

# Rural Policy Brief

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## Health Insurance in Rural America

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The problem of lack of health insurance coverage has come to the forefront of the general healthcare debates. Each year, the results of several surveys are reported, and current data indicate that there has been a substantial rise in the number and percentage of persons without health insurance over the past decade. For instance, data from the Current Population Survey (CPS) show that since 1990 the number of persons under age 65 without health insurance increased from 34.7 to 44.3 million, a rise from 13.9% to 16.3% of non-elderly who are not covered.

The increase in the number of uninsured has given rise to legislative proposals offered by candidates for the office of President, and members of Congress (HR10, HR55, HR145, S194, S300, S343). In these debates and discussions, little attention is paid to the uninsured in rural America, especially to how the rural uninsured may differ from their urban counterparts, and to whether policy proposals need to be specially crafted to account for those differences. This brief updates a previous Rural Policy Research Institute (RUPRI) report authored by Shirley Porterfield (1993) and addresses these issues, focusing especially on the differences between the rural and urban uninsured.

### GENERAL TRENDS

*The problem of an increasing number of uninsured Americans is common to both urban and rural areas. About 84% of the U.S. population, or 227 million persons, had some type of health insurance in 1998 (Table 1).<sup>1</sup> Depending on the survey and*

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Most of the data for this policy brief came from the 1999 Current Population Survey (CPS) which contains 1998 health insurance information for a representative sample of U.S. residents.<sup>2</sup> Because there is no rural/urban distinction offered in public-use CPS data, a metropolitan area/non-metropolitan area surrogate distinction is utilized.<sup>3</sup> This surrogate was used in the 1993 report referred to above. Population estimates available on the census bureau web site show that, in 1998, 216 million of the 270 million estimated U.S. population, about four-fifths, lived in metropolitan areas. From 1990 to 1998, the population of metropolitan and non-metropolitan areas grew by 9.1% and 7.0%, respectively. In addition to providing a cross-sectional comparison for rural and urban areas in 1998, comparisons between data from the previous report (1991 and 1992) and the current statistics are made.<sup>4</sup> These comparisons can be found in Figure 1.

year analyzed one or the other (urban or rural) seems to have a higher percentage of uninsured persons. The important point, though, is that the percentage of persons without insurance has been increasing steadily in all regions.

There has been a gradual increase in the number and percent uninsured since the RUPRI report of 1993. As shown in Figure 1, this has been true in both rural and urban areas, although slightly more in urban areas. Among rural residents, increases are especially notable for the non elderly (16.5% to 18.2%), and persons between 25 and 54 years of age (17.2% to 18.5%).

## THE UNINSURED IN RURAL AMERICA

*While the overall percentage of rural and urban uninsurance is similar, there are differences in personal characteristics, employment, and payment from employers that will need to be considered when drafting policy alternatives.*

Disproportionately more rural residents rely on individual insurance plans or coverage purchased through small employers (Coburn et al., 1998; Chollet, 2000; Chollet & Kirk, 1998; General Accounting Office, 1996). Among those who are employed, a higher percentage will be in situations not conducive to moderately priced group health insurance products – small employers, self-employed individuals, and those in agricultural occupations. For example, among uninsured persons in households where the head of household was employed, the source of rural employment, as compared to urban employment, is more likely to be (Table 2):

- in firms employing fewer than 10 persons (40.0% vs. 30.9%);
- not in firms employing 1,000 or more persons (20.9% vs. 25.5%);
- not in private employment (76.7% vs. 82.5%);
- self-employment, not incorporated (15.7% vs. 9.5%);
- in agriculture (7.6% vs. 4.0%); and
- in mining, forestry, or fishing (1.2% vs. 0.2%).

In addition to these differences in employment characteristics, rural persons are more likely to be employed but not at work in the previous week (2.0% vs. 1.4%) and more likely not to be in the labor force (24.0% vs. 23.0%) (Table 3). Also, the uninsured in rural areas are more likely to earn low or modest incomes – for example, rural households are more likely to have incomes less than 100% below the federal poverty level (27.9% vs. 25.5%) (Table 3).

## IMPLICATIONS

This brief has shown that the uninsured problem is rising in rural America as it is rising in urban America. But while the overall percentage of rural and urban uninsurance is similar, there are differences in personal characteristics, employment, and payment from employers that need to be accounted for when policymakers draft policy alternatives.

Any policy remedies to the growing problem of uninsurance in America need to be sensitive to the low incomes and wages of rural residents. In addition, the absence of large employers in most rural areas necessitates different strategies for aggregating large groups of similarly insured persons, for the purpose of achieving appropriate economies of scale and avoiding problems of adverse risk selection.

*There are other policy considerations that may distinguish rural areas not addressed by the data presented in this Policy Brief. For example, any policy intervention will require public investment, and the sources of revenue used may have different rural-urban impacts. Public policies are also likely to affect how health*

care providers are compensated for treating the targeted population, and the payment systems may impact rural and urban providers differently.

Much has been written about problems of access to rural health systems. While this policy brief attempts to paint a complete portrait of the uninsured population in rural America, further work is needed to synthesize the myriad of state-specific and population-specific studies for the purpose of molding policy choices specific to rural needs.

Other studies, using alternative data sets and different definitions of urban and rural, show that rural areas have a higher percentage of non-elderly persons without health insurance. For example, data from the Medical Expenditure Panel Survey (MEPS) show a non-metropolitan uninsured percentage of 17.8 versus 15.3 for metropolitan areas. Both the MEPS and CPS use the OMB metropolitan/non-metropolitan distinction. Differences in the MEPS and CPS are:

- 1) The MEPS sample is about 22,000 persons versus 132,000 for the 1999 CPS.
- 2) The CPS sample frame is the 1990 census. The MEPS sample is drawn from the 1995 National Health Interview Survey.
- 3) There is some evidence that MEPS respondents have a better understanding of the health insurance queries than CPS respondents.
- 4) MEPS data were first gathered in 1996. Earlier CPS rounds (before 1995) showed that the non-metropolitan percentage for persons uninsured was greater than the metropolitan percentage. Since the mid-1990s, the metropolitan percentage of uninsured has been higher.

## NOTES

1. The absolute numbers and percentages are based on the weighted responses from the CPS. Confidence intervals vary based upon the cell sizes of each of the cross-tabulated categories being observed. In general, the 95% confidence intervals are narrow, meaning that small percentage differences are statistically significant. Nevertheless, these differences may carry little practical importance. Confidence intervals (95%) for all the numbers and percentages shown in Tables 1-5 can be found on the RUPRI web site ([www.rupri.org/healthpolicy/confint.htm](http://www.rupri.org/healthpolicy/confint.htm)).

2. In the CPS, respondents are asked about their health insurance coverage during the calendar year preceding the survey and are counted as insured if they had health insurance at any time during that period. Thus, the uninsured population is supposed to include only those people who had no health insurance coverage in the year prior to participating in the survey. However, Swartz (1986) suggests that CPS respondents are actually answering for the point in time in which they are questioned, which would imply that the data provided in this analysis describes insurance status during March 1999 rather than the calendar year 1998.

3. Current standards for metropolitan area distinction include at least: one city with 50,000 or more inhabitants or a Census Bureau-defined urbanized area (of at least 50,000 inhabitants), and a total metropolitan population of at least 100,000 (75,000 in New England). Under the standards, the county (or counties) that contains the largest city becomes the "central county" (counties), along with any adjacent counties that have at least 50% of their population in the urbanized area surrounding the largest city. Additional "outlying counties" are included in the MSA if they meet specified requirements of commuting to the central county and other selected requirements of metropolitan character. In June 1999, there were 258 metropolitan statistical areas in the U.S.

4. A relatively small fraction in the difference between the 1991-1992 and 1998 data is due to methodological changes made in the administration of the CPS (Swartz, 1997; Cohany et al., 1994). The sampling frame was also changed between these two data collection years.

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Table 1. Age Distribution of Insured Persons by Type of Insurance<sup>a</sup>, 1999

Number of Persons												
	Total Insured		Total Private		Medicare		Medicaid		CHAMPUS <sup>b</sup>		Uninsured <sup>c</sup>	
	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural
Total Number	183,333,533	43,524,833	153,946,871	36,378,209	27,473,237	8,307,951	22,203,288	5,614,694	7,034,069	1,703,004	36,078,862	8,125,936
Age												
< 6	16,502,809	3,428,348	12,466,093	2,576,383	89,770	5,136 <sup>d</sup>	4,597,512	1,055,346	641,596	112,420	3,058,431	603,647
6-17	32,961,560	7,916,849	26,942,003	6,513,753	204,877	21,458 <sup>d</sup>	6,859,648	1,748,829	1,229,913	256,415	5,876,176	1,510,958
18-24	14,916,352	3,243,231	12,989,176	2,853,763	112,718	36,389 <sup>d</sup>	2,082,787	452,259	656,914	138,263	6,465,641	1,292,888
25-54	79,006,013	17,550,024	72,768,675	15,995,657	1,731,543	575,034	5,344,337	1,313,281	2,771,224	672,319	17,623,168	3,981,644
55-64	15,247,069	4,149,750	13,553,521	3,548,823	1,438,895	575,437	1,070,782	343,462	812,623	263,344	2,743,337	690,604
65 +	24,699,730	7,236,631	15,227,403	4,889,830	23,895,434	7,094,497	2,248,222	701,517	921,799	260,243	312,109	46,195
Percent of Persons												
Total Percent	83.6	84.3	70.2	70.4	12.5	16.1	10.1	10.9	3.2	3.3	16.4	15.7
Age												
< 6	84.4	85.0	63.7	63.9	0.5	0.1	23.5	26.2	3.3	2.8	15.6	15.0
6-17	84.9	84.0	69.4	69.1	0.5	0.2	17.7	18.5	3.2	2.7	15.1	16.0
18-24	69.8	71.5	60.7	62.9	0.5	0.8	9.7	10.0	3.1	3.0	30.2	28.5
25-54	81.8	81.5	75.3	74.3	1.8	2.7	5.5	6.1	2.9	3.1	18.2	18.5
55-64	84.8	85.7	75.3	73.3	8.0	11.9	6.0	7.1	4.5	5.4	15.2	14.3
65 +	98.8	99.4	60.9	67.1	95.5	97.4	9.0	9.6	3.7	3.6	1.2	0.6

SOURCE: Current Population Survey, March 1999.

NOTES:

<sup>a</sup>The estimates by type of coverage are not mutually exclusive; people may be covered by more than one type of health insurance during the year.

<sup>b</sup>Comprehensive Health and Medical Plan for Uninformed Services.

<sup>c</sup>Uninsured at any time during the year.

<sup>d</sup>Unweighted n < 20.

Table 2. Employment Characteristics of the Nonelderly Uninsured, 1999

	Total Population <sup>a</sup>		% of Uninsured Population	
	Urban	Rural	Urban	Rural
<i>Employer Size</i>				
< 10	20,812,901	6,298,796	30.9	40.0
10-24	10,420,704	2,481,124	13.3	12.7
25-99	14,648,743	3,216,386	14.7	11.9
100-499	15,684,433	3,995,300	11.8	11.5
500-999	6,506,455	1,469,757	3.8	3.0
1000 +	46,707,703	8,487,247	25.5	20.9
<i>Class of Worker</i>				
Private	85,391,059	18,017,232	82.5	76.7
Government	14,918,043	3,820,910	5.7	6.1
Self-emp, inc	3,185,951	540,736	2.0	1.0
Self-emp, not inc	6,914,087	2,372,680	9.5	15.7
Without Pay	91,033	54,502	0.1 <sup>b</sup>	0.5 <sup>b</sup>
<i>Industry</i>				
Agriculture	1,909,989	1,232,692	4.0	7.6
Mining, Forestry, Fishing	364,994	366,156	0.2	1.2
Construction	7,216,178	1,962,348	11.7	14.6
Durable Manufacturing	9,745,439	3,002,925	5.4	7.9
Nondurable Manufacturing	5,988,499	1,978,701	4.9	6.6
TCU	7,974,257	1,352,808	5.8	4.6
Wholesale & Retail Trade	23,661,353	5,165,552	27.7	26.7
Professional Services	13,238,287	1,650,755	7.4	4.7
Medical Services	9,341,040	2,200,705	5.8	6.6
Other Services	14,307,441	2,039,036	18.4	12.6
Public	16,731,922	3,853,182	8.6	6.9

SOURCE: Current Population Survey, March 1999.

NOTES:

<sup>a</sup>Total Population = weighted n

<sup>b</sup>Unweighted n < 20

Table 3. Characteristics of the Nonelderly Uninsured, 1999

	Total Non-Elderly Population		% of Uninsured Persons		% of Population Group Uninsured	
	Urban	Rural	Urban	Rural	Urban	Rural
Total	194,400,557	44,367,944	100.0	100.0	18.4	18.2
Male	96,409,576	22,366,819	52.0	52.3	19.3	18.9
Female	97,990,981	22,001,125	48.0	47.7	17.5	17.5
Region						
Northeast	40,352,380	4,697,418	18.2	7.7	16.2	13.3
Midwest	41,991,409	13,776,623	16.0	23.8	13.6	13.9
South	63,519,275	19,055,134	36.0	51.6	20.3	21.9
West	48,537,494	6,838,769	29.8	16.9	22.0	19.9
Marital Status						
Married	76,159,236	19,428,098	29.0	34.1	13.6	14.2
Previously Married	20,565,922	4,616,755	13.5	14.6	23.4	25.5
Never Married	97,675,400	20,323,091	57.5	51.3	21.1	20.4
Race						
White	155,313,694	38,749,482	74.4	82.6	17.1	17.2
Black	27,920,249	4,333,426	18.4	14.0	23.6	26.1
Other	11,166,615	1,285,036	7.1	3.4	22.9	21.4
Major Activity Last Week						
Children or AF	49,587,634	11,086,446	20.7	20.9	14.9	15.2
Working	101,304,063	22,492,197	49.8	47.1	17.6	16.9
With Job - not at work	3,283,294	849,762	1.4	2.0	15.5	19.5
Unemployed - looking	4,292,016	940,461	4.3	4.8	35.5	41.6
Unemployed - on layoff	743,256	298,384	0.8	1.1	38.2	29.9
Not in labor force	35,190,296	8,700,694	23.0	24.0	23.4	22.3
Ratio of Income to Poverty Level						
< 100%	25,072,512	6,651,984	25.5	27.9	36.4	33.8
100 - 124%	7,347,567	2,145,087	7.5	9.3	36.6	35.0
124 - 149%	7,681,527	2,332,476	7.5	9.3	35.1	28.8
150% +	154,298,951	33,238,397	59.5	54.5	13.8	13.3

SOURCE: Current Population Survey, March 1999.

Table 4. Nonelderly Workers with Employer-Provided Insurance, 1999

Class of Worker	Percent of Population with Employer Provided Insurance		Percent of People With Employer-Provided Insurance					
			Employer Pays Full Premium		Employer Pays Part of Premium		Employer Pays None of Premium	
	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural
Total	55.1	52.6	28.6	28.0	66.9	67.0	4.5	5.0
Private	54.8	53.5	26.7	25.5	69.0	70.2	4.3	4.3
Federal Government	74.9	71.6	13.3	11.6	82.9	84.6	3.7	3.8 <sup>a</sup>
State Government	74.8	73.3	28.6	24.6	67.9	71.9	3.5	3.6 <sup>a</sup>
Local Government	73.3	70.0	35.2	39.5	62.2	56.2	2.7	4.3
Self-Employed, Inc.	51.0	53.0	61.3	59.6	30.5	31.1	8.2	9.3 <sup>a</sup>
Self-Employed, not Inc.	20.4	16.2	48.7	46.1	32.3	29.3	19.0	24.6
Without Pay	16.7 <sup>a</sup>	7.0 <sup>a</sup>	n/a <sup>a</sup>	56.2 <sup>a</sup>	87.7 <sup>a</sup>	19.9 <sup>a</sup>	12.3 <sup>a</sup>	23.8 <sup>a</sup>

SOURCE: Current Population Survey, March 1999.

NOTE:

<sup>a</sup>Unweighted n < 20

Table 5. Characteristics of the Nonelderly Uninsured, 1999

	Total Population <sup>a</sup>		% of Total Pop. Uninsured	
	Urban	Rural	Urban	Rural
Employer Size				
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Self-emp, not inc	6,914,087	2,372,680	28.0	29.8
Without Pay	91,033	54,502	30.5 <sup>b</sup>	37.3 <sup>b</sup>
Industry				
Agriculture	1,909,989	1,232,692	42.6	27.9
Mining, Forestry, Fishing	364,994	366,156	12.7	15.2
Construction	7,216,178	1,962,348	33.0	33.5
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Public	16,731,922	3,853,182	10.5	8.1

SOURCE: Current Population Survey, March 1999.

NOTES:

<sup>a</sup>Total Population = weighted n

<sup>b</sup>Unweighted n < 20

Figure 1. Comparisons of the Percent Uninsured: 1991/1992 and 1998

