

WASHINGTON STATE HEALTH SERVICES RESEARCH PROJECT

After a Three Year Decline, Washington’s Uninsured Rate Shows No Change in 2017

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Introduction

In 2017, the Affordable Care and Patient Protection Act entered its fourth year since the implementation of its key coverage components in 2014. The rapid decline of the overall uninsured rate in Washington in the first two years of the ACA slowed down to a mild decline in 2016 and then came to a halt in 2017. Washington state’s uninsured rate in 2017 was at essentially the same level as in 2016 – 5.5 percent or 400,000 people. Changes in the uninsured rates from 2016 to 2017 were also not statistically significant for the state’s demographic and socio-economic population groups.

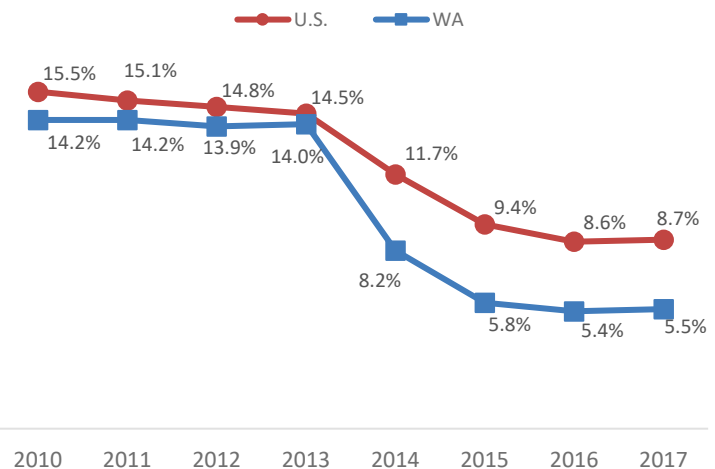
The ACA experienced a suspenseful year in 2017 under a new federal administration and new political atmosphere. While the ACA has chiefly remained the law of the land, Washington’s uninsured rate may face the first increase in 2018 as Medicaid, the expansion of which was the game-changer in the state’s remarkable uninsured reduction under the ACA, had the first decrease since 2014. Congressional and federal administration policy changes enacted towards the end of 2017 and those proposed in 2018 are likely to further the reversal of Washington’s health coverage gains under the ACA.

The uninsured rate in Washington declined sharply in 2014-15, followed by a modest decline in 2016 and a no-change in 2017

Prior to the implementation of key ACA coverage provisions in 2014, Washington’s uninsured rate was approximately 14 percent with little change from 2010 to 2013 (Chart 1). In the first year of the ACA, the state’s uninsured rate dropped by 5.8 percentage points to 8.2 percent. The uninsured rate declined further in 2015 dropping by 2.4 percentage points to 5.8 percent. In 2016, the uninsured rate continued to decline, but at a much slower pace. It dropped by 0.4 percentage point to 5.4 percent. The state’s uninsured rate in 2017 was 5.5 percent, a rate statistically indistinguishable from the rate in 2016.

The changes in Washington’s uninsured rate from 2010 to 2017 were quite similar to the changes at the national level. The U.S. uninsured rate declined slightly from 15.5 percent in 2010 to 14.5 percent in 2013, the year before the ACA. The largest decline of the U.S. uninsured rate took place in 2014, when it dropped to 11.7 percent, followed by another large decline to 9.4 percent in 2015 and a much smaller decline to 8.6 percent in 2016. The U.S. uninsured rate in 2017 was 8.7 percent, also a rate statistically indistinguishable from the uninsured rate in 2016. While the U.S. uninsured rate was always higher than Washington’s uninsured rate in any given year from

Chart 1. Washington and U.S. Uninsured Rates: Total Population, 2010-17

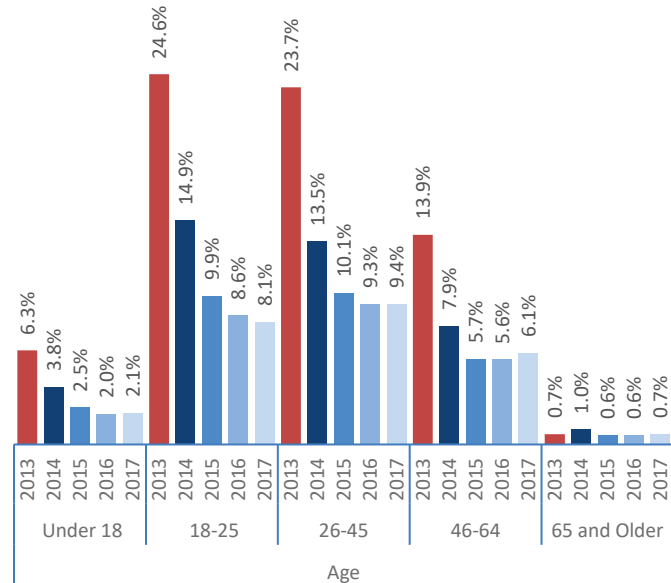


2010 to 2017, the gap between the two widened in 2014 and has remained so ever since due to Washington’s faster reduction in its uninsured rate in the first two years of the ACA.

Similarly, uninsured rates of the state’s demographic and socio-economic population groups declined significantly in 2014-15, but underwent no significant changes since 2015

Age. Prior to the major rollout of the ACA coverage expansion components, there was a wide variation of uninsured rates among the five age groups in Chart 2. Individuals in the oldest age group, 65 year old or older, were mostly qualified for Medicare and thus had an uninsured rate less than one percent. Children under age 18 had the second lowest uninsured rate of 6.3 percent. The group with the third lowest uninsured rate in 2013 was the 46-64 year olds. Their rate was 13.9 percent. The two younger adult groups, 18-25 and 26-45 year-olds, had the highest uninsured rates, at 24.6 percent and 23.7 percent, respectively. The 18-25 age group’s uninsured rate had actually gone through a prior reduction. It had declined by about 5 percentage points from the high of 29.4 percent in 2010¹ due to an early ACA component that allowed adult children age 18-25 to be covered by their parents’ health insurance.

Chart 2. Percentage Uninsured by Age, 2013-17: Washington

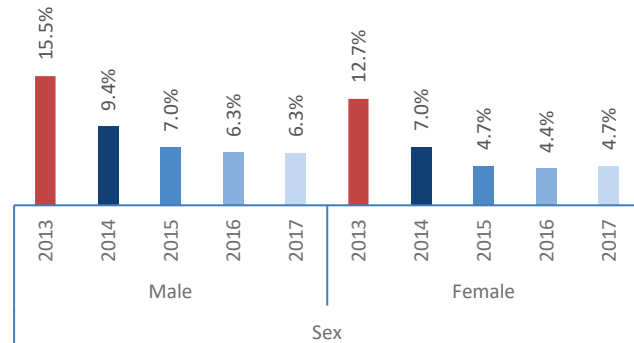


In 2014 and 2015, all age groups under 65 experienced two large consecutive declines in their uninsured rates. The cumulative effect from these two years resulted in a reduction by more than half of these groups’ respective uninsured rates. In particular, the 18-25 age group’s uninsured rate declined from 24.6 percent in 2013 to 9.9 percent in 2015 and, in the 26-45 age group, from 23.7 percent to 10.1 percent.

In 2016 and 2017, the mild changes in the uninsured rates of the non-elderly age groups were not statistically significant.

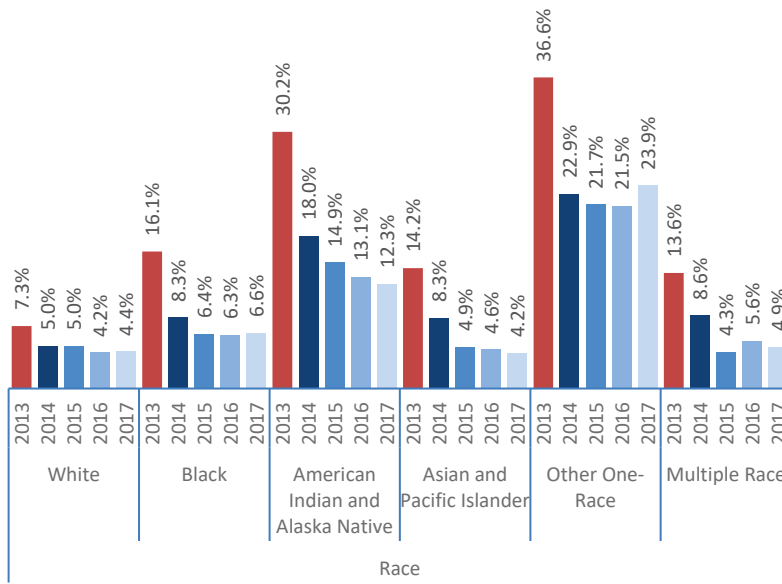
Sex. The ACA appears to have produced equal effect on uninsured rates of the male group and female group. However, a prior gap between the two groups continued, with the male group’s uninsured rate higher than that of the female group. Both groups went from a double-digit uninsured rate in 2013 to less than half the rate in 2015: 15.5 to 7 percent for the male group and 12.7 to 4.7 percent for the female group (Chart 3). The male group’s uninsured rate dropped again, but only slightly, in 2016 to 6.3 percent and had no change in 2017. The female group’s uninsured rate plateaued since 2015.

Chart 3. Percentage Uninsured, Male and Female, 2013-17: Washington



¹ Unpublished staff analysis of the American Community Survey.

Chart 4. Percentage Uninsured, Race, 2013-17: Washington



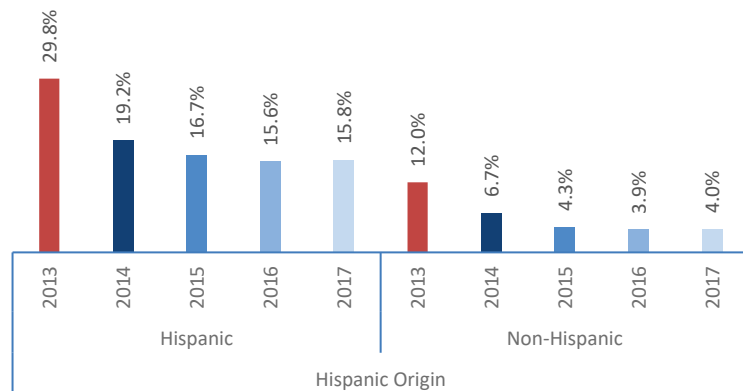
Race. There were large disparities in the uninsured rates of race groups before 2014. The uninsured rates of minority groups were about two to five times as high as the rate of 7.3 percent for the white group in 2013 (Chart 4). Within two years, though, the rates of black, Asian and Pacific Islanders and multi-race groups fell dramatically to the same level or just slightly higher than the white group’s rate which itself declined to 5 percent. The other two groups, the American Indian/Alaska Native and the non-specified “other one-race” group, still had high uninsured rates in 2015 despite having had remarkable drops

from the high rates in 2013: 30.2 to 14.9 percent for AIAN and 36.6 to 21.7 percent for “other one-race.”²

There was little movement in the uninsured rates of all race groups since 2015.

Hispanic ethnicity. The uninsured rates of both the Hispanic group and non-Hispanic group had sizeable declines in the first two years of the ACA and had almost no changes in the last two years. However, the non-Hispanic group’s uninsured rate dropped at a relatively faster speed than that of the Hispanic group in those first two years. In 2013, the Hispanic group’s uninsured rate of 29.8 percent was about two and half times as high as the non-Hispanic group’s rate of 12 percent (Chart 5). In 2015, the Hispanic group’s rate was about four times as high as the non-Hispanic group’s rate (16.7 percent vs. 4.3 percent).

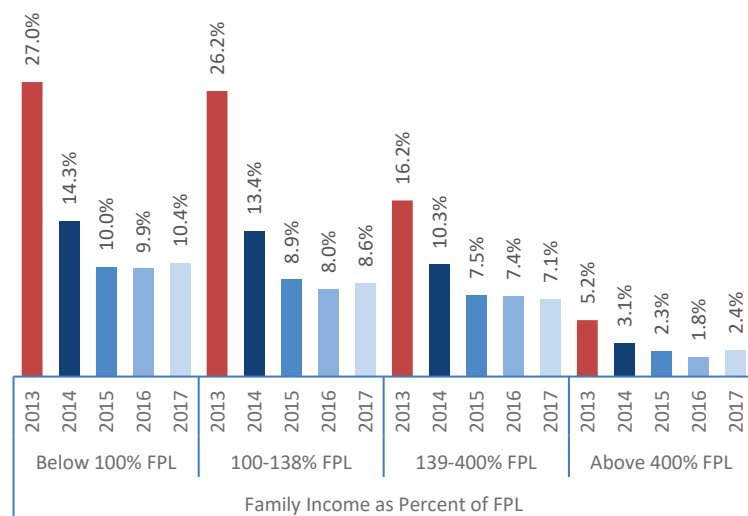
Chart 5. Percentage Uninsured, Hispanic Ethnicity, 2013-17: Washington



² Note that American Indians and Alaska Natives are exempt from the ACA’s individual mandate (which fines individuals for not obtaining health coverage), if they receive services from Indian Health Service, tribal programs, or urban Indian programs (<https://www.healthcare.gov/american-indians-alaska-natives/exemptions/>). These services, however, are not considered as health insurance coverage in calculating uninsured rates.

Family income. The ACA coverage expansion that started in 2014 had a policy focus on the low income populations. The focus included two components: (1) expanding Medicaid eligibility to include those with family income up to 138 percent of the federal poverty level from the current level of under 100 percent of the FPL and to include any citizens meeting the income criteria instead of just families with children; and (2) providing subsidies in purchasing health insurance through the Qualified Health Plans to those with family income between 139 and 400 percent of the FPL.

Chart 6. Percentage Uninsured, Family Income As Percent of Federal Poverty Level (FPL), 2013-17: Washington



The two income groups the Medicaid expansion was designed to help, i.e., people with income below the 100 percent of the FPL and those with income at 100-138 percent of the FPL, had uninsured rates above 25 percent before the expansion in 2013 (Chart 6). In the first year of the expansion, the uninsured rates of both groups dropped about 13 percentage points to 14.3 percent and 13.4 percent, respectively. The decline continued in 2015, with the uninsured rate of the group below 100 percent of the FPL dropping to 10 percent and the 100-138 percent FPL group's rate to 8.9 percent. Their rates have changed little since 2015.

The QHP-eligible group's uninsured rate also had significant declines from 2013 to 2015, for about 9 percentage points, from 16.2 percent to 7.5 percent. However, QHP was only partially responsible for this group's uninsured rate declines. The QHP through the state-operated Health Benefit Exchange had an enrollment of 150,000-196,000 individuals each year since 2014.³ This is equivalent to approximately 6 percent of the total population in the income range eligible for the QHP. Many QHP enrollees were likely to have had coverage from other sources before enrolling in this program. For the last two years, the uninsured rate of this income group had no significant changes.

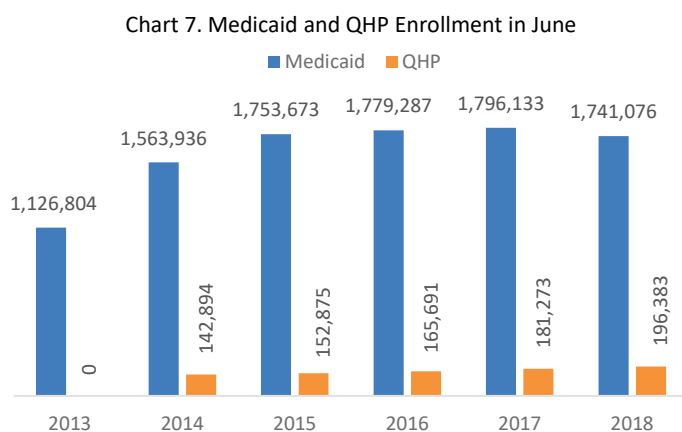
The group with the highest income (above 400 percent of the FPL) had a very low uninsured rate even before the ACA. Their rate was 5.2 percent in 2013. Still, their rate dropped by more than half in the first two years of the ACA to 2.3 percent. Like the other income groups, the uninsured rate of this group went through no significant changes in the last two years with a rate of 2.4 percent in 2017.

While each income group experienced significant declines in their uninsured rates since the ACA's major rollout in 2014, the largest declines took place in the two income groups the ACA's Medicaid expansion was mainly designed to support. Their uninsured rates were higher by about 10 percentage points than that of the next higher income group (139-400 percent FPL) in 2013. By 2017, their rates were either statistically no different from or very close to the rate of the latter group. However, when compared with the uninsured rate of the highest income group, the uninsured rates of the other three income groups were still about three to four times as high in 2017.

³ The QHP is available in Washington state through both the state-operated Health Benefit Exchange and plans sold in the private marketplace.

The year 2018 may usher in the first significant, though small, increase in Washington's uninsured rate since 2014

The dramatic decline in Washington's uninsured rate between 2013 and 2017 was mostly attributable to the Medicaid expansion and availability of QHP under the ACA, although the game-changer was the Medicaid expansion.⁴ Medicaid enrollment increased by 669,000 from 1.1 million in 2013 to 1.8 million in 2017 and QHP enrollment through the state's Health Benefit Exchange grew from zero to 196,000 during the same period (Chart 7).⁵⁻⁶



The Medicaid growth, however, stopped in 2018. In fact, Medicaid enrollment experienced the first decrease since 2014, declining by about 55,000 enrollees. QHP enrollment through the Exchange had an increase of approximately 15,000 members. The combined result of these two programs was a net reduction of 40,000. Health coverage by other major payers, such as employers and Medicare, is expected to remain stable as it has been over the last few years.

An analysis of national data shows that when Medicaid enrollees exited from the program, more than half became uninsured.⁷ This

analysis points to the possibility that the Medicaid enrollment decrease in 2018 may cause Washington's uninsured rate to have a small but statistically significant increase for the first time since 2014. While further research is needed to examine the cause or causes for the decline in Washington's Medicaid enrollment in 2018, relevant federal policies enacted in late 2017 such as the repeal of the ACA's individual mandate⁸ and proposed changes in immigration policies in 2018⁹ may further reverse Washington's coverage gains under the ACA.

Data source

Estimates in this brief, unless noted otherwise, are derived from the American Community Survey. The ACS is a population survey of U.S. households conducted by the U.S. Census Bureau. Estimates for the United States are obtained from the Census Bureau's American FactFinder website.¹⁰ Estimates for Washington prior to 2014 are from staff analysis of the ACS one-year PUMS files and estimates for Washington for 2014-17 are from staff analysis of the ACS one-year PUMS files that are adjusted by OFM for the state's Medicaid population count.¹¹

⁴ Wei Yen and Thea Mounts. "Medicaid Growth Under the ACA: A Game-Changer in Reducing Washington's Uninsured in 2014." Office of Financial Management, Research Brief No. 076, April 2016.

⁵ The data source for Medicaid enrollment is staff analysis of OFM's Medicaid Eligibility File.

⁶ Data source for QHP enrollment through the Washington Health Benefit Exchange: personal communication with Washington Health Benefit Exchange.

⁷ Unpublished staff analysis of the Medical Expenditure Panel Survey (2013-15). MEPS is an annual survey conducted of U.S. households by the federal Agency for Healthcare Research and Quality.

⁸ Wei Yen and Thea Mounts. "Three Years' ACA Impact on Washington State's Health Coverage." Office of Financial Management, Research Brief No. 86, January 2018 (rev. 2/2018).

⁹ See <https://www.kff.org/disparities-policy/fact-sheet/proposed-changes-to-public-charge-policies-for-immigrants-implications-for-health-coverage/>.

¹⁰ <https://factfinder.census.gov>

¹¹ For more information on the adjustment, see

http://www.ofm.wa.gov/healthcare/healthcoverage/pdf/undercount_medicaid.pdf.