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Impact of the Recession on Rural America: Rising Unemployment Leading to More Uninsured in 2009

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The 2008-09 recession has impacted the United States in many profound ways, but perhaps most dramatically through increased unemployment. Job loss for many means loss of employer-sponsored health insurance or ability to purchase individual insurance. Some individuals can obtain coverage through Medicaid or private health insurance, but many remain uninsured.¹

This brief presents the results of state and county analysis of unemployment rates nationally in urban and rural (non-metropolitan) areas over the period 2007-February 2009, encompassing the period before the recession started and a recent monthly period. Estimates presented are based on analysis of Current Population Survey (CPS) and Bureau of Labor Statistics (BLS) data. Estimates of county-level unemployment rates are first obtained from BLS data for 2007 and 2009, and this county-level data is aggregated up to the state level for metro and non-metro areas, using Economic Research Service county-level definitions of metropolitan and non-metropolitan. To compute an estimate of uninsurance rates in 2009, the current unemployment rates from 2009 as well as the predictive model from Holahan and Garrett¹ are used to capture the relationship between insurance coverage and unemployment.

Key Findings:

- Unemployment in the United States reached a rate of 8.9% in February 2009, resulting in an estimated 5 million newly uninsured Americans, for an estimated total of over 50 million uninsured in February 2009 (Table 1).
- In rural areas the unemployment rate in February 2009 was higher (9.8%) than it was in urban areas (8.7%), resulting in an estimated 800,000 newly uninsured individuals (Table 1).
- The unemployment rate in every state increased, but the most severe unemployment was concentrated in the East and Pacific West (Table 2).
- Nationally unemployment grew from 4.6% in 2007 to 8.9% in February 2009, while the uninsurance rate is estimated to have grown from 15.6% in 2007 to 17.2% in February 2009 (Table 1).
- The RUPRI Center estimates that the uninsurance rate has increased in rural areas in every state, but the highest uninsurance rates remain in the South, Southwest, and Pacific West (Table 2).

Table 1. Unemployment and Uninsured Rates in Metro and Non-Metro Areas, 2007 and February 2009

	Unemployment Rates		Uninsured Persons (millions)		Uninsured Rates	
	2007	Feb. 2009	2007	Feb. 2009	2007	Feb. 2009
Non-Metro	5.1%	9.8%	7.4	8.2	15.5%	17.2%
Metro	4.5%	8.7%	38.3	42.1	15.6%	17.2%
U.S.	4.6%	8.9%	45.7	50.3	15.6%	17.2%

Source: RUPRI Center for Rural Health Policy Analysis of CPS and BLS data, 2008-2009 (see text).



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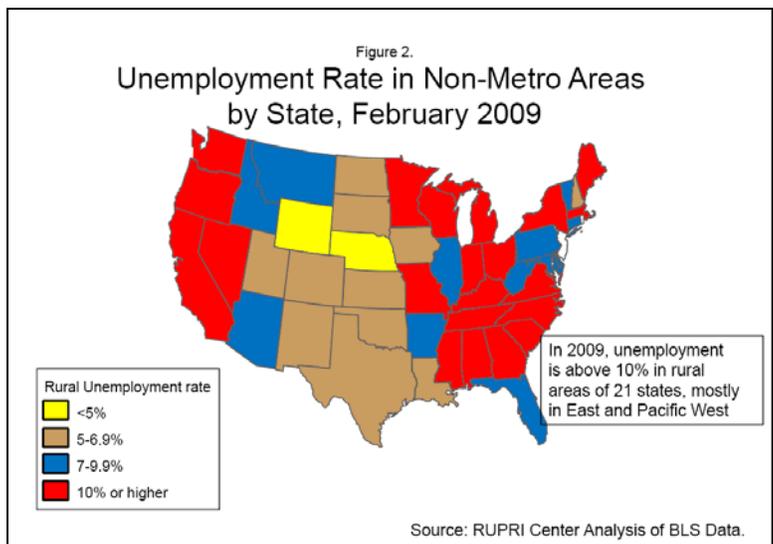
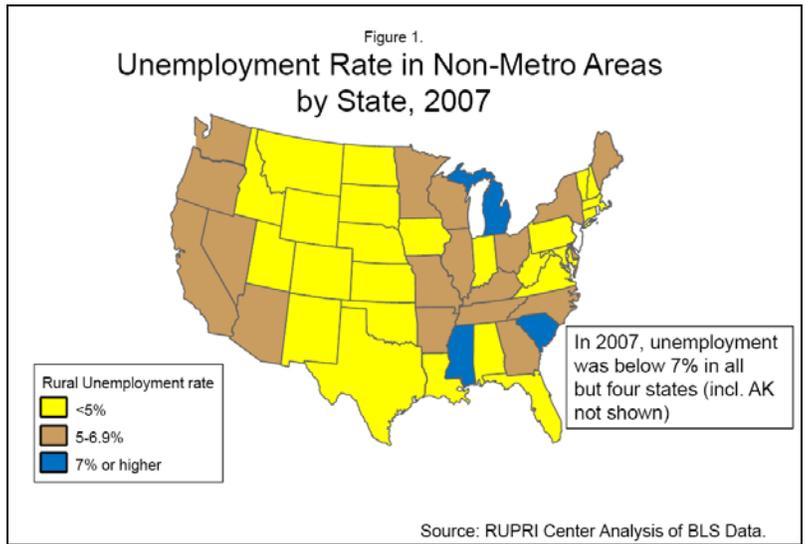
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Impact of the Recession on Unemployment in Rural Areas

Economic analysis suggests that the states that have been hit hardest by the recession are those where home values have dropped the most,² in the Northeast and Pacific West, though no region of the country has been immune.³ In addition, industrial areas of the country (e.g., the Midwest) have been hit by a range of economic factors, including a severe decline in manufacturing, declining crop prices, and drops in exports.

Even before the most recent recession hit, RUPRI Center analysis suggests that unemployment rates were higher in rural areas than in urban areas (Table 1). But the recession has led to a dramatic increase in unemployment to almost 10% in rural areas (9.8% in February 2009).

As significant as these trends are, more significant is the dramatic variation in unemployment across the United States. In rural areas, all but 4 states (Michigan, Mississippi, South Carolina, and Alaska) experienced rural unemployment rates below 7% in 2007 (Figure 1). However, in February 2009, 21 states had rural unemployment rates of over 10% (Figure 2). The highest rates of rural unemployment are concentrated almost entirely east of the Mississippi and on the Pacific Coast, while the Plains are experiencing unemployment rates that are generally below the national average. This dramatic contrast suggests that the problems of unemployment are better understood in regional terms.



Impact of Rising Unemployment on Uninsurance in Rural Areas

Since most individuals obtain health insurance through their employer, the 2008-09 recession is likely to have a profound impact on the proportion of Americans obtaining health insurance coverage. RUPRI Center projections show that 4.6 million more people were uninsured in February 2009 than in 2007, and 800,000 of those people live in rural areas (Table 1). This is entirely due to the rise in unemployment described above, and is occurring even if some of these individuals (workers and their dependents) are projected to obtain Medicaid coverage.

Even before the recent increases in unemployment, uninsurance problems in rural America have been concentrated in the southern and western regions of the nation, where rural persons have faced not only weaker job markets but also less generous public programs (Figures 3 and 4). The lack of a strong safety net means that the increased unemployment in 2008-09 has likely made the uninsurance problem in the rural south, southwest and Pacific west more acute. RUPRI Center projections show that 13 states have uninsurance rates higher than 20%, up from 8 states in 2007 (Table 2). The percentage of rural uninsured in February 2009 varies dramatically by state, from less than 5% in Massachusetts (which has enacted sweeping health reform) to 26.7% in New Mexico.

Policy Implications

The 2008-09 recession has led to a significant increase in unemployment in rural areas, raising the unemployment rate to almost 10% in February 2009. This rapid increase in unemployment is likely making the uninsured problem—already acute in the southern and western parts of the United States—more acute and is likely to provide more impetus for health care reform. Policymakers must take higher rural unemployment rates into account when considering policy changes, such as employer or individual mandates, that might have differential effects on rural and urban areas. The wide variation in uninsurance rates across the states also suggests that policymakers should pay close attention to the regional considerations of reform.

References

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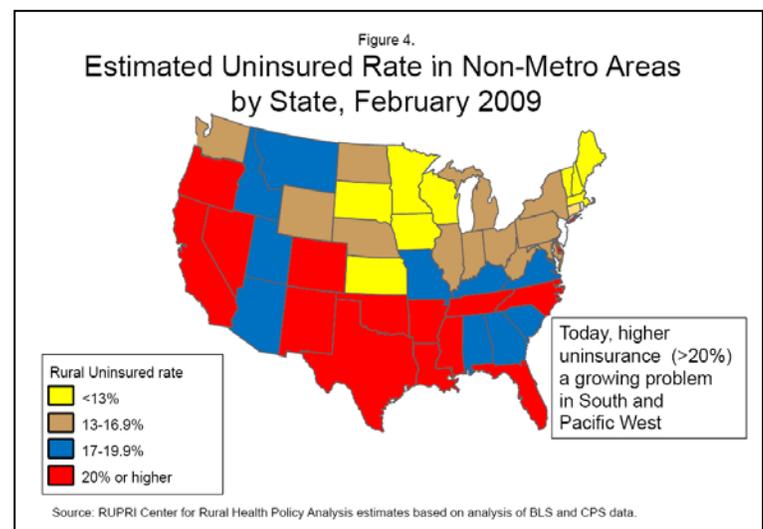
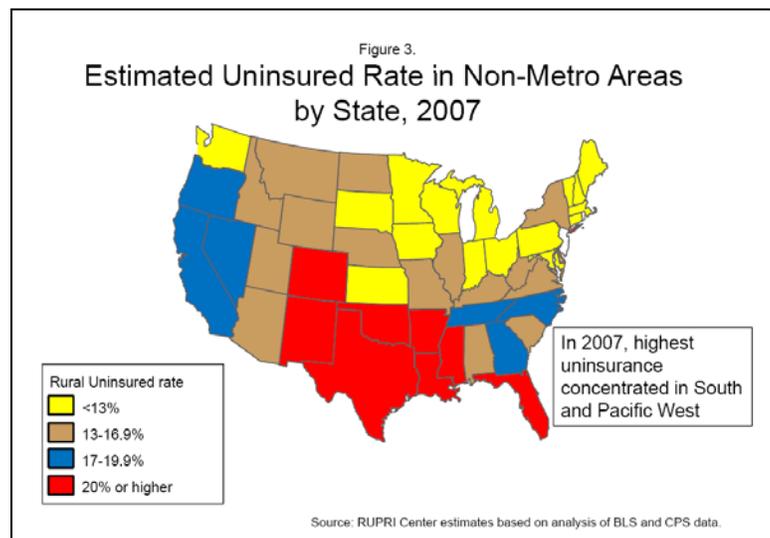


Table 2. Estimates of Uninsured and Unemployed, by State, in Non-Metro Areas, 2007 and February 2009

STATE	Percent Unemployed		Uninsured, 2007		Uninsured, Feb. 2009	
	2007	Feb. 2009	Number		Number	
			(thousands)	Percent	(thousands)	Percent
TOTAL U.S.	5.1%	9.8%	7,398	15.5%	8,206	17.2%
AK	7.7%	11.6%	38	18.1%	41	19.6%
AL	4.1%	10.9%	183	16.9%	207	19.2%
AR	6.0%	8.8%	192	20.2%	201	21.2%
AZ	5.2%	9.9%	114	16.2%	125	17.8%
CA	6.6%	13.3%	108	17.6%	123	20.0%
CO	3.4%	6.6%	127	20.3%	135	21.5%
CT	4.7%	8.6%	17	10.8%	20	12.3%
DE	3.4%	8.9%	27	16.8%	30	18.7%
FL	4.3%	9.4%	163	20.9%	177	22.8%
GA	5.1%	10.9%	243	17.6%	273	19.7%
HI	3.0%	8.6%	34	10.5%	40	12.6%
IA	4.0%	6.6%	104	8.7%	115	9.6%
ID	3.3%	7.8%	87	16.6%	95	18.2%
IL	5.5%	9.8%	204	14.4%	227	16.0%
IN	4.9%	12.1%	222	12.6%	269	15.2%
KS	3.6%	5.2%	121	12.2%	127	12.8%
KY	6.3%	11.2%	316	15.9%	352	17.7%
LA	4.4%	6.6%	123	20.2%	128	20.9%
MA	3.0%	11.3%	2	2.0%	5	4.8%
MD	4.2%	9.5%	27	12.1%	31	14.0%
ME	5.5%	10.7%	63	9.7%	76	11.6%
MI	7.8%	14.2%	175	10.7%	212	13.0%
MN	5.3%	10.1%	132	9.9%	155	11.7%
MO	5.4%	10.0%	212	16.9%	232	18.5%
MS	7.2%	10.5%	327	21.1%	345	22.2%
MT	3.7%	7.8%	94	16.3%	102	17.8%
NC	5.4%	12.8%	567	18.6%	649	21.3%
ND	3.5%	5.6%	39	13.7%	42	14.4%
NE	2.7%	4.5%	101	14.6%	105	15.2%
NH	3.4%	5.6%	55	11.2%	59	12.1%
NM	3.7%	5.5%	172	26.1%	176	26.7%
NV	5.0%	10.4%	52	19.1%	57	21.0%
NY	5.1%	10.3%	211	13.2%	242	15.1%
OH	6.0%	12.2%	299	10.8%	365	13.2%
OK	4.0%	6.0%	253	23.1%	261	23.8%
OR	6.2%	14.4%	159	18.9%	184	21.9%
PA	4.7%	9.7%	253	11.4%	293	13.2%
SC	7.4%	15.1%	251	16.3%	293	19.0%
SD	3.1%	5.3%	42	11.8%	45	12.6%
TN	6.1%	12.5%	276	17.8%	313	20.2%
TX	4.5%	6.7%	538	21.2%	557	21.9%
UT	3.1%	6.6%	81	15.9%	87	17.1%
VA	4.2%	10.0%	206	16.3%	231	18.3%
VT	4.1%	8.1%	51	11.2%	59	12.7%
WA	5.7%	10.9%	60	11.5%	69	13.5%
WI	5.2%	10.1%	105	8.7%	126	10.5%
WV	4.8%	7.9%	121	15.5%	130	16.7%
WY	2.8%	4.7%	50	14.7%	53	15.4%

SOURCE: RUPRI Center for Rural Health Policy Analysis (see text for more details).

Note: Some states are not shown because they have no non-metropolitan counties (DC, NJ, RI).