

WASHINGTON STATE HEALTH SERVICES RESEARCH PROJECT

Washington State’s Uninsured Rate Increased Significantly in 2018 for the First Time Since 2014

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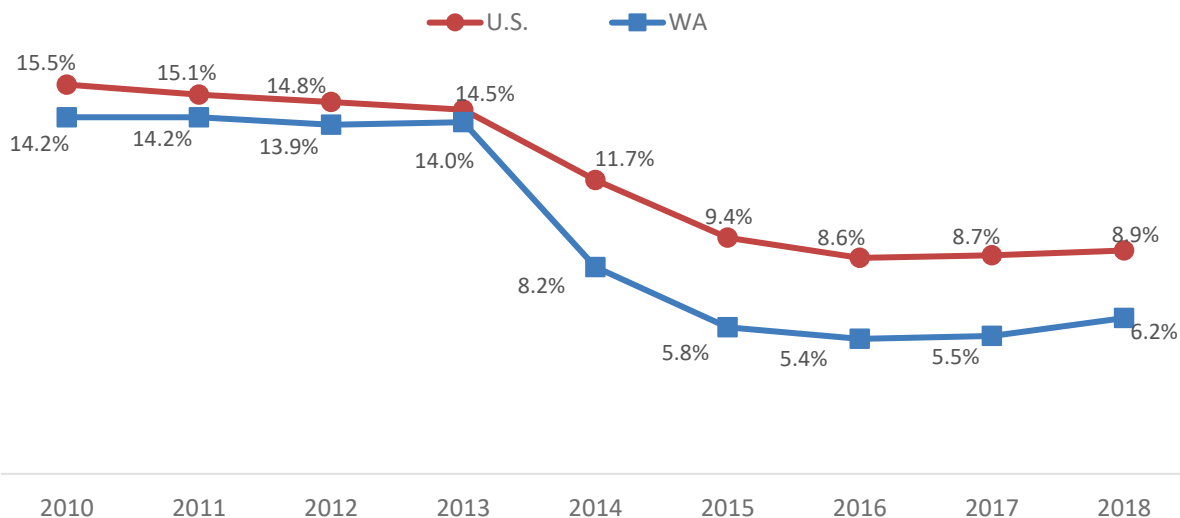
Introduction

The uninsured rate in Washington increased to 6.2% in 2018 from 5.5% in 2017. This change marks the first significant year-to-year increase since the implementation of the major coverage components of the Affordable Care and Patient Protection Act (ACA) in 2014. The number of people without health coverage increased by 62,000 in 2018 to 468,000, compared to 406,000 in 2017, despite an increase in the employment-based insurance. The increase of the uninsured in 2018 was associated with coverage declines in Medicaid and individual market coverage. Population groups that experienced significant increases included whites and those with income between 139% and 400% of the federal poverty level. Enrollment data from the state’s Medicaid and Qualified Health Plan point to another potential increase of the uninsured in 2019.

The dramatic decline of Washington’s uninsured rate during 2014-15 was followed by a modest decline in 2016, no change in 2017 and a statistically significant reversal in 2018.

Changes in Washington state’s uninsured rate between 2010 and 2018 largely followed the trend of the U.S. uninsured rate during the same period. In the four years leading to the ACA implementation in 2014, the uninsured rates of the U.S. trended slightly lower each year, but always remained slightly above Washington’s uninsured rate of approximately 14% (Chart 1). For the next two years, the uninsured rate in Washington declined significantly to 5.8% in 2015, as did the U.S. uninsured rate which dropped to 9.4%. The reduction of the uninsured rate continued in 2016, although at a slower pace, for both the state and the U.S. Washington’s uninsured rate dropped to 5.4% and the U.S. uninsured rate to 8.6%. The cumulative decline in Washington’s uninsured rate from 2013 to 2016 was more than 60 percent while the decline of the U.S. uninsured rate was approximately 40 percent. In 2017, although there was a 0.1 percentage point increase in the Washington uninsured rate and the U.S. uninsured rate, the change was not statistically significant for either Washington or the U.S.

Chart 1. Washington and U.S. Uninsured Rates: Total Population, 2010-18



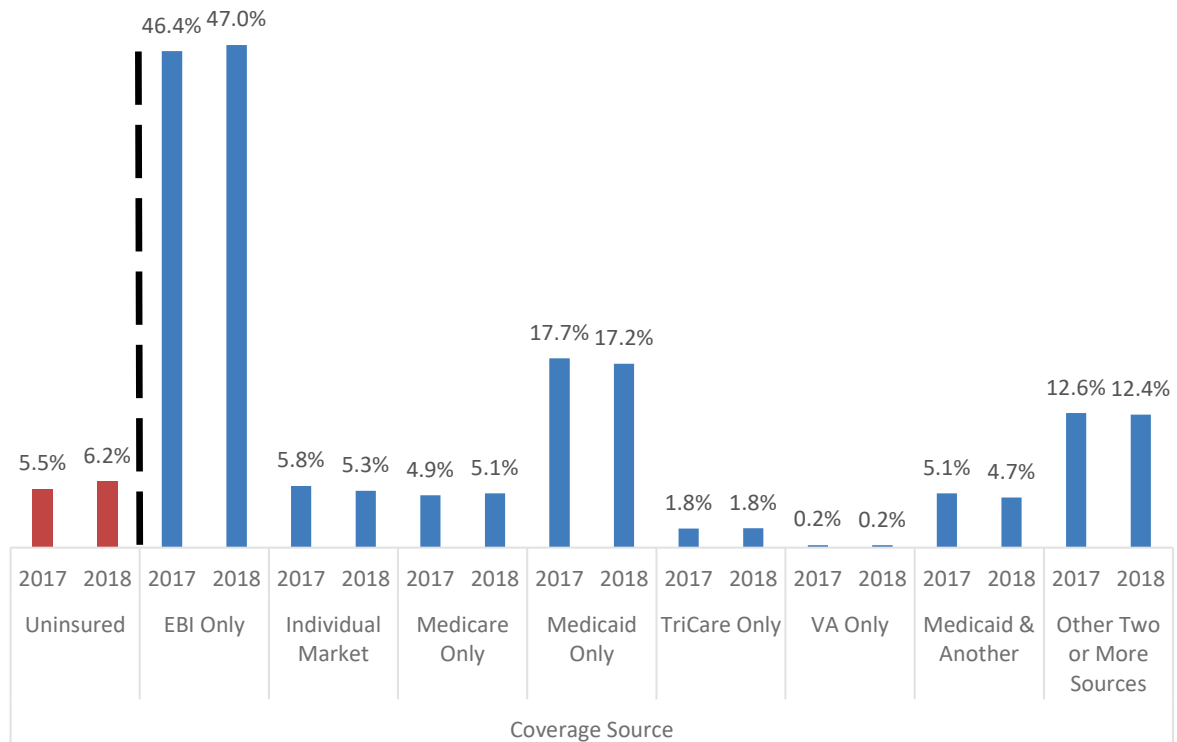
In 2018, Washington and the U.S. both experienced significant increases in their uninsured rates for the first time since 2014. Washington’s increase was, however, three times as large proportionately as that of the U.S. The U.S. uninsured rate increased by 0.2 percentage points to 8.9%, while Washington’s uninsured rate increased by 0.7 percentage points to 6.2%.

The reversal in 2018 of the uninsured rate trend resulted from enrollment declines in Medicaid and the individual market.

The trend reversal of Washington’s uninsured rate in 2018 occurred amid an economy that remained strong. Indeed, employment-based insurance (EBI), the largest share of all coverage sources, increased by 0.6 percentage points from 46.4% in 2017 to 47% (Chart 2 and Chart 3). However, that increase was not large enough to offset the combined declines in Medicaid and individual market. These two coverage sources, especially Medicaid, had previously played a key role under the ACA in reducing the uninsured.¹

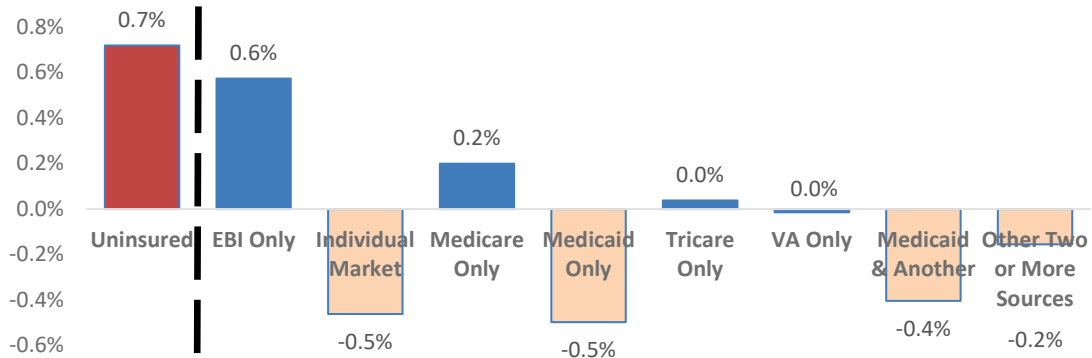
The decline in Medicaid in 2018 occurred among those with Medicaid as the only coverage source and those who had coverage mix that included Medicaid and another source. There was a 0.5 percentage point decline from 17.7% in 2017 to 17.2% in 2018 in the former group. In the latter group, the decline was 0.4 percentage point from 5.1% to 4.7%. The share of people with individual market coverage also had a 0.5 percentage point drop, from 5.8% in 2017 to 5.3% in 2018. The remaining coverage sources experienced little changes in 2018.

Chart 2. Percentage by Source of Coverage, 2017 and 2018, Washington



¹ Yen, Wei and Mounts, Thea. “Medicaid Growth Under the ACS: A Game-Changer in Reducing Washington’s Uninsured in 2014.” Washington State Office of Financial Management, Research Brief No. 076, April 2016.

Chart 3. Percentage Point Changes in Source of Coverage from 2017 to 2018, Washington

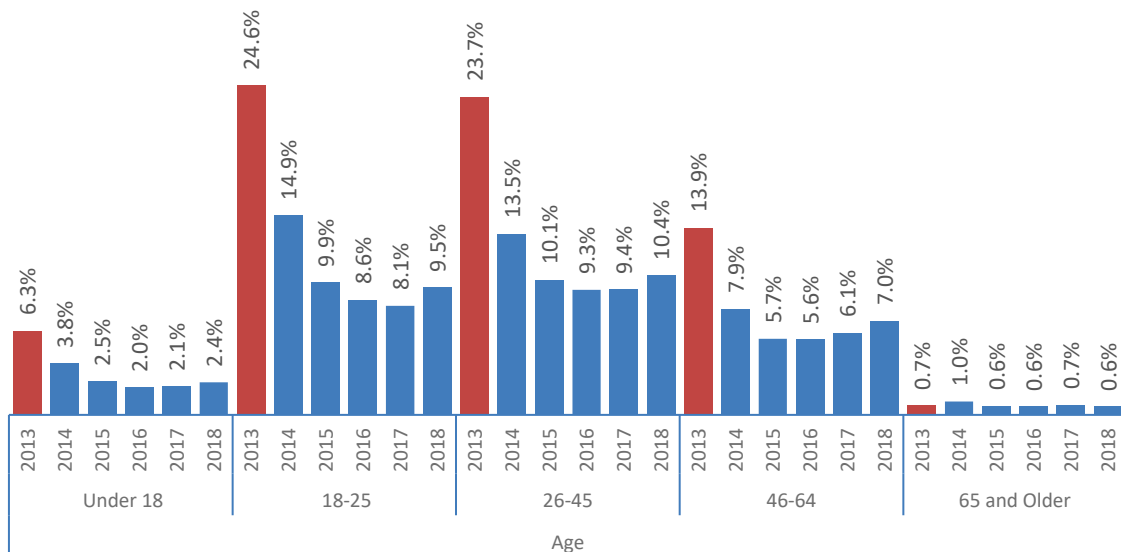


The uninsured rates declined significantly in nearly all population groups in the early years of the ACA. From 2017 to 2018, the uninsured rates had no statistically significant changes in most of the population groups, but increased significantly among the population groups of whites and those with income between 139% and 400% of the federal poverty level.

Age. Year-to-year changes between 2013 and 2018 were small and not significant in the uninsured rates of the group 65 and older. Their highest uninsured during this period was 1% in 2014 and in the remaining years, it was between 0.6% and 0.7% (Chart 4). Nearly all in this age are eligible for coverage from Medicare.

In the four non-elderly age groups, all had consecutive and significant declines in their uninsured rates from 2013 to 2015. The uninsured rates of these groups continued to drop in 2016 and, for the 18-24 age group, into 2017. By the time the uninsured rates were at the lowest level in these groups, there was a reduction of more than 50 percent in each group from their rates in 2013. The under-18 age group’s rate declined from 6.3% to 2% in 2016; the 18-25 age group from 24.6% to 8.1% in 2017; the 26-45 age group from 23.7% to 9.3% in 2016; and the 46-64 age group from 13.9% to 5.6% in 2016.

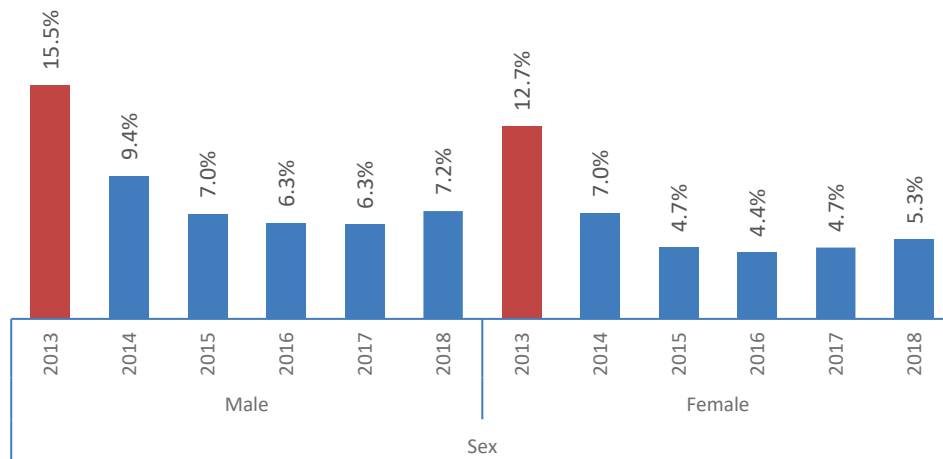
Chart 4. Percentage Uninsured by Age, 2013-18: Washington



From the year each group reached its lowest rate, the uninsured rates started to increase gradually in the non-elderly age groups. In 2018 their rates reached the highest level since 2016. However, the year-to-year changes in the uninsured rates of these groups were not statistically significant from 2016 to 2018.

Sex. Both the males and females had a large significant decline in 2014 and a smaller but still significant decline in 2015 in their uninsured rates. Neither group had further significant changes in their uninsured rates from 2015 to 2018. For both groups, the uninsured rates were at the lowest level in 2016. The male rate dropped by more than 50% from 15.5% in 2013 to 6.3% (Chart 5). The female rate dropped by about two-thirds from 12.7% to 4.4%. From 2016 to 2018, their uninsured rates increased with the male rate reaching 7.2% and the female rate reaching 5.3%, the highest level since 2015. However, the year-to-year increases since 2016 are not statistically significant for either group.

Chart 5. Percentage Uninsured, Male and Female, 2013-18:
Washington



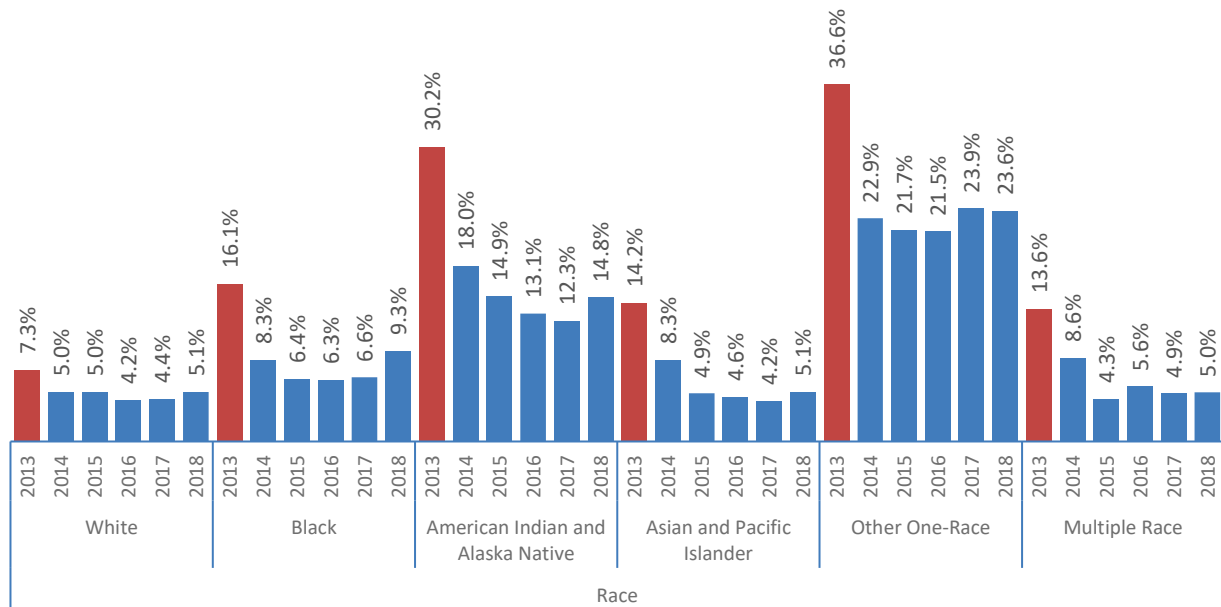
Race. In the first year of the ACA, all race groups had significant declines in their uninsured rates. From 2014 to 2015, Asian and Pacific Islanders (API) and the multi-race group had another significant decline in their uninsured rates. In 2016, only the uninsured rate decline for whites was significant.

These race groups had their lowest uninsured rates in different years. The multi-race group's uninsured rate was at the lowest level in 2015 at 4.3%, declining from 13.6% in 2013 (Chart 6). Three other groups had their lowest uninsured rates in 2016: whites from 7.3% in 2013 to 4.2%, blacks from 16.1% to 6.3% and the "other one-race group" dropping from 36.6% to 21.5%. Finally, the uninsured rates of the American Indians/Alaska Natives² and the APIs declined to the lowest level in 2017: the former group from 30.2% in 2013 to 12.3% and the latter group from 14.2% to 4.2%. From 2013 to the year of the lowest level, the cumulative decline in these groups' uninsured rates ranged from 41% (other one-race) to 70% (API).

There were no statistically significant year-to-year changes in uninsured rates of these groups from 2016 to 2018, with one exception. The increase from 4.4% in 2017 to 5.1% in 2018 in the uninsured rates for whites was statistically significant.

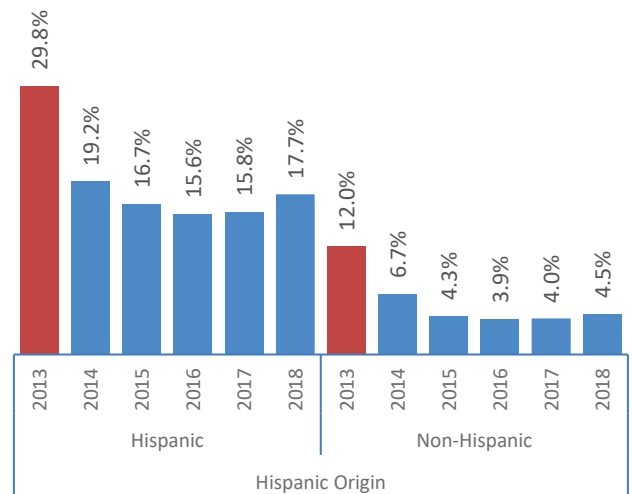
²Note that American Indians and Alaska Natives may receive services from Indian Health Service. IHS is, however, not considered as health insurance coverage in calculating uninsured rates.

Chart 6. Percentage Uninsured, Race, 2013-18: Washington



Hispanic ethnicity. The initial significant decline in the uninsured rate in 2014 was evident in both the Hispanics and non-Hispanics. Among Hispanics, the uninsured rate dropped by more than 10 percentage points from 29.8% to 19.2%. For non-Hispanics, the uninsured rate dropped from 12% to 6.7%. The decline continued into 2016 when the uninsured rate was at the lowest level for both groups: Hispanics at 15.6% and non-Hispanics at 3.9%. The cumulative decline from 2013 to 2016 in the Hispanic uninsured rate was 48% and in the non-Hispanic rate was 67%.

Chart 7. Percentage Uninsured, Hispanic Ethnicity, 2013-18: Washington



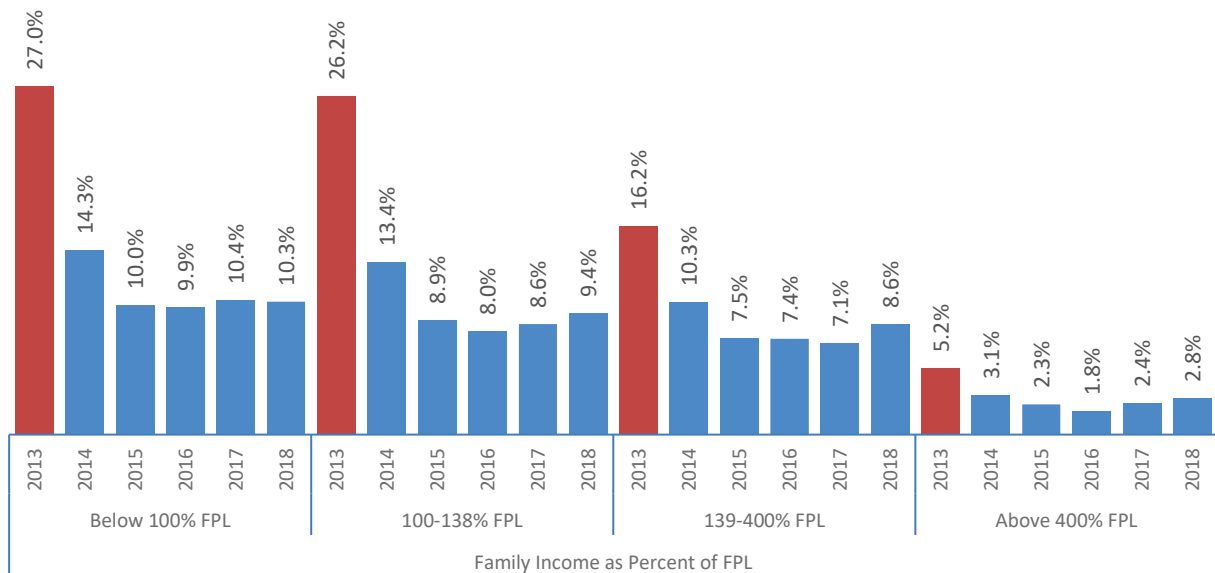
From 2016 to 2018, there were consecutive increases in these two groups’ uninsured rates. The uninsured rates for Hispanics increased to 17.7% and for non-Hispanics to 4.5%. However, the year-to-year increases were not statistically significant.

Family income. One of the main objectives of the ACA was to permit states to expand Medicaid to provide free coverage to persons with a family income up to 138% of the federal poverty level (FPL)³ and to provide premium tax credits to persons with a family incomes up to 400% of the FPL who purchase individual market qualified health plans (QHP) through a federal or state-based marketplace.

³The Medicaid expansion has two components: (1) expansion of the then existing income limit of below 100% of the FPL to 138% and (2) expansion of coverage to all persons qualifying for the income eligibility beyond the “traditional” Medicaid requirement intended mostly for families with children.

The effect of the ACA coverage expansion was evident. In the first two years of the ACA coverage expansion, the uninsured rates in these income groups dropped by one half to two-thirds. The uninsured rate of those in the income below 100% of the FPL was 27% in 2013. It dropped to 14.3% in 2014 and to 10% in 2015. The uninsured rate of those with income at 100-138% of the FPL declined from 26.2% in 2013 to 13.4% in 2014 and to 8.9% in 2015. In the group with incomes at 139-400% of the FPL, the uninsured rate dropped from 16.2% in 2013 to 10.3% in 2014 and to 7.5% in 2015. Even the group with income above 400% of the FPL had significant declines in their uninsured rates in those two years.⁴ Their uninsured rate dropped from 5.2% in 2013 to 3.1% in 2014 and to 2.3% in 2015. Their uninsured rate dropped from 5.2% in 2013 to 3.1% in 2014 and to 2.3% in 2015.

Chart 8. Percentage Uninsured, Family Income As Percent of Federal Poverty Level (FPL), 2013-18: Washington



By 2016, the uninsured rates for all income groups except the 139-400% FPL group fell to their lowest levels. The lowest rate for those below the 100% FPL was 9.9%; for those at 100-138% FPL it was 8% and for those above 400% FPL it was 1.8%. The 139-400% FPL group had their lowest uninsured in 2017, at 7.1%. From the year in which each group's uninsured rate was at its lowest level to 2018, the uninsured rates increased in all groups. The increase from 7.1% in 2017 to 8.6% in 2018 in the 139-400% FPL group was statistically significant. In addition, a two-year increase in the uninsured rate from 1.8% in 2016 to 2.8% in 2018 was also statistically significant in the group above 400% of the FPL.

The decline of Washington's health coverage is likely to continue into 2019.

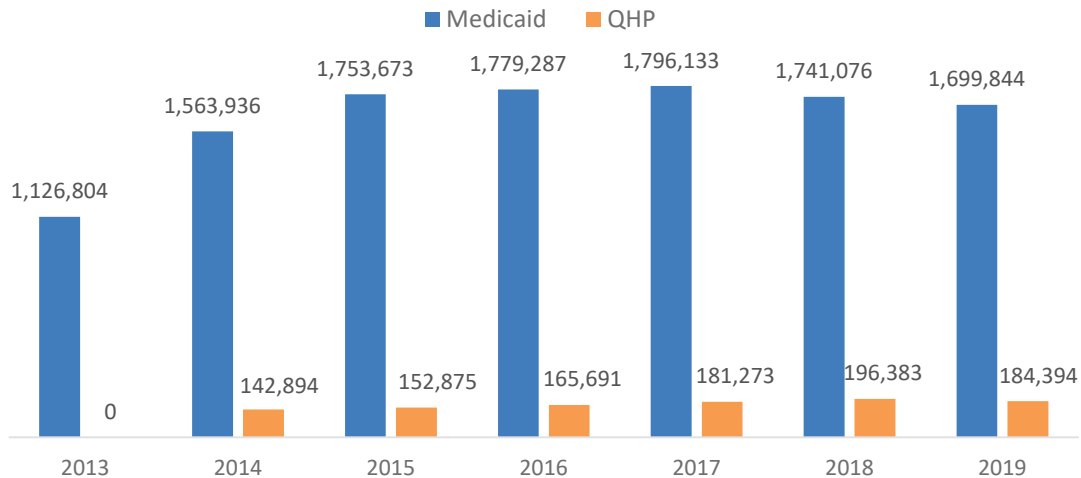
As mentioned above, Medicaid expansion and QHP, particularly the former, played a key role in dramatically reducing the state's uninsured roll under the ACA's coverage expansion that started in 2014. Chart 9 shows that Medicaid enrollment in Washington increased from 1.13 million in 2013 to 1.78 million in 2016, at the time when the state's uninsured rate declined dramatically. During this period, the QHP enrollment increased from zero to 165,700. There were small increases in these two programs in 2017.

In 2018, however, the enrollment in Medicaid declined by about 55,000 while there was an increase of 15,000 in QHP, with a net loss of 40,000 between the two programs. The loss in Medicaid continued in 2019

⁴The decline in the high income group (above 400% of the FPL) can be attributed, in part, to another key ACA component – the individual mandate, which required all citizens to have insurance and imposed fines on persons failing to do so. The penalty from this mandate was later eliminated.

and for the first time in its history, QHP experienced a year-to-year loss. The combined loss between the two programs in 2019 was 53,200. The declines of these two programs in 2019 point to the possibility of another increase in the state’s uninsured at a level similar to that in 2018, if not greater.

Chart 9. Medicaid and QHP Enrollment in June



Analyses are needed to examine the cause or causes for the declines in Medicaid and QHP in 2018 and 2019. Suspected potential causes include elimination of the ACA’s individual mandate penalty, higher cost in health coverage and federal rulemaking around “public charges.”⁵ There have been numerous state legislative responses in Washington to these potential causes for coverage setbacks. The state passed a law in 2019 for a public option that aims at reducing health cost and expanding coverage.⁶ However, the new law is not scheduled to commence until 2021. Another bill in the 2019-20 legislation proposed establishing a state universal health care system.⁷ Although the bill failed to pass, the state biennium budget allotted funds to form a work group and to commission a study on universal health care in Washington. The work group released a preliminary report⁸ in November 2019 and the final report is scheduled for release in 2020.

Data source

Estimates in this brief, unless noted otherwise, are derived from the American Community Survey (ACS). 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 website.⁹ Estimates for Washington prior to 2014 are from staff analysis of the ACS 1-year PUMS files and estimates for Washington for 2014-18 are from staff analysis of the ACS 1-year PUMS files that are adjusted by OFM for the state’s Medicaid population count.¹⁰

⁵Keith, Katie. “Uninsured Rate Rose in 2018, Says Census Bureau Report,” Health Affairs Blog: September 11, 2019. (<https://www.healthaffairs.org/doi/10.1377/hblog20190911.805983/full/>)

⁶Chapter 364, Laws of 2019 (WA). <http://lawfilesexternal.leg.wa.gov/biennium/2019-20/Pdf/Bills/Session%20Laws/Senate/5526-S.SL.pdf#page=1>

⁷SB 5822 (WA): Providing a pathway to establish a universal health care system for the residents of Washington state (<https://app.leg.wa.gov/billsummary?BillNumber=5822&Chamber=Senate&Year=2019>)

⁸Washington State Health Care Authority. *Universal Health Care Work Group: Preliminary Report*. November 15, 2019. (<https://www.hca.wa.gov/assets/program/universal-health-care-work-group-report-20191115.pdf>)

⁹<https://data.census.gov/cedsci/>

¹⁰For more information on the adjustment, see

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