

One in five (20.2%) Hoosiers under the age of 65 lack health insurance.¹ Many of those without insurance say their lack is short-term, but nearly one in ten Hoosiers under the age of 65 have been without insurance for more than a year. Among the poor, one in three do not have health insurance; of the poor uninsured, two in three have not had health insurance in more than a year.

The poor comprise disproportionate numbers of the uninsured, but poverty is not the only hindrance to health insurance. Employment, or the right type of employment for at least one household member, greatly affects coverage.

This Heartland Center brief explores the social and economic characteristics of Hoosiers with and without health insurance. We analyze data on Indiana respondents to the 1997 Annual Demographic Survey conducted by the United States Census and Labor Statistics Bureaus, a.k.a. the March

supplement to the Current Population Survey. Our key finding is that a good job is the key to health insurance, but our findings on coverage by age, income, region, and other characteristics also have implications for those concerned with health issues.

Who are the uninsured?

There is little difference in health insurance coverage by age, race, and labor force status, but more significant differences by region, education, and, especially, poverty (see Table 1).

Those between the ages of 18 and 39

Table 1

Type of Health Insurance Coverage for Indiana Residents Under 65, 1997

		Partial/ total coverage work-related plan*	Coverage not through work-related plan	No current coverage
Total		69.2%	10.7%	20.2%
Age	0-17	69.6%	12.9%	17.6%
	18-39	66.6%	9.9%	23.4%
	40-64	71.9%	9.6%	18.5%
Income as percent of poverty level	less than 200	45.9%	20.8%	33.3%
	200+	76.6%	7.4%	16.0%
Race and ethnicity	White non-Hispanic	69.6%	10.4%	20.0%
	All other	66.7%	13.3%	20.0%
Geographic area	Indianapolis MSA	67.5%	6.2%	26.4%
	Northwest Indiana†	66.7%	11.3%	22.0%
	Other metro areas	70.9%	15.3%	13.7%
	Non-metro areas	70.3%	10.7%	19.0%
Education level‡	Did not graduate HS	55.4%	15.4%	29.2%
	HS grad/ no college	66.9%	10.3%	22.9%
	Some college	75.8%	7.5%	16.8%

*coverage can be from own employment or employment of another household member

†includes Lake, Porter, and LaPorte Counties

‡of persons between 18 and 64 years of age, inclusive

are slightly more likely (23.4 percent) to lack health insurance than those 17 and younger (17.6 percent) or 40 to 64 (18.5 percent). We suspect this is because those 18 to 39 are less likely to have coverage through another family member (e.g., as a spouse or dependent youth), or, in their healthiest years, to seek insurance outside work.²

Two in six (33.3 percent) of those in or near poverty³ lack health insurance, compared to one in six (16.0 percent) above this level. Those in poverty are less likely to be employed, or, if at work, less likely to hold jobs with insurance. Those in or near poverty are the only group without a majority receiving health insurance either through their own work or the employment of another family member.⁴

There is no apparent difference by race and ethnicity in health insurance. Among both non-Hispanic whites and those of other races and ethnicities, one in five (20.0 percent) do not currently have health insurance. There are insufficient data to measure separately differences in insurance coverage among Hoosiers of other races and ethnicities (e.g., separately among blacks, Hispanics, Asians, etc.)

There are differences in health insurance by area. More than one in four (26.4 percent) in the Indianapolis Metropolitan Statistical Area (MSA) lack health insurance, as do more than one in five (22.0 percent) in Northwest Indiana (including the Gary MSA plus LaPorte County). Less than one in six (13.7 percent) in the state's other metropolitan areas lack health insurance. In the remainder of the state, nearly one in five (19.0 percent) lack coverage. There are not enough data to determine if differences between areas are caused by other factors such as poverty or employment.

There is a strong correlation between educational attainment and health insurance coverage. Among those 18 to 64 years old,

those who have not attended college (24.4 percent) are more likely to be uninsured than those who have (16.8 percent). Differences in coverage by educational attainment are related to differences in employment and income. Those with at least some college education are less likely to live in or near poverty, and more likely to hold executive or professional jobs with insurance coverage.

Types of health insurance coverage—the advantage at work

Health insurance through employment is the most common form of coverage for Hoosiers. Across the state, seven in ten (69.2 percent) receive at least partial coverage through their own employment or as a dependent of an employed family member. Only one in eight of the insured do not have a work-related plan.

Not all jobs provide health insurance; among Indiana workers, only three in five (60.3 percent) receive health insurance through employment.⁵ Health insurance is most common in manufacturing industries, in managerial, professional, or skilled labor jobs, in full-time jobs, and in large firms. Workers who do not have a health insurance benefit are as likely to forego coverage as to purchase it elsewhere. Below we analyze work-related health insurance for those between 18 and 64 years of age inclusive who are currently employed.

Manufacturing employees (76.1 percent) are the most likely to have a health insurance benefit. They are far more likely to have coverage through work than those in trade (58.7 percent), services (52.7 percent) or other industries (54.5 percent). Just over one in nine (14.5 percent) of manufacturing employees do not have any health insurance, compared to two in nine (22.0 percent) in other industries. Manufacturing employees have higher coverage in part because they work for large firms which are more likely to provide insurance. Most (54.5 percent) manufacturing employees work for firms with

at least 500 employees; most (55.4 percent) other employees work for firms of fewer than 500 employees.

Regardless of industry, work for a large firm is more likely to have health insurance. Among all workers, nearly five in seven (71.6 percent) in firms of at least 500 employees are likely to have a health insurance benefit, compared to less than three in seven (41.4 percent) in firms of fewer than 25 employees. We cannot analyze why large firms are more likely to provide health insurance, but it may be that they can strike better bargains in the market.

Workers in managerial or professional

jobs (68.8 percent) or jobs of skilled labor (69.6 percent) are more likely to have a health insurance benefit than those in service jobs (40.9 percent), technical, sales, or related support jobs (52.6 percent) or jobs of other labor (60.4 percent). Managers and professionals, who command a median salary of nearly 50 percent above those for all workers, are more likely to command health insurance benefits for their work. We suspect comparatively high rates of unionization for skilled laborers in Indiana contribute to their high rates of work-related health insurance.⁶ Service job holders have a median salary about half that for all workers. Not only are they unable to command health insurance benefits,

Table 2
Type of Health Insurance Coverage for Indiana Workers, 18-64, 1997

	Partial/total coverage work-related plan	Coverage as dependent or other plan	No current coverage
All workers	60.3%	19.6%	20.0%
Industry			
Manufacturing	76.1%	9.4%	14.5%
Trade	58.7%	20.9%	20.4%
Services	52.7%	27.2%	20.1%
All other	54.5%	18.1%	27.4%
Occupation			
Managerial or professional	68.8%	15.9%	15.3%
Technical, sales, related support	52.6%	29.1%	18.3%
Service	40.9%	26.1%	33.0%
Skilled labor	69.6%	10.1%	20.3%
Other labor	60.4%	16.2%	23.4%
Firm size			
Less than 25 workers	41.4%	31.4%	27.2%
25 to 499 workers	62.1%	16.5%	21.4%
More than 500 workers	71.6%	14.3%	14.2%
Worker status			
Full-year, full-time	70.5%	12.6%	16.9%
Full-year, part-time	35.5%	36.4%	28.1%
Part-year, full-time	44.8%	24.0%	31.2%
Part-year, part-time	19.1%	63.2%	17.7%
Income as percent of poverty level			
Less than 200	46.1%	19.2%	34.7%
200+	63.2%	19.7%	17.0%

but they are less able to afford other coverage. One in three (33.0 percent) in service jobs have no health insurance.

The effects of income are evident in coverage differences between poor and other workers. Among employees who live in or near poverty, less than three in six (46.1 percent) receive health insurance from work, and more than two in six (34.7 percent) have no insurance. Among employees who are not near poverty, nearly four in six (63.2 percent) have health insurance from work, and only one in six (17.0 percent) have no insurance. The working poor are less likely to be in sectors (e.g., manufacturing) or jobs (e.g., managerial and professional positions) which offer health insurance.

Regardless of wages, full-time workers in all types of jobs, industries, and sizes of firms are more likely to have health insurance. Employees with full-time, full-year jobs are twice as likely (70.5 percent) to receive coverage from work as those workers without such jobs (35.0 percent). Workers without full-time, full-year jobs are more likely to be uninsured (27.8 percent) than are full-time, full-year workers (16.9 percent).

The coupling of work and health insurance

To the list of benefits of full-time, full-year jobs, particularly those with large firms, in manufacturing industries, or in positions of managerial, professional, or skilled labor, this analysis adds another. Those in such jobs are more likely to have health insurance, and more likely to be able to provide it for their dependents. This fact raises several general and specific issues worth greater consideration.

The broadest of these is whether work and health insurance should be coupled. There are and should be greater benefits to those with more challenging jobs requiring greater preparation in fields of greater demand. Workers in such positions typically do receive

greater incomes and other benefits, as we would agree they should. We strongly disagree, however, that basic health care should be distributed as employee benefits are.

Even if we were to agree that health care is best distributed as an employee benefit, we would remain troubled by the differences in coverage by type of job. Health insurance is far more prevalent in manufacturing jobs than in others. Manufacturing jobs, however, are shrinking as a proportion of total jobs in the state; in the past ten years, Indiana Department of Workforce Development statistics show that while the number of non-manufacturing jobs has increased by nearly a third (32.6 percent), the number of manufacturing jobs have increased by less than a sixth (13.3 percent). This means that continued reliance on work-related health insurance may lead to a growing number of uninsured, as non-manufacturing jobs less likely to provide insurance increase as a proportion of total jobs.

The coupling of work and health care raises questions about the tax advantages accruing to those receiving health care through work. As wealthier, better educated, and better established workers are more likely to receive coverage through work, they are more likely to benefit from tax policies which do not tax as income the value of such benefits. This leads to higher indirect tax and insurance costs on those least able to bear them, the poor uninsured. We do not agree that the value of employment health insurance benefits should be treated as taxable income,

but we would argue that public policy should make greater allowances for those who are not able to gain health insurance through employment.

There are still more immediate and poignant issues involved in health insurance for the poor. The Indiana General Assembly recently expanded Medicaid coverage to all children whose family income is below 150 percent of the poverty level, but there are indications that not all families with children eligible under the older, more restrictive standards for Medicaid insurance were aware of their eligibility. As a result, we question whether the poor, particularly those with children, sometimes fail to seek medical care when necessary, not realizing they may already have the means to pay for it.

An even more immediate issue involving health insurance for the poor is insurance for those entering or returning to work. Jobs in desired industries or in prestigious occupations or at generous firms or with steady, full-time hours are not always open to those entering or returning to work, particularly those who must make up in eagerness to take less desirable jobs what they

lack in education or qualifications. The coupling of health insurance and employment, particularly employment in more lucrative positions, should concern all those who believe every worker should at least have basic needs met, much less those seeking to help the poor off public aid and insurance rolls and into work.

We do not present this research to advocate any one solution to these problems. Rather, we seek to raise the issues that we believe all persons of good will, regardless of their personal political convictions, ought to consider in public health. At the core of these issues is our assumption that all persons ought to be able to insure their families and themselves against health emergencies. We applaud recent initiatives to improve health insurance coverage for the poor, as well as to increase the portability of work-related health insurance. But we still fear that the coupling of employment and health insurance places the most difficult obstacles to health care in the way of those least able to overcome them.

¹This figure is higher than the percentage of uninsured which the Census Bureau reports in Indiana for two reasons. First, we analyze only those under the age of 65; since those 65 and over are eligible for Medicare, we thought their "lack" of health insurance to be a less severe problem. The second and more important reason for the discrepancy between our figure and that which the Census Bureau reports for uninsured Hoosiers is that we analyze both those without health insurance last year and those currently without health insurance. The Annual Demographic Survey in 1996 and 1997 asked respondents about both their current type of health insurance coverage and their health insurance coverage in the past year, but reports only the latter in documenting the uninsured.

²Nevertheless, overall there may be few Americans uninsured by choice. A 1995 survey by the National Opinion Research Center found "fewer than 1 in 10 of the uninsured said that they did not want or need health insurance coverage or just did not think about getting it." See Karen Donelan et al., 1996, "Whatever Happened to the Health Insurance Crisis in the United States?", *Journal of the American Medical Association*, October 23/30, 1996.

³I.e., those whose income is less than twice the poverty level, which was \$15,911 in 1996 for a family of four with two children

⁴Some methodological issues about measuring health insurance coverage for the poor should be noted. The Census Bureau notes that "medicare and medicaid coverage is underreported, compared with enrollment and

participation data from the Health Care Financing Administration," the federal agency primarily responsible for administering these two programs. This means that more persons are claiming medical services through these programs than are claiming to have insurance coverage through them. Also, the Bureau notes, "it is believed that many people are not aware that they or their children are covered by a health insurance program, and therefore do not report coverage." See Robert L. Bennefield, "Health Insurance Coverage: 1996," US Bureau of the Census, Current Population Reports, P60-199. The Center on Budget and Policy Priorities, in a 1997 report on "Millions of Uninsured and Underinsured Children are Eligible for Medicaid," makes nearly the same point, noting that many poor "children could have been insured because they were eligible for Medicaid, but were not enrolled in the program." This point is of more than statistical interest in Indiana. The Indiana General Assembly recently approved Medicaid participation for all children whose family income is below 150 percent of poverty level. Our analysis indicates that this could provide health insurance coverage for more than 50,000 minors, or 37 percent of the total new eligibles, who do not currently have it. Yet our analysis also shows that among children already eligible for Medicaid, nearly 40,000, or 22 percent of the total already eligible, are documented by the Current Population Survey as uninsured. This indicates that publicizing existing programs may be as important in helping the uninsured as creating new programs for them.

⁵There are at least two ways to explain the apparent paradox between the fact that seven in ten of all Hoosiers receive health insurance through their own or another's employment, but only six of ten Hoosiers at work receive health insurance on the job. First, workers who receive health insurance at work are more likely to be married (for economic and sociological reasons not directly related to health insurance) than those who are not, and therefore more likely to have dependents for whom they provide health insurance. If, for example, one worker has health insurance which covers his wife and child but a second has neither a family nor health insurance, then the health insurance coverage rate among the two workers would be 50 percent, while the health insurance coverage rate for all four persons in this example would be 75 percent. Second, some workers receive health insurance coverage as a dependent on another family member's policy, and therefore may decline it at their own place of employment.

⁶Although the data we use do not allow analysis of differences in unionization by occupation within Indiana, national analysis supports this point. Nationwide, among all workers between the ages of 18 and 64 inclusive, 78.4 percent of those belonging to a labor union or covered by a labor union contract at work had health insurance through employment, compared to only 54.3 percent of non-union labor. Among skilled laborers, 25.9 percent belong to a labor union or are covered by a labor union contract, compared to 16.5 percent of all workers. The benefits of unionization go beyond mere health insurance coverage; on average, employers pay more than double for union members' health insurance what they pay for non-union members. See Lawrence Mischel et al., 1996, *The State of Working America, 1996-97* (Washington, DC: Employee Benefit Research Institute), as cited by Calumet Project for Industrial Jobs (Hammond, IN), 1997, *Labor Day Report Card on Workers' Rights in Indiana*, p. 31. The differences in health insurance coverage for unionized and non-unionized workers point to a trend we suspect among all workers, i.e., those workers most likely to have health insurance are also those most likely to have the best insurance.