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HEALTH & MEDICINE ISSUE PAPER



● HEALTH INSURANCE IN OKLAHOMA ●

1987-98 SOURCES OF HEALTH INSURANCE

SOURCE: CURRENT POPULATION SURVEYS, BUREAU OF THE CENSUS
([HTTP://WWW.CENSUS.GOV/HHES/HLTHINS/HISTORIC/HHIST6.HTML](http://www.census.gov/hhes/hlthins/historic/hihist6.html))



This Brief

This brief uses data from the Current Population Survey (CPS) from the Bureau of the Census. This survey is administered each March and provides data for the previous year. The data is available from 1987-98, and offers a clear historical picture of trends. Previous briefs used data published by the Employee Benefits Research Institute. The CPS data was refined using varying statistical techniques. The results were that the categorizations and percentages were adjusted to be slightly different from the CPS Census data.

Oklahoma

The percentage of the uninsured in 1998 is almost identical to 1987. That does not mean nothing has changed. To the contrary, the mix of the insured has changed significantly over time. And the number of uninsured has fluctuated greatly in proportion to the state economy. This analysis will show the trends of the various sources of health insurance.

The Bureau of the Census estimated that there were 2,823,000 non-elderly Oklahomans in 1998. It is estimated that 599,000 Oklahomans were without health insurance coverage in 1998. This represented 21.2% of the state's estimated non-elderly population. The summary is below. The totals exceed 100% because of self-reported dual coverages.

Table 1

Sources of Health Insurance for 1998

SOURCE: CURRENT POPULATION SURVEYS, BUREAU OF THE CENSUS
([HTTP://WWW.CENSUS.GOV/HHES/HLTHINS/HISTORIC/HHIST6.HTML](http://www.census.gov/hhes/hlthins/historic/hihist6.html))

	Oklahoma	United States	Per Avg
Employment-Based	62.7%	65.8%	Below
Self-Purchased	4.7%	5.5%	Below
Private Coverage	67.4%	71.3%	Below
Medicaid	7.7%	10.4%	Below
Medicare (under 65)	3.2%	2.0%	Above
Military/VA/CHAMPUS	8.6%	3.2%	Above
Public Coverage	19.6%	15.6%	Above
No Insurance	21.2%	18.4%	Above
Adj for Native Americans	20.0%	18.4%	Above

● WE OBSERVE ●

- The Bureau of the Census estimated there were almost 783,000 Oklahomans without health insurance in 1993; the state estimate dropped to 599,000, and probably less, by 1998.
- The proportion of Oklahomans covered by employment based insurance is rising.
- If Oklahoma provided Medicaid at the national average rate, the number of civilian non-elderly "uninsured" would be almost identical to the 1998 national average of 18.4%.
- Oklahoma's adjusted rate for the "uninsured" in 1997 should be 20.0% rather than the reported 21.2%. This corrects for reporting anomalies concerning Native Americans.
- If private coverages were at the national average, they would compensate for the below average Medicaid outlays; if Medicaid were at the national average, it would compensate for the private sector. If both were simply at the national average, Oklahoma would be better than most states due to the above-average number of those insured by military/VA and Medicare under 65.
- Two of three non-elderly Oklahomans have health insurance benefits through the workplace; one in six receive a public health insurance benefit other than Medicare; and one in five are uninsured.

MICHAEL LAPOLLA, DIRECTOR
APRIL 2000

The Private Sector

The majority (71.2%) of all non-elderly Americans are covered by private health insurance; and most (65.8%) receive their health insurance through the workplace, as either employees or dependents of employees. The remainder (5.5%) self-purchase coverage as individuals.

Health insurance is clearly a function of economic health. During the past 15 years, the Oklahoma economy has transitioned from being energy dependent to one that is much more diversified. The Oklahoma employment rates are at historic highs. Therefore, it is not surprising to note that Oklahoma's rate for uninsured citizens for the past two years has been among the lowest rates since data has been reported (1987).

Oklahoma Employers

The public good offered by health insurance is a three-part responsibility in contemporary America. Employers, governments, and individuals each have a role to play. However, there are practical limits of what can be expected of each given the structure of an economy and workforce, available tax dollars, and the values of individuals. Unfortunately, most living Americans have been inoculated and anesthetized against the true costs of health care.

Since 1987, employment based health insurance declined nationally from over 69% to below 64% and then back up to about 65% in the midst of a robust economy. One would conclude that it is unreasonable to expect the employers of America to provide insurance for over two-thirds of the nation.

Consider those workers (and their dependents) who are employed ... but do not have insurance. Figure 4 shows the reasons why.

A third work for employers who do not offer the benefit. Another 25% are ineligible for the coverage that is offered (waiting periods, preexisting conditions, etc.); and 26% are self-employed and choose not to purchase coverage of any level. Finally, 12% of the working uninsured simply decline offered coverage for a variety of reasons.

Employment-based health insurance in Oklahoma varies with the health of the economy, but the fluctuations are in a band between 54-64%. In the best of times, it is unlikely that the Oklahoma economy can provide health insurance for much more than two-thirds of the population. It is clear that individual purchases and/or government benefits will be required to provide for the other one-third of the population.

The costs of employer-based coverage ... and the premium co-payment requirements ... preclude some of the lower income or less responsible workers from enrolling in plans. However, this group comprises less than half of the uninsured workers. More than half (58%) are either not offered coverage or are ineligible for that which is offered.

FIGURE 1
RECEIVING EMPLOYMENT-BASED HEALTH INSURANCE

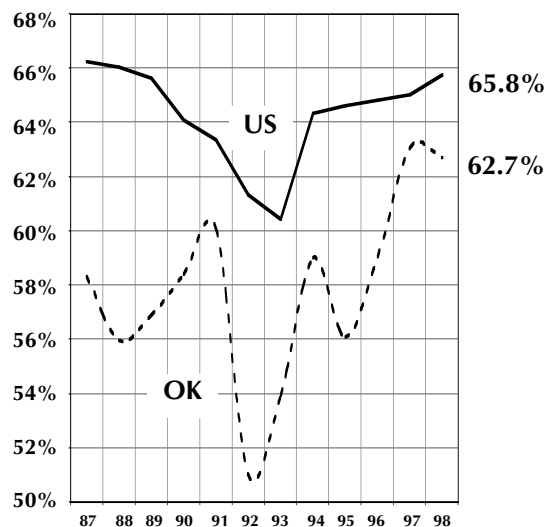


FIGURE 2
HIGHEST RATES OF UNINSURED IN 1998

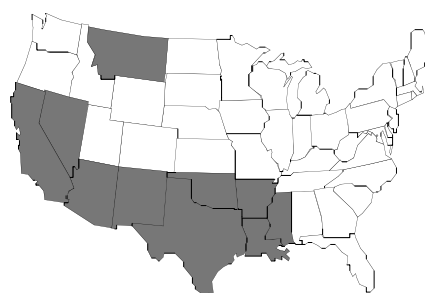
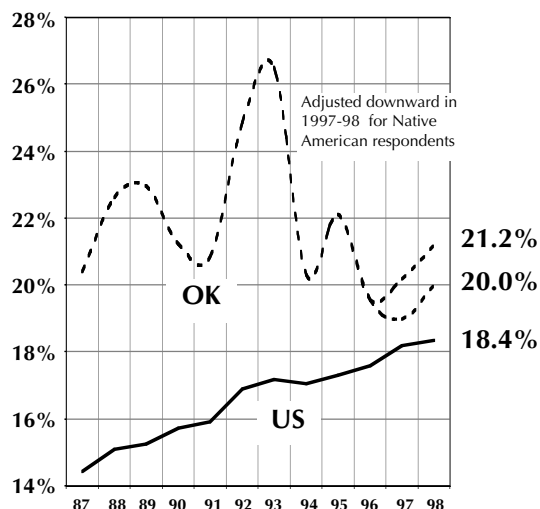


FIGURE 3
THE UNINSURED



Smaller Oklahoma Business

Health insurance offerings by business vary with the size of the business. Larger businesses tend to offer insurance as a benefit; smaller businesses are less inclined to do so. The chart below shows the prevalence of insurance offerings by business size and the comparison of Oklahoma rates to the nation.

All but the largest of Oklahoma businesses offer insurance less frequently than the national average. The Oklahoma rates trail national ones by up to 7.5%. (See table 2)

Should Oklahoma Chambers of Commerce, and the Legislature, choose to target a group for remediation, the data suggests they would focus upon companies with 10-24 employees. This group offers health benefits almost 13 percentage points less than the national average.

Another Way?

The past decade has seen the aborted federalization of health care insurances and the rise of an opposing theory advocating for Medical Savings Accounts.

The primary purpose of such accounts is to restore marketplace and consumer discipline into the health care system in a positive way that allows maximum individual choice. Another is to relieve the built-up pressure on employers to "provide" high-quality, low-cost health plans. This trade-off is becoming increasingly difficult given the disconnectedness of individuals from health care costs. The Medical Savings Account instruments require similar tax treatment as employer plans in order to be attractive and competitive. The federal government has proved hostile to such tax treatment. As a result, this concept has not fully matured nationally.

Employers will be searching for other avenues of relief. An emerging model is for employers simply to provide lump sum allowances to employees for benefit purchases. In this manner, the employer is no longer responsible for making universal choices for employees with different needs.

"After long relying on managed care companies as their weapon against health costs, U.S. employers are considering a fundamental change in strategy: turning the fight over to their employees. The idea is driven by a confluence of forces:

- *the backlash against managed care*
- *the popularity of 401(k) retirement plans*
- *consumer oriented websites*
- *resurgence in health cost increases*

Behind the trend, too, is the growing feeling that the nation's vast health care market won't work with full accountability until patients themselves hold the purse strings."

The Wall Street Journal, February 8, 2000 and Medical Benefits March 15, 2000

Table 2
Costs for Employee and Family Coverage

(Source: Private Employer Sponsored Health Insurance: New Estimates by State. Health Affairs Jan/Feb 2000, pp. 139-147)

The chart below indicates the premium costs of individual and family coverage for Oklahoma, the United States, and Massachusetts and South Carolina ... the highest and lowest cost states. Also included is the premium as a percentage of the national average. There is no data for the 10 smallest states or D.C. Oklahoma ranks 31st of 40 reporting states in "affordability". However the premiums are 87-93% of the national average while the Oklahoma per capita income is roughly 81% of the national average.

	Total Premium	Paid by Worker	Premium To Average
Single Coverage			
Massachusetts	\$2,316	22.3%	116%
National Average	\$1,997	16.9%	100%
Oklahoma	\$1,736	15.0%	87%
South Carolina	\$1,568	17.0%	79%
Family Coverage			
Massachusetts	\$6,016	26.7%	121%
National Average	\$4,953	29.1%	100%
Oklahoma	\$4,607	35.6%	93%
South Carolina	\$4,041	31.2%	82%

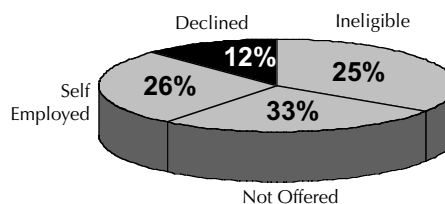
Percentage of Private Establishments Offering Health Insurance By Firm Size for 1996 (Number of Employees)

Firm Size	United States	Oklahoma	Variance
Total	53.2	45.7	-7.5
Under 10	34.5	27.0	-7.5
10-24 *	64.9	52.1	-12.8
25-99	80.5	76.0	-3.5
100-999	93.0	85.7	-7.3
1,000+	96.8	97.9	+1.1

* Considering firms with 10-24 employees, only NM, TX, MS, and TN have lower percentages of firms offering health insurance.

Figure 4
The Employed Uninsured

Source: The Commonwealth Fund, January 2000 and Medical Benefits, March 15, 2000



The Public Sector

The overarching health policy questions is always "what should governments do and pay for" ... and conversely "what is the responsibility of others". It is clear that government is responsible for Medicare and Military/VA at the federal level, and Medicaid and public health efforts at the state level.

Oklahoma Medicaid

The data reported here will not be comparable to state Medicaid enrollment figures. This data is derived from a sample, and in response to a question of what coverage does a person currently have. It is a snapshot view.

State Medicaid enrollment figures are likely to be much higher as many people may be enrolled for less than a year.

The state's Medicaid program is the primary source of health insurance for the poor. The program has the practical limits of requiring tax dollars that are becoming more scarce. Historically Oklahomans have deferred to the Department of Human Services to maximize returns and federal matching funds by leveraging earmarked sales tax dollars. That practice was discontinued in the 1980's. The passage of State Question 640 in the early 1990's precluded tax increases without specific votes and essentially closed the free flow of funds Oklahoma once used for Medicaid financing.

There are other sources of public insurance. They are federal and include SSI Recipients receiving Medicare benefits, and military personnel receiving either VA or CHAMPUS benefits.

Non-Citizens

There are an estimated 15.5 million non-citizens in the United States, and about half of them (45%) are without health insurance. This represents 7 million of the 44 million who are uninsured. California (16.6%), Arizona (11.1%), Florida (10.0%), and New York (11.7%) have proportions of non-citizens. They also have relatively high rates of the uninsured.

This is not an Oklahoma-specific issue. However, the reporting of Indian Health Service clients as "uninsured" certainly inflates Oklahoma numbers, as well as those in other southwestern states. When the impacts of non-citizens and Native American services are combined ... one can see why southwestern states have such relatively high rates of people without health insurance (see Figure 2).

Federal Insurances

Oklahoma trails most other states in employer sponsored insurance and in Medicaid enrollments. Yet Oklahoma is not that far from the national average overall. This is because of the significant effect of federal military and Medicare SSI insurance benefits throughout the state. Oklahoma is significantly above the national average in these forms of public insurances financed by the federal government.

Figure 5a
All Public Insurance

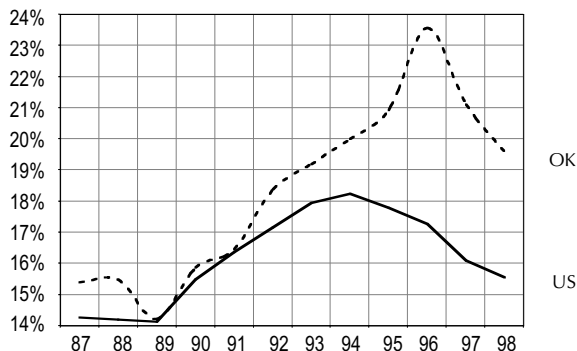


Figure 5b

Medicaid

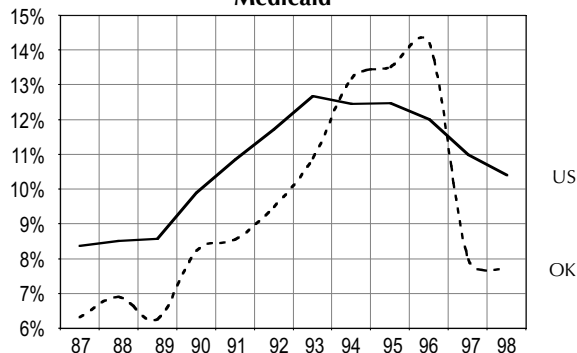


Figure 5c

Military/CHAMPUS/VA

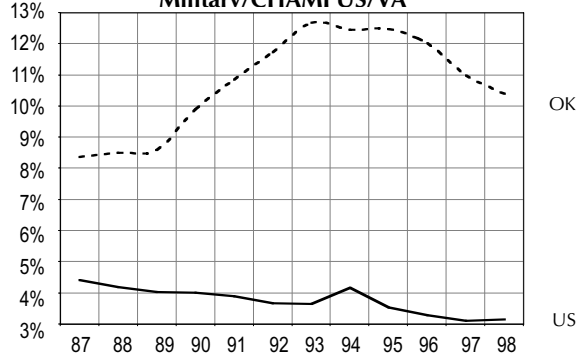
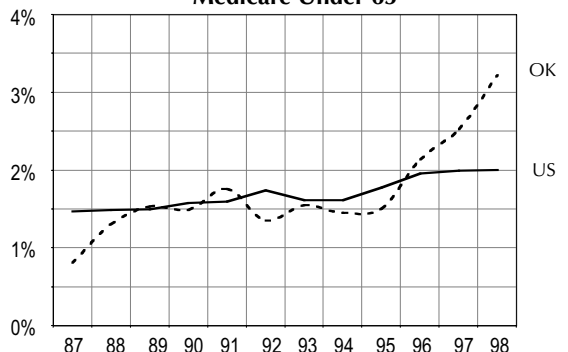


Figure 5d

Medicare Under 65



Children Under 18

Sources of Health Insurance in the United States and Oklahoma

	OKLAHOMA				PRIVATE HEALTH INSURANCE					PUBLIC HEALTH INSURANCE									
	Pop	Insured	Pct	Uninsured	Pct	Workplace	Pct	Self	Pct	Total	Pct	Medicare	Pct	Medicaid	Pct	Military (1)	Pct	Total	Pct
1987 (6)	927	750	80.9%	176	19.0%	503	54.3%	107	11.5%	610	65.8%	2	0.2%	116	12.5%	66	7.1%	184	19.8%
1988	835	648	77.6%	187	22.4%	437	52.3%	99	11.9%	536	64.2%		0.0%	105	12.6%	51	6.1%	156	18.7%
1989	844	650	77.0%	195	23.1%	445	52.7%	112	13.3%	557	66.0%	2	0.2%	106	12.6%	58	6.9%	166	19.7%
1990	811	652	80.4%	159	19.6%	453	55.9%	80	9.9%	533	65.7%	2	0.2%	127	15.7%	41	5.1%	170	21.0%
1991	846	701	82.9%	145	17.1%	461	54.5%	94	11.1%	555	65.6%		0.0%	146	17.3%	46	5.4%	192	22.7%
1992 (5)	945	742	78.5%	203	21.5%	461	48.8%	118	12.5%	579	61.3%		0.0%	187	19.8%	65	6.9%	252	26.7%
1993 (4)	1,004	742	73.9%	261	26.0%	520	51.8%	79	7.9%	599	59.7%	2	0.2%	201	20.0%	65	6.5%	262	26.7%
1994 (3)	857	680	79.3%	176	20.5%	453	52.9%	44	5.1%	497	58.0%		0.0%	184	21.5%	58	6.8%	242	28.2%
1995	842	664	78.9%	178	21.1%	440	52.3%	34	4.0%	474	56.3%	2	0.2%	190	22.6%	59	7.0%	251	29.8%
1996	945	750	79.4%	195	20.6%	512	54.2%	49	5.2%	561	59.4%	5	0.5%	200	21.2%	71	7.5%	276	29.2%
1997 (2)	925	770	83.2%	156	16.9%	595	64.3%	31	3.4%	626	67.7%	6	0.6%	143	15.5%	109	11.8%	258	27.9%
1998	826	640	77.5%	186	22.5%	474	57.4%	22	2.7%	496	60.0%	9	1.1%	124	15.0%	93	11.3%	226	27.4%

	UNITED STATES				PRIVATE HEALTH INSURANCE					PUBLIC HEALTH INSURANCE									
	Pop	Insured	Pct	Uninsured	Pct	Workplace	Pct	Self	Pct	Total	Pct	Medicare	Pct	Medicaid	Pct	Military (1)	Pct	Total	Pct
1987 (6)	63,499	55,306	87.1%	8,193	12.9%	40,577	63.9%	6,186	9.7%	46,763	73.6%	53	0.1%	9,681	15.2%	2,567	4.0%	12,301	19.4%
1988	63,902	55,552	86.9%	8,350	13.1%	40,750	63.8%	6,194	9.7%	46,944	73.5%	62	0.1%	9,961	15.6%	2,469	3.9%	12,492	19.5%
1989	64,343	55,795	86.7%	8,548	13.3%	40,610	63.1%	6,766	10.5%	47,376	73.6%	43	0.1%	10,100	15.7%	2,425	3.8%	12,568	19.5%
1990	65,290	56,786	87.0%	8,504	13.0%	39,981	61.2%	6,455	9.9%	46,436	71.1%	88	0.1%	12,094	18.5%	2,408	3.7%	14,590	22.3%
1991	66,173	57,794	87.3%	8,379	12.7%	39,683	60.0%	6,431	9.7%	46,114	69.7%	52	0.1%	13,514	20.4%	2,425	3.7%	15,991	24.2%
1992 (5)	68,720	60,005	87.3%	8,716	12.7%	40,382	58.8%	6,801	9.9%	47,183	68.7%	97	0.1%	15,109	22.0%	2,378	3.5%	17,584	25.6%
1993 (4)	69,766	60,192	86.3%	9,574	13.7%	39,745	57.0%	7,272	10.4%	47,017	67.4%	48	0.1%	16,693	23.9%	2,307	3.3%	19,048	27.3%
1994 (3)	70,509	60,505	85.8%	10,003	14.2%	42,966	60.9%	3,300	4.7%	46,266	65.6%	228	0.3%	16,132	22.9%	2,708	3.8%	19,068	27.0%
1995	71,148	61,353	86.2%	9,795	13.8%	43,822	61.6%	3,199	4.5%	47,021	66.1%	348	0.5%	16,524	23.2%	2,336	3.3%	19,208	27.0%
1996	71,224	60,670	85.2%	10,554	14.8%	44,054	61.9%	3,165	4.4%	47,219	66.3%	484	0.7%	15,502	21.8%	2,291	3.2%	18,277	25.7%
1997 (2)	71,682	60,939	85.0%	10,743	15.0%	44,869	62.6%	3,099	4.3%	47,968	66.9%	395	0.6%	14,683	20.5%	2,163	3.0%	17,241	24.1%
1998	72,022	60,949	84.6%	11,073	15.4%	45,593	63.3%	3,034	4.2%	48,627	67.5%	325	0.5%	14,274	19.8%	2,240	3.1%	16,839	23.4%

Employment: Insurance is obtained at the workplace either as an employee or dependent. Self: Individually purchased insurance. Medicare: Those under age 65 eligible for Medicare. Military: Includes CHAMPUS and VA Champus as well as active duty military.

1/Includes CHAMPUS (Comprehensive Health and Medical Plan for Uniformed Services)/Tricare, Veterans, and military health care.

2/Beginning with the March 1998 CPS, people with no coverage other than access to Indian Health Service are no longer considered covered by health insurance; instead, they are considered to be uninsured. The effect of this change on the overall estimates of health insurance coverage is negligible; however, the decrease in the number of people covered by Medicaid may be partially due to this change.

3/Health insurance questions were redesigned. Increases in estimates of employment-based and military health care coverage may be partially due to questionnaire changes. Overall coverage estimates were not affected.

4/Data collection method changed from paper and pencil to computer-assisted interviewing.

5/Implementation of 1990 census population controls.

6/Implementation of a new March CPS processing system.

Source: March Current Population Survey, Bureau of the Census (in thousands). www.census.gov/hhes/hlthins/historic/hihist5.html

All Persons Under 65 Sources of Health Insurance in the United States and Oklahoma

	OKLAHOMA			PRIVATE HEALTH INSURANCE								PUBLIC HEALTH INSURANCE								
	Pop	Insured	Pct	Uninsured	Pct	Workplace	Pct	Self	Pct	Total	Pct	Medicare	Pct	Medicaid	Pct	Military (1)	Pct	Total	Pct	
1987 (6)	2,818	2,242	79.6%	575	20.4%	20.4%	1,644	58.3%	302	10.7%	1,946	69.1%	23	0.8%	178	6.3%	233	8.3%	434	15.4%
1988	2,744	2,123	77.4%	621	22.6%	22.6%	1,536	56.0%	301	11.0%	1,837	66.9%	36	1.3%	190	6.9%	199	7.3%	425	15.5%
1989	2,733	2,105	77.0%	628	23.0%	23.0%	1,555	56.9%	315	11.5%	1,870	68.4%	42	1.5%	171	6.3%	176	6.4%	389	14.2%
1990	2,682	2,112	78.7%	570	21.3%	21.3%	1,567	58.4%	286	10.7%	1,853	69.1%	40	1.5%	221	8.2%	165	6.2%	426	15.9%
1991	2,778	2,199	79.2%	579	20.8%	20.8%	1,669	60.1%	212	7.6%	1,881	67.7%	49	1.8%	238	8.6%	170	6.1%	457	16.5%
1992 (5)	2,883	2,166	75.1%	717	24.9%	24.9%	1,471	51.0%	335	11.6%	1,806	62.6%	39	1.4%	274	9.5%	217	7.5%	530	18.4%
1993 (4)	2,954	2,171	73.5%	783	26.5%	26.5%	1,593	53.9%	214	7.2%	1,807	61.2%	46	1.6%	322	10.9%	199	6.7%	567	19.2%
1994 (3)	2,828	2,253	79.7%	575	20.3%	20.3%	1,669	59.0%	197	7.0%	1,866	66.0%	41	1.4%	373	13.2%	152	5.4%	566	20.0%
1995	2,780	2,165	77.9%	615	22.1%	22.1%	1,560	56.1%	199	7.2%	1,759	63.3%	42	1.5%	376	13.5%	164	5.9%	582	20.9%
1996	2,898	2,331	80.4%	567	19.6%	19.6%	1,711	59.0%	194	6.7%	1,905	65.7%	62	2.1%	412	14.2%	209	7.2%	683	23.6%
1997 (2)	2,928	2,338	79.8%	591	20.2%	19.0%	1,847	63.1%	158	5.4%	2,005	68.5%	74	2.5%	234	8.0%	310	10.6%	618	21.1%
1998	2,823	2,224	78.8%	599	21.2%	20.0%	1,771	62.7%	133	4.7%	1,904	67.4%	91	3.2%	218	7.7%	244	8.6%	553	19.6%

	UNITED STATES				PRIVATE HEALTH INSURANCE								PUBLIC HEALTH INSURANCE						
	Pop	Insured	Pct	Uninsured	Pct	Workplace	Pct	Self	Pct	Total	Pct	Medicare	Pct	Medicaid	Pct	Military (1)	Pct	Total	Pct
1987 (6)	212,700	181,980	85.6%	30,720	14.4%	140,909	66.2%	21,124	9.9%	162,033	76.2%	3,124	1.5%	17,824	8.4%	9,429	4.4%	30,377	14.3%
1988	214,663	182,258	84.9%	32,405	15.1%	141,769	66.0%	20,409	9.5%	162,178	75.6%	3,201	1.5%	18,277	8.5%	9,027	4.2%	30,505	14.2%
1989	216,625	183,549	84.7%	33,076	15.3%	142,195	65.6%	21,412	9.9%	163,607	75.5%	3,244	1.5%	18,608	8.6%	8,765	4.0%	30,617	14.1%
1990	218,793	184,351	84.3%	34,443	15.7%	140,213	64.1%	21,356	9.8%	161,569	73.8%	3,465	1.6%	21,679	9.9%	8,771	4.0%	33,915	15.5%
1991	220,858	185,702	84.1%	35,156	15.9%	139,963	63.4%	20,697	9.4%	160,660	72.7%	3,529	1.6%	23,989	10.9%	8,642	3.9%	36,160	16.4%
1992 (5)	226,399	188,107	83.1%	38,292	16.9%	138,852	61.3%	21,970	9.7%	160,822	71.0%	3,940	1.7%	26,547	11.7%	8,347	3.7%	38,834	17.2%
1993 (4)	228,973	189,624	82.8%	39,349	17.2%	138,371	60.4%	23,655	10.3%	162,026	70.8%	3,707	1.6%	29,040	12.7%	8,352	3.6%	41,099	17.9%
1994 (3)	230,838	191,409	82.9%	39,428	17.1%	148,564	64.4%	14,495	6.3%	163,059	70.6%	3,724	1.6%	28,770	12.5%	9,615	4.2%	42,109	18.2%
1995	232,656	192,374	82.7%	40,281	17.3%	150,316	64.6%	13,811	5.9%	164,127	70.5%	4,134	1.8%	29,057	12.5%	8,224	3.5%	41,415	17.8%
1996	234,915	193,536	82.4%	41,379	17.6%	152,273	64.8%	13,898	5.9%	166,171	70.7%	4,610	2.0%	28,235	12.0%	7,714	3.3%	40,559	17.3%
1997 (2)	237,011	193,897	81.8%	43,115	18.2%	154,128	65.0%	13,717	5.8%	167,845	70.8%	4,720	2.0%	26,055	11.0%	7,403	3.1%	38,178	16.1%
1998	239,348	195,426	81.6%	43,923	18.4%	157,426	65.8%	13,264	5.5%	170,690	71.3%	4,801	2.0%	24,893	10.4%	7,561	3.2%	37,255	15.6%

Employment: Insurance is obtained at the workplace either as an employee or dependent. Self: Individually purchased insurance. Medicare: Those under age 65 eligible for Medicare. Military: Includes CHAMPUS and VA Champus as well as active duty military.

1/Includes CHAMPUS (Comprehensive Health and Medical Plan for Uniformed Services)/Tricare, Veterans, and military health care.

2/Beginning with the March 1998 CPS, people with no coverage other than access to Indian Health Service are no longer considered covered by health insurance; instead, they are considered to be uninsured. The effect of this change on the overall estimates of health insurance coverage is negligible; however, the decrease in the number of people covered by Medicaid may be partially due to this change.

3/Health insurance questions were redesigned. Increases in estimates of employment-based and military health care coverage may be partially due to questionnaire changes. Overall coverage estimates were not affected.

4/Data collection method changed from paper and pencil to computer-assisted interviewing.

5/Implementation of 1990 census population controls.

6/Implementation of a new March CPS processing system.

Source: March Current Population Survey, Bureau of the Census (in thousands). www.census.gov/hhes/hlthins/historic/hihist6.html