

2005 Arkansas Fact Book:

A Profile of the Uninsured

**Arkansas
Center for
Health
Improvement**

SEPTEMBER 2005

Suggested citation:

Arkansas Center for Health Improvement. *2005 Arkansas Fact Book: A Profile of the Uninsured*. ACHI: Little Rock, AR, 2005.

Foreword

One of the biggest challenges facing our state and the nation is how we pay for health care that our citizens need. Nationwide, almost 46 million or 16% of Americans are uninsured. In Arkansas, nearly 456,000 people do not have access to health insurance—17% of our state's population. *The face of the uninsured is the face of every Arkansan—lack of insurance affects men and women of all ages, ethnic backgrounds, and geographic regions of the state.*

The evidence clearly indicates that individuals without health insurance delay seeking care when it is needed, obtain more expensive and less effective treatments, and die at a younger age than those with health insurance coverage. Those without insurance are less likely to receive preventive care, are more likely to be hospitalized for avoidable health problems, and are more likely to be diagnosed in the late stages of disease. Having insurance improves health overall and could reduce mortality rates for the uninsured by 10% to 15%.

As documented in this report, the uninsured live in every community across the state. Families are often faced with the high cost of medical care from unexpected illnesses. Those without health insurance coverage are more financially vulnerable to the high cost of care, are exposed to higher out-of-pocket costs than the insured, and frequently are forced to resort to bankruptcy as a protection against

uncovered medical expenses. The detrimental effects of uninsurance on families, communities, and our state are pervasive.

This *2005 Arkansas Fact Book: A Profile of the Uninsured* describes how many Arkansans lack coverage, what gaps exist in sources of health insurance, and who the uninsured are in Arkansas. A majority of the data presented here comes from ACHI's Arkansas Household Survey of Health Insurance Status, conducted in 2001 and 2004; supplemental state and federal data sources are also incorporated.

From 2001 to 2004, health care coverage expanded for the elderly on Medicare through a pharmacy benefit and for children (0–18 years) through expanded coverage in the ARKids program, a Medicaid program. During this same period, private sector coverage for the 19–64-year-old population continued to be eroded by high costs and decreased employer participation in group coverage. This resulted in an increase in the number of uninsured Arkansans.

Employers across the state are the primary source of private health insurance coverage. However, we Arkansans are less healthy than our counterparts nationwide, our costs of receiving health care are increasing dramatically while incomes grow slowly, and more of our state's employers are being forced to drop or cut health insurance benefits.

Expanding health insurance coverage and preventing erosion of existing coverage

will require the development of unique and versatile approaches that are embraced by all who are affected by health insurance—individuals; families; employers; insurers; health care providers; and local, state, and federal governments.

It is our hope that this report will continue to inform policy debates and assist decision makers in the state as they evaluate policy options to solve the problems of uninsurance in Arkansas and the nation.



Joseph W. Thompson, MD, MPH
Director,
Arkansas Center for Health Improvement

Acknowledgments

To address the growing crisis in health insurance coverage, in 2000, Arkansas Governor Mike Huckabee asked the Arkansas Center for Health Improvement (ACHI) to lead in examining health insurance issues facing our state. To support this activity, ACHI applied for and received significant funding from the Health Resources and Services Administration (HRSA) State Planning Grant Program (grant #13867) to examine the issues and develop a platform of long-term strategic recommendations for the state. ACHI also received a \$1.3-million Demonstration Grant

from the Robert Wood Johnson Foundation (RWJF) State Coverage Initiative Program (grant #43018), which provides technical assistance and supports implementation of these recommendations.

Previously, no systematic assessment or ongoing monitoring had been used to develop insurance coverage options or direct policy in Arkansas. ACHI completed the first empirical assessment and systematic evaluation of strategies to address uninsured Arkansans in 2001.

Statewide data collection from house-

holds and employers was conducted in 2001 and 2004 to assess the availability of and need for health insurance in Arkansas. With this new information a Roundtable consisting of 21 private-citizen members representing employers, consumers, and health insurers/providers examined all options for stabilizing and expanding health insurance coverage in the state.

The Roundtable meets on a regular basis and is serving as the platform for development and implementation of a 5–10-year strategic health policy plan for Arkansas.

Arkansas Health Insurance Expansion Initiative Roundtable Members 2005

Roundtable Chair

Bill B. Lefler, DDS, FACP Major General, USA (Ret.)

Roundtable Vice Chair

Joseph W. Thompson, MD, MPH, Arkansas Center for Health Improvement

Consumer Representatives

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Southern Good Faith Fund
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Carter & Associates
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The Robbi Davis Agency, Inc.

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Dixon Manufacturing
Charles Mazander
Mazander Engineered Equipment
Joseph Meyer
Alltel Corporation
Jerry Standridge
Citizens Bank
Sandy Stroope
Boat World, Inc.
Barbara King
Former State Representative

This report was developed by ACHI staff. Specifically, staff members who made substantial contributions to the concept, design and content include Lorrie Barr, Paula Card-Higginson, Suzanne McCarthy, Dilan Pinidiya, PJ Reed, Amy Rossi, Kevin Ryan, Jennifer Shaw, Joe Thompson, and Debbie Veach.

2005 Arkansas Fact Book: A Profile of the Uninsured

Arkansas at a Glance

Population

Table 1: Demographics

	United States	Arkansas
Population, age and gender (2004)		
Total population ¹	293,655,404	2,752,629
Gender ^{2,3}		
Female	50.8%	51.0%
Male	49.2%	49.0%
Age ^{2,3}		
<18 years	25.0%	24.6%
18–64 years	62.7%	61.6%
64+ years	12.4%	13.8%
Ethnicity/Hispanic and Latino origin (2004)¹		
White, non-Hispanic	67.4%	77.2%
Black non-Hispanic	12.2%	15.6%
Hispanic & Latino origin	14.1%	4.4%
Asian, non-Hispanic	4.1%	0.9%
Other, non-Hispanic	2.2%	1.8%
Households/families (2003)⁴		
Average household* size	2.6 persons	2.46 persons
Average family* size	3.2 persons	2.98 persons
Economic characteristics⁴		
Median household income	\$43,564	\$34,246
Median family income	\$52,273	\$41,072
Per capita* income	\$23,110	\$18,556

Data sources:

¹U.S. Census Bureau. Table 4: Annual Estimates of the Population by Race Alone and Hispanic or Latino Origin for the United States and States: July 1, 2004 (SC-EST2004-04). Population Division, U.S. Census Bureau, August 11, 2005. Available at www.census.gov [accessed 08/23/05].

²U.S. Census Bureau. Table 2: Annual Estimates of the Population by Sex and Age for Arkansas: April 1, 2000 to July 1, 2004 (SC-EST2004-02-05). Population Division, U.S. Census Bureau, March 2005. Available at www.census.gov [accessed 08/23/05].

³U.S. Census Bureau. Table 2: Annual Estimates of the Population by Selected Age Groups and Sex for the United States: April 1, 2000 to July 1, 2004 (NC-EST2004-02). Population Division, U.S. Census Bureau, June 9, 2005. Available at www.census.gov [accessed 08/23/05].

⁴U.S. Census Bureau. Fact Sheet: Arkansas 2003 American Community Survey Data Profile Highlights. U.S. Census Bureau, 2003. Available at www.census.gov [accessed 08/23/05].

*A **household** includes all the people who occupy a housing unit as their usual place of residence. A **family** is defined as a group of two or more people who reside together and who are related by birth, marriage, or adoption. **Per capita income** is the average obtained by dividing aggregate income by total population of an area.

- Arkansas families earn less annual income than the average family in the United States.
- Arkansas families have a difficult time buying health insurance because of limited family incomes.
- When health care needs arise, the capacity of uninsured Arkansas families to absorb medical costs is compromised.

“Many families without health insurance are faced with a very difficult choice—deplete their savings to pay for health care or forgo needed treatment and medication. *“We are damned if we do and damned if we don’t.”*”

~Participant,
Arkansas Family Focus Group, 2005

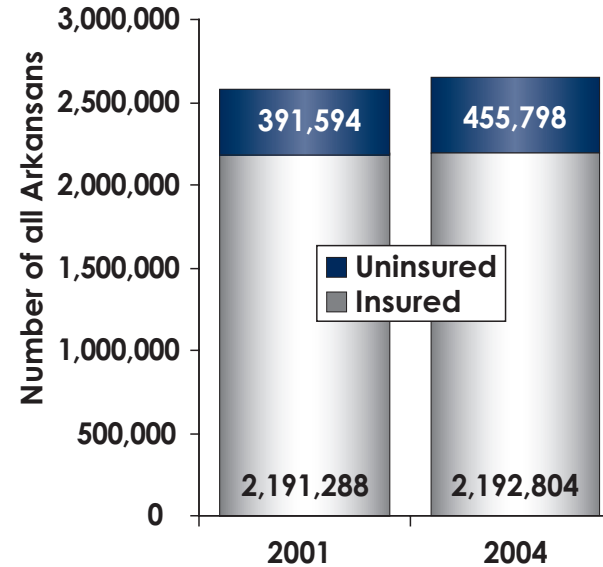
Arkansas at a Glance

Insurance status

- While a majority of Arkansans have health insurance, a substantial number of the state's residents do not and this number is increasing.
- In 2001, an estimated 15% of Arkansas residents did not have health insurance. In 2004, the number of uninsured Arkansans increased to an estimated 17%.
- The uninsured comprise men and women of all ages, ethnic groups, and employment status.

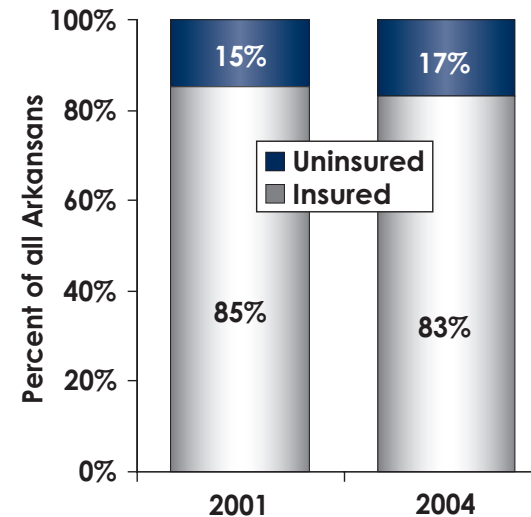
*Almost half a million
Arkansans did not
have health insurance
in 2004.*

**Figure 1:
Number of all
Arkansans by
insurance status
(2001 vs. 2004)**



Data source: Arkansas Center for Health Improvement. Arkansas Household Survey of Health Insurance Status. Little Rock, AR: ACHI; 2001 and 2004.

**Figure 2:
Percentage
of all Arkansans
by insurance status
(2001 vs. 2004)**

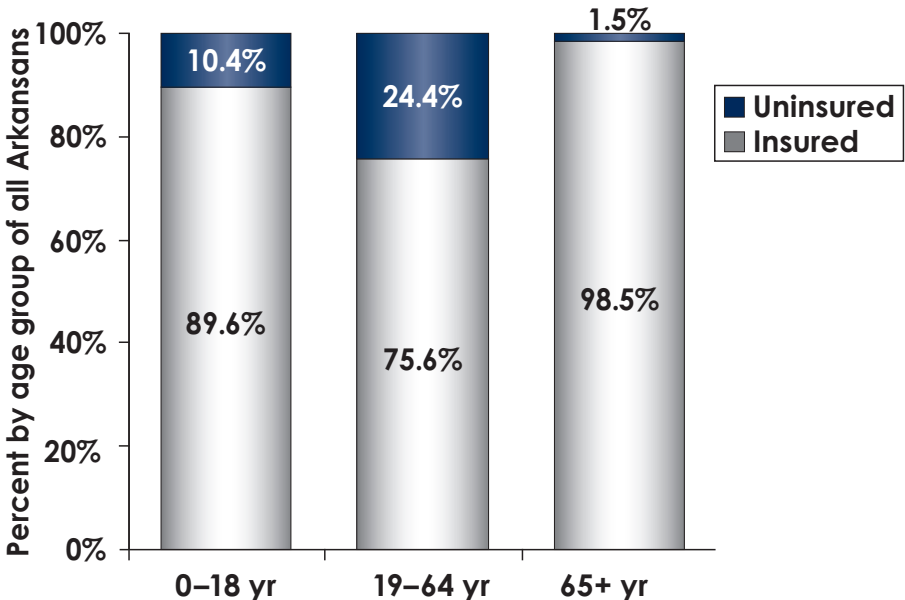


Data source: Arkansas Center for Health Improvement. Arkansas Household Survey of Health Insurance Status. Little Rock, AR: ACHI; 2001 and 2004.

The Insured in Arkansas

Insured Arkansans by age group

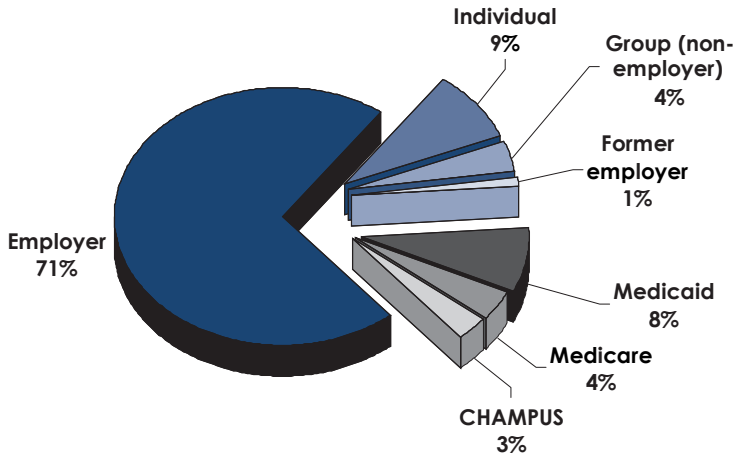
Figure 3: Percentage of insured Arkansans by age group (2004)



Data source: Arkansas Center for Health Improvement. Arkansas Household Survey of Health Insurance Status. Little Rock, AR: ACHI; 2004.

- Through federal, state, and private programs, 9 out of 10 children (0–18 years) have health insurance.
- More than half of all children received coverage from the state’s Medicaid program ARKids First in 2004.
- Medicare covered virtually all older adults (65+ years) in Arkansas in 2004.
- Only 3 out of 4 working-age adults (19–64 years) had insurance in 2004.

Figure 4: Sources of health insurance for adult (19–64 years) Arkansans (2004)



Data source: Arkansas Center for Health Improvement. Arkansas Household Survey of Health Insurance Status. Little Rock, AR: ACHI; 2004.

Sources of health insurance coverage for adults

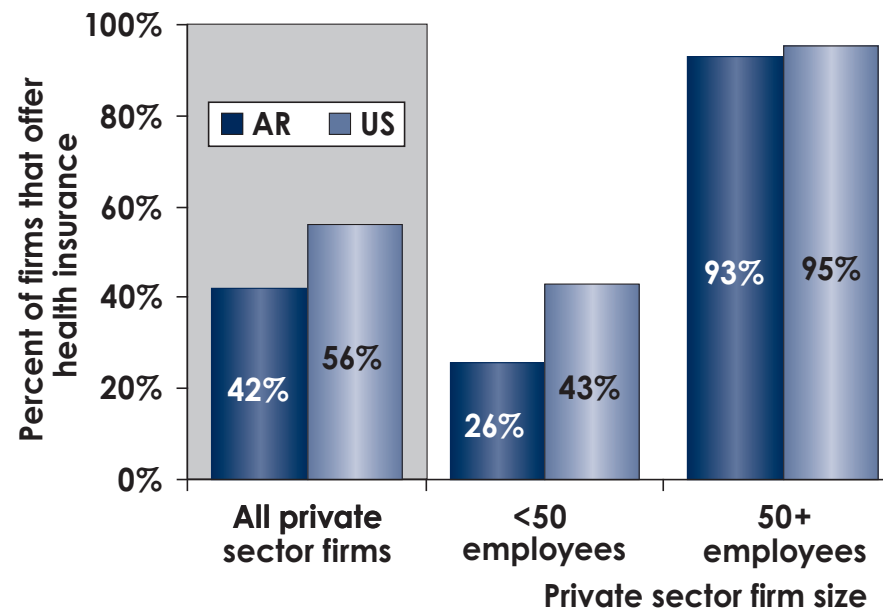
- Most adult Arkansans (71%) with health insurance coverage in 2004 received it as a benefit of employment.
- In 2004, about 15% of insured adult (19–64 years) Arkansans were enrolled in publicly financed programs (Medicaid, Medicare and CHAMPUS).

The Insured in Arkansas

Private sector firms and health insurance

- Arkansans who work for small employers are less likely to have access to health insurance than those working for large firms.
- Almost all (93%) large Arkansas employers (50+ employees) offered health insurance to their employees as a benefit in 2003—a rate similar to the national average of 95%.
- In 2003 the portion of small private firms (<50 employees) in Arkansas that offered health insurance was substantially lower than the national average (26% versus 43%).

Figure 5: Percentage of private sector firms that offer health insurance (2003)



Data source: 2003 Medical Expenditure Panel Survey-Insurance Component. Table II.A.2(2003) Percent of private-sector establishments that offer health insurance by firm size and State: United States, 2003. Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends. Available at www.meps.ahrq.gov [accessed 08/24/05].

“Many business owners and small business managers have stated that health insurance is an important benefit that they wish to offer to their employees, but the expense is more than their companies can bear. One employer stated, *“The rising cost of health insurance will not allow me to have insurance because the cost is just too high for my small business.”*”
—Participant, Arkansas Small Employer Focus Group, 2005

The Insured in Arkansas

Private sector firms and health insurance

Figure 6: Number of Arkansans employed by business type and size

Data source for private sector firms: 2003 Medical Expenditure Panel Survey-Insurance Component, Table II.B.1(2003) Number of private-sector employees by firm size and State: United States, 2003. Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends. Available at www.meps.ahrq.gov [accessed 08/24/05]. Data source for government employees: Arkansas Employment Security Department, Arkansas Covered Employment & Earnings, Fourth Quarter 2004. Little Rock, AR: Bureau of Labor Statistics Programs, Arkansas Employment Security Department, June 2005.

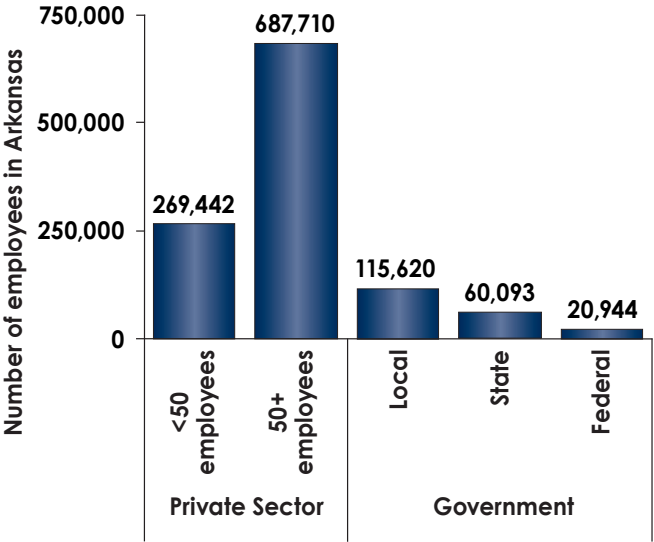
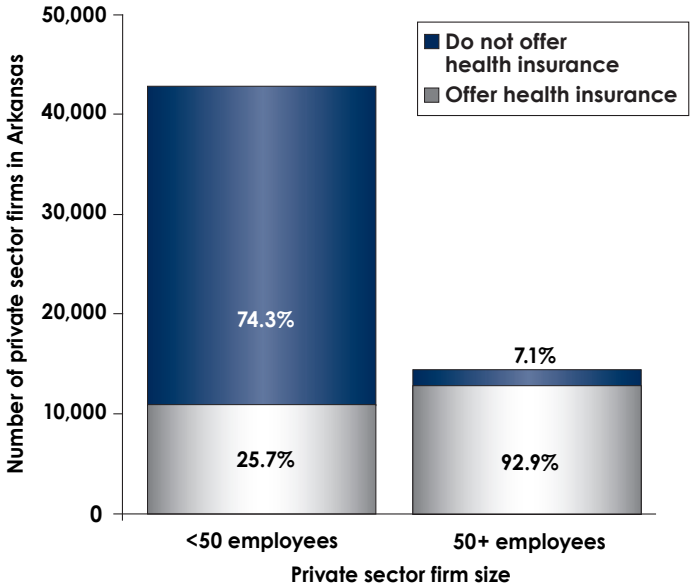


Figure 7: Number of Arkansas private firms that offer health insurance by firm size (2003)

Data sources: 2003 Medical Expenditure Panel Survey-Insurance Component, Table II.A.2(2003) Percent of private-sector establishments that offer health insurance by firm size and State: United States, 2003. Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends. 2003 Medical Expenditure Panel Survey-Insurance Component, Table II.A.1(2003) Number of private-sector establishments by firm size and State: United States, 2003. Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends. Available at www.meps.ahrq.gov [accessed 08/24/05].



- Although more employees in the state work for large rather than small employers, the decision to make health insurance available as a benefit is made by individual business owners and benefit managers.
- Most employers in Arkansas are small and do not offer health insurance as a benefit to their employees.
- Federal, state, and most local governments have employer-sponsored health insurance plans.

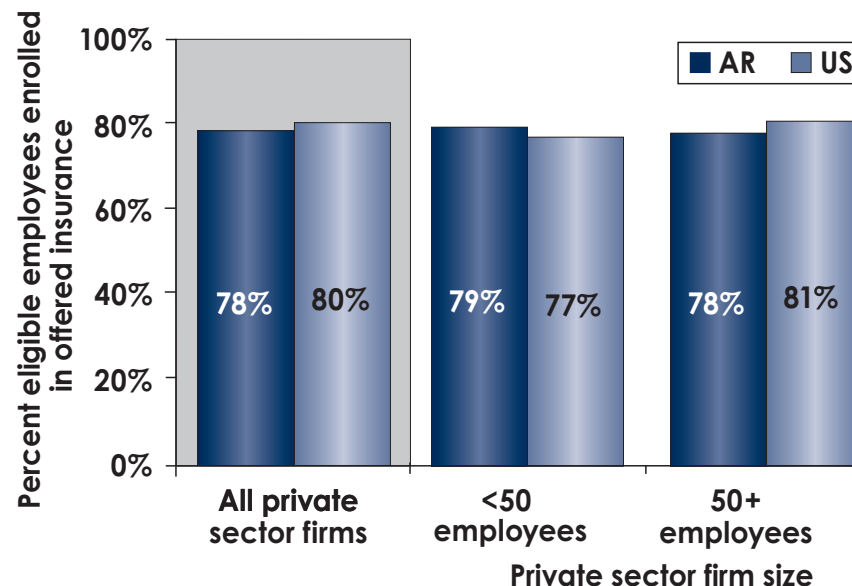
Less than half of all private sector firms and only about 1 out of 4 small employers in Arkansas offered health insurance coverage to their employees.

The Insured in Arkansas

Purchase of health insurance when offered

- When Arkansas employers offered health insurance benefits to their employees, most (78%) employees purchased it.
- This “purchase rate if offered” was similarly high whether the business was large (>50 employees) or small (<50 employees).
- New programs should target small employers and provide meaningful yet affordable coverage options.

Figure 8: Percentage of eligible employees enrolled in health insurance offered by private sector firms (2003)



Data source: 2003 Medical Expenditure Panel Survey-Insurance Component. Table II.B.2.a(1)(2003) Percent of private-sector employees eligible for health insurance that are enrolled in health insurance at establishments that offer health insurance by firm size and State: United States, 2003. Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends. Available at www.meps.ahrq.gov [accessed 08/24/05].

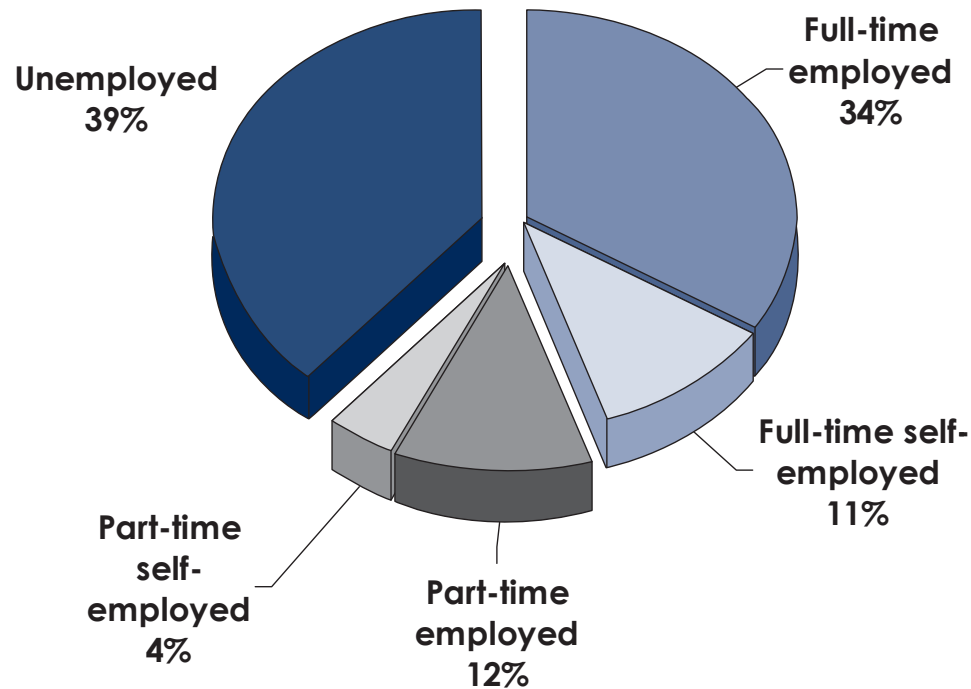
“Many Arkansans are unable to pay for health insurance coverage. One person recently stated, “[My] insurance was \$800 a month, then with the additional cost of all of the uncovered medications from pre-existing conditions, the cost of coverage was increased to \$1,400 a month. I [declined the coverage] because it was way too expensive.”

~Participant,
Arkansas Family Focus Group, 2005

The Uninsured in Arkansas

Employment among the uninsured

Figure 9: Employment status of uninsured adult (19–64 yr) Arkansans (2004)



Data source: Arkansas Center for Health Improvement. Arkansas Household Survey of Health Insurance Status. Little Rock, AR: ACHI; 2004.

- The majority (61%) of the uninsured were working in either full-time (45%) or part-time (16%) jobs in 2004.

More than 3 out of 5 uninsured Arkansans are employed.

“Some Arkansans have jobs, but do not qualify for benefits. One woman reported, “I have a job now that doesn't offer insurance up front. But if I stay with them long enough I'll start receiving it.”

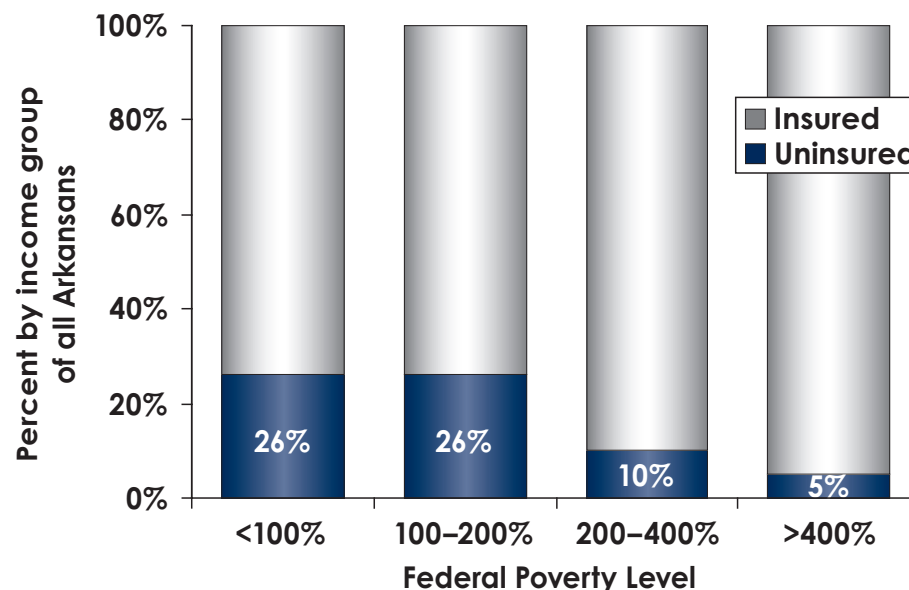
—Participant, Arkansas Family Focus Group, 2005

The Uninsured in Arkansas

Earnings among the uninsured

- In 2004, more than one-fourth of Arkansans with family incomes below \$19,000 (100% of the federal poverty level [FPL] for a family of 4) did not have health insurance coverage.
- The same was true for Arkansas families who earned between \$19,000 and \$38,000 (100%–200% of the FPL for a family of 4).
- More than half of all Arkansas families make less than \$35,000 annually. For a family of 4, this median income is below 200% of the FPL (\$37,700).

Figure 10: Percentage of uninsured Arkansans by federal poverty level (2004)



Data source: Arkansas Center for Health Improvement. Arkansas Household Survey of Health Insurance Status. Little Rock, AR: ACHI: 2004.

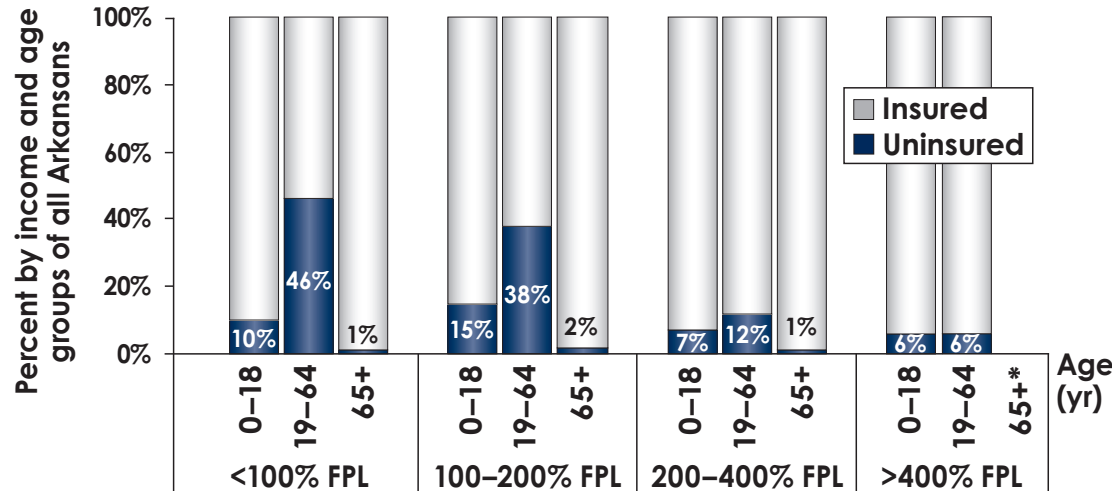
“For many low-income Arkansans, increased cost sharing makes insurance unaffordable due to their low wages. “[T]he premiums were \$73 a week. I couldn’t afford it.” Another stated, “I am a full-time employee. My wife lost her job due to illness and I couldn’t make enough to pay for the health insurance [for both of us] as a single-wage earner.”

~Participants,
Arkansas Family Focus Group, 2005

The Uninsured in Arkansas

Earnings among the uninsured

Figure 11: Percentage of uninsured Arkansans by federal poverty level and age group (2004)



*Data not available.
Data source: Arkansas Center for Health Improvement. Arkansas Household Survey of Health Insurance Status. Little Rock, AR: ACHI; 2004.

- In Arkansas, children in low-income families (<200% FPL) qualify for Medicaid (ARKids) and most of these children are insured.
- In contrast, low-income working-age adults do not qualify for Medicaid unless they are also disabled and have limited financial assets. Almost half (46%) of Arkansans between 19 and 64 years of age with family incomes less than 100% of the FPL were uninsured in 2004.

Table 2: Federal poverty levels defined by family income and size (2004)

Family size	Percent of federal poverty level					
	100%	133%	185%	200%	300%	400%
1	\$9,310	\$12,382	\$17,224	\$18,620	\$27,930	\$37,240
2	\$12,490	\$16,612	\$23,107	\$24,980	\$37,470	\$49,960
3	\$15,670	\$20,841	\$28,990	\$31,340	\$47,010	\$62,680
4	\$18,850	\$25,071	\$34,873	\$37,700	\$56,550	\$75,400
5	\$22,030	\$29,300	\$40,756	\$44,060	\$66,090	\$88,120
6	\$25,210	\$33,529	\$46,639	\$50,420	\$75,630	\$100,840
7	\$28,390	\$37,759	\$52,522	\$56,780	\$85,170	\$113,560
8	\$31,570	\$41,988	\$58,405	\$63,140	\$94,710	\$126,280

Data source: Department of Health and Human Services Annual Update of the HHS Poverty Guidelines. Federal Register, Vol. 69, No. 30, February 13, 2004, pp. 7336-7338. Available at www.gpoaccess.gov/fr/index.html [accessed 08/29/05].

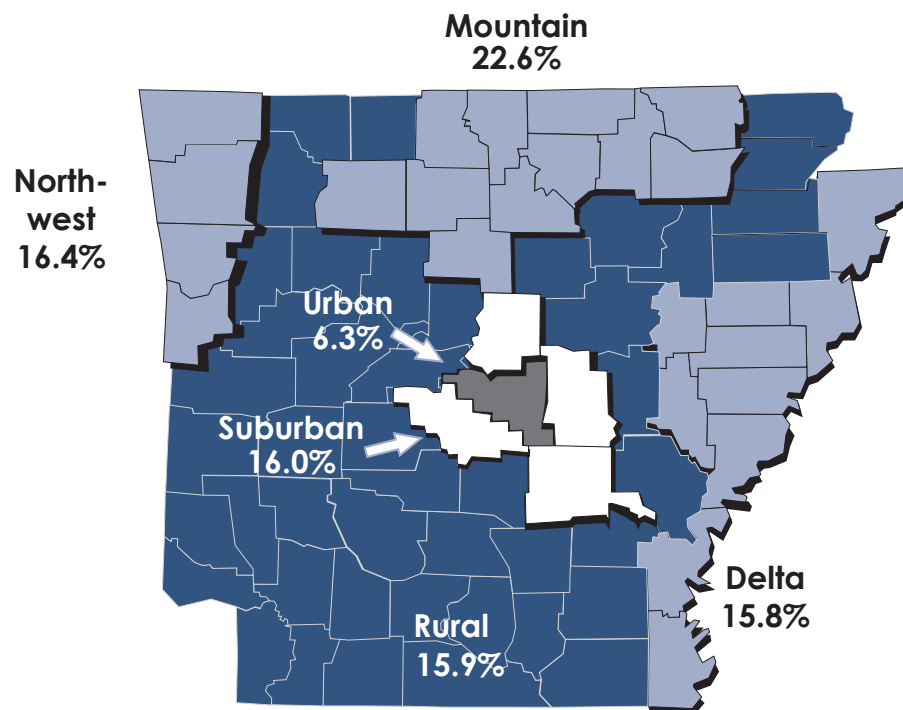
Note that rates shown are for the 48 contiguous states and the District of Columbia. These guidelines are used for administrative purposes to determine, for example, whether a person or family is financially eligible for assistance or services under a particular federal program.

The Uninsured in Arkansas

Characteristics of the uninsured—geographic region

- Insurance coverage varies widely by region, affecting the health of communities.
- In Arkansas in 2004, estimates of uninsurance rates ranged from a low of 6% of residents in central Arkansas (Pulaski County) to a high of 23% in the north central mountain counties.

Figure 12: Percentage of uninsured Arkansans by region (2004)



Data source: Arkansas Center for Health Improvement. Arkansas Household Survey of Health Insurance Status. Little Rock, AR: ACHI; 2004.

Almost 1 in 4 Arkansans of all ages in north central Arkansas did not have health insurance coverage in 2004.

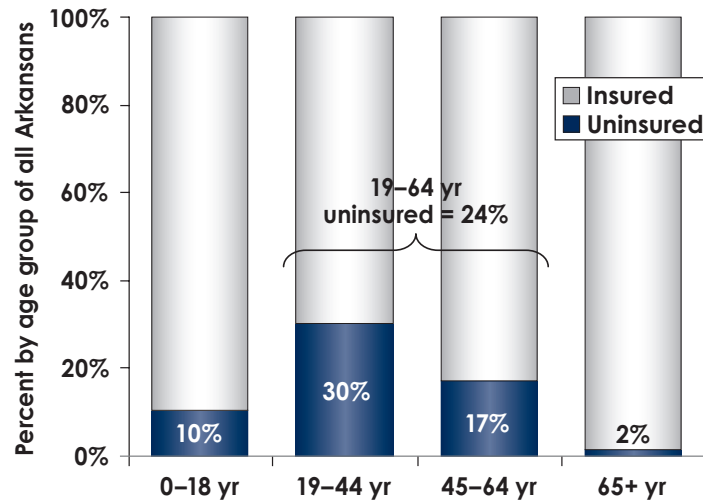
“Employers are often not able to continue to offer health insurance if employees cannot afford the premium. “My husband and I tried to have insurance for our employees. We paid for the insurance and took it out of their payroll. The employees did not like that. Now we don't offer insurance.”

~Participant,
Arkansas Small Employer Focus Group, 2005

The Uninsured in Arkansas

Characteristics of the uninsured—age and gender

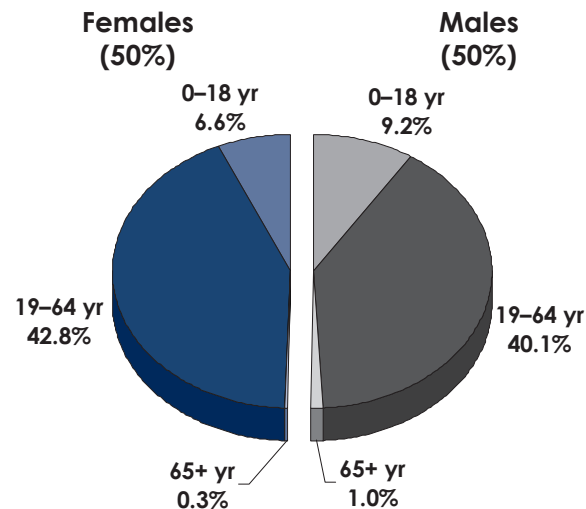
Figure 13: Percentage of uninsured Arkansans by age group (2004)



Data source: Arkansas Center for Health Improvement. Arkansas Household Survey of Health Insurance Status. Little Rock, AR: ACHI; 2001 and 2004.

- The rate of uninsurance among working age adults (19–64 years) was significantly higher than the rates among both children (0–18 years) and adults over 65 years in 2004.
- Whether male or female, most uninsured Arkansans were 19–64 years old in 2004.

Figure 14: Percentage of uninsured Arkansans by gender and age group (2004)



Data source: Arkansas Center for Health Improvement. Arkansas Household Survey of Health Insurance Status. Little Rock, AR: ACHI; 2004.

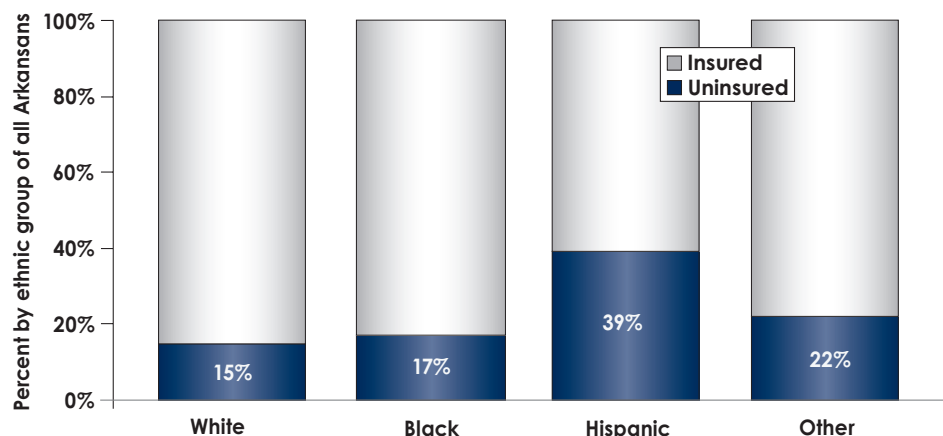
About 1 out of every 3 Arkansans who were between 19 and 44 years of age did not have health insurance coverage in 2004.

The Uninsured in Arkansas

Characteristics of the uninsured—ethnicity

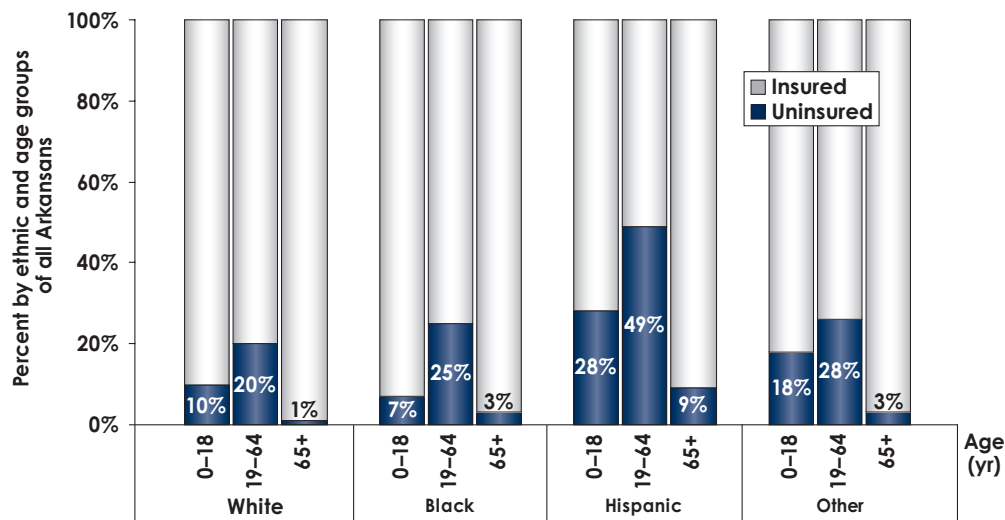
- There are uninsured Arkansans among all ethnic groups in the state.
- However, in 2004, Hispanic Arkansans were disproportionately affected by uninsurance compared with members of other ethnic groups.
- Within most ethnic groups, the uninsured were concentrated in the 19–64-year-old age group in 2004—specifically, 1 out of 5 Whites, 1 out of 4 Blacks, and 1 out of 2 Hispanics did not have health insurance.

Figure 15: Percentage of uninsured Arkansans by ethnic group (2004)



Data source: Arkansas Center for Health Improvement. Arkansas Household Survey of Health Insurance Status. Little Rock, AR: ACHI; 2004.

Figure 16: Percentage of uninsured Arkansans by ethnic and age groups (2004)



Data source: Arkansas Center for Health Improvement. Arkansas Household Survey of Health Insurance Status. Little Rock, AR: ACHI; 2004.

Additional Information

Survey description

The Arkansas Household Survey of Health Insurance Status was conducted in 2001 and repeated in 2004 by the University of Massachusetts, Center for Survey Research, under a subcontract to the Arkansas Center for Health Improvement. Both surveys were funded by a grant from the Health Resources and Services Administration (HRSA) State Planning Grant Program (grant #13867). Information was collected in a

random-digit dial telephone survey. The 2004 Survey comprised a representative sample of Arkansans (nearly 6,700) from across the state. Counties were stratified into geographic regions to increase the number of interviews in less-populated areas, and a weighting system was applied to estimate the number of people living in households. Additional analyses and reporting of the data were supported by a grant from the Robert Wood

Johnson Foundation (RWJF) State Coverage Initiative (grant #43018).

Small employer focus groups and family member focus groups were conducted by the Arkansas Advocates for Children and Families (AACF) under a subcontract to ACHI. Participant quotes and introductory material were abstracted from a report prepared by AACF and are on file at ACHI.

For additional information about the Arkansas Center for Health Improvement and its activities, visit the ACHI web site: www.achi.net.

For information on health insurance expansion activities and data collection in other states, visit the Health Resources and Services Administration (HRSA) State Planning Grants (SPG) and Robert Wood Johnson

Foundation State Coverage Initiative (SCI) web sites: www.hrsa.gov/osp/stateplanning and www.statecoverage.net.

Links

*ACHI's mission is to be a catalyst for improving the health of
Arkansans through evidence-based research, public issue
advocacy, and collaborative program development.*



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