



Facts About Pennsylvania's Uninsured and the Difference Health Coverage Makes

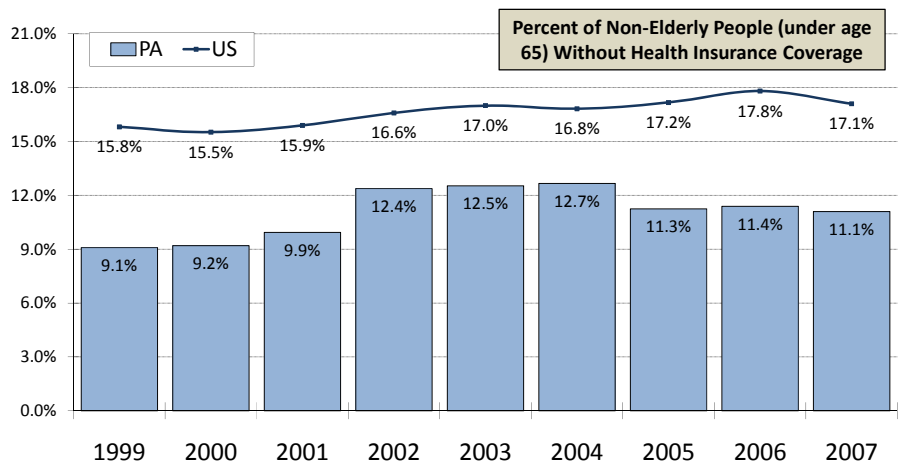
February 2009

The majority of Pennsylvanians under the age of 65 have private health insurance as a work benefit (64%). For millions of low-income Pennsylvanians who do not have job-based coverage offered to them or cannot afford other private insurance, state insurance programs like Medicaid and the Children's Health Insurance Program (CHIP) provide coverage. In addition, Pennsylvania's seniors (age 65+) are assured coverage through the federal Medicare program.

However, gaps in this system leave nearly 1.2 million residents of the commonwealth uninsured, impacting their financial security, access to health care, and their mental and physical well-being.

Lack of health insurance is a problem for many more people today than it was ten years ago. The share of Pennsylvanians with job-based coverage has been gradually declining. According to the U.S. Census Bureau, in 2007, one in nine (11%) of the nonelderly in Pennsylvania was uninsured. Were it not for Medicaid and CHIP, the number of uninsured would be much higher in the state.

One in Nine Pennsylvanians Are Without Health Insurance Coverage . . .



Source: U.S. Census Bureau, HHS Division

- According to The Pennsylvania Insurance Department study of health insurance coverage in the commonwealth, 8.2 percent of Pennsylvanians are currently without health insurance coverage.

Who Are The Uninsured?

- **Employment:** In Pennsylvania, the majority of the uninsured are in working families—65 percent of the uninsured have at least one full-time worker in their family¹. Furthermore, uninsured workers are more likely to work in low-wage or blue-collar jobs and to work for small firms or in service industries that are unable to afford coverage for their employees².
- **Education Level:** More than half of uninsured workers have no education beyond high school, making it difficult for them to get the higher-skilled jobs that are more likely to provide health insurance².
- **Age:** Working-age adults (ages 19-64) comprise 81 percent of the uninsured in the commonwealth. Despite efforts to broaden coverage for children, nearly one in five (19%) of the uninsured is under age 19¹.



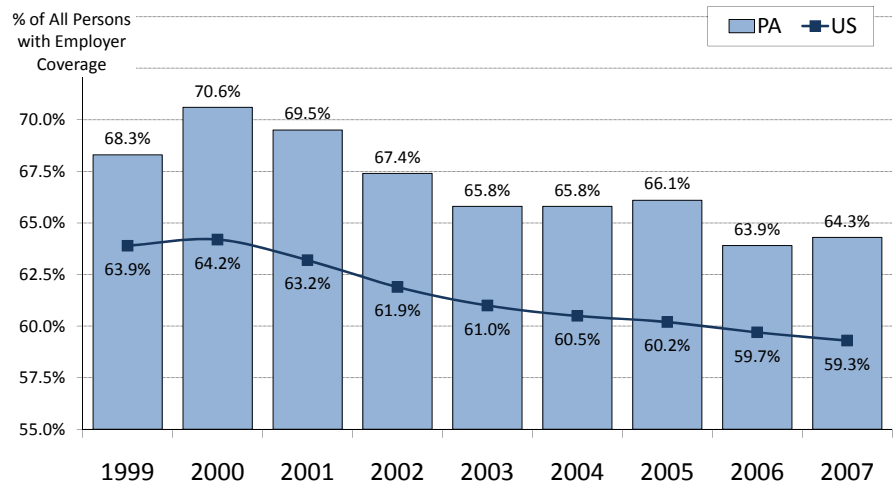
Why Are So Many Pennsylvanians Uninsured?

Most Pennsylvanians still obtain health insurance through their employers; however, job-based coverage is declining.

In Pennsylvania:

- The percentage of firms offering coverage dropped from 71% in 2000 to 64% in 2007, which was in part due to rising premiums.
- In 2006, the annual employer group premium for a family of four was \$11,794, a 75 percent increase since 2000 when it was \$6,721³.

... And the share of Pennsylvanians with job-based coverage has been gradually declining.



Sources: US Census Bureau, HHS Division

What Are the State Programs?

While Medicaid covers many low-income children, coverage for adults is often more limited. In addition to Medicaid, Pennsylvania's children also have access to coverage through the **Children's Health Insurance Program (CHIP)**. Pennsylvania's Cover All Kids initiative expanded CHIP, which had initially provided free health insurance to children in families with annual incomes under \$40,000. CHIP coverage was made available at a reduced cost for children in families with incomes up to \$47,000. Parents who qualify for CHIP receive assistance from the state ensuring that the cost of health insurance for their children is reasonable.



- As of December 2008, the CHIP program had enrolled more than 182,000 kids in Pennsylvania, up from 166,000 in December 2007 (10% increase over one year).

Pennsylvania also provides health insurance coverage through its **AdultBasic** program, which was launched in 2002 to provide basic coverage to adults (age 19-64) with no health insurance and who meet certain eligibility requirements. Because of the overwhelming response to enroll in the program, and the limited funding available, the state implemented a waiting list for adultBasic.

- As of December 2008, there were 51,000 adults enrolled in the adultBasic program, with a waiting list of more than 95,000.



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What Difference Does Having Health Insurance Make?

Over 50 percent of uninsured adults have no regular source of health care.² As a result, they are:

- Four times more likely to delay or forgo needed care than the insured.
- More likely to be hospitalized for avoidable conditions.
- Less likely to be able to manage chronic conditions.
- Less likely to seek preventive care.

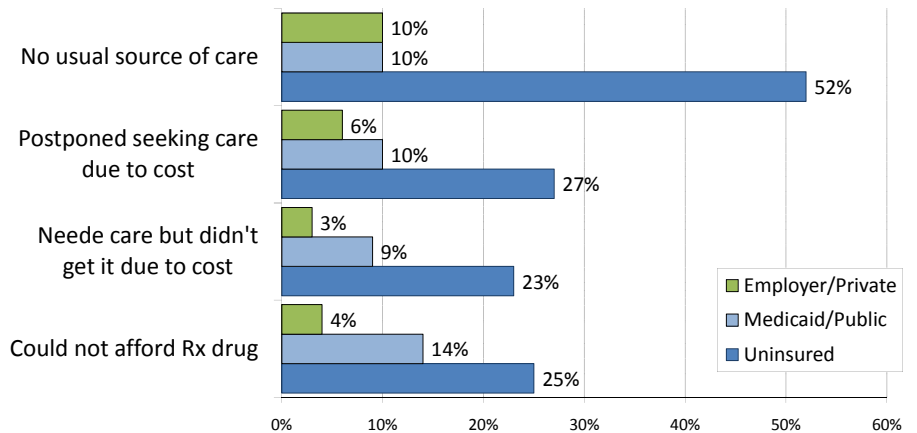
Researchers estimate that continuous health coverage could decrease premature mortality rates by up to 25 percent among uninsured adults.

Hospital Uncompensated Care

Hospitals provide free or discounted health care to persons who cannot afford to pay. Because people are losing insurance coverage, and cannot afford to pay for their health care, hospitals are experiencing increased uncompensated care. All hospitals have charity and financial aid guidelines that ensure emergency care for everyone; help people obtain insurance coverage; and help people understand financial aid policies that take into account individuals' ability to contribute to the cost of care.

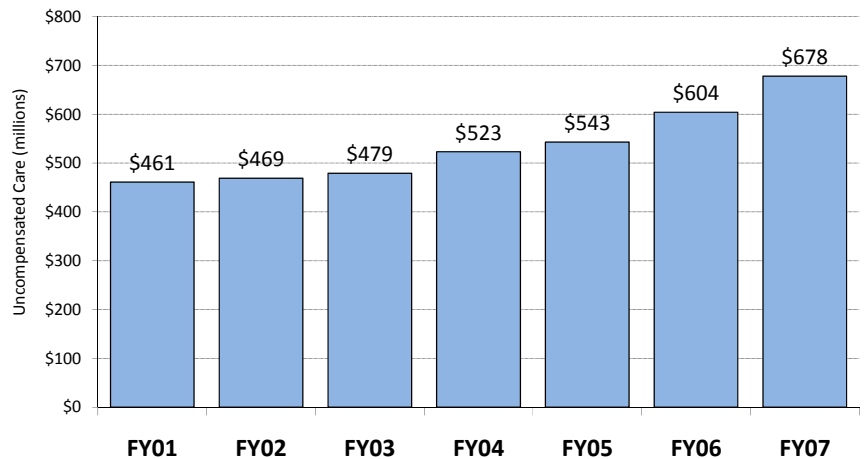
- National experts recognize the burden that uncompensated care places on hospitals and the communities they serve, noting that patients who are uninsured for a full year pay for only 35 percent of the care they receive.

Most uninsured adults have no regular source of health care.



Sources: Kaiser Commission on Medicaid and the Uninsured, Key Facts: The Uninsured and the Difference Health Insurance Makes, September 2008

Uncompensated Care in Pennsylvania Hospitals



NOTE: Figures reflect bad debt and charity care only

Source: HAP analysis of Pennsylvania Health Care Cost Containment Council data.





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Outlook For The Uninsured

The problem of health insurance coverage remains a key state and federal health care issue. While current levels of public coverage will likely be maintained in Pennsylvania, state budget shortfalls jeopardize funded programs and hospital payments under Medicaid. In addition, the current economic downturn, stagnating employer-based coverage rates, and rising unemployment indicate that the number of uninsured is likely to increase again in the near future.

The federal commitment to the health care safety net has not kept pace with the growth in the uninsured, and future federal funding appears unlikely to reverse this trend. Most federal safety net spending flows through Medicaid and Medicare, both of which are under severe budgetary pressures. If safety net resources continue to decrease as the number of uninsured increases, these lost revenues reduce the scope of available health services for all patients.

- As the number of uninsured increased by 11 percent between 2001 and 2004, total federal spending on the health care safety net increased by only one percent, leading to a decline in federal spending per uninsured person from an average of \$546 during 2001 to \$498 during 2004.
- The proportion of U.S. physicians providing charity care dropped to 68 percent (2004-05) from 76 percent (1996-1997), according to the Center for Studying Health System Change. The decline occurred as the number of uninsured Americans grew to 47 million during 2006.

Unless there are steps taken to halt, and even reverse increases in the number of uninsured, it is likely that safety net resources will become even more constrained as a result of increased demand.

What Needs to be Done:

Pennsylvania hospitals and health systems have a long history of supporting programs (such as CHIP and adultBasic) to provide health care coverage for the uninsured. Pennsylvania needs a multi-faceted approach for design of a program that:

- Recognizes the diversity of Pennsylvania's uninsured adult population.
- Optimizes coverage options in both the public and private sectors.
- Creates incentives for smaller employers to support employee health coverage.
- Provides for a program with sustained financing sources.

NOTES:

¹ Kaiser Family Foundation, www.Statehealthfacts.org

² Kaiser Commission on Medicaid and the Uninsured, "Key Facts: The Uninsured and the Difference Health Insurance Makes," September 2008

³ AHRQ, 2000 and 2006 Medical Expenditure Panel Surveys (MEPS), Tables II.D.1, available at: [Medical Expenditure Panel survey \(MEPS\)](#),

