two of the four years.
- About 8.5 million of those surveyed were “scrambling for coverage.” Even though they had only one gap in coverage, they changed insurance type several times.

The uninsured also include those transitioning in or out of coverage or with an isolated gap during these four years. About 10 million of those surveyed began with no insurance and then became insured for the remainder of the four years.

- On the other hand, about 7.3 million people had health insurance at the beginning of the study, lost it, and did not regain coverage during the rest of the four years. More than one-third of those in this group were without health insurance for more than two years.
- 16 million people started off with insurance, experienced a single temporary gap, and then regained coverage. This gap usually lasted one year or less.

Overall, people living below or near the poverty line (100% to 199% of poverty) were far more likely to be uninsured for all or part of the four years and to be repeatedly uninsured than those with higher income. More than two-thirds of people in the two income groups below 200 percent of poverty were uninsured during the four years. Instability in public coverage as well as private coverage contributed to these high rates. Recurring spells of Medicaid, State Children’s Health Insurance Program (CHIP), or employer insurance were quite common among those who were repeatedly uninsured. Slightly more than half of people below 200 percent of poverty who were repeatedly uninsured left and reentered the Medicaid program or CHIP during these four years.

Policy Implications

The findings indicate that policy efforts to insure the uninsured must target the right people at the right time. The evidence of substantial insurance instability over time indicates a need for policy reforms designed to improve the continuity and stability of coverage.

The study finds that gaps in coverage at any one time that appear to be relatively short are often revealed to be part of a recurring pattern. For this population, annual statistics about spells uninsured will be misleading. Recurring gaps expose this population to repeated financial risks and regular impediments to accessing care over time.

Instability of coverage and extensive time periods uninsured occurred most often for people at the lower end of the income scale. Where turnover in Medicaid contributes to this instability, administrative simplification and changes in eligibility rules could help stabilize coverage and reduced rates uninsured. The authors note that where job-based coverage is unstable, enrollment in public programs could bring stability for those who would otherwise cycle in and out of insurance.

The authors conclude that, overall, the findings indicate that stability merits consideration as an explicit and important goal of coverage reforms.

See also the companion Commonwealth Fund issue brief, *Churn, Churn, Churn: How Instability of Health Insurance Shapes America’s Uninsured Problem.*

Facts and Figures

- Over the four-year period 1996 to 1999, 84.8 million Americans had a time uninsured.
- The majority were uninsured for more than one year out of the four years tracked.
- 28 million experienced recurring gaps in coverage as they cycled in and out of public or private coverage.
- More than two-thirds of those with incomes below 200 percent of poverty and 34 percent of those with incomes 200 to 299 percent of the poverty level had time uninsured.