

# A Report on the Uninsured and Underinsured in South Carolina

August 2009

# Executive Summary

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*The lack of health insurance coverage and the resulting impact on access to medical care have been issues for those residing in South Carolina and others across the United States for many years. As a result of the escalating cost of health care and the current recession-driven increase in unemployment, the numbers of uninsured and underinsured Americans and South Carolinians have risen to historic levels.*

Healthcare reform has once again become a focus of national political debate, and it is growing increasingly likely that the United States will see significant reform implemented within a few years. To most effectively apply national health care reform on a state level and develop state policies and programs to enhance access to care and reverse the trend of diminishing rates of insured South Carolinians, detailed information on our uninsured and underinsured populations is needed.

### Background

The Robert Wood Johnson (RWJ) Foundation study, *At the Brink: Trends in America's Uninsured*,<sup>1</sup> revealed that the percent of uninsured persons under the age of 65 in the United States has increased significantly since the mid-1990s. The rate of increase in South Carolina has been particularly high. The study drew its conclusions from data analysis of the Current Population Survey (CPS) conducted by the U.S. Census Bureau and showed that in 1994 and 1995 in South Carolina, 15.4% of the population under the age of 65 years lacked insurance; by 2006 and 2007, it was 18.5%. The average across the nation was 16.0% uninsured in 1994 and 1995 and 17.5% uninsured by 2006 and 2007. This represents a 20.1% change in rate for South Carolina, compared to a 9.3% change in rate on the national level. The change in rate for South Carolina means that between the mid-1990s and the mid-2000s, an additional 185,177 people under age 65 went without health insurance.

Health care coverage has been a national and state problem for decades and with unemployment rates increasing, so are the ranks of the uninsured. Because South Carolina has experienced record high rates of unemployment, our state has also experienced record rates in the number of uninsured citizens. From an examination of Free Clinic data,<sup>2</sup> it is understood that more and more people are without insurance every day. Physicians have reported that patient volumes have shrunk due to patients losing their jobs and, therefore, losing their insurance.<sup>3</sup>

### The Challenge

Up-to-date primary research is needed to develop a full understanding of the uninsured and underinsured in South Carolina. Timely data with larger

sample sizes must be obtained in order to provide the depth of understanding needed.<sup>4</sup> Specifically, subpopulation and county-level analysis is needed to inform policy development and to evaluate the effectiveness of any policy that aims to expand coverage.<sup>5</sup>

Many states have developed and implemented their own survey instruments to measure the uninsured and fill in the gaps in the data provided at the national level. This type of research is typically funded by state governments or through foundations.<sup>6</sup> Benefits of this research activity include larger sample sizes and sample designs that allow estimates for subpopulations. Additionally, states can tailor the survey instrument to their particular information needs, control the data and its analysis, and synchronize reporting with the legislative calendar and process.<sup>7</sup>

### Call to Action

Part of the mission of the South Carolina Public Health Institute (SCPHI) is to bring together gov-

ernmental and community-based stakeholders around issues important to the health and well-being of South Carolinians. As part of this mission, SCPHI recommends that a partnership be convened to perform

thorough primary research to assess the size and scope of the uninsured and underinsured populations in South Carolina. Once this research is performed, resources dedicated to enhancing coverage and access to care can be maximized and these efforts can be evaluated once implemented.

Specifically, it is recommended that a task force be developed to 1) determine the specific information needs of policy makers related to the uninsured and underinsured, 2) design research to best respond to these information needs, 3) raise the funds to support such research, 4) conduct

the research activity, and 5) communicate the results of the research to state policy makers. SCPHI offers itself as a convener and a coordinator of these activities.

The mission of the South Carolina Public Health Institute (SCPHI) is to promote evidence-based policies, strategic prevention efforts and effective leadership designed to improve the public's health now and in the future. As part of its mission, SCPHI examines public health challenges facing our state and communicates evidence-based information on issues affecting the public's health.

### ENDNOTES

<sup>1</sup> *At the Brink: Trends in America's Uninsured. A State by State Analysis.* Robert Wood Johnson Foundation and the State Health Access Data Assistance Center (SHADAC), March 2009.

<sup>2</sup> South Carolina Office of Research and Statistics, July 2009.

<sup>3</sup> Liv Osby, "Fewer people going to doctor," *The Greenville News*, March 23, 2009.

<sup>4</sup> Blewett, Lynn A. and Davern, Michael, "Meeting the Need for State-Level Estimates of Health Insurance Coverage: Use of State and Federal Survey Data," *Health Services Research* 41:3, Part I (June 2006).

<sup>5</sup> Blewett, Lynn A. and Davern, Michael, "Meeting the Need for State-Level Estimates of Health Insurance Coverage: Use of State and Federal Survey Data," *Health Services Research* 41:3, Part I (June 2006).

<sup>6</sup> Blewett, Lynn A. and Davern, Michael, "Meeting the Need for State-Level Estimates of Health Insurance Coverage: Use of State and Federal Survey Data," *Health Services Research* 41:3, Part I (June 2006).

<sup>7</sup> Blewett, Lynn A. and Davern, Michael, "Meeting the Need for State-Level Estimates of Health Insurance Coverage: Use of State and Federal Survey Data," *Health Services Research* 41:3, Part I (June 2006).

# A Report on the Uninsured and Underinsured in South Carolina

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## Introduction

The lack of health insurance coverage and the resulting impact on access to medical care have been issues for those residing in South Carolina and others across the United States for many years. As a result of the escalating cost of health care and the current recession-driven increase in unemployment rates, the numbers of uninsured and underinsured Americans and South Carolinians have risen to historic levels.

Because of the limitations of national data sources, states often conduct primary research to quantify their uninsured population and obtain sample sizes large enough to ascertain regional differences and perform subpopulation analyses. In 2004, South Carolina (along with many other states) received a State Planning Grant (SPG) to perform such research<sup>1</sup> through the Health Resources and Services Administration (HRSA) of the U.S. Department of Health and Human Services (HHS). Because of the time that has lapsed since that research and the dramatic economic changes that have occurred, this data is no longer relevant and the study has not yet been updated.

Due to the lack of up-to-date primary research, this report uses existing data to create a more current depiction of the uninsured and underinsured populations in South Carolina so that we may identify what further information is necessary to develop a plan for alleviating the crisis of health care coverage and access we are facing in our state.

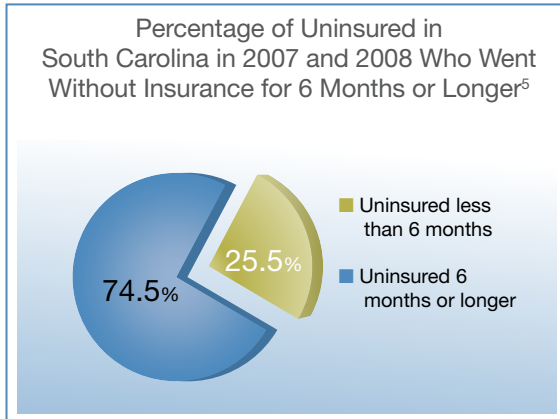
## The Uninsured in South Carolina

The Robert Wood Johnson (RWJ) Foundation found in its study, *At the Brink: Trends in America's Uninsured*,<sup>2</sup> that the percentage of uninsured persons under the age of 65 in the United States has increased significantly since the mid-1990s. The rate of increase in South Carolina has been particularly high. The study drew its conclusions from data analysis of the Current Population Survey (CPS) conducted by the U.S. Census Bureau and showed that in 1994 and 1995 in South Carolina, 15.4% of the under-65 population lacked insurance; by 2006 and 2007, it was 18.5%. The average across the nation was 16.0% uninsured in 1994 and 1995 and 17.5% uninsured by 2006 and 2007. This represents a 20.1% change in rate for South Carolina, compared to a 9.3% change in rate on the national level. The change in rate for South Carolina means that between the mid-1990s and the mid-2000s, an additional 185,177 people under age 65 went without health insurance.

The South Carolina Public Health Institute works to advance the public health priorities of our state by bringing together academic, governmental and community-based stakeholders around issues important to the health and well-being of all South Carolinians. In conducting this work, SCPHI takes a comprehensive approach to advancing public health issues through programs and services addressing three core areas: policy, prevention and leadership. Central to this effort is our mission to promote informed policies, effective leadership and strategic prevention efforts designed to improve the public's health now and in the future. The ultimate vision of SCPHI is to ensure healthy, informed and involved South Carolinians realizing maximum quality of life.

While an abundance of national surveys provide data on the uninsured, the annual CPS is the most widely used source. However, because of several technical issues, the CPS is most useful for analyzing trends over time, state-to-state comparisons, and state-to-national comparisons, but not for robust analysis of the circumstances related to coverage levels in any given state.

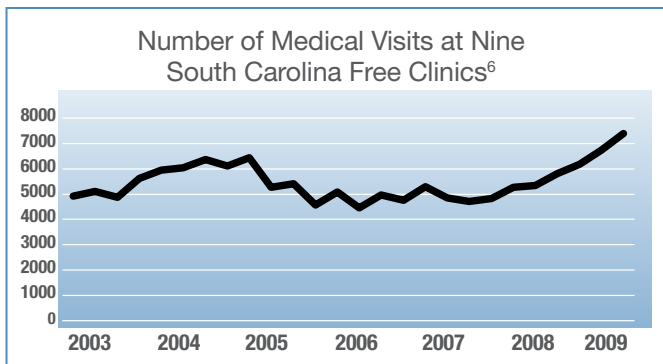
Another limitation of the CPS is that it measures the number of people who did not have health insurance at the point in time of the annual survey; however, the numbers who are uninsured for a portion of a year are not included and are typically significantly greater. A Families USA report issued in March 2009, *Americans at Risk: One in Three Uninsured*,<sup>3</sup> measured how many people were without health insurance for any length of time during 2007 and 2008. In South Carolina, 34.2% of people under age 65 went without health insurance for some period of time in 2007 and/or 2008 (the proportion on a national level was 33.1%). The study also found that 79.7% of South Carolina’s uninsured are members of working families.<sup>4</sup> Of the 1.3 million uninsured in South Carolina during this time, 74.5% went 6 months or longer without coverage.<sup>5</sup>



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### The Link Between Health Care Coverage and Employment

The impact of the economic downturn on the loss of health care coverage caused by unemployment is not documented precisely because the latest national survey data that is available is from the 2007 CPS. The results of the 2008 CPS will be released in late 2009, but since the survey was performed prior to the economic downturn, researchers must wait until the results of the 2009 CPS (to be released in 2010) to quantify the effects of recent layoffs on the rates of uninsurance.



Because South Carolina has experienced record high rates of unemployment, our state has also experienced record high rates in the number of uninsured. From an examination of hospital billing data and Free Clinic data,<sup>6</sup> it is understood that more and more people are without insurance every day. Physicians have reported that patient volumes have shrunk due to patients losing their jobs and, therefore, losing their insurance.<sup>7</sup>

Nationally, over half (54%) of the unemployed cannot afford private insurance and are not covered by a public program such as Medicaid.<sup>8</sup> People who lose their jobs often do not qualify immediately for assistance. Only one in four unemployed workers with incomes below 200% of the poverty level (\$22,050 for a family of four in 2009) qualify for public coverage.<sup>9</sup> People who are laid off typically do not have the resources to afford private health insurance or COBRA (if it is available to them), which costs an average of \$13,000 a

year for a family of four.<sup>10</sup> The American Recovery and Reinvestment Act of 2009 includes subsidies for individuals and families on COBRA as an attempt to help laid-off workers continue health care coverage, but it is unclear how much this will help since it is only a partial subsidy and the cost is so significant.

According to the recent RWJ analysis of the CPS data, in the 1990's there were eight states with a fifth or more of the working-age population uninsured, and South Carolina was not among them; by the mid-2000s there were 14, including South Carolina.<sup>11</sup> The irony is that through their taxes, workers are paying for others to have coverage, through state and federal programs like Medicare and Medicaid even when they are not offered coverage.

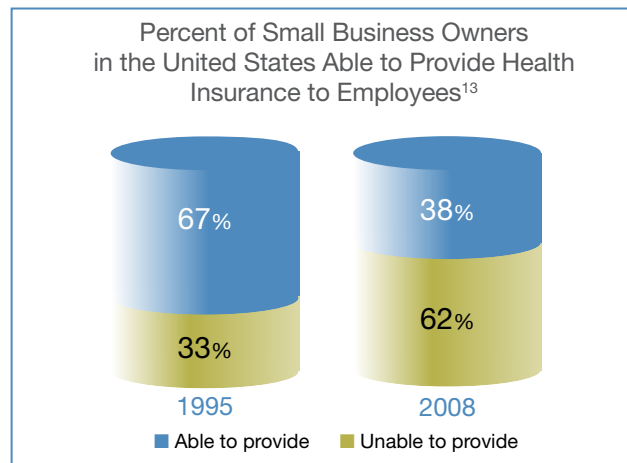
The irony is that through their taxes, workers are paying for others to have coverage through state and federal programs like Medicare and Medicaid even when they themselves are not offered coverage.

Small businesses have a particularly difficult time offering health benefits to employees. Insurance companies rate small businesses differently because there are fewer lives among which to spread the risk of illness and, therefore, cost. For this reason, small businesses are typically charged more per person for health care coverage than large businesses. The number of small business owners who are able to provide health insurance to employees dropped nationally from 67% in 1995 to 38% in 2008.<sup>12</sup> Since 2001, the proportion of companies employing less than 10 people that are able to provide coverage has decreased by 16%, and more than half have reduced benefits in some manner (for example, by increasing premiums, co-pays, or deductibles).<sup>13</sup> South Carolina has a high proportion of small businesses (85% of businesses in the state employ fewer than 20 employees and 96% employ fewer than 100 employees),<sup>14</sup> so these trends have affected our state disproportionately.

The South Carolina General Assembly has studied legislation during the past two sessions aimed at assisting small businesses with obtaining affordable coverage (Senate bill 202 and Senate bill 455). There is a consensus that something must be done to help small businesses struggling to afford health insurance for their employees.

Having a job provides no guarantee of having health insurance, and it is no longer just small businesses struggling to afford health insurance for their workers – total premiums for all employer plans have risen an average of six to eight times as fast as wages over the last decade.<sup>15</sup>

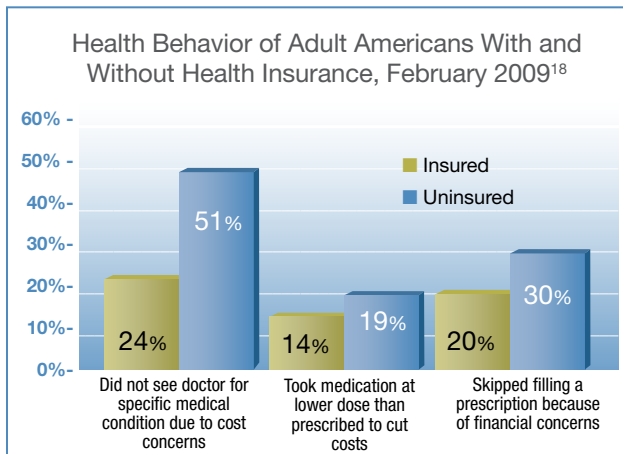
Businesses that are able to keep benefits are often raising premiums, co-pays and deductibles for their employees, frequently with the result that individuals are underinsured rather than uninsured.



## The Underinsured in South Carolina

The underinsured population is understudied for two primary reasons: 1) there is no consistent definition of underinsured, and 2) most research focuses on the uninsured since they traditionally face the most significant barriers in accessing care. The research that does exist on the underinsured on the national level defines underinsurance in a variety of ways and from a variety of perspectives. Regardless of definition and perspective, the research demonstrates it is a growing problem:

- A Gallup poll in December 2008 showed that 21% of Americans struggle to pay health care costs (this is an increase of 3 percentage points over January 2008).<sup>16</sup>
- The number of underinsured (defined in this report as those with health coverage that does not protect them from high medical expenses) has increased 60% between 2003 and 2007. In 2007, there were 25 million underinsured American adults.<sup>17</sup>



- More than three-quarters of adult Americans with health insurance report worrying about medical costs, according to a February 2009 Harris Interactive/HealthDay Poll. Fifty-seven percent fear losing their health insurance. Rates of people worrying about losing health insurance were highest in the middle-aged population: 84% of those aged 45 to 64 reported medical costs as a worry. Cost concerns were the reason that 24% of insured and 51% of uninsured did not see a doctor for a specific medical condition. Fourteen percent of insured and 19% of uninsured took a medication at a lower dose than recommended by their doctor in order to cut costs; 20% of insured and 30% of uninsured skipped filling a prescription because of financial concerns.<sup>18</sup>

## The Challenge

Clearly, updated primary research is needed to develop a full understanding of the uninsured and underinsured populations in South Carolina. There is a need for timely data on the state level with larger sample sizes so the data can be analyzed in greater depth.<sup>19</sup> Specifically, subpopulation and county-level analysis is needed to develop policies and to evaluate the effectiveness of any policy implemented that aims to increase coverage.<sup>20</sup>

Many states have developed and implemented their own survey instruments to measure the uninsured and fill in the gaps in the data provided on a national level (for example, Minnesota has made it a state law to quantify the uninsured every three years through a state-wide survey). This type of research is typically funded through the state or through foundations.<sup>21</sup> Benefits of this research activity include larger sample sizes and sample designs that allow estimates for subpopulations. Additionally, states can tailor the instrument to their particular information needs, control the data and its analysis, and synchronize with the legislative calendar and process.<sup>22</sup>

## Call to Action

Health care coverage has been a national and state problem for decades and with unemployment rates increasing, so are the ranks of the uninsured. According to the Congressional Budget Office, the number of uninsured Americans will grow from 45 million today to 54 million by 2019 if there are no changes in national health policy related to coverage.<sup>23</sup>

Healthcare reform has once again become a focus of national political debate, and it is growing increasingly likely that the United States will see significant reform implemented within a few years. To most effectively apply national health care reform on a state level and develop state policies and programs to enhance access to care and reverse the trend of diminishing rates of insured South Carolinians, detailed information on our uninsured and underinsured populations is needed.

Part of the mission of SCPHI is to bring together governmental and community-based stakeholders around issues important to the health and well-being of South Carolinians. As part of this mission, SCPHI recommends that such a partnership be convened to perform thorough primary research to assess the scope and size of the uninsured and underinsured populations in South Carolina. Once this research is performed, resources dedicated to enhancing coverage and access can be maximized and these efforts can be evaluated once implemented. Specifically, it is recommended that a task force be developed to 1) determine the specific information needs of policy makers related to the uninsured and underinsured, 2) design research to best respond to these information needs, 3) raise the funds to support such research, 4) conduct the research activity, and 5) communicate the results of the research to state policy makers. SCPHI offers itself as a convener and a coordinator of these activities.

## ENDNOTES

- <sup>1</sup> *Expanding Insurance Coverage and Stabilizing Rates Within the South Carolina Small Group Market*, South Carolina Department of Insurance, 2004.
- <sup>2</sup> *At the Brink: Trends in America's Uninsured. A State by State Analysis*. Robert Wood Johnson Foundation and the State Health Access Data Assistance Center (SHADAC), March 2009.
- <sup>3</sup> *Americans at Risk: One in Three Uninsured*, Families USA, March, 2009.
- <sup>4</sup> *The Uninsured: A Closer Look (State Fact Sheet)*, Families USA, March 2009.
- <sup>5</sup> *The Uninsured: A Closer Look (State Fact Sheet)*, Families USA, March 2009.
- <sup>6</sup> South Carolina Office of Research and Statistics, July 2009.
- <sup>7</sup> Liv Osby, "Fewer people going to doctor," *The Greenville News*, March 23, 2009.
- <sup>8</sup> "Most of the Unemployed are also Uninsured," *The San Francisco Chronicle*, February 6, 2009.
- <sup>9</sup> *Unemployed and Uninsured in America*, Families USA, February, 2009.
- <sup>10</sup> "Newly Uninsured Struggle to Access Needed Health Care," *The Washington Post*, February 3, 2009.
- <sup>11</sup> *At the Brink: Trends in America's Uninsured. A State by State Analysis*. Robert Wood Johnson Foundation and the State Health Access Data Assistance Center (SHADAC), March 2009.
- <sup>12</sup> Small business blog, *Washingtonpost.com*, March 26, 2009.
- <sup>13</sup> "Small Businesses Hit Hard by Economy Consider Dropping Health Coverage," *New York Times*, February 3, 2009.
- <sup>14</sup> South Carolina Small Business Chamber of Commerce, April, 2009.
- <sup>15</sup> "Workers feel the brunt of health insurance woes," *The Washington Post*, March 24, 2009.
- <sup>16</sup> "Poll Shows 21 Percent of Americans Struggle to Pay Health Costs," *USA Today*, March 10, 2009.
- <sup>17</sup> Schoen C., Collins S.R., Kriss, J.L., Doty, M.M. "How Many are Underinsured? Trends among U.S. Adults, 2003 and 2007." *Health Affairs Web Exclusive* June 10, 2008. George Washington School of Public Health and Health Services, *Examining the Health Consequences of the 2008-09 Recession*, January 2009.
- <sup>18</sup> "Most Insured Adults Worry About Health Care Costs: Poll," *Forbes.com*, March 9, 2009.
- <sup>19</sup> Blewett, Lynn A. and Davern, Michael, "Meeting the Need for State-Level Estimates of Health Insurance Coverage: Use of State and Federal Survey Data," *Health Services Research* 41:3, Part I (June 2006).
- <sup>20</sup> Blewett, Lynn A. and Davern, Michael, "Meeting the Need for State-Level Estimates of Health Insurance Coverage: Use of State and Federal Survey Data," *Health Services Research* 41:3, Part I (June 2006).
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- <sup>23</sup> "Ranks of Uninsured Could Grow to 54 Million by 2019," *The Detroit News*, February 11, 2009.



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