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The Uninsured: An Analysis by Income and Geography

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Key Findings

- A larger proportion of the rural population than the urban population is uninsured and low income (living at or below 138% of the federal poverty line [FPL]) (9.9% as compared to 8.5%) and a larger proportion of the rural population than the urban population will be eligible for subsidized Health Insurance Marketplace (HIM) coverage due to income levels and current lack of insurance (10.7% as compared to 9.6%).
- Assuming full Medicaid expansion, a larger proportion of the rural uninsured than the urban uninsured would be eligible for Medicaid (43.5% as compared to 38.5%).
- A smaller proportion of the rural uninsured than the urban uninsured has income above 400% FPL and thus will not qualify for either Medicaid or HIM subsidies (10% as compared to 14.1%).
- The proportion of the uninsured population potentially eligible for Medicaid expansion is highest in the rural South (47.5%) and lowest in the urban Northeast (32.5%) and the rural Northeast (35.8%).

Introduction

Under the Patient Protection and Affordable Care Act of 2010 (ACA), millions of previously uninsured persons will be eligible for affordable health insurance coverage, either in new health insurance marketplaces (HIMs) (sometimes with premium subsidies for plans purchased) or through state expansions of the Medicaid program. This brief enumerates the persons potentially eligible for coverage and compares them by residence in rural or urban counties. We compare these populations at the county level, treating all nonmetropolitan counties as rural, using the Small Area Health Insurance Estimates (SAHIE) file. The SAHIE is a data set prepared by the U.S. Census Bureau from 2010 data that estimates health insurance coverage for every U.S. county.¹

Rural and Urban Uninsured Rates by Income Category

As of July 2013, 23 states and the District of Columbia had decided to expand Medicaid, 21 states had decided not to expand Medicaid, and 6 states were still considering the policy decision.² When the ACA provisions to expand coverage are implemented in January of 2014, eligibility for Medicaid and HIM subsidies will be determined by income relative to FPL for three categories of persons/households: (1) those earning less than or equal to 138% of the FPL, who will become Medicaid-eligible in those states that elect Medicaid expansion (the ACA determines eligibility as 133% of the FPL, determined by the modified adjusted gross income as defined by the Internal Revenue Code, plus a 5% income offset, making eligibility effectively 138%); (2) those earning from 138% to 400% of the FPL, who will be eligible to purchase subsidized health insurance coverage through the HIMs (with a cutoff of 250% of FPL for one of two provisions limiting cost sharing); and (3) those earning above 400% FPL, who may purchase health insurance coverage through the HIMs but who will not receive subsidies.

A first step in assessing the potential impact of the ACA's expanded opportunities to purchase health insurance is to examine uninsurance rates across the income categories, as shown in Table 1. The rates are lower in rural areas within the low income categories, but higher among residents in higher



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income households. Table 1 shows the *percentage* of persons in a particular income category who are uninsured, not the *number* of persons, nor a percentage of the total population in that income category. The rural-urban differences reflect, in part, eligibility for Medicaid among the lowest income adults (higher in rural areas among persons at or below 138% of FPL), choices people make to spend scarce resources to purchase health insurance (perhaps as a means of protecting assets such as land and housing), and distribution of income in the highest income category (rural households being disproportionately in the low end of the spectrum).

Table 1. Rural and Urban Uninsured Rates among Non-Elderly Adults, by Income Category

Geographic Area	≤ 138% FPL	139–400% FPL	> 400% FPL
Rural	39.9%	22.3%	7.4%
Urban	42.3%	25.6%	6.9%

FPL = Federal Poverty Line.

Rural and Urban Medicaid and HIM Subsidy Eligibility

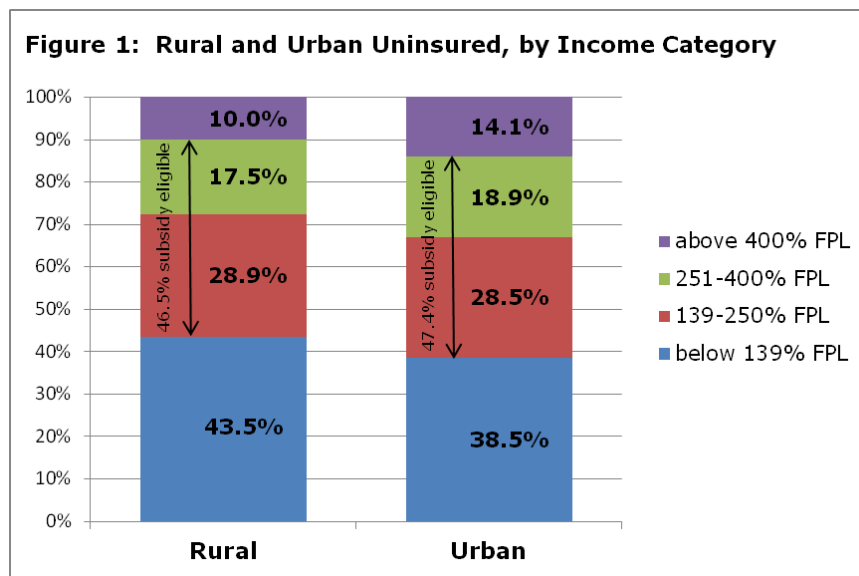
In this section, we report the number of uninsured individuals who will be eligible to participate in Medicaid expansions and the new HIMs as a percentage of the overall adult population. Assuming a full Medicaid expansion, a greater percentage of the rural than the urban nonelderly adult population is uninsured and eligible to participate in an expanded Medicaid program —9.9% as compared to 8.5% (Table 2). Also, a greater percentage of the rural than the urban nonelderly adult population is uninsured and eligible to participate in HIMs and to receive subsidies—10.7% as compared to 9.6% (Table 2). These findings may seem to contradict the findings shown in Table 1, but they do not: the percentage of the population in lower income categories is larger in rural areas than in urban areas, so although rural people have lower rates of uninsurance among those earning less than 400% FPL, a larger overall percentage of that population will be eligible for coverage through either Medicaid expansion or HIMs.

Table 2. Percentage of Total Nonelderly Adult Population That Could Benefit from ACA Coverage Expansion

Geographic Area	Eligible to Participate in Medicaid, Assuming Full Expansion	Eligible to Receive Subsidies through the Health Insurance Marketplaces
Rural	9.9%	10.7%
Urban	8.5%	9.6%

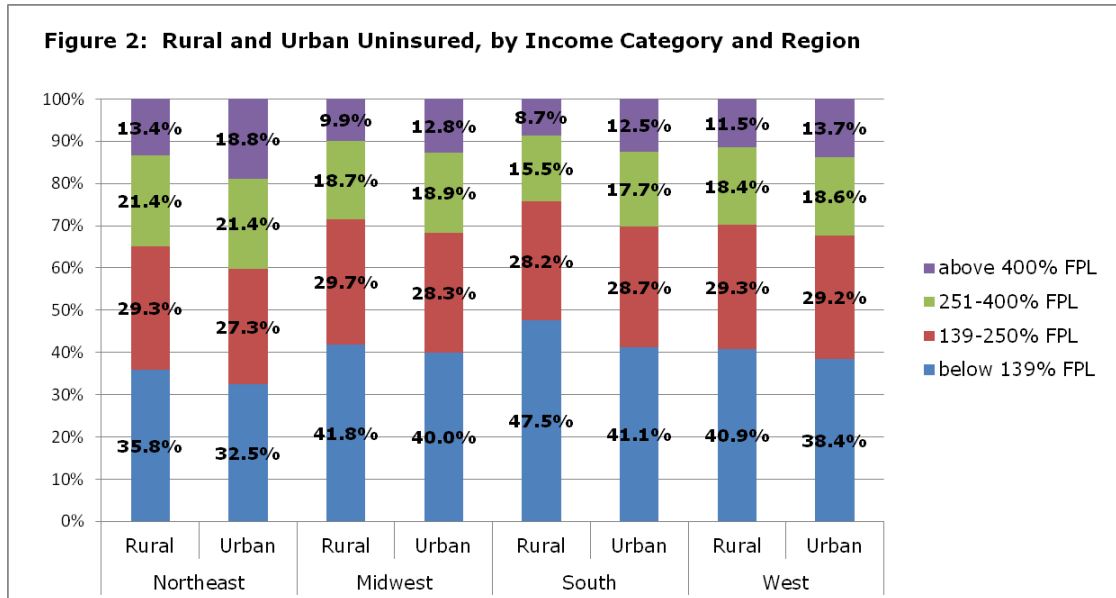
Rural and Urban Uninsured by Income Category

A larger percentage of the rural uninsured (43.5%) than the urban uninsured (38.5%) will be eligible for Medicaid, assuming a full Medicaid expansion (Figure 1). However, a smaller percentage of the rural uninsured than the urban uninsured will be eligible for HIM subsidies (46.4% as compared to 47.4%). Finally, a smaller percentage of the rural uninsured than the urban uninsured earn more than 400% FPL (10.0% as compared to 14.1%), and thus will be ineligible for subsidies to purchase insurance, which they will be required to do (or pay the tax penalty).



Rural and Urban Uninsured by Region

The percentage of the uninsured population potentially eligible for the Medicaid expansion is highest in the rural South (47.5%), lowest in the urban Northeast (32.5%), and low in the rural Northeast (35.8%) (Figure 2). In contrast, the percentage of the uninsured population eligible for HIM subsidies is higher in rural areas and urban areas in the Northeast (50.7% and 48.7%, respectively) and the Midwest (48.4% and 47.2%, respectively). Only 43.7% of the uninsured in the rural South will be eligible for HIM subsidies. Currently most southern states provide Medicaid coverage only for parents earning less than 50% FPL.⁴ State-level data on the uninsured by rural/urban location and income category are shown in the Appendix. County-level data are available from the U.S. Census Bureau: <http://www.census.gov/did/www/sahie/data/interactive/>.



Discussion

Using county- and state-level data, this analysis shows how ACA implementation could affect rural and urban uninsured populations. County-level data, including the source we identified above from the U.S. Census Bureau, can be helpful in targeting enrollment campaigns to help individuals and households understand new possibilities to obtain affordable health insurance coverage. Our findings demonstrate that Medicaid expansion, where it occurs, will be important in rural areas given that a higher proportion of the rural uninsured has income at or below 138% FPL (43.5% in rural areas compared to 38.5% in urban areas). In addition, since the proportion of rural persons currently uninsured varies greatly by region, with a higher proportion of the population eligible for a Medicaid expansion in the rural South than elsewhere, regional differences in state decisions to implement Medicaid expansion, if not balanced by other means to extend affordable coverage to the eligible population, could have a disproportionate effect on rural residents. In those places, there may be continued pressure on safety net providers to provide uncompensated care.

References

1. The SAHIE estimates are based upon county-level data fitted by econometric modeling, computed using the American Community Survey, demographic population estimates, aggregated federal tax returns, Medicaid, and other sources. For larger areas, similar in size to the Census Bureau's Public Use Microdata Area (PUMA) level, the estimates are comparable to PUMA data; however for smaller areas, no equivalent data exist. Since PUMAs are designed to contain 100,000 residents, many rural counties must be combined, sometimes with urban counties, to reach the required size. For further details, see United States Census Bureau, "About SAHIE," <http://www.census.gov/did/www/sahie/about/index.html>.
2. Kaiser Commission on Medicaid and the Uninsured, "State Activity Around Expanding Medicaid Under the Affordable Care Act, as of July 1, 2013," <http://www.statehealthfacts.org/comparereport.jsp?rep=158&cat=4>, retrieved July 11, 2013.
3. Erika Ziller. 2009. "Health Insurance Profile Indicates Need to Expand Coverage in Rural Areas," <http://muskie.usm.maine.edu/Publications/rural/pb/Rural-Health-Insurance-Profile.pdf>, retrieved April 29, 2013.
4. Henry J. Kaiser Family Foundation. State Health Facts. "Adult Income Eligibility Limits at Application as a Percent of the Federal Poverty Level," January 2013, <http://www.statehealthfacts.org/comparereport.jsp?rep=130&cat=4>, retrieved April 29, 2013.

Appendix: State-Level Breakdown of the Uninsured by Geographic Area and Income Category

State	RURAL			URBAN		
	<138%FPL	138-400%FPL	> 400% FPL	<138%FPL	138-400%FPL	> 400% FPL
AK	33.2%	49.1%	17.7%	28.8%	50.3%	20.9%
AL	52.2%	40.6%	7.3%	49.1%	41.9%	9.0%
AR	49.2%	43.3%	7.5%	45.4%	44.8%	9.8%
AZ	43.6%	46.1%	10.3%	41.8%	46.7%	11.5%
CA	38.3%	48.3%	13.4%	37.8%	48.0%	14.2%
CO	38.0%	49.7%	12.3%	38.1%	47.3%	14.7%
CT	26.9%	52.0%	21.0%	29.8%	49.9%	20.3%
DC	*	*	*	34.6%	46.1%	19.3%
DE	36.3%	49.4%	14.3%	35.8%	48.1%	16.1%
FL	43.2%	46.8%	9.9%	39.7%	48.1%	12.1%
GA	50.0%	41.9%	8.1%	43.4%	45.0%	11.6%
HI	36.8%	48.7%	14.5%	33.3%	49.9%	16.8%
IA	41.4%	49.7%	8.9%	41.9%	47.3%	10.8%
ID	45.9%	46.2%	7.9%	42.4%	47.8%	9.7%
IL	40.0%	49.1%	10.9%	37.2%	48.6%	14.2%
IN	42.6%	48.5%	8.9%	42.3%	46.7%	11.0%
KS	44.0%	47.0%	9.0%	40.3%	47.4%	12.4%
KY	51.1%	41.4%	7.6%	45.6%	44.3%	10.1%
LA	46.0%	43.6%	10.4%	42.1%	45.0%	13.0%
MA	29.2%	52.9%	17.9%	31.5%	48.7%	19.8%
MD	32.0%	48.7%	19.2%	29.2%	49.2%	21.6%
ME	35.8%	52.0%	12.2%	31.9%	52.8%	15.4%
MI	44.0%	46.4%	9.6%	42.5%	45.2%	12.2%
MN	35.7%	51.9%	12.5%	33.6%	49.5%	16.9%
MO	47.3%	45.1%	7.6%	41.7%	46.8%	11.6%
MS	53.3%	39.5%	7.2%	46.7%	43.2%	10.1%
MT	42.1%	47.7%	10.2%	40.8%	48.6%	10.6%
NC	47.2%	44.3%	8.5%	45.1%	44.8%	10.2%
ND	36.0%	51.2%	12.9%	37.6%	49.9%	12.5%
NE	39.9%	50.2%	9.9%	39.8%	48.0%	12.1%
NH	31.8%	52.3%	15.9%	28.3%	51.6%	20.0%
NJ	*	*	*	28.7%	49.4%	21.9%
NM	47.5%	44.1%	8.5%	44.1%	45.0%	10.9%
NV	35.0%	51.3%	13.7%	37.4%	49.6%	13.0%
NY	37.1%	49.4%	13.4%	33.1%	47.9%	19.0%
OH	43.7%	47.1%	9.3%	42.2%	46.1%	11.7%
OK	45.3%	45.8%	8.9%	42.9%	46.7%	10.4%
OR	43.8%	46.4%	9.8%	42.7%	46.1%	11.3%
PA	38.2%	50.2%	11.6%	36.2%	48.5%	15.3%
RI	*	*	*	35.0%	48.2%	16.8%
SC	48.2%	43.6%	8.2%	43.7%	45.7%	10.6%
SD	43.1%	47.5%	9.4%	39.0%	50.1%	10.9%
TN	48.2%	44.0%	7.7%	43.8%	45.4%	10.8%
TX	44.3%	45.8%	9.8%	41.8%	46.4%	11.9%
UT	39.7%	50.0%	10.3%	38.0%	50.6%	11.5%
VA	42.6%	47.1%	10.3%	34.4%	48.6%	17.0%
VT	31.8%	53.4%	14.8%	28.5%	52.9%	18.6%
WA	41.8%	46.6%	11.6%	37.4%	47.5%	15.1%
WI	38.1%	50.5%	11.4%	38.5%	48.4%	13.1%
WV	48.6%	43.2%	8.2%	45.7%	44.3%	10.1%
WY	33.1%	51.2%	15.7%	32.8%	52.3%	14.9%

*There are no rural counties in the District of Columbia, New Jersey, or Rhode Island.