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## Trends in Health Insurance Coverage in Georgia

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# TRENDS IN HEALTH INSURANCE COVERAGE IN GEORGIA

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## Preface

The state of Georgia received funding for a one-year federal *State Planning and Establishment Grant for the Affordable Care Act's Exchanges* to conduct a feasibility study on the establishment of Health Insurance Exchanges in advance of the 2014 deadline required by the Affordable Care Act (ACA). This brief on trends in health coverage is the first in a series by Georgia State University synthesizing previous work on the uninsured to support state planning groups and to help inform the decision making process for an Exchange. This first document examines trends in insurance coverage from previous analyses of the Census Bureau's *Annual Social and Economic Supplement to the Current Population Survey (CPS)*, covering the years 2000 to 2009.

Highlights from the CPS data include:

- As of 2009, 52 percent of Georgians acquired their health insurance through employer-based coverage.
- Total private insurance in Georgia declined by approximately 11 percentage points from 2000 to 2009, driven largely by the steady decline of employer-based coverage.
- From 2000 to 2009, Georgia's share of the uninsured has outpaced national trends, rising nearly five percentage points compared with three percentage points for the U.S.
- In 2009, Georgia was ranked 5<sup>th</sup> highest of all states in both the percentage of its population that is uninsured and the total number of uninsured.
- The individual insurance market has remained relatively limited and stable over the last nine years, never accounting for more than about six percent of insured Georgians.
- Of the nearly two million uninsured in Georgia, 84 percent live in a family headed by an individual with some attachment to the workforce.
- As employer-based coverage continues to erode in Georgia, families headed by individuals at small firms are nearly 25 percentage points less likely to have employer-based insurance than those at larger firms.
- Only 39 percent of Georgians whose family head was employed at a firm with less than 10 employees had employer-based coverage compared with nearly 70 percent having coverage at firms with 100 or more employees.
- Of all income groups, the likelihood of being uninsured has risen most for those living just above the federal poverty level, with a nearly 15 percent increase over the last nine years.
- Young adults in the 18 to 24 age range are more likely to be uninsured than any other age group, with approximately 40 percent uninsured in 2008/2009.

## Introduction

The state of Georgia recently received funding for a one-year federal *State Planning and Establishment Grant for the Affordable Care Act's Exchanges*. From October 2010 to September 2011, the grant provides the state an opportunity to conduct a feasibility study on the establishment of Health Benefit Exchanges in advance of the 2014 deadline required by the Affordable Care Act (ACA). As one of the contracting partners, Georgia State University is providing background research to support the study and feasibility of an Exchange. This brief on trends in health coverage is the first in a series by Georgia State University that will synthesize previous work on the uninsured to support state planning groups and to inform the decision making process.

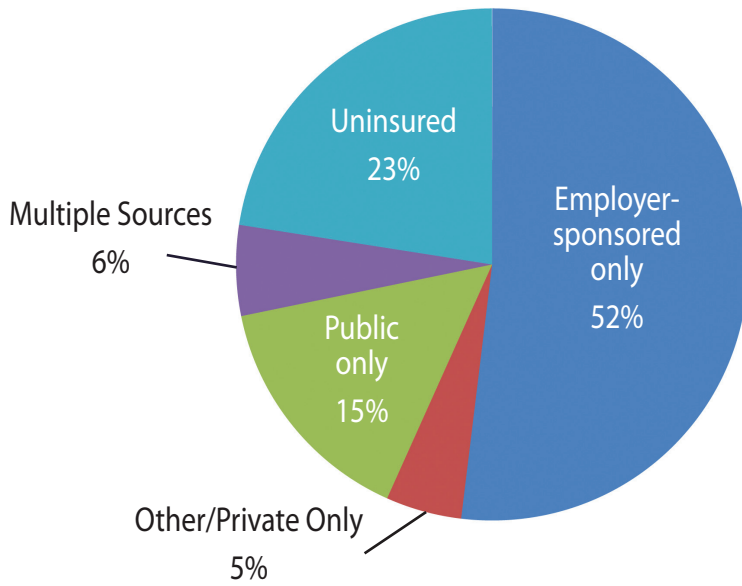
This first document examines trends in insurance coverage from previous analyses of the Census Bureau's *Annual Social and Economic Supplement to the Current Population Survey (CPS)*, covering the years 2000 to 2009. Where trends are presented, a two-year moving average is used to minimize some of the variation arising from the sample size in each year's survey. This approach is aligned with the methodology recommended by the Census Bureau. The following conditions apply to the information that follows:

- When respondents are asked about their health insurance coverage for the proceeding year, it is possible for individuals to correctly state that they have more than one source of coverage, resulting in percentages that may exceed 100 percent within a category.
- Based on a comparison with administrative records, the CPS consistently under reports the number of individuals enrolled in Medicaid.
- Unless otherwise noted, the information contained in this brief excludes individuals aged 65 and over. These individuals are almost universally covered by Medicare.

## Overview

Individuals in the U.S. obtain their health insurance coverage through a variety of private and public sources. Coverage classified as public includes Medicaid and the Children's Health Insurance Program (CHIP) - state run programs for those with low incomes - and Medicare, the federal program for those over age 65 and those with disabilities. Because Medicare is a nearly universal program for those over age 65, our tabulations of coverage focus on the non-elderly. Private insurance includes coverage obtained through an employer, either directly as an employee or indirectly as a dependent of a worker with insurance, and private insurance bought directly as an individual. The following chart provides a snapshot of how Georgians obtained coverage in 2009 (Fig. 1).

**Figure 1**  
**Share of Non-Elderly Georgians by Insurance Coverage, 2009**



It is important to note that an individual may have multiple sources of coverage (employer coverage and privately purchased, public and private, Medicare and Medicaid) at the same time or over the course of a year. For example, a disabled adult with Medicare might also be eligible for private insurance as a dependent of a worker in the family. Therefore, in some tables or charts, percentages may sum to more than 100 percent.

The chart below shows, for the years 2000 to 2009, a decline of approximately 11 percentage points for total private coverage, with a corresponding increase of five percentage points for the uninsured (Fig. 2). The increase in public coverage of six percentage points over that same time period is related to the decline and loss of employer-based coverage, with individuals becoming newly eligible for Medicaid and/or PeachCare for Kids.

**Figure 2**  
**Trends in Coverage in Georgia: 2000 to 2009**





In the U.S. and Georgia, the number of individuals with private insurance declined over the last decade, while the number of uninsured and individuals with public insurance rose steadily. This decline in private insurance is a direct result of the continuing decrease in employer-based coverage. Confronted with a recession and rising health care costs, employers, especially smaller firms, are finding it increasingly difficult to provide health care benefits to workers. With nearly 90 percent of all privately insured Georgians receiving their insurance through employers, the decline in employer-sponsored coverage has a significant impact on the state, both in terms of access to care and health outcomes.

There were approximately two million non-elderly Georgians uninsured in 2009, with 69 percent of those uninsured living in a household where the head of the family was a full-time, full-year worker. That same year, nearly half of all young adults ages 18 to 24 (44 percent) and families living below the federal poverty level (41 percent) were uninsured. As the employer-based insurance market continues to weaken, public coverage continues to trend upwards, and the number of uninsured individuals continues to increase. With the erosion of the employer-based system, those with incomes just above eligibility for public coverage and those who age out of public coverage are the most vulnerable to losing coverage.

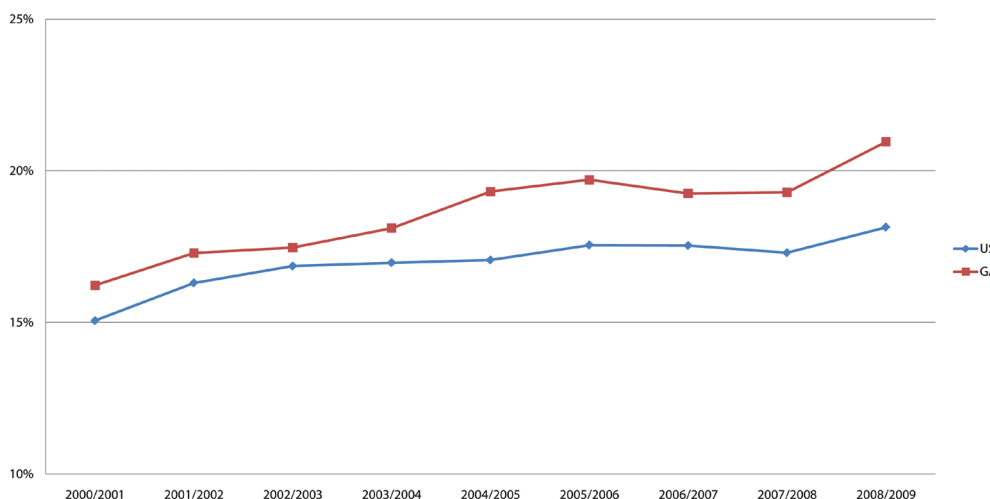
The creation of Health Insurance Exchanges is intended to help stabilize and potentially reverse the decline of private insurance by reducing barriers and providing greater access to individuals and small businesses that currently are unable to purchase insurance in the existing market.

## Trends in Health Insurance Coverage: U.S. and Georgia

The uninsured rate remains significantly higher in Georgia than in the U.S. In comparison with other states, Georgia ranked 5<sup>th</sup> highest in both the percentage of its population that is uninsured and the total number of uninsured for 2009. Approximately 21 percent of Georgians and 23 percent of non-elderly Georgians were uninsured in 2009, compared with 17 percent of Americans and 19 percent of non-elderly Americans. The growing proportion of uninsured continues to outpace the national trend. From 2008 to 2009, Georgia added approximately 300,000 uninsured individuals, representing a nearly three percentage point increase from the previous year. The U.S., on the other hand, experienced a growth of approximately two percentage points in the uninsured population for the same time period.

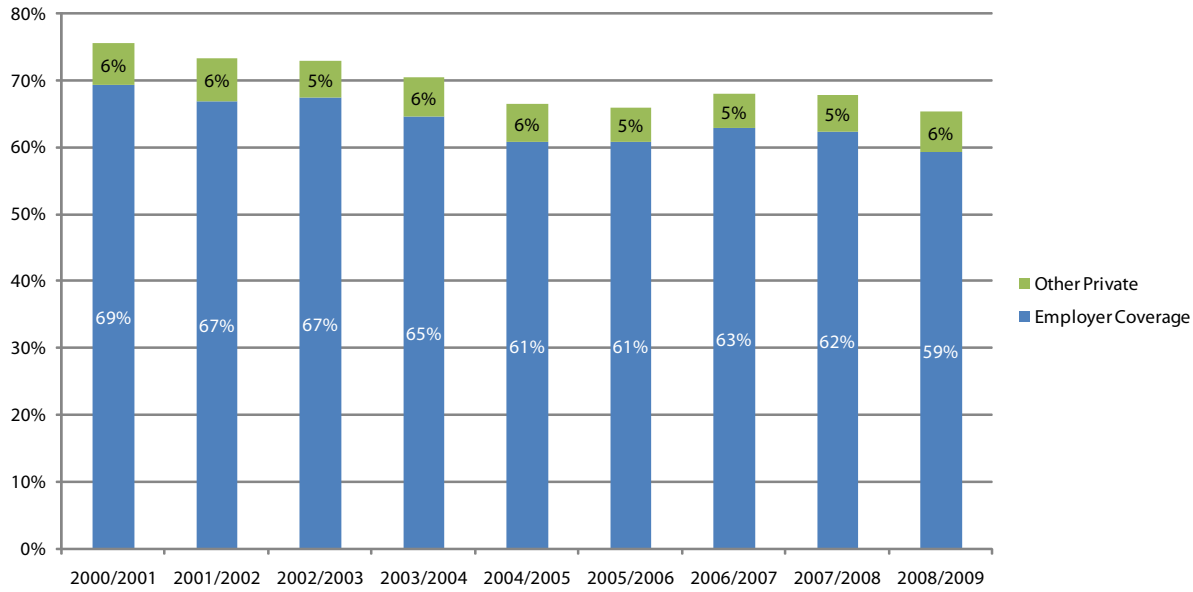
Over the last nine years, the uninsured in Georgia has increased five percentage points, while the uninsured grew by three percentage points nationally (Fig. 3). The recession and the ongoing weak job market resulted in a sharp increase in the uninsured in Georgia from 2008 to 2009, as employer-based coverage continued to decline. It should be noted that, while public coverage has mitigated the number of individuals losing coverage, there are many Georgians, especially adults, who do not qualify for Medicaid or PeachCare.

**Figure 3**  
**Percent of Population Uninsured: U.S. and Georgia**



Driving the decrease in private insurance, the percent of Georgians with employer-based coverage has declined nearly 10 percentage points over the last nine years (Fig. 4). There are a number of factors influencing the downward trend of employer-based coverage in Georgia and nationally, including rising health care costs, a weak job market, and high unemployment. As a share of total private insurance, the percent of Georgians and Americans purchasing individual coverage remains limited and stable, never exceeding seven percent during the period from 2000 to 2009.

**Figure 4**  
**Changes in Private Coverage: Georgia**



## Factors Affecting Sources of Health Insurance Coverage in Georgia

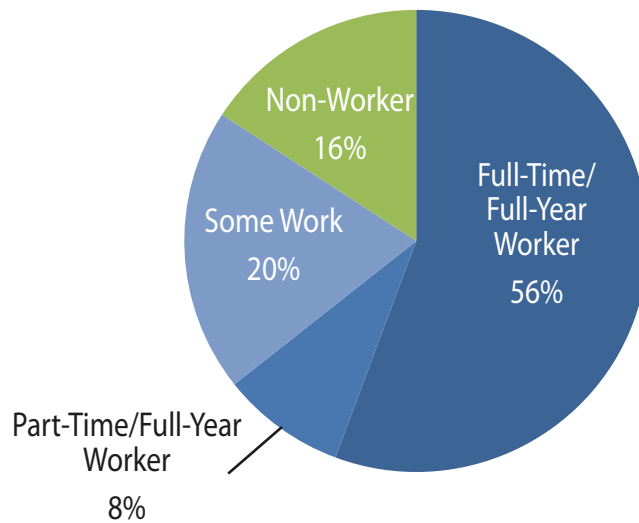
### Employment-Based Coverage & Work Status

Employer-based insurance remains the primary source of coverage for the majority of Georgians. While employer-based insurance has been declining over the last decade, there was a significant drop in Georgia in the last year, influenced by the ongoing recession and an unemployment rate that stands at 10 percent as of August 2010<sup>1</sup>. With fewer businesses providing insurance coverage to their employees, an increasing percentage of uninsured individuals are employed or live in a household headed by an individual who is employed. Of the nearly two million uninsured in Georgia, approximately 56 percent live in a household headed by a full-time, full-year worker, and 84 percent of the uninsured live in a family headed by an individual with some attachment to the workforce (Fig. 5). Twenty-two percent of all uninsured Georgians are in families headed by either a part-time, full-year worker or someone who has worked for at least some of the year, compared with 16 percent of the uninsured living in a family headed by a non-worker. Individuals residing in families without a connection to the workforce are more likely to be eligible for public coverage and therefore comprise a smaller share of the uninsured.

<sup>1</sup> Bureau of Labor Statistics. *Unemployment Rates for States, Monthly Rankings, August 2010*. <http://www.bls.gov>

## Figure 5

### Uninsured Georgians by Work Status, 2009



As more employees and their dependants lose employer based coverage, Exchanges have the potential to play an important role in addressing the insurance gap by providing an organized, competitive, and transparent market in which individuals and small employers can purchase insurance.

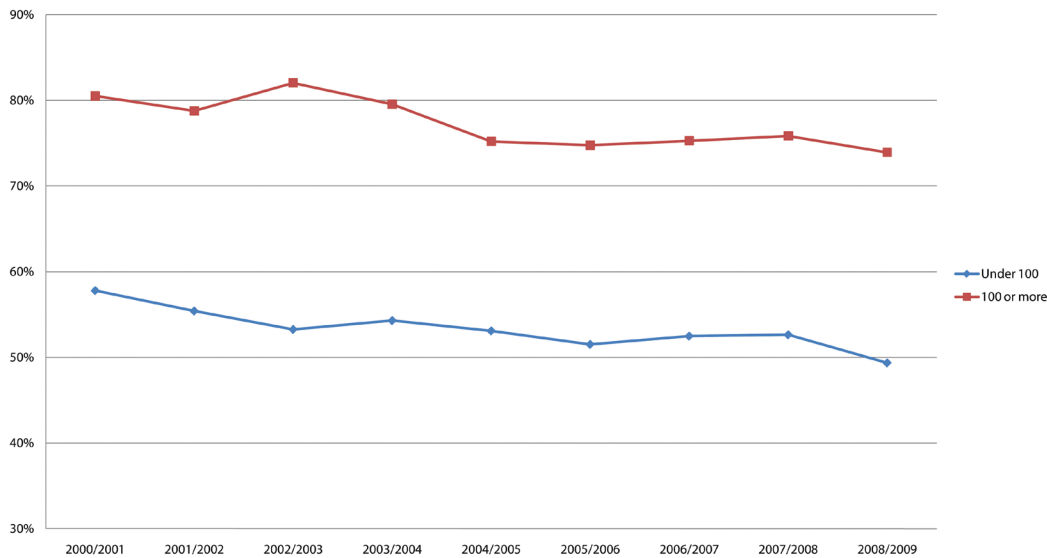
### ***Employment-Based Coverage & Firm Size***

One of the factors affecting the cost of health insurance is firm size. Smaller firms are at a disadvantage to larger firms in their ability to provide health insurance coverage to their employees. Many of the challenges they face are related to their small size, including: they are less able to spread risk; it is more difficult for them to self-insure and avoid costly taxes and state mandates; and they face higher administrative costs without dedicated health benefits staff.

Employer-based insurance has continued to decline over the last nine years for Georgians at both small and large firms, with a steeper decline seen among families headed by individuals employed at firms of less than 100 employees (Fig. 6). From 2000 to 2009, the percent of Georgians with employment-based coverage in families headed by an individual working at a firm with less than 100 employees has been at least 20 percentage points less each year than for those whose family head works at a firm with 100 or more employees.

**Figure 6**

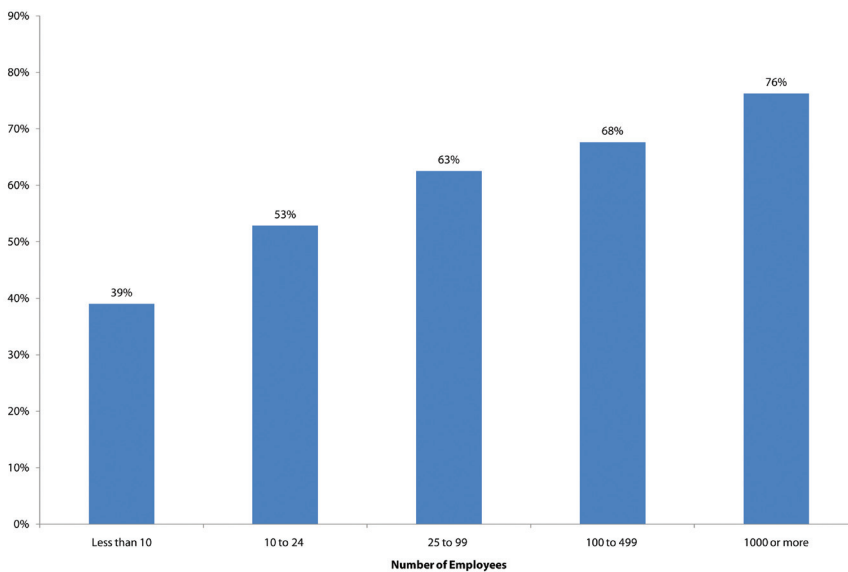
**Percent of Georgians with Employer-Based Coverage within Firm Size of Family Head**



Averaging employer-based coverage from 2008 and 2009, 39 percent of Georgians whose family head was employed at a firm with less than 10 employees had employer-based compared with nearly 70 percent having employer-based coverage at firms with 100 or more employees (Fig. 7).

**Figure 7**

**Percent\* of Insured Georgians within Firm Size of Family Head**



*\*Note: Percentages calculated averaging 2008/2009 data.*

The Exchange targets small firms in order to provide the same advantages already possessed by large firms. It would allow for smaller businesses to leverage greater purchasing power, spread risk, and reduce administrative costs associated with providing employee health insurance.

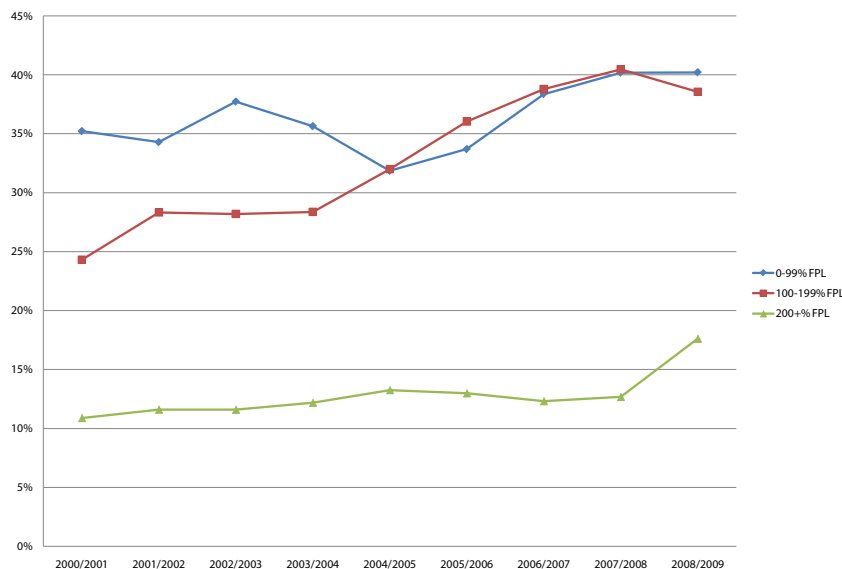
## Income

Income is one of the most important determinants of health insurance coverage. For the purpose of this analysis, family income is calculated as a ratio to the federal government's poverty guidelines. The federal poverty level (FPL) is determined, in part, by the size of the family, so examining sources of coverage by this ratio provides an accurate picture of the relationship between family income and health insurance coverage.

Those who are below or near the poverty level are less likely to have employer-based coverage and more likely to be uninsured than those with higher income levels. In 2009, only 12 percent of families below the poverty level had employer-based insurance, while nearly 90 percent of families above 400 percent of poverty had insurance from their employers. Of the total uninsured in Georgia, over 60 percent are in families with incomes less than 200 percent of the poverty level. A family of four living at the 2010 FPL has an annual income of \$22,050.<sup>2</sup>

The likelihood of being uninsured has increased mostly for the near poor, or those families with incomes between 100 to 199 percent FPL. From 2000 to 2009, the uninsured at this income level increased by approximately 15 percentage points, compared with an increase of five percentage points for those below the poverty level (Fig. 8). Many of the families within 100 to 199 percent FPL may become eligible for public coverage or subsidies under the ACA. Those families with incomes at 200 percent or more of the poverty level have remained at around 12 percent uninsured for the last nine years but have seen a recent uptick in the last couple of years. This is likely due in part to both the ongoing recession and weak job market.

**Figure 8**  
**Percent of Uninsured Georgians within Income Levels**  
(percent of federal poverty level)



Based on final design determinations, the Health Insurance Exchange could play a key role in determining eligibility for public and private coverage, as well as any related subsidies or tax credits. Many uninsured individuals, including those who have some form of employment, will be eligible to purchase their insurance through the Exchange and obtain any related subsidies.

<sup>2</sup> 2010 Federal Poverty Guidelines - <http://aspe.hhs.gov/poverty/10poverty.shtml>

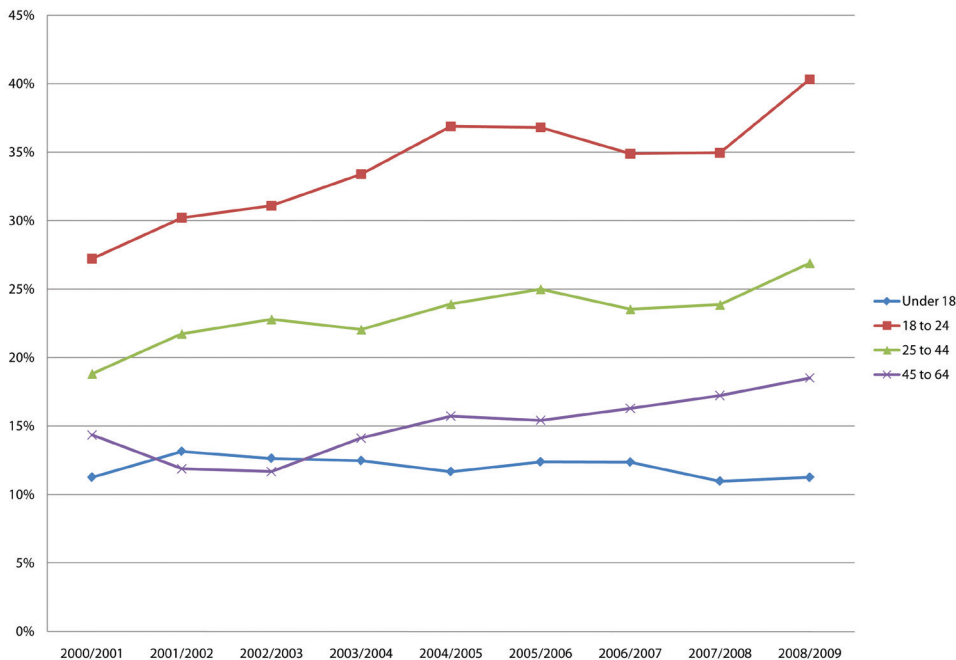
## Age

Age is another characteristic that is important to understand in terms of its relationship to health insurance coverage. Those in the 18 to 24 age group are most likely to be uninsured for a number of reasons, including: good health, perceived lack of need for health insurance, and the low probability of being a dependant of a worker. In contrast, the lowest rates of uninsured are among those under 18, as they are often eligible for public coverage under programs like PeachCare for Kids.

Except for children, the percent of uninsured Georgians has been increasing for all age groups for the period 2000 to 2009 (Fig. 9). Individuals in the 18 to 24 age group have seen the most dramatic change, with an increase of nearly 13 percentage points. The decline in private insurance continues to drive the rates of uninsured up for all adult groups, but especially among the young adult population. Many young adults are likely to be insured under ACA as they become eligible to remain on their parents' plans as dependants until age 26, whether or not they are full-time students.

**Figure 9**

### Percent of Uninsured Georgians within Age Groups



## Conclusion

Private insurance continues to decline in Georgia and the U.S., driven largely by the erosion of the employer-based insurance market. The percent of uninsured Georgians is steadily rising, especially among young adults, families below or near the poverty level, and families headed by workers at small firms. Employers are finding it increasingly difficult to provide health insurance to their employees faced with an ongoing recession, weak job market, and rising health care costs.









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