

FACT SHEET

March 2006

Cover Missouri Project: Report 8

Geographic Variations in Health Insurance: A Profile of Missouri

This fact sheet presents excerpts from a research study by the same name that focuses on differences in the patterns of health insurance across geographic areas of Missouri. The purpose of this study is to show how private insurance coverage varies by geography, the relative importance of public coverage in different areas of Missouri, and the extent to which people lack coverage altogether.

The type and size of an employer can differ greatly across geographic areas. Although the majority of people in the United States have coverage through employer-sponsored insurance (ESI), employers outside of large cities generally tend to be smaller and less likely to offer health insurance. This means people in smaller cities and rural communities who want to purchase health insurance will be more dependent on the non-group market in which costs are higher than for ESI. If these costs are high enough that insurance is unaffordable relative to family income, people outside the large cities may turn to public programs, if they are eligible, or be forced to remain uninsured.

Types of Coverage in Missouri

Residents of St. Louis and Kansas City are much more likely to have ESI than residents in other areas of the state (71% versus 58%). The lower rate of ESI outside of the large cities is partially offset by higher rates of private coverage, Medicaid and SCHIP, and other public coverage. The difference in the rates of Medicaid/SCHIP coverage in the different parts of the state is particularly large, with about 20 percent of the non-elderly population outside of the large cities covered versus 12 percent in St. Louis and Kansas City. However, the overall uninsurance rate is still significantly higher in Missouri's smaller cities and rural communities – 14 percent versus 11 percent.

Economic Characteristics

An important place to start when examining geographic variations in health insurance is to consider certain economic differences between Missouri's large cities and the rest of the state:

- In St. Louis and Kansas City, 28 percent of the non-elderly population live in families with incomes below 200 percent of the federal poverty level (FPL) (\$38,700 per year for a family of four in 2005), compared to 39 percent of residents in the rest of the state.
- In addition, 21 percent of residents in Missouri's smaller cities and rural communities live below 100 percent of FPL (\$19,350 per year for a family of four in 2005), versus 14 percent in St. Louis and Kansas City.
- The vast majority of people in Missouri (82%) live in families with at least one full-time worker; however, this rate varies across geographic areas of the state (84% in the large cities compared to 79% in the rest of the state).
- Additionally, 46 percent of workers in St. Louis and Kansas City are employed in firms with 1,000 or more employees, while only 36 percent of workers in the rest of the state are employed in large firms.

The increased likelihood of having family income under 200 percent of FPL outside of the large cities, as well as working for smaller size employers, contributes to these areas having a lower rate of private insurance coverage (especially ESI) and a higher rate of public coverage when compared to St. Louis and Kansas City.

Insurance Coverage Variations by Income

The major role that Medicaid/SCHIP coverage plays in geographic variation of health insurance can be seen within the low-income non-elderly group:

- The Medicaid/SCHIP coverage rate is about 11 percentage points higher outside the large cities (47% versus 36%) for those who are low-income.
- As a result, the low-income uninsurance rate is actually about 5 percentage points lower in areas outside St. Louis and Kansas City – 20 percent versus 25 percent.

The higher income group is very limited in its eligibility for Medicaid/SCHIP coverage. For areas outside of the large cities, where a lower rate of ESI exists, this results in a higher rate of uninsurance.

Insurance Coverage Distribution by Firm Size

There are two factors related to labor market characteristics that contribute to the low rate of ESI coverage outside of the large cities. The first, as mentioned earlier, is that a smaller percentage of workers outside of St. Louis and Kansas City are employed by very large companies. However, the large differential in ESI coverage is also related to the large geographic differential in ESI coverage for workers in small firms in Missouri. In St. Louis and Kansas City, 64 percent of workers at small companies have ESI coverage, while only 42 percent of workers at small firms outside the large cities have ESI coverage. Non-group private and Medicaid/SCHIP coverage does offset some of the geographic gap in ESI for workers in small companies in Missouri; however, the uninsurance rate for these workers is still higher outside the large cities.

Insurance Coverage Distribution by Income, 2000 and 2004

Patterns of insurance coverage changed significantly between 2000 and 2004. In St. Louis and Kansas City, the decline in ESI coverage for all non-elderly was smaller than in other areas of the state. As a result, the geographic gap in the rate of ESI coverage has widened. Although the rates of Medicaid/SCHIP coverage expanded in both areas, the uninsured rate still increased significantly across the state.

Among low-income residents of St. Louis and Kansas City, the ESI rate fell from about 40 percent in 2000 to 26 percent in 2004. In other words, low-income residents of these two large cities were more likely to have ESI coverage than people in other areas of the state in 2000, but by 2004 the ESI coverage rate for low-income residents was similar throughout the state. This drop-off in ESI coverage for low-income residents in St. Louis and Kansas City was partially offset by an increase in Medicaid/SCHIP coverage. Nonetheless, the uninsurance rate for low-income residents of the large cities increased from 2000 to 2004. Outside of the large cities, patterns of insurance coverage among low-income residents changed very little over this period. However, in these areas, the ESI coverage rate among higher-income residents fell substantially; and due to almost no significant changes in other types of coverage, the rate of uninsurance grew.

During the 2000 to 2004 time period, Medicaid was the most important source of insurance coverage for low-income residents of Missouri. This program, along with SCHIP,

also had a significant impact on geographic differences in coverage in the state. Not only did areas outside of St. Louis and Kansas City have a larger share of their overall population living in low-income families, those with low incomes were more likely to participate in public coverage programs. One reason for this was that a greater share of the population outside the large cities was living below 100 percent of FPL and was less likely to have access to ESI. This indicates that the eligibility reductions for Missouri's Medicaid program implemented in 2005 had a disproportionately greater effect on residents of Missouri's small cities and rural communities.

Conclusion

The information in this fact sheet shows that across geographic areas in Missouri there are differences in the types and sizes of employers and in the incomes people earn. These differences are reflected in the mix of health insurance coverage, or lack of coverage, found throughout the state. Small cities and rural communities have less ESI coverage and because of low-income levels, have more coverage through Medicaid and SCHIP. Even among low-income families, a greater share of people who live outside the large cities are enrolled in public coverage programs than are enrolled in St. Louis and Kansas City. This implies that, although Medicaid provides a potentially vital source of coverage for all low-income families, it is especially important for people in small cities and rural communities.

About This Fact Sheet

The information presented here is taken from *Cover Missouri Project: Report 8: Geographic Variations in Health Insurance: A Profile of Missouri*, written by Stephen Zuckerman, PhD, Principal Research Associate, and Allison Cook, BA, Research Assistant, at The Urban Institute's Health Policy Research Center in Washington, DC. Report 8 is part of a series of research papers about the uninsured in Missouri prepared by The Urban Institute and published by the Missouri Foundation for Health.

The complete report is available online at www.mffh.org. Printed copies of this Fact Sheet are available upon request while supplies last. Please contact the MFH Health Policy staff at info@mffh.org or toll-free at 1-800-655-5560.



MISSOURI FOUNDATION FOR HEALTH

Grand Central Building, Suite 400 • 1000 St. Louis Union Station • St. Louis, MO 63103
314-345-5500 Voice • 314-345-5599 Fax • 1-800-655-5560 Toll-Free • www.mffh.org