

# Trying to Minimize a Crisis: The Myth That the Uninsured Estimate is Overstated

By Timothy D. McBride  
Washington University in St. Louis  
August 2009

---

The health reform debate of 2009 is beginning to take on the flavor it did in 1993-94, when pundits and politicians argued that there is “no health care crisis,” because the uninsured problem was overstated, even calling the estimate of the uninsured released by the Census Bureau of 45.7 million a “lie” or a “myth”.

For example, in a recent widely cited book, Sally Pipes concludes “the widespread belief that there are 45.7 million people in this country ...nothing could be further from the truth.”<sup>1</sup> In another very widely-cited article, Julie Seymour from the Business and Media Institute concludes “media outlets incorrectly claimed the number of uninsured to be 40 to 50 million Americans.”<sup>2</sup>

Are these authors right that the uninsured estimates are “lies” or “myths”? No. Critics of the Census Bureau’s estimate of the uninsured largely base their claim that the estimate of 45.7 million is a “myth” by pointing out that the uninsured include three groups of people not needing assistance: high income persons who can afford insurance, children and adults eligible but not enrolled for government programs, and noncitizens.

This brief shows that the conclusion that most of the uninsured either are voluntarily uninsured, or don’t need assistance is erroneous.

---

## ***Disentangling myths about the uninsured***

The Census Bureau’s estimate of roughly 46 million uninsured is a solid and respected estimate of the number of persons without health insurance at the time the survey was last taken (March 2008).<sup>3</sup> If anything, researchers now believe this estimate is an underestimate, because between March 2008 and today there has been a severe economic downturn, leading to millions of jobs lost that covered individuals with health insurance. Most analysts believe the best estimate of the uninsured right now is closer to 50 million.<sup>4</sup>

So why do critics claim the estimate of the uninsured is a “lie” or “myth”? And are these criticisms valid? This brief describes why the recent attempts to minimize the uninsured problem do not comport with the facts.

Higher income uninsured. First consider the group made up of uninsured in families making more than \$50,000, a group described by Sally Pipes as “voluntarily uninsured.” Are they really voluntarily uninsured? To look at this question, this author did an analysis of this group of uninsured using the most recent Census data. Taking a closer look, many of these people actually don’t have jobs or don’t have good jobs where we know most people obtain health insurance. It is hardly the picture of the “voluntarily uninsured.”

In particular, less than half of the uninsured in this group are full time workers. Of the 17.6 million in this group, three million are children and about five million are either unemployed or out of the labor market (taking care of the home, disabled, or going to school). Of those that are working, almost 10 percent are self-employed or farmers and 32 percent work for employers with less than 25 employees, both groups that notoriously have a hard time obtaining insurance. Despite the income of the household, in fact 49 percent of those with jobs earn less than \$25,000 annually.

Uninsured eligible for government programs. The children and adults who could be eligible for government programs make up the second group. Often cited by pundits or columnists is a Blue Cross study from 2001 of 14 million persons in this category, or what is presumed to be roughly one-third of the uninsured.<sup>5</sup>

Oddly, the Blue Cross does not explain in its report how they obtained their estimate. But when this author tried to duplicate this estimate using the Census data, he found he could duplicate the Blue Cross figure if all uninsured children under

200 percent of the poverty line, and all adults below 100 percent of the poverty line, are counted as “eligible” for Medicaid and CHIP.

The problem with this number is that it is overstated. In the vast majority of states, Medicaid eligibility thresholds for adults are well below 100 percent of the poverty line, and most single adults are not eligible for Medicaid. A closer approximation to the average eligibility threshold would be about 40 percent of poverty for adults and 200 percent for children, and to include only single-parent adults. Using these rules, perhaps 8.7 million adults and children may be eligible, but not enrolled, in Medicaid or CHIP.

Non-citizens. Another group singled out by critics is non-citizens. This group gets more accurate treatment than most of the above groups, since it is true that 9.7 million of the uninsured are non-citizens. However, some authors either deliberately or mistakenly also include the additional 2.7 million foreign-born persons who are U.S. citizens. The distinction is important because the former group is usually not eligible for government programs, and would not be eligible for expansions of coverage under proposed legislation.

Chronically uninsured. A final point made by some critics of the uninsured estimate is that many of them are short-term uninsured, and that only the “chronically uninsured” – those usually defined as uninsured over a year – should be considered as needing a legislative remedy. Once again, critics of the uninsured numbers offer misleading interpretations of the research data to draw conclusions about the chronically uninsured. For instance, in the Blue Cross study the authors conclude that only 20 percent of the uninsured are long-term uninsured, defined as uninsured one year or more. But this conclusion is drawn incorrectly from estimates of the duration of new uninsured spells and applying these estimates to existing uninsured spells. Because the chronically uninsured are more likely to be represented in the population of currently uninsured, analysis of the uninsured shows that at a point in time, about 78 percent are uninsured for more than one year.<sup>6</sup>

An incorrect accounting. Putting this story all together, authors like to cite these figures and take the roughly 46 million uninsured, and subtract the groups discussed above and come up with estimates in the roughly 8-10 million range of “truly needy uninsured.” Often ignored in this accounting is that there is some overlap between groups. For example, there are 3.3 million non-citizens who are uninsured and in households making more than \$50,000, and there are other similar duplications.

---

### ***Drawing the correct policy conclusion***

While navigating through the falsehoods about the uninsured is difficult, the irony is that the simple computation of uninsured produced by the Census Bureau (45.7 million in 2008) is accurate and should be trusted in this debate. Attempts to minimize the problem of the uninsured by deleting subgroups of the uninsured who are either voluntarily uninsured, or not worthy of additional government assistance ignore the evidence about these individuals. Rather than conclude these groups should not be included in the uninsured estimates, we need to recognize that the diversity of the uninsured suggests that a range of policies – directed towards understanding the reasons why they are uninsured – are needed to solve the problem of the uninsured.

---

***Timothy McBride is a professor and Associate Dean for Public Health in the Brown School at Washington University in St. Louis. Contact information: phone: (314) 935-4356, [tmcbride@wustl.edu](mailto:tmcbride@wustl.edu)***

<sup>1</sup> Sally C. Pipes. 2008. The Top Ten Myths of American Health Care: A Citizen's Guide. San Francisco: Pacific Research Institute

<sup>2</sup> Julia A. Seymour, “Health Care Lie: ‘47 Million Uninsured Americans’” Business & Media Institute, <http://www.businessandmedia.org/articles/2007/20070718153509.aspx>

<sup>3</sup> The Census estimates of the uninsured are available at: <http://www.census.gov/hhes/www/hlthins/hlthin07.html>

<sup>4</sup> See for example: Congressional Budget Office. 2009. “Preliminary Analysis of Major Provisions Related to Health Insurance Coverage Under the Affordable Health Choices Act,” June 15. Available at: <http://www.cbo.gov/doc.cfm?index=10310&type=1>

<sup>5</sup> BlueCross BlueShield Association. 2001. The Uninsured in America. Chicago: BC/BS. Available at: <http://www.census.gov/hhes/www/hlthins/hlthin07.html>

<sup>6</sup> Congressional Budget Office. 2003. “How Many People Lack Health Insurance and for How Long?” Available at: <http://www.cbo.gov/doc.cfm?index=4210>