Healthcare Insurance Picture Is Complex

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North Carolina, along with Mississippi, had the dubious distinction of having the largest percentage growth in the number of uninsured persons of any of the states in the country between 2000-01 and 2001-02.[1] One-year estimates from the U.S. Census Bureau's Current Population Survey (CPS) suggest that 1.4 million people in North Carolina, or almost one out of every five people (19%) under the age of 65, lacked health insurance coverage in 2002. County-level estimates range from a low of 15.9% to a high of 26.1%.[2] The rising cost of health insurance, coupled with a loss or reduction in worker income due to the recent recession, has made it more difficult for people to afford coverage.

Who are the Uninsured in North Carolina?

The poor and the working poor are most likely to lack health insurance coverage.[3] Approximately 38.4% of poor people under age 65 lack coverage (Table 1).[4] Similarly, the working poor, those with incomes between 100-200% of the federal poverty guidelines, are also likely to lack health insurance coverage (29.2%). People with higher incomes are much more likely to be covered with employer-based coverage.

Racial and ethnic minorities are more likely to be uninsured than whites. More than one of every five non-whites under the age of 65 (22%), and half of the Latinos (50%) were uninsured, compared to only 14% of white, non-Latinos.[5]

Men are somewhat more likely to lack insurance coverage: 19.4% of men and 18.6% of women under age 65 are uninsured. Although women are less likely to have employer-based coverage, they are more likely to have publicly-funded insurance.

How Do North Carolinians Get their Health Insurance?

Our health insurance system is generally based on employer-coverage. More than three-fifths of North Carolinians under age 65 have employment-based health insurance coverage, yet many workers lack coverage (Table 1). North Carolina employees working for small companies (e.g., companies employing fewer than 25 employees), have a much higher risk of being uninsured (33.7%) compared to those working for very large employers with 1,000 or more employees (11.4%). Most uninsured (80%) have a connection to the workforce through a family member working either full- or part-time.

North Carolina saw a much steeper drop in employment-based coverage than national trend over the last several years.[6] The loss of manufacturing and textile jobs and overall poor economy, along with rising healthcare costs, helps explain this loss. To address rising premium costs, employers have started shifting more of the costs onto employees. This is particularly problematic in our state, since North Carolina employees are already required to pay a greater proportion of the health insurance premiums than other employees nationally. On average, North Carolina employees paid $594 for single coverage and $2,225 for family coverage in 2001, compared to $498 and $1,741 respectively as average costs for employees nationally.[7] Given that North Carolina's median income is lower than the national average, this creates very real problems of affordability of coverage. [8]

Safety Net Programs Exist But Do Not Cover All the Uninsured

Some low- and moderate-income families are able to qualify for Medicaid, the federal-state subsidized health insurance program for the poor; however, Medicaid does not cover all poor people because of strict eligibility rules.[9] Children with incomes too high for Medicaid but less than 200% of the federal poverty guidelines may qualify for the N.C. Health Choice (the State Children's Health Insurance program), but this program has a limited budget and has been frozen in the past when the numbers of eligibles exceeded the budget. Thus, while publicly-funded insurance provides a safety-net for some low-income individuals; it does not provide coverage to all in need.

North Carolina also has a variety of safety-net organizations that provide services to the uninsured. These include community and migrant health centers, public health departments, free clinics, rural health centers, hospital outpatient clinics and emergency. However, they are not available in every community, and even where they do exist, are not adequate to meet all the health needs of the uninsured.

What Happens to the Uninsured?

Lack of insurance coverage creates great hardships. National studies show that the uninsured are more likely to report, delaying, or foregoing needed care.[10] They are less likely to get preventive screenings or care for ongoing chronic conditions. When they do seek care, they are generally sicker than the insured population and experience worse health outcomes, including premature deaths. Further, the uninsured are far more likely to have problems paying medical bills or to be contacted by collection agencies.

North Carolina studies show similar access barriers. Approximately 15% of North Carolinians surveyed in 2003 reported that there were times in the last 12 months when they needed to see a doctor but couldn't because of the cost.[11] The uninsured were far more likely to report access barriers (41.2%), than were people with insurance coverage (9.5%). More than one-third (35.2%) of uninsured diabetics reported that there were times in the past 12 months when they were unable to obtain testing supplies and diabetes medicines due to costs (compared to 8.8% of people with insurance). More than one-quarter (29%) of the uninsured reported that they had to cut back on living expenses, including food, clothing, utilities, housing and/or transportation to pay for needed health care costs as compared to 18% of those with insurance.[12]

What Can Be Done to Address the Growing Numbers of Uninsured

At the national level, both President Bush and John Kerry have proposals to expand coverage to the uninsured. President Bush proposes to offer tax credits of up to $1,000 for individuals and up to $3,000 for families to help the uninsured purchase health insurance through the private market.[13] Bush has also supported legislation to expand the healthcare safety net; providing funds to expand the availability of community and migrant health centers to serve more uninsured. John Kerry proposes to expand publicly-subsidized coverage for low-income families and children through expansion of Medicaid and SCHIP, and to help reduce the costs of health insurance to employers by covering up to 75% of the costs of catastrophic cases.[14] In addition, Kerry would provide targeted tax subsidies to small employers to help them afford health insurance coverage. Given the lack of political consensus about how to achieve universal coverage (i.e., through private market-based approaches or expansion of public programs), and the growing national deficit; the immediate prospects for universal coverage seems dim.

North Carolina has not yet made coverage expansion one of its top priorities. Over the last three years, advocates for the uninsured have been fighting legislative proposals to cut Medicaid eligibility. While few of these proposals passed, the NC Health Choice program will likely cap enrollment in January 2005, due to the lack of state and federal funds to maintain open enrollment. Although coverage expansions are not easy at the state level, they are possible. Other states have expanded their Medicaid programs to cover more working parents, used Medicaid waivers to cover groups of individuals not otherwise eligible for Medicaid (such as childless adults), and/or created high-risk pools to help individuals with preexisting health conditions purchase affordable coverage. Some states have provided targeted tax credits to small employers and/or low wage workers to help them afford coverage. However, these options can be expensive and difficult to pass in tight budgetary years.

Incremental, rather than large-scale reform, appears to be the most politically feasible option to expand coverage at either the federal or state levels. While not offering full universal coverage, these efforts should not be discounted; as they can provide very real relief to large segments of the uninsured.

Table 1 | Health Insurance Coverage by Poverty Level for Under 65 (NC 2000-2002)

Insurance Type (Annual income for family of 4)	Total	<100% (<18,850)	100-199% ($18,850-$37,699)	200-299% ($37,700-$56,549)	300% + ($56,550+)
(Percent of NC population <age 65)		14%	18%	18%	50%
Employer	59.9	10.6	35.1	61.7	82.7
Medicaid	11.3	37.5	18.9	7.7	2.1
Medicare	2.9	5.8	5.4	3.2	1.1
Private	7.6	7.8	11.5	8.6	5.8
Uninsured	18.3	38.4	29.2	18.8	8.3
Total	100.0	100.0	100.0	100.0	100.0

Source: Holmes M. Overview of the Uninsured in North Carolina. Presentation to NC Institute of Medicine Safety Net Task Force. Sheps Center for Health Services Research, University of North Carolina at Chapel Hill. March 9, 2004.

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[1] U.S. Census. Health Insurance Coverage in the United States: 2002. Sept. 2003.
[2] County-level Estimates of the North Carolina Uninsured. 2002 Update. Available at http://www.shepscenter.unc.edu/
[3] Sheps Center for Health Services Research at The University of North Carolina at Chapel Hill. Because of the relatively small sample size for the state, three-year pooled data is needed to develop meaningful estimates of the uninsured by income, employer-size, race and ethnicity, and connection to the workforce. The 3-year pooled data are weighted more heavily for recent years in order to more closely reflect current economic conditions and information about insurance coverage. .
[4] Almost all of the older adults, age 65 or older, have Medicare coverage and therefore are not included in the description of the uninsured for this article.
[5] Because North Carolina Latinos are more likely to be recent immigrants, they are disproportionately likely to be uninsured. More than half (58.3%) of the Latinos living in North Carolina are recent immigrants, and many are recent immigrants (arriving in the United States within the last five years). Federal immigration laws, passed in 1996, made it more difficult for Latinos and other recent immigrants to qualify for certain federally funded programs, including Medicaid and the State Children's Health Insurance program. Silberman P, Bazan-Manson A, et. al., NC Latino Health: 2003. A Report from the Latino Health Task Force. The North Carolina Medical Journal. May/June 2003;64(3):113-121.
[6] According to historical CPS data, employer-based coverage in North Carolina dropped 5.1 percentage points, from 63.2% in 2000 to 58.1% in 2002. Nationally, there was only a 2.3 percentage point reduction in private employer-based coverage during the same time period.
[7] Agency for Healthcare Research and Quality. Medical Expenditure Panel Survey, 2001.
[8] In 2001, North Carolina's median household income was $38,832. The median household income was $42,317. U.S. Census. American Community Survey. Median Adjusted Income (In 2001 Inflation Adjusted Dollars).
[9] Medicaid is typically limited to low-income individuals who meet certain categorical, income and resource requirements. For example, in North Carolina, Medicaid is limited to individuals who are pregnant, a child under the age of 21, in a family with dependent children, disabled (meeting federal Social Security disability standards) or age 65 or older; who also meet certain income and resource limits. Thus, for example, a displaced homemaker under the age of 65, who is no longer living with her young children and who is not disabled, can not qualify for Medicaid–regardless of how poor she may be.
[10] Hadley J. Sicker and Poorer: The Consequences of Being Uninsured. Kaiser Commission on Medicaid and the Uninsured. May 2002. Institute of Medicine. Care without Coverage: Too Little, Too Late. May 2002.
[11] North Carolina State Center for Health Statistics. 2003 BRFSS Survey Results.
[12] Preliminary data from the State Center for Health Statistics. May 2004.
[13] To qualify for the full tax credit, an individual can earn no more than $15,000 and a family no more than $25,000. The tax credit is phased out once the individual's income $30,000 or $60,000 for a family. Reschovsky JD, Hadley J. The Effect of Tax Credits For Nongroup Insurance on Health Spending by the Uninsured. See also, http://www.georgebush.com/HealthCare/Brief.aspx.
[14] See: http://www.johnkerry.com/issues/health_care/family.html