



“Forty-Four Million Uninsured” Is an Inflated Statistic

by David Hogberg

Anyone who pays even the slightest attention to the health-care debate in this country probably knows that there are “44 million uninsured Americans.”¹ The figure is all but shouted from the rooftops during the annual “Cover the Uninsured Week.” It was standard boilerplate for John Kerry’s stump speeches. Hillary Clinton, in her recent health-care column, was unwilling to round off the number: “Some 43.6 million Americans are uninsured, and the vast majority of them are in working families.”²

The existence of the 44-million figure is a tribute to Benjamin Disraeli’s quip that “there are three kinds of lies: lies, damned lies, and statistics.” If one accepts the Current Population Survey’s (CPS) numbers (the source for the 44-million statistic), there are in fact closer to 35 million uninsured Americans. Over 20 percent of the uninsured in this country are not citizens.

Yet there is good reason to be skeptical of the CPS’s numbers. The CPS is intended to measure the number of people who have been uninsured for an entire year. One problem with the CPS statistic is that it includes both those who are insured for a short time and those who are chronically uninsured (defined as being uninsured for at least a year). Many people go without insurance for a few months often as the result of being between jobs. The CPS statistic of 44 million does not make that distinction.

Another drawback is that CPS asks respondents to recall their insurance status over the last twelve months, increasing the probability of sampling error due to respondents’ memory lapses. Last year, a paper from the Congressional Budget Office contrasted the CPS with two other surveys, the Medical Expenditure Panel Survey (MEPS) and the Survey of Income and Program Participation (SIPP).³ MEPS and SIPP track their respondents every few months, so the error due to memory lapse should be minimized. Interestingly, MEPS reported 31 million chronically uninsured, while SIPP reported only 21 million.

Yet even the numbers reported by the MEPS and SIPP surveys overstate the number of uninsured. Some respondents who receive Medicaid may say they are uninsured because of the stigma associated with the Medicaid program. Studies suggest that this may result in an undercounting of the insured by 12 to 15 percent. According to the CBO, “the number of non-elderly people who are enrolled in Medicaid at any time during the year could be undercounted in population surveys by about 4 million to 5 million.”⁴

Another wrinkle occurs in the definition of the uninsured. There are many people who are eligible for Medicaid but are not enrolled in the program. Some argue that they should be counted as uninsured, while others argue that they should not. The latter group seems to have the stronger case, since such people can receive Medicaid coverage retroactively for health-care expenses. At present, there is no

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exact data on the number of people who are eligible for Medicaid but not enrolled. The most recent estimate, from 1994, estimated that about 2.9 million children who were uninsured were eligible for Medicaid.⁵

Finally, it is important to note that, according to the SIPP survey, over 18 percent of the chronically uninsured say that they have gone without insurance because either they have not needed it or do not believe in it. When the various factors are accounted for, it is possible that the true number of the chronically uninsured is 12 to 15 million.

Does the actual number matter? Either way, one might object, there are still millions who lack health insurance. Actually, it matters a great deal, because those who are most likely to tout the 44-million-uninsured statistic also tend to be the advocates of wholesale reform of the health-care system, usually of the government-run variety. A larger number gives their arguments more weight.

Second, understanding the actual magnitude of the problem gives us better direction in terms of policy. Of those chronically uninsured, the vast majority are poor, but over 60 percent are under the age of 35. Thus, the uninsured may be a largely healthy population that could afford to purchase health care in a more consumer-driven system. Indeed, many of those currently purchasing insurance with health-savings accounts were previously uninsured.

Whatever the solution, we should not let inflated statistics lead us into adopting misguided health-care policies.

ENDNOTES:

¹This article is taken from a column in National Review Online by David Hogberg, "Insurance Fraud," June 15, 2004, at <<http://www.nationalreview.com/comment/hogberg200406150914.asp>>.

²Hillary Rodham Clinton, "Now Can We Talk About Health Care?" *New York Times*, April 18, 2004, sec. 6, p. 26, col. 1.

³Congressional Budget Office, "How Many People Lack Health Insurance and For How Long?," May 2003, <<ftp://ftp.cbo.gov/42xx/doc4210/05-12-Uninsured.pdf>> (June 1, 2004).

⁴Ibid, p. 5.

⁵Ibid, pp. 5-6.

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