

One in Five Californians Were Uninsured in 2005 Despite Modest Gains in Coverage

Jean Yoon, E. Richard Brown, Shana Alex Lavarreda and Sungching Glenn

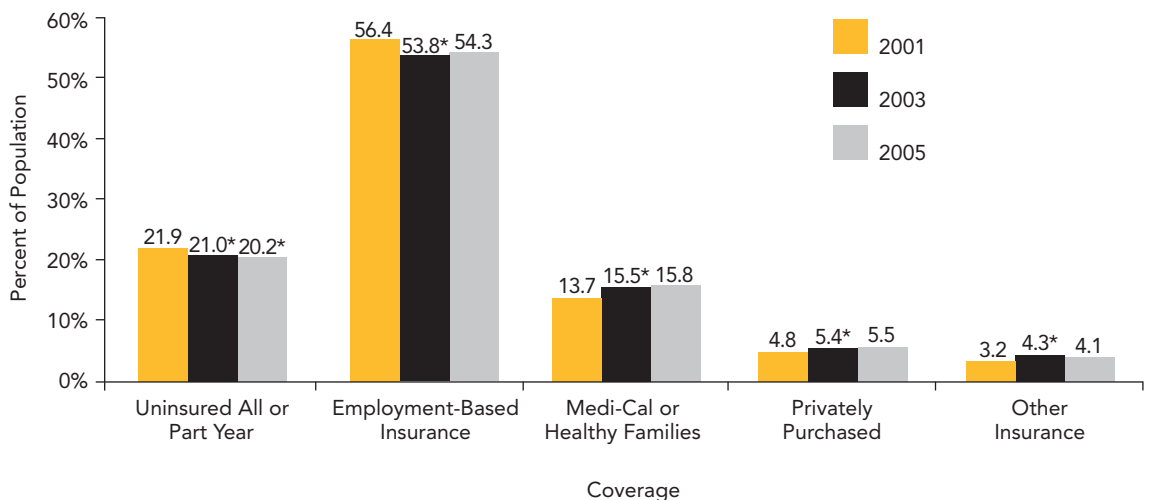
Six and one-half million Californians were uninsured for all or some of 2005, a number that is as large as the combined populations of nine other states. The number of uninsured represented one in five children and nonelderly adults, a rate that was slightly lower than in 2003 due to California's tight labor markets and expanding enrollment and retention in California's public coverage programs for children. These marginal improvements are unlikely to continue unabated given the instability of employment-based insurance coverage in the face of rising costs.

In this policy brief, we compare insurance coverage over time using the California Health Interview Surveys conducted in 2001, 2003

and 2005. We look at the type of coverage over the past 12 months for both children and nonelderly adults.

Exhibit 1

Health Insurance Coverage During Last 12 Months, Ages 0-64, California, 2001 - 2005



Note: Numbers and percents may not add to totals due to rounding.

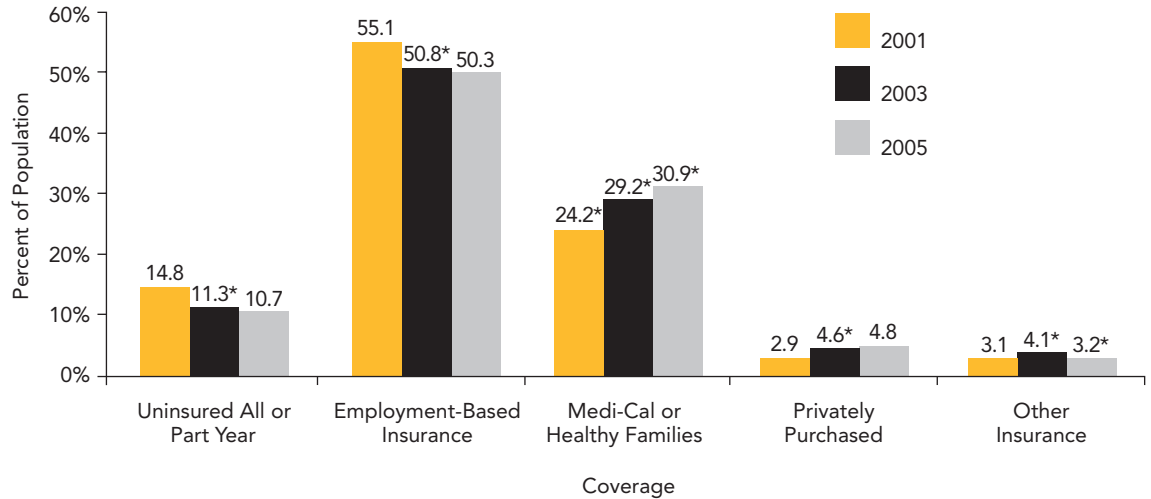
Note: The category "other" includes government-sponsored programs that are not Medi-Cal or Healthy Families, as well as any combinations of insurance over the course of twelve months during which the person was never uninsured.

* Significantly different from prior year (tested at $p < 0.1$).

Source: 2001, 2003 and 2005 California Health Interview Surveys

Exhibit 2

Health Insurance Coverage During Last 12 Months, Ages 0-18, California, 2001 - 2005



Note: Numbers and percents may not add to totals due to rounding.

Note: The category "other" includes government-sponsored programs that are not Medi-Cal or Healthy Families, as well as any combinations of insurance over the course of twelve months during which the person was never uninsured.

* Significantly different from prior year (tested at $p < 0.1$).

Source: 2001, 2003 and 2005 California Health Interview Surveys

Trends in California's Health Insurance Coverage

Among all Californians under 65 years of age, the percent uninsured for all or some of the year declined from 2001 to 2003 and again in 2005 (Exhibit 1). Although there was no statistical change in coverage rates for all types of coverage between 2003 and 2005, changes since 2001 reflect fundamental weakness in employment-based insurance coverage for all Californians and the increasing importance of public program coverage for children.

In 2005 employment-based insurance covered 54.3% of the population for the entire year (a total of 17.5 million nonelderly Californians), down from 56.4% in 2001. If the rate remained the same in 2005 as it had been in 2001, an additional 645,000 Californians would have employment-based coverage.

An additional 15.8% of the nonelderly population (5.1 million in all) had Medi-Cal or Healthy Families for the entire year, statistically unchanged from 2003 but higher

than in 2001. Privately-purchased insurance and other public coverage each represented only a small portion of insurance coverage in California and have remained relatively stable through this period.

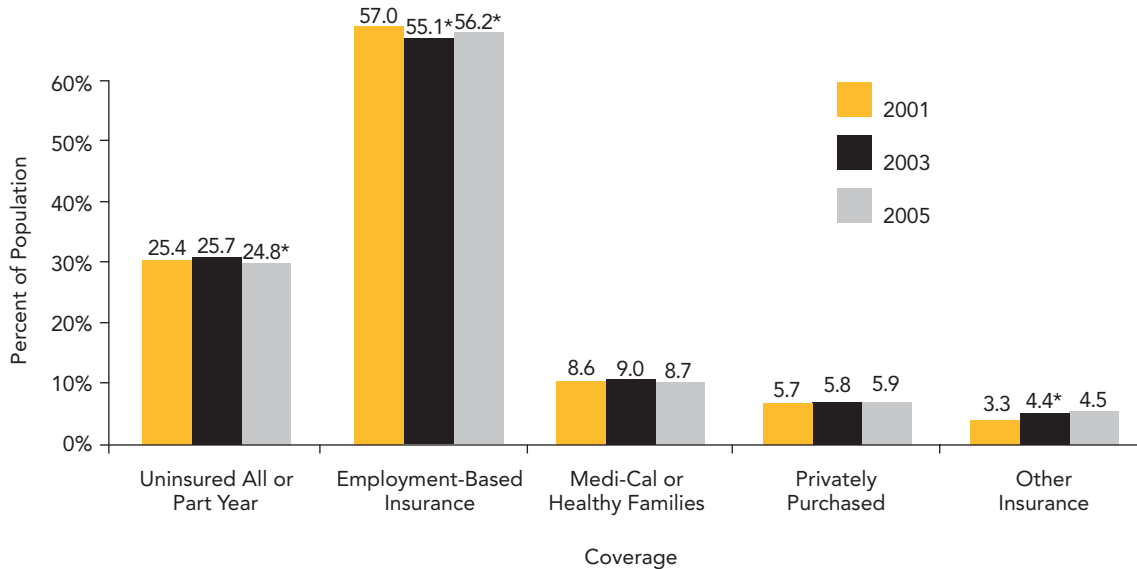
Trends in Children's Health Insurance Coverage

The recent expansions of children's enrollment and retention in public insurance programs led to a continuing, but not statistically significant, decline in children's uninsurance for all or part of the year—from 14.8% in 2001 to 11.3% in 2003 to 10.7% in 2005 (Exhibit 2). A total of 1.1 million children were uninsured at some time during 2005.

The percentage of children covered throughout the year by their parents' employment-based insurance fell between 2001 and 2003 but was relatively stable between 2003 and 2005, declining slightly but not significantly. A total of 5.2 million children had employment-based coverage all year in 2005. If the rate in 2005 was the same as it had been in 2001, an

Health Insurance Coverage During Last 12 Months, Ages 19-64, California, 2001 - 2005

Exhibit 3



Note: Numbers and percents may not add to totals due to rounding.

Note: The category "other" includes government-sponsored programs that are not Medi-Cal or Healthy Families, as well as any combinations of insurance over the course of twelve months during which the person was never uninsured.

* Significantly different from prior year (tested at $p < 0.1$).

Source: 2001, 2003, and 2005 California Health Interview Surveys

additional 504,000 children would have employment-based coverage.

Medi-Cal and Healthy Families covered 3.2 million children—nearly one in three California children in 2005—up from one in four in 2001. As children's employment-based insurance declined, the all-year enrollment of otherwise uninsured children in Medi-Cal and Healthy Families rose from 24.2% in 2001 to 29.2% in 2003 and 30.9% in 2005. There has been a slight decrease in the percentage of children with other coverage from 2003 to 2005 (4.1% to 3.2%, respectively), but privately purchased health insurance was statistically unchanged.

Trends in Adults' Health Insurance Coverage

One-quarter of California adults (24.8%) experienced uninsurance during the year in 2005, a statistically significant decline since 2003, as their employment-based coverage increased slightly between 2003 and 2005 to cover 12.3 million adults (Exhibit 3). These

gains, however, did not bring employment-based insurance back to its level in 2001.

The lack of public coverage options for adults is apparent in the small percentage of non-elderly adults with Medi-Cal or Healthy Families, a rate that has remained flat over time. Coverage by privately-purchased insurance and other coverage also has remained very low and flat over time. The lack of public coverage options in the face of weak employment-based coverage accounts for the greater proportion of adults who are uninsured compared to children.

Policy Implications

High employment rates and continued investment in public programs for children in California have stabilized the number of uninsured Californians since 2003. A strong economy promoted several years of job growth through 2005, and more Californians were able to afford employment-based coverage. State and local agencies, community-based organizations and foundations put money



The UCLA Center for Health Policy Research is affiliated with the UCLA School of Public Health and the UCLA School of Public Affairs.

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PB2006-6

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and organizational resources and effort into outreach, enrollment and retention of eligible children in Medi-Cal, Healthy Families, and the local Healthy Kids programs.

But the costs of health care benefits continue to outpace inflation and wage growth, leading employers to cut back on benefits and eligibility while increasing employees' shares of cost. Variability in coverage since 2001 highlights the instability of employment-based insurance that has been the foundation of Californians' health insurance coverage. Despite efforts to provide privately purchased insurance options through tax credits and vouchers, take-up of these programs is low, and they represent only a small portion of the insured population. Thus, the long-term trend of declining employment-based insurance coverage is unlikely to be offset by growth in privately purchased coverage.

With one in five nonelderly Californians experiencing uninsurance during the year, the need for reforms of the health insurance system continues unabated.

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Data Source

Based on data from the 2001, 2003 and 2005 California Health Interview Surveys, this policy brief compares health insurance coverage during the 12 months preceding the CHIS interview for children and nonelderly adults between 2001 and 2005. CHIS 2005 provides the most recent information available on health insurance coverage of Californians, both statewide and at the county level. For more information on the California Health Interview Survey, please visit www.chis.ucla.edu.

Funding

This policy brief was developed with grants from The California Endowment and The California Wellness Foundation.

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