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# JOINT ECONOMIC COMMITTEE

## Senator Sam Brownback, Ranking Republican

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December 15, 2009

### *Behind the Numbers*

#### **Will 14,000 Americans Really Lose Their Health Insurance Every Day?**

“If we don't act, 14,000 Americans will continue to lose their health insurance every single day,” President Obama claimed in July.<sup>1</sup> That number has been used frequently in the debate over health care reform. It's a striking number, but a number that is subject to significant debate and interpretation. The statement implies that there are 14,000 fewer Americans with health insurance each and every day. Nice sound bite, but misleading.

If accurate, the statement implies that more than 5 million Americans will lose coverage every year. By that reasoning, the projection of the Congressional Budget Office (CBO) that the number of uninsured will increase by 4 million over the 2010 – 2019 period under current law would be off by a factor of nine. Instead of 54 million uninsured, CBO should have projected 95million residents without health insurance.

The CBO estimates that the number of uninsured will rise under current law from 50 million in 2010 to 54 million in 2019. Putting aside the question of whether the president's statement is correct, even CBO's projected increase does not, on its face, yield a complete picture. Who are the uninsured, who will be eligible for subsidies, and how much will those subsidies cost are critical questions in the health care debate.

#### **The Rise in the Number of Uninsured from 50 Million to 54 Million**

Contrary to general conception, CBO's estimate for the number of uninsured is not based directly on data from any current survey. Rather it is the output of a micro-simulation model.

CBO's estimate of the number of uninsured people originates with a point-in-time, SIPP-based estimate in 2002. Some demographic groups, among them Hispanics, have lower rates of health insurance participation than the general population does. The number of people in those groups is expected to increase faster than the general population. Thus, the adjustments to the SIPP weights to match the changing demographics of the U.S. population result in an increase in the number of uninsured individuals (as a percentage of the U.S. population) over the period between 2008 and 2017.<sup>2</sup>

CBO makes other adjustments to correct for “survey inaccuracies,”<sup>3</sup> including such items as the “Medicaid undercount” that exists in many surveys. CBO's estimate of the baseline number of the uninsured is based on a “point-in-time” estimate that is adjusted to reflect changes over time

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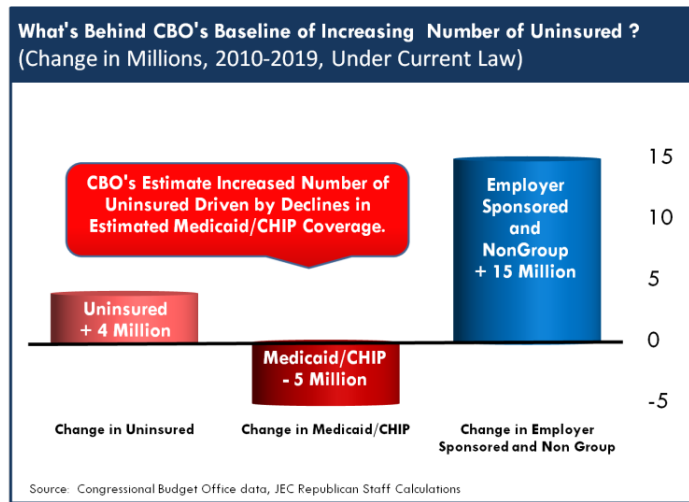
<sup>1</sup> President Obama, July 22, 2009.

<sup>2</sup> *CBO's Health Insurance Simulation Model: A Technical Description*, Congressional Budget Office, October 2007, page 13. Available online at: <http://www.cbo.gov/ftpdocs/87xx/doc8712/10-31-HealthInsurModel.pdf>.

<sup>3</sup> Ibid.

in the demographic makeup of the population. In other words, a basic profile is developed for a point in time then the overall estimate for future years is reached by adjusting for changes in the makeup of the population.

On top of this, CBO makes adjustments for changes in various programs already scheduled under current law. Ironically, as the chart to the right depicts, at a top level, the increase in the number of uninsured from 50 to 54 million – 4 million – is more than accounted for by the projected decrease in Medicaid/CHIP enrollment from 40 million to 35 million.



Much of this increase is related to the scheduled expiration of the CHIP program's current authorization in 2013.

As the table shows, if the percentage of the non-elderly population covered by Medicaid/CHIP remained at the current 2010 projected level of roughly 15%<sup>4</sup> (not an unreasonable assumption), the number of individuals with Medicaid/CHIP coverage would rise to 42 million, and the overall number of uninsured would shrink by 2-3 million over the period despite the fact that the non-elderly population grows by 15 million during the same time period. In short, we would see a swing of 7 million in the number of uninsured. What does this mean?

In terms of those with health insurance coverage, CBO estimates that the number of non-elderly individuals with non-Medicaid/CHIP health insurance will increase from 177 million in 2010 to 191 million in 2015 and 192 million in 2019. If the percentage of the population covered by Medicaid/CHIP remained at the level of 15% of the population

	CBO Baseline		Medicaid/Chip Covers 15%
	2010	2019	2019
Percentage Uninsured	19%	19%	17%
Number Uninsured (Millions)	50	54	47
Number Insured (Millions)	217	228	235

estimated for 2010, the percentage of the non-elderly population without health insurance coverage would decline from 19% to 17% rather than remain at 19%.

It is clear that the primary factor behind the baseline increase in the number of uninsured non-elderly residents is the decreasing number and percentage of individuals enrolled in government sponsored health insurance, not the loss of private coverage. To the contrary, CBO's scoring of the Reid bill (introduced 11/18/09) lays bare the fact that, *even if Congress does nothing, private coverage will increase over the next decade, not decrease.* Under CBO's baseline, from 2010 to 2014, CBO data suggests private coverage will be increasing at a rate of more than 8,000 people per day.

<sup>4</sup> Ibid, p. 15. CBO's 2008 baseline estimate of Medicaid/SCHIP coverage was 16.1% or 42.1 million. CBO's estimate of 40 million (15% of the non-elderly population) as a baseline in 2010 represents a decline of more than 2 million from the 2008 baseline.