

**Rapid Increases in Medicaid and Medicare Account for Most of the Rise in Health Insurance Coverage, 1987 to 2007—
Looking Beyond the Small Year-to-year Fluctuations**

Data Brief

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www.healthreformprogram.org 26 August 2008

The number of uninsured Americans rose from 31 to 46 million from 1987 to 2007, an increase of 47 percent. Without the rapid rise in Medicaid enrollments during these years, the number of uninsured Americans would have skyrocketed even faster than it did. That's because the private health insurance enrollment increases of 20 million (11 percent rise) did not remotely keep pace with U.S. population growth of 58 million (24 percent rise).

Over the past two decades, the number of Americans with health insurance coverage rose by over 43 million people, or 20.6 percent. Rapid increases in enrollments in two public programs, Medicaid and Medicare, apparently account for most of the rise in the number of people with coverage, according to analyses of data released today by the U.S. Census Bureau.

As shown in the following table, Medicaid enrollment rose by 95.7 percent from 1987 to 2007, and Medicare by 35.8 percent.

By contrast, the number of Americans with private insurance coverage rose by only 10.9 percent during these two decades. As a result, the share of the population with private health insurance fell dramatically from 75.6 percent in 1987 to 67.5 percent in 2007.

People with and without insurance coverage, 1987 and 2007							
	<u>Population</u>	<u>Insured</u>	<u>Private</u>	<u>Medicaid</u>	<u>Medicare</u>	<u>Public total</u>	<u>Uninsured</u>
2007	299,106,000	253,449,000	201,991,000	39,554,000	41,375,000	83,031,000	45,657,000
1987	241,187,000	210,161,000	182,160,000	20,211,000	30,458,000	56,282,000	31,026,000
Rise, 1987 - 2007	57,919,000	43,288,000	19,831,000	19,343,000	10,917,000	26,749,000	14,631,000
Percentage rise, 1987 – 2007	24.0%	20.6%	10.9%	95.7%	35.8%	47.5%	47.2%

Source: Calculated from U.S. Census Bureau, Income, Poverty, and Health Insurance Coverage in the United States: 2007, August 2008, Table C-1. Note: Because one person could be covered by multiple sources in a given year, the sum of the reported private and public increases of 46.6 million exceeds the actual rise in the number of insured people of 43.3 million.

The two charts that follow depict changes in private insurance, Medicaid, and Medicare coverage over the two decades captured in today's Census Bureau report.

The first chart shows the percentage rise in the number of people covered by private insurance, Medicaid, Medicare, and all forms of public coverage between 1987 and 2007. The number of people covered by Medicaid almost doubled.

The pie chart which follows shows the shares of the increase in the number of people insured who were covered by private insurance, Medicaid, and Medicare. Private insurance and Medicaid each accounted for almost two-fifths of the increase, and Medicare accounted for slightly over one-fifth of the increase.

Comment

Any huge changes—such as the near-doubling in the number of people covered by Medicaid—are sure to result in dislocations. Indeed, the high costs of Medicaid burden many states' budgets. This is true even though much of the enrollment growth in Medicaid stemmed from improvements in coverage of children, most of whom are relatively inexpensive to insure.

Medicaid's capacity to continue to offset drops in the share of Americans covered by private health insurance is constrained by state budget deficits and limits on state revenues. Many states today are reluctantly weighing cuts in Medicaid coverage even though the deteriorating economy means increased need for Medicaid's protections.

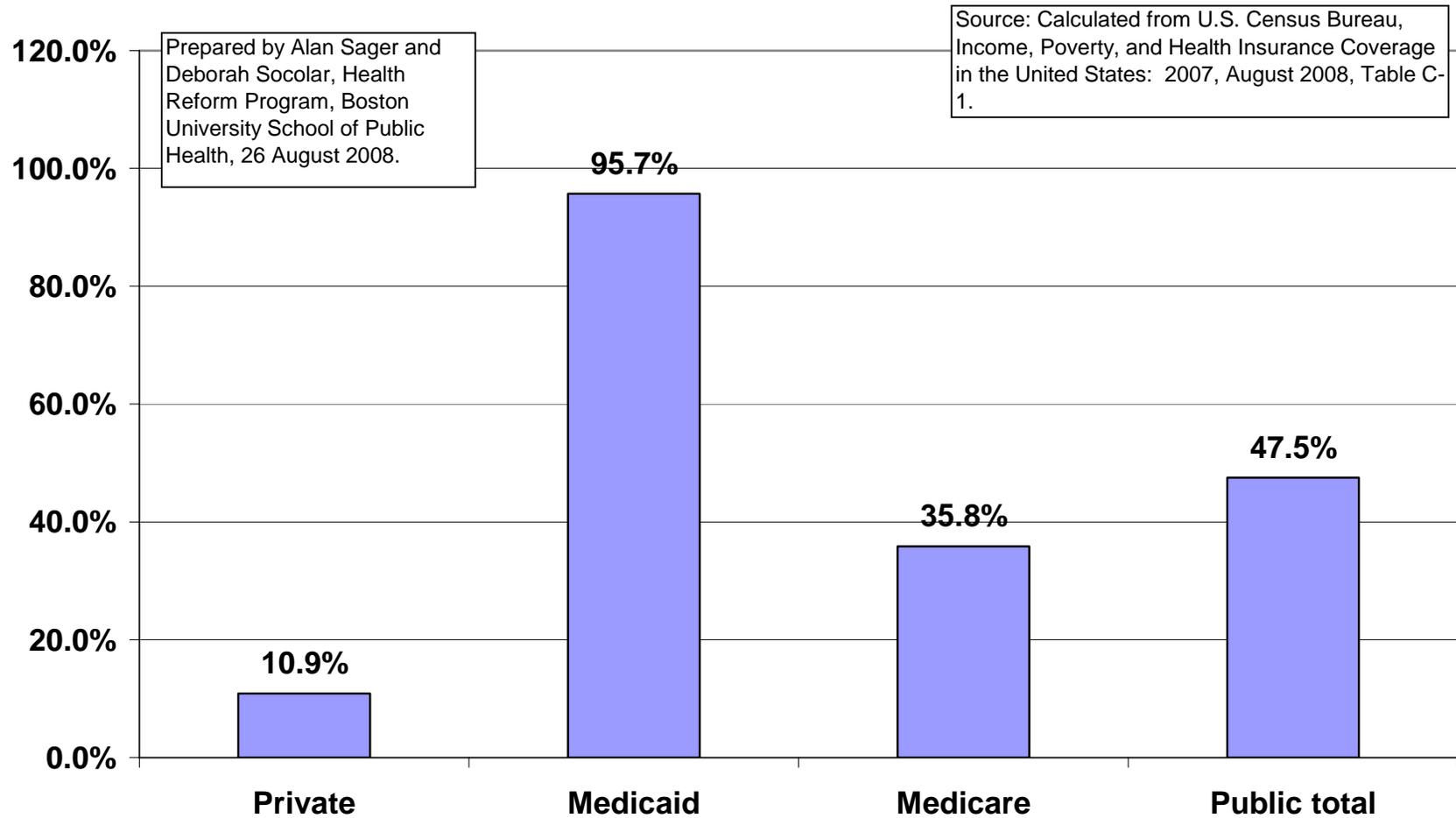
Ultimately, it is the high and rising cost of health care in the United States that threatens health insurance coverage, both private and public. U.S. health spending per person is double that of other wealthy nations, and it is four times defense spending here. Current U.S. health spending is already enough to finance high-quality care for all Americans, but roughly one-half of it is wasted, as we have shown in earlier reports.

Real cost control must squeeze out spending that is wasted today, capture the resulting savings, and recycle them to doctors, hospitals, and other caregivers—so that savings can be made available to cover all Americans without increasing U.S. health care spending.

Unfortunately, no cost controls attempted to-date have succeeded—not government regulations and not market forces. That's mainly because cost controls did not target waste, did not promise to recycle savings, and—perhaps most important—did not enlist the active and enthusiastic cooperation of the Americans whose decisions control almost 90 percent of health spending—the nation's physicians (as we have documented elsewhere).

The Census Bureau's latest figures show a drop in the uninsured share of the Massachusetts population. Other recent data from the state make it clear that a large share of those who gained coverage received fully-subsidized insurance similar to Medicaid. Coverage gains in Massachusetts will be threatened unless the state moves to genuinely contain costs here—already highest in the world.

Percentage Rise in Number of Americans with Private Health Insurance, Medicare, and Medicaid, 1987 - 2007



Sources of Increased Health Insurance Coverage, United States, 1987 - 2007

Medicare,
10,917,000, 22%

Private, 19,831,000,
39%

Prepared by Alan Sager
and Deborah Socolar,
Health Reform Program,
Boston University School
of Public Health, 26
August 2008.

Medicaid, 19,343,000,
39%

Source: Calculated from U.S.
Census Bureau, *Income,
Poverty, and Health Insurance
Coverage in the United States:
2007*, August 2008, Table C-1.
Note: Because one person could
be covered by multiple sources in
a given year, the sum of the
reported increases from these
three sources of 50.1 million
exceeds the actual rise in the
number of insured people of 43.3
million.