The Takeaway

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Not Enough Progress:

Texas Still Leading in Health Uninsurance Rates

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A 2018 poll by the Texas Lyceum found that 64% of Texans believe that it is important to reduce the number of individuals without health insurance.[1] And indeed, the state has made great strides in that direction since 2013. However, changes in federal policy are likely to reverse those positive trends.

WHY DOES HEALTH UNINSURANCE MATTER?

Research demonstrates that there is a great difference in health outcomes between people who are insured and those who are not. Compared with the insured population, the uninsured (who may be burdened by high medical expenses) are less likely to seek preventative services and more likely to be hospitalized or die from preventable causes.[2]

A pervasive lack of health insurance can also lead to bad fiscal outcomes. States with high rates of uninsurance tend to spend more than other states on both voluntary and involuntary

WHAT'S THE TAKEAWAY?

Despite large improvements, Texas still leads the nation in health uninsurance rates.

Texas Medicaid income eligibility requirements are less generous than other states.

Federal policy changes are likely to reverse recent positive trends.

Policymakers should reexamine Medicaid eligibility limits and explore the efficiencies of automatic enrollment.

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charity care.[3, 4]

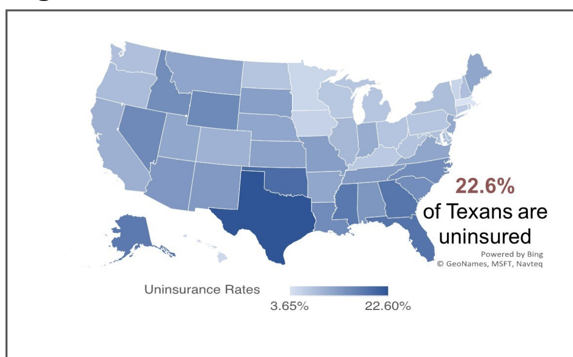
WHO IS UNINSURED?

The best way to think about uninsurance in the United States is to focus on adults between the ages of 18 and 64. Uninsurance rates are near zero for Americans 65 and over, who receive health insurance through the Medicare program, and low income children are typically covered by dedicated programs such as the Children's Health Insurance Program (CHIP).

According to the most recent data from the US Census Bureau, 12% of working-age adults nationwide are uninsured.[5, 6] Men are more likely to be uninsured than women,[7] and Hispanics are more likely to be uninsured than other racial groups.

However, there is substantial variation across the states in the uninsurance rate. As Figure 1 illustrates, the uninsurance rate for working-age adults ranges from a low of 3.65% in Massachusetts to a high of 22.6% in Texas.

Figure 1: Texas Leads the Nation in Uninsurance

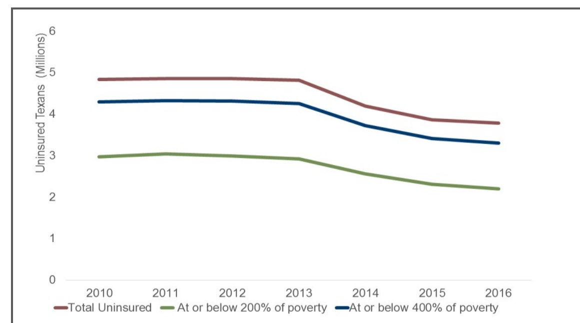


Source: 2016, Ages 18-64; Authors' calculations using data from the US Census Bureau's Small Area Health Insurance Estimates (SAHIE) Program

One potential cause for the relatively high uninsurance rates in Texas is that Medicaid income eligibility limits are lower than the national median. In other words, individuals must be much poorer in Texas than in other states to be eligible for health insurance through the Medicaid program. For example, the adults in a family of three are eligible for Medicaid if their annual family income is below $3,741 in Texas compared to $28,676 in the median state.

Figure 2 traces the number of working-age adults in Texas who don't have health insurance. The figure illustrates two key facts. First, most of the uninsured working-age adults in Texas have low incomes. Second, there have been significant decreases in the number of working-age adults without health insurance rates since 2013.

Figure 2: The Number of Uninsured Falling Since 2013

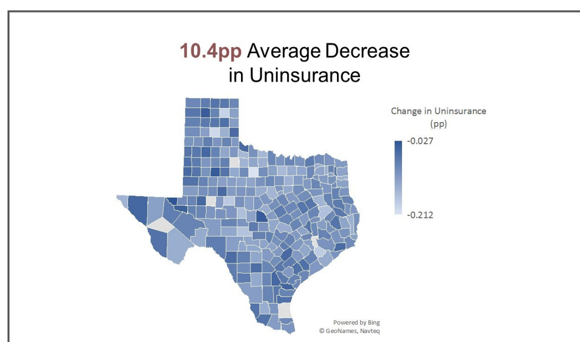


Source: Author's calculations using data from the US Census Bureau's SAHIE Program

The improvements in Texas are remarkably broad based. Figure 3 illustrates the county-by-county changes in the uninsurance rates for low-income working-age adults (i.e., those within 200% of the federal poverty level). As the figure illustrates, between 2012 and 2016, virtually all counties in Texas experienced a decrease in uninsurance rates among low-income adults with an average decrease of slightly more than 10 percentage points. Counties that experienced

particularly great decreases in uninsurance rates include Throckmorton, Armstrong, and Roberts counties. Only three counties—Glasscock, Kenedy, and King—posted increases in the uninsurance rate over that time period.

Figure 3: Substantial Declines in Uninsurance Rates Across Almost All Counties, 2012-2016



Source: 2016, ages 18-64, at or below 200% poverty; Author's calculations using data from the US Census Bureau's SAHIE Program

WHY DID UNINSURANCE RATES FALL?

A combination of economic factors and health policy changes likely explains the recent declines in the number of uninsured Texans. Enrollments in public insurance programs (like Medicaid) increased somewhat, between 2012 and 2016, but Texas was one of 14 states that did not expand Medicaid eligibility as allowed under the Affordable Care Act (ACA) so expanded eligibility is not part of the story.[8]

The greatest enrollment increases occurred in the private insurance market. The number of working-age adults in Texas with private insurance increased by 8% from 2014 to 2016, while the number with public insurance only increased by 1.1%.[9]

The ACA policies that could have stimulated the private insurance enrollments were subsidizing private insurance premiums; enabling young adults to remain on their parents' insurance plans until age 26; and mandating that individuals either purchase health insurance or pay a penalty. Additional private markets set up through the ACA also gave some individuals greater choice in private health insurance programs.

WILL THEY CONTINUE TO FALL?

Recent changes to the ACA, such as the elimination of the individual mandate penalty, may cause changes in insurance enrollment. There is also increased uncertainty about the viability of insurance subsidies. Other federal policy changes such as proposed cuts in family planning programs may also negatively impact health insurance enrollment.

WHAT CAN TEXAS DO?

There are some policies that lawmakers in Texas can pursue to offset federal changes that are likely to boost uninsurance rates. Texas could consider adjusting Medicaid income limits closer to the national median, particularly for families and childless adults. Policymakers could also pursue automatic enrollment of eligible people into publicly funded health insurance programs. States such as Wisconsin have found that automatic enrollment, by locating individuals eligible for healthcare through other state databases, is an efficient method to enroll eligible individuals in health insurance. Texas has already begun exploratory measures towards implementing an automatic enrollment program. Beginning in 2015, CMS partnered with six Texas counties to test an automatic enrollment program to improve coordination of services for people who qualify

for both Medicare and Medicaid. The demonstration has not released an analysis of the program, but if the program was successful then the concept may be utilized among other populations.

CONCLUSION

Major changes occurred to federal policy towards health insurance coverage in recent years, including the availability of subsidized private coverage and the option for states to expand Medicaid. Examination of health insurance enrollment in Texas over this time period indicates that there was a significant decrease in uninsurance rates in the state between 2012 and 2016, among both the general population and adults living at or below 200% of poverty. However, high uninsurance rates still remain a persistent public policy issue in Texas as the state, despite great reductions in uninsurance rates, still had the highest rate of uninsurance in the nation.

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More information about The Texas Lyceum is available at https://www.texaslyceum.org/.

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Notes:

[1] Texas Lyceum Poll, 2018

[2] Sommers, B. D., Gawande, A. A., & Baicker, K. (2017). Health insurance coverage and health—what the recent evidence tells us. *New England Journal of Medicine*, 377(6), 586-93.

[3] Pauly, M. V. & Pagán, J. A. (2007). Spillovers and vulnerability: the case of community uninsurance. *Health Affairs,* 26(5), 1304-14.

[4] Involuntary charity care arises when patients declare bankruptcy, leaving public and private health care providers unpaid. See Gross, T. & Notowidigdo, M. J. (2011). Health insurance and the consumer bankruptcy decision: Evidence from expansions of Medicaid. *Journal of Public Economics*, 95(7-8), 767-78.

[5] Barnett, J. C. & Berchick, E. R. US Census Bureau (2017). *Health Insurance Coverage in the United States: 2016 (*P60-260) Washington, DC : Government Printing Office.

[6] Committee on the Consequences of Uninsurance, Board on Health Care Services & Institute of Medicine (2001). *Coverage Matters : Insurance and Health Care.* Washington, D.C.: National Academies Press.

[7] This may be attributed to the Medicaid expansions that occurred in the 1980's which sought to include pregnant women in public insurance in order to promote health birth outcomes for newborns.

[8] For more on the impact of the ACA, see: Courtemanche, C., Marton, J., Ukert, B., Yelowitz, A. & Zapata, D. (2017). Early impacts of the Affordable Care Act on health insurance coverage in Medicaid expansion and non-expansion states. *Journal of Policy Analysis and Management*, 36(1), 178-210.

[9] Author's calculations using data from the US Census Bureau's Small Area Health Insurance Estimates Program

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