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Record Level of Americans Not Insured on Health

By MILT FREUDENHEIM

Rising costs for health coverage and a continuing fall-off in the number of workers in employer-sponsored health plans are among the reasons that a greater number of people did not have health insurance last year, experts say.

The increase in uninsured people last year, as reported by the United States Census Bureau yesterday, was 1.4 million, to a record 45 million.

More than 10 million of those without insurance were young people, 25 to 34 years old, government officials said, an increase of 576,000 from 2002. "Young adults got hammered," said John F. Holahan, a health economist at the Urban Institute, a nonprofit research center in Washington.

In 2002, there were 43.6 million people without insurance, or 15.2 percent of the census estimate of 288.3 million Americans. The proportion of people who were uninsured grew only slightly last year, to 15.6 percent. That reflected growth in the total population and 3.2 million more people added to government health programs including Medicare, Medicaid and state coverage for children. More than one in four Americans is in a public program.

As the population grew, the number of people who had insurance also increased, by one million, to 243.3 million last year, also a record, the Census Bureau said.

Health insurance is a hotly debated campaign issue. Senator John Kerry has promised new subsidies to extend coverage to more people. The Bush campaign points to a feature of the new Medicare law that provides tax breaks for special savings accounts to help people pay for care.

Senator Judd Gregg of New Hampshire, who led a recent Republican panel that studied health insurance issues, said the "uptick" in the number of uninsured "reflects the still sluggish economy" in 2003. He said one million new jobs had been added since then.

Bill Frist of Tennessee, the Senate majority leader, said the numbers also reflected "a decade-long downward trend in the proportion of Americans who receive health insurance through their employers."

Len M. Nichols, vice president of the nonprofit Center for Studying Health Systems Change in Washington, said, "The question is whether the recovery will be strong enough

to generate good jobs with health insurance to counter the fact that health insurance is more costly now."

Surveys by research groups show that health costs continue to rise much faster than wages and other costs borne by employers. Economists say the employment trend is still moving away from jobs that provide generous coverage.

Employers are already planning for steep increases in health costs for 2005. A separate survey of 916 employers released yesterday by Mercer Human Resource Consulting, a benefits consulting firm, said costs of current coverage would rise about 13 percent next year. Many employers plan to cut back on benefits and shift more of the costs to their workers to slow the increase to 9.6 percent, on average, Mercer said.

The cuts will "increase the pressure on small employers to discontinue coverage or increase their employees' share of premiums," said Blaine Bos, a Mercer survey spokesman. The upshot will be "more employees saying, 'I don't see the value of that' and going without insurance," he said.

There were 20.6 million uninsured full-time workers last year, the Census Bureau said, an increase of 1.6 million over the last two years.

The Census Bureau said that 12.1 million people without insurance were members of families with annual incomes of \$50,000 or more, including 6 million in families that made at least \$75,000 a year. Some conservative economists contend that these people could afford to pay for insurance.

"Households that earn \$50,000 per year or more account for about 90 percent of the increase in the number of uninsured over the past 10 years," according to the National Center for Policy Analysis, a research center based in Dallas that says it opposes government solutions to public policy problems.

Health policy experts who advocate a greater government role say a family with \$50,000 in total income has trouble affording family coverage, which typically costs more than \$9,000 annually, unless it obtains help from an employer or the government. They say many of these people are self-employed or work for small businesses that find health costs daunting.

This year the number of uninsured people in families with incomes of \$50,000 or more increased by 704,000, the census report said. It also said there were 619,000 people without insurance in families with incomes of less than \$25,000.

Although a number of states, including Texas, have cut back on children's health programs, the number of uninsured children declined slightly, to 8.4 million, but remained at 11.4 percent of all children, last year. The proportion of poor children without insurance was 19.2 percent.

The proportion of uninsured people held steady among Hispanic, Asian and black Americans. About 18.5 percent of blacks, 18.7 percent of Asian-Americans and 32.7 percent of Hispanics did not have insurance.

With large numbers of Hispanic residents, Texas and New Mexico have the highest proportions of uninsured people, the Census Bureau said. Both had average uninsured rates of more than 20 percent over the three years from 2001 to 2003. The three-year average was 19.4 percent in Louisiana, 18.7 percent each in California and Oklahoma, and 17.8 percent in Alaska.

The states with the lowest three-year averages were Minnesota, at 8.2 percent; Rhode Island, at 9.3 percent; and Iowa and Wisconsin, at 9.5 percent each. Massachusetts, New Hampshire and Vermont were also at the low end, with 9.9 percent.

The uninsured rate was 15.5 percent in New York, 13.7 percent in New Jersey and 10.4 percent in Connecticut.

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