

Running the Numbers

*A Periodic Feature to Inform North Carolina Health Care Professionals
about Current Topics in Health Statistics*

Projected Changes in North Carolina Health Insurance Coverage due to Health Reform

One of the most visible changes due to the passage of the Patient Protection and Affordable Care Act is the expected expansion of health insurance coverage. The Congressional Budget Office (CBO) has projected the effects of these provisions on health insurance coverage for residents of the United States. For example, the CBO predicts that in 2014, 89% of nonelderly Americans will be insured. However, there are many reasons to expect that the national experience will differ from the experience in each state. The current policy landscape and demographics in each state not only affect the current coverage rate in each state, but also play a major role in how effective the various provisions will be in increasing health insurance coverage. For example, the proportion of individuals that is undocumented immigrants (and thus ineligible for many federal programs), current rating rules for nongroup insurance policies, current Medicaid eligibility, the income distribution, and the size of firms in the state all affect the current coverage as well as partially determine the magnitude of the coverage increase expected from the provisions.

We sought to develop estimates of the population that would be eligible, and ultimately take-up, insurance coverage under the various provisions. At the time of this writing, there are no state-specific estimates, although there are researchers across the country working on such estimates, each with slightly (sometimes considerably) different methodological approaches. For example, the CBO utilizes a microsimulation model to project coverage nationally out to 2019,¹ the North Carolina Division of Medical Assistance used various data sources to estimate Medicaid coverage,² and the Kaiser Commission on Medicaid and the Uninsured commissioned state-specific Medicaid estimates.³

More details on our approach are available by contacting the North Carolina Institute of Medicine directly, but the general approach is as follows:

1. Use the two most recent years of the Current Population Survey Annual Social and Economic Supplement, a representative sample of North Carolina residents.
2. Project these data forward to 2011 and to 2014, adjusting age (based on the North Carolina Office of State Budget and Management projections) and insurance coverage (based on trends from 2000-2008).
3. Sequentially test each uninsured individual for eligibility and simulate take-up in the various insurance programs based on rates in published evidence.

The following insurance programs were used to project North Carolina's 2011 and 2014 populations with health coverage, respectively:

- "Woodwork"^a Medicaid: North Carolinians currently eligible for Medicaid, but not enrolled (2011 and 2014).
- Medicaid expansion: North Carolinians qualifying under the expansion to 133% of federal poverty level (FPL) (2014).

a "Woodwork" refers to individuals who are currently eligible for Medicaid but "come out of the woodwork" due to an expansion.

- Dependent child under Employer Sponsored Insurance (ESI): North Carolinians ages 18-26 qualifying as a dependent under their parent's group coverage (2011 and 2014).
- Federal high risk pool: North Carolinians qualifying for the federal high risk pool (2011).
- Exchange subsidy: North Carolinians who qualify for a subsidy in the health insurance exchange (2014).
- Full and partial tax credit: Employees of small businesses whose firm qualifies for a full or partial tax credit and offers coverage that the employee accepts, but the firm would not have offered in the absence of the tax credit (2011 and 2014).
- Uninsured: North Carolinians who either do not qualify for any of the provisions or do not participate in those for which they do qualify.

Table 1 presents the estimated take-up in each program for 2011 and 2014. The "uninsured under status quo" is the number of North Carolinians who are projected to be uninsured under the status quo (without health reform provisions). The various provisions are projected to decrease the number of uninsured North Carolinians by roughly 250,000 in 2011 and 700,000 in 2014. Note that the table does not include the total take-up in each program, only those by the uninsured. For example, individuals who would be insured through a private plan without health reform who instead become covered under Medicaid under health reform ("crowd out") are not included in the estimates below.

Table 1.
Estimated Take-Up by the Uninsured in Specific Coverage Initiatives in 2011 and 2014

Provision	2011	2014
"Woodwork" Medicaid	52,000	167,000
Medicaid Expansion	*	259,000
Dependent Child Under ESI	173,000	137,000
Federal High Risk Pool	7,000	*
Exchange Subsidy	*	106,000
Full Tax Credit	7,000	5,000
Partial Tax Credit	19,000	14,000
Uninsured	1,337,000	1,013,000
Uninsured Under Status Quo	1,596,000	1,701,000
Total Non-Elderly	8,505,000	8,870,000
<i>Percent non-elderly uninsured (without health reform)</i>	18.8%	19.2%
<i>Percent non-elderly uninsured (with health reform)</i>	15.7%	11.4%

* Program not available this year.

After the bulk of the coverage programs are enacted in 2014, 11.4% of nonelderly North Carolinians are projected to be uninsured, compared with the projected 19.2% if the health reform coverage initiatives were not implemented. Thus, the number of uninsured will be cut roughly in half. We would expect more of the uninsured to be covered in later years, as the financial penalty for those who are not exempt and do

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not have insurance increases from \$95/person or 1% of taxable income in 2014, to \$695/person or 2.5% of taxable income by 2016.

Who remains uninsured in 2014? The projected uninsured are roughly 21% undocumented immigrants (CBO estimates about one-third nationally), and about 50% are above 200% of the federal poverty level. Note that the individual penalties associated with lack of individual coverage increase throughout the period from 2014 to 2019.

REFERENCES

1. Congressional Budget Office and the Joint Committee on Taxation. *Estimate of the Direct Spending and Revenue Effects of the Reconciliation Proposal* [letter to Speaker of the US House of Representatives Nancy Pelosi]. March 20, 2010. <http://www.cbo.gov/ftpdocs/113xx/doc11379/AmendReconProp.pdf>. Accessed June 4, 2010.
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