



A PRIMER ON THE CPS ESTIMATE OF AMERICA'S UNINSURED

INTRODUCTION

According to major national surveys, between 23 and 68 million Americans lack health insurance. While there is broad agreement that it would be beneficial if every American had health insurance, a greater understanding of the data will facilitate the policy debate on how best to achieve this goal. This document is an effort to provide such a context for new census data.

The Census Bureau, on August 29, 2006, released its annual estimate of the number of uninsured Americans. This number, derived from the Census Bureau's Current Population Survey (CPS), is the most widely cited estimate of the uninsured and will reflect health insurance coverage in 2005. Experts have long debated the accuracy of the CPS number, despite its popularity, and have compared it with estimates of the uninsured taken from surveys conducted by other federal agencies, including the National Health Interview Survey (NHIS), the Medical Expenditure Panel Survey (MEPS) and even the Census Bureau's own Survey of Income and Program Participation (SIPP). The purpose of this primer is to explain the resulting differences and why they are important to health policy decision makers.

	Census Bureau Estimates			Agency for Healthcare Research and Quality (AHRQ)	The National Center for Health Statistics (CDC)
Uninsured:	CPS (2005) ⁱ	CPS (2004) ⁱ	SIPP (2002) ⁱⁱ	MEPS (2004) ⁱⁱⁱ	NHIS (2004) ^{iv}
Full Year	46.6 million	45.8 million	22.9 million	34.4 million	29.2 million
Point-in-time	N/A	N/A	42.8 million	48.1 million	42.1 million
Ever During Year	N/A	N/A	68.4 million	63.9 million	51.6 million

UNDERSTANDING THE CPS ESTIMATE

The CPS estimate is the most widely used estimate and is useful. CPS has the largest sample size, ability to track trends over time consistently, and the only credible state-by-state estimate of the uninsured for all 50 states. Additionally, the larger sample size of CPS allows for more reliable estimates of subgroups of the population.^v

However, methodological differences lead some analysts to conclude that the CPS over-estimates the number of those who are uninsured for a full year.^{vi} Most who lack insurance when surveyed are, in fact, covered for part of the year. So estimates at a specific point in time will be higher than estimates for

the full year uninsured. The CPS estimate of uninsured for the full year is noticeably larger than other surveys' full-year uninsured estimates. In fact, the 2004 CPS number, 45.8 million uninsured, more closely approximates the number of people uninsured at a specific point in time during the year, judging from the SIPP, MEPS, and NHIS point-in-time estimates of 42.8 million, 48.1 million and 42.1 million, respectively.

This can be attributed to differences in the methodology used by the four national surveys. Every March, the CPS asks survey respondents to recall insurance coverage during the previous calendar year. Many survey methodologists believe that the longer the recall period the harder it is for respondents to provide accurate data. The other national surveys interview respondents more

frequently throughout the year, leading to more accurate responses about insurance status and thus more reliable data on the number of uninsured for the full year, point-in-time and ever during the year.^{vii} The other national surveys also ask specifically about coverage at the time of the survey while CPS queries the entire previous year. Many experts believe that respondents may misinterpret the CPS query as also being a point-in-time measure thus indicating their insurance status at the time of the survey or at the end of the previous calendar year.^{viii}

CPS May Underreport the Number of People in Public Programs. The CPS estimates of the population covered by Medicaid at any time during the year have been consistently lower than the enrollment numbers from other surveys and the Centers for Medicare and Medicaid Services (CMS).^{ix} Respondents may underreport Medicaid coverage for a number of reasons including the stigma associated with public coverage and confusion over program name.^{1,x} Two recent studies have examined whether the CPS undercounts the number of people covered by Medicaid, which could inflate the number of people who are uninsured over a full year. One of the studies concluded that the CPS may be over-estimating the number of uninsured by almost 4 million, while the other study concluded the overcount may be as much as 9 million.^{xi} The Actuarial Research Corporation (ARC), estimates that almost 14 million of the uninsured estimated by the CPS in 2004 were reachable through public programs – 9 million through Medicaid and 5 million through SCHIP and other programs.^{xii}

OTHER IMPORTANT FACTORS CONTRIBUTING TO ESTIMATE DISCREPANCIES^{xiii}

Survey Design

- The definition of “insurance” varies among the surveys. CPS and SIPP do not count respondents with single service (i.e. dental) plans as insured. NHIS includes those with single service hospital coverage plans as insured, and MEPS considers private insurance as coverage for hospital and physician services.

- The focus of the survey influences the level of detail provided on health and insurance. Additionally, investigating health care utilization could instigate greater recall about the coverage used to pay for use. Labor force is the focus of the CPS, while SIPP is an employment and income survey but also provides more detailed information on health and health insurance. MEPS and NHIS are both health-focused surveys.

Data Timing

- Lag times between data gathering and data reporting result in different surveys reporting uninsured estimates from different time periods. The latest NHIS (2005) reports 2004 data, the latest MEPS data (2005) reports 2004 data and the latest SIPP data is from 2002. The latest CPS (2006) data reports 2005 health insurance coverage.

POLICY IMPLICATIONS

Policy makers use national survey estimates to allocate resources and to inform decision-making. The focus typically falls to a single measure of uninsured Americans – a number which spurs continuous debate. But there are several subcategories within this group [i) short-term uninsured, ii) long-term uninsured, iii) public program eligible, iv) public program ineligible but unable to afford insurance, and v) uninsured but able to afford it] that require unique strategies.

A deeper understanding of the attributes of each uninsured subcategory yields a more informed policy debate. The fact that almost one in four Americans lack insurance at any time is a significant concern. We need to formulate tailored strategies addressing the unique needs of each segment. Potential solutions for someone who is temporarily uninsured differ from those for someone who is uninsured for a year or more. The former may be helped by temporary premium support to buy private insurance while this may not be sufficient for the latter. If the uninsured already qualify for public programs, strategies include greater outreach. Understanding the

¹Many states have different names for their Medicaid program causing respondents to answer “no” to Medicaid enrollment.

characteristics of an uninsured subcategory will enhance the search for solutions.

CONCLUSION

A variety of factors, including methodological differences, undermine the accuracy of the CPS estimate. Furthermore, the uninsured problem is more complex than a single numerical estimate can illustrate. Rather, a sound understanding of the diversity of this group is what will engender the most effective policy solutions.

OTHER NATIONAL COVERAGE SURVEYS

Survey of Income and Program Participation (SIPP)

The Census Bureau also administers this survey, but unlike the CPS, the SIPP is a longitudinal survey of health insurance coverage, income, labor force activity and federal program coverage over a 36-month period. This design provides data on the duration of non-coverage periods, and estimates for point-in-time, monthly, annual, or full 36-month periods. Furthermore, insurance data can be linked to other survey sections such as utilization of health services for analytic purposes.^{xiv} Based on decreased recall error, more detailed questions, and individual household member interviewing, the Census Bureau believes this survey to be a better survey of the uninsured than the CPS.^{xv} A smaller sample size than CPS and NHIS, and unrepresentative state samples yield less accurate estimates especially at the state level.^{xvi}

National Health Interview Survey (NHIS)

The National Center for Health Statistics (NCHS) surveys the civilian non-institutionalized population to collect data on insurance status, type of coverage, measures of health status, health care utilization, and socio-demographic characteristics. Uninsured estimates at a point-in-time, full-year, and ever uninsured are provided as is additional health data such as chronic conditions and health behaviors. The latter data elements, again, can be linked to insurance status for analytic purposes.^{xvii} A large sample size provides reliable national and large state-level estimates; however, smaller state samples are less representative.

Medical Expenditure Panel Survey (MEPS)

The Agency for Healthcare Research and Quality (AHRQ) conducts this two-year longitudinal survey providing data on transitions in coverage status as well as health care use and expenditures. As data is collected several times over the course of study, point-in-time, monthly, and annual coverage estimates can be extracted. In addition, household characteristics such as health care use and expenditures, and source of payment are provided.^{xviii} Like SIPP, MEPS surveys a smaller sample size than CPS and NHIS, and does not provide reliable state level estimates.^{xix}

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NOTES

ⁱ “Current Population Survey - Health Insurance,” U.S. Census Bureau, Accessed on July 24, 2006 at: <http://www.census.gov/hhes/www/hlthins/hlthins.html>.

ⁱⁱ “Survey of Income and Program Participation (SIPP),” U.S. Census Bureau, Accessed on July 28, 2006 at: <http://www.sipp.census.gov/sipp/>.

ⁱⁱⁱ “Medical Expenditure Panel Survey (MEPS),” U.S. Department of Health and Human Services Agency for Healthcare Research and Quality, Accessed on July 24, 2006 at: http://www.meps.ahrq.gov/newLayout/Data_Statistics.htm.

^{iv} “National Health Interview Survey (NHIS),” National Center for Health Statistics, Accessed on July 28, 2006 at: <http://www.cdc.gov/nchs/nhis.htm>.

^v Hoffman C. and Holahan J. “What is the Current Population Survey Telling Us About the Number of Uninsured?” Kaiser Commission on Medicaid and the Uninsured, August 2005.

^{vi} U.S. Congressional Budget Office (CBO). “How Many People Lack Health Insurance and for How Long.” May 2003.

^{vii} Fronstin P. “Counting the Uninsured: A Comparison of National Surveys,” Employee Benefit Research Institute, September 2000.

^{viii} “Understanding Estimates of the Uninsured: Putting the Differences in Context,” U.S. Department of Health and Human Services Office of the Assistant Secretary for Planning and Evaluation, September 2005.

^{ix} Fronstin, 2000.

^x Kincheloe J., Brown E.R., Frates J. et. al. “Can we Trust Population Surveys to Count Medicaid Enrollees and the Uninsured?” Health Affairs, 25 (4), 2006.

^{xi} Giannarelli L. “Adjusting for the Medicaid Undercount with the TRIM3 Microsimulation Model.” Presentation for the American Enterprise Institute Conference, April 8, 2005, and Callahan, Cathi. “Uninsured, Medicaid and the Current Population Survey.” Presentation for the American Enterprise Institute Conference, April 8, 2005

^{xii} “The Uninsured in America,” BlueCross BlueShield Association, January 2005. Accessed on August 16, 2006 at: <http://www.bcbs.com/uninsured/index.html>.

^{xiii} “Understanding Estimates of the Uninsured: Putting the Differences in Context,” September 2005.

^{xiv} SIPP, July 28, 2006.

^{xv} Fronstin, 2000.

^{xvi} “Understanding Estimates of the Uninsured: Putting the Differences in Context,” September 2005.

^{xvii} NHIS, July 28, 2006.

^{xviii} MEPS, July 24, 2006.

^{xix} “Understanding Estimates of the Uninsured: Putting the Differences in Context,” September 2005.