

## **The Uninsured Near Elderly Nevadan**

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### **ABSTRACT**

Access to adequate health insurance is central to an individual's economic security, because any serious illness can be financially devastating. The uninsured near elderly (NE) are particularly vulnerable, because they have a higher risk of chronic illness than younger persons without insurance. This article provides a demographic, socioeconomic, and health-related profile of the uninsured NE Nevadan. The article also compares the uninsured NE Nevadan with the insured NE Nevadan on selected health status, health care utilization and health care expenditure measures. Finally, the article describes the policy options for insuring the uninsured NE Nevadan.

**Keywords:** Health Insurance, Uninsured, Near Elderly Nevadan

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### **INTRODUCTION**

Access to adequate health insurance is central to an individual's economic security, because any serious illness can be financially devastating. This is especially true of the uninsured near elderly (NE), because they have a higher risk of chronic illness than younger persons without insurance (Jensen, 1998). The NE are usually defined as those persons who are 55-64 years old (Baker, et al., 2006, Sloan & Conover, 1998). There has been less focus on the uninsured NE than on other uninsured groups like young adults, minorities, and the low income and/or working poor, because there are higher

percentages of uninsured among these groups than among the NE. However, the NE uninsured are more likely to be "chronically uninsured" than other uninsured groups (Jensen, 1998). The health status of the uninsured NE is more likely to be negatively impacted by un-insurance (Baker, et al., 2006, Powell-Griner, Bolan & Bland, 1999, Xu, Patel, Vahratian & Ransom, 2006, Jensen, 1998, Holahan, 2006). The NE elderly uninsured are less able to purchase private health insurance due to their relatively low incomes (Powell-Griner, Bolan & Bland, 1999, Jensen, 1998). Finally, the total number of uninsured NE will grow in the future, because the NE are members of the "baby boomer" generation.

Very little is known about the uninsured NE Nevadan. This research appears to be the first survey based study to investigate this topic. This study will provide a demographic, socioeconomic, and health-related profile of the uninsured NE Nevadan, and it will compare the uninsured NE Nevadan with the insured NE Nevadan on selected health status, health care utilization and health care expenditure measures. The article will also describe some of the basic policy options for reducing the number of uninsured NE Nevadans.

### **Uninsured Near Elderly**

In 2005, 13.6 per cent of the NE in this country were uninsured at some time during the year (U.S. Census Bureau, 2005). The percentage of uninsured NE in 2005 had declined from an all time high of 15 per cent of the NE in 1998, but it was still greater than the 10.5 percentage of the NE in 1987 (Jensen, 1998, U.S. Census Bureau, 2004). Viewed retrospectively, Baker and associates (2006) found that over 25 per cent of older adults were uninsured at some point prior to enrolling in Medicare. The overall number of uninsured NE will grow, as the baby boomer NE population increases. The Census Bureau estimates that the NE population will increase by 50% by 2020 when they will be 13% of the overall population (Morrissey & Jensen, 2001). Nevada may have a slightly greater percentage of uninsured NE than the rest of the country. The Great Basin Primary Care Association (2007) estimated that almost fifteen per cent (14.8%) of NE Nevadans were uninsured in 2006. The percentage of Nevada NE uninsured has been growing, since only 13.5 per cent of the NE were uninsured in 2000.

Nationally speaking, when compared with the insured NE, the uninsured NE are more likely to

display the following demographic, socioeconomic and health-care related characteristics: 1) be black or Hispanic, 2) have less than a high school education, 3) earn less than \$15,000 per year, 4) be unemployed/self employed, 5) be uninsured for longer than 2 years, 6) be unmarried, and 7) be recently disabled (Jensen, 1998, Powell-Griner, Bolan & Bland, 1999)

One of the major contributing factors to un-insurance among the NE is the decreasing employer health insurance coverage of early retirees (McCormack, Gabel, Whitmore, Anderson & Pickreign, 2002, Jensen, 1998) According to Morrissey and Jensen (2001), the percentage of early retirees with employer health insurance coverage dropped from 75% to 64% from 1994 to 1998. Another major factor is the two year length of time it takes for a NE person who qualifies for Social Security disability to become eligible for Medicare disability (with the exception of those with end stage renal disease and amyotrophic lateral sclerosis (ALS). At any given time, there may be a total of 1.5 million disabled individuals who are waiting to qualify for Medicare disability, and 39 per cent of them are uninsured for at least some of that waiting time; while 26 per cent are uninsured for the entire waiting period (Hayes, Beebe & Kreamer, 2007). Other major factors that contribute to un-insurance among the NE are loss of an insured spouse, loss of a job for non health reasons, and/or not being able to obtain individual private insurance coverage (Morrissey & Jensen, 2001, Jensen, 1998).

Un-insurance is more likely to negatively impact the health status of the uninsured NE than it does other uninsured groups (Baker, et al., 2006, Powell-Griner, Bolan & Bland, 1999, Xu, Patel, Vahratian & Ransom, 2006, Jensen, 1998, Holahan, 2006). For example, the uninsured NE experience 35 per cent greater mortality than the insured NE (Baker, et al., 2006). The uninsured NE are more likely to report poor or fair health status, and the uninsured NE are more likely to report a decrease in perceived health status and mobility over a two year period (Baker, et al., 2001).

The uninsured NE utilize less medical and preventive care than the insured NE (Holahan, 2006, Powell-Griner, Bolan & Bland, 1999, Xu, Patel, Vahratian & Ransom, 2006). Uninsured NE women may use less inpatient and outpatient health services than uninsured NE men (Xu, Patel, Vahratian & Ransom, 2006). Health care expenditures have also dramatically increased

among the uninsured NE versus other uninsured non elderly age groups (Short, Shea & Powell, 2003, Holahan, 2006)

The purpose of this study is to provide a profile of the uninsured NE Nevadan. To accomplish this goal, the study will examine the various demographic, socioeconomic and health-related risk factors that may be associated with un-insurance among NE Nevadans, and it will compare the uninsured NE Nevadan with the insured NE Nevadan on selected health status, health care utilization and health care expenditure measures.

#### **METHODS**

This study utilized survey data to examine the factors associated with un-insurance among NE Nevadans and to compare uninsured NE Nevadans with insured NE Nevadans. The data source was the 2006 Nevada Senior Survey, a random, digital-dialing survey conducted by the UNLV Cannon Survey Center. The NE sample consisted of all surveyed 55 to 64 year old Nevadans.

The study used logistic regression to examine the following potential risk factors for un-insurance among the NE: 1) age (55-59 years versus 60-64 years), 2) gender, 3) race/ethnicity, 4) marital status, 5) household income, and 6) employment status. Chi-square analysis was utilized to compare the uninsured NE with the insured NE on the following health status variables: 1) perceived overall health, 2) needing assistance in at least one activity of daily living (ADL), and 3) the number of bad physical and mental health days in the past 30 days. Finally, covariance analysis was used to compare the uninsured NE with the insured NE on the following health care utilization and expenditure variables after controlling for the potential influence of health status on these variables: 1) delayed care due to cost in the past 12 months, 2) treated for a chronic disease in the past 12 months 3) currently taking at least one prescription medication, and 4) health care expenditures in the past 12 months.

#### **RESULTS**

There were 836 NE in the study sample and 100 NE were uninsured, representing 12 per cent of the sampled NE. Among the uninsured NE, 80 per cent had been uninsured for the past 12 months. The top three reasons the uninsured NE gave for being uninsured were: 1) the cost of private insurance was too high (51%), 2) loss of job (15.7%), and 3) current job did not provide health insurance (8.8%). The median age of the uninsured NE was 59 years. The majority of the

uninsured NE were white (77%) and female (56%). Only 38 per cent of the uninsured NE were married, and only 42 per cent were still working. The median household income range for the uninsured was from \$25,000 to less than \$35,000.

The logistic regression results comparing the uninsured NE with the insured NE on selected demographic and socioeconomic characteristics indicated that the uninsured NE were more likely to not have a family income greater than \$50,000 (OR [CI], 4.42 [1.75,11.23]), and to be unmarried (OR [CI], 2.24 [1.36,3.68]).

About 29 per cent of the uninsured reported that they were either in "fair" or "poor" health; 45 per cent reported that had had at least one bad physical health day and 50 per cent responded that they had at least one bad mental health day in the past 30 days; and 15.2 per cent responded that all 30 of the last 30 days were bad physical health days, while 18 per cent reported that all 30 days were bad mental health days.

The Chi-square analysis that compared the health status of the uninsured NE with the insured NE found that the uninsured NE were significantly more likely to have had at least one bad mental health day in the last 30 days ( $X^2=5.38$ , [ $p \geq .020$ ]) and to have reported that all 30 days were bad mental health days ( $X^2=7.79$ , [ $p \geq .005$ ]). The uninsured NE were also more likely to perceive their health as fair or poor (29.3% versus 22.1%), be limited in one or more daily activity (10.1% versus 7.9%), have experienced at least one bad physical health day (30.3% versus 30.0%) and have experienced all 30 days as bad physical health days (15.2% versus 10.5%). None of these differences were statistically significant however.

The data indicate that a majority of the uninsured NE may not have been receiving needed health care. For example, 61.1 per cent of the uninsured responded that they had delayed care due to cost during the past 12 months. Consequently, 63.5 per cent of the NE uninsured had no medical expenditure, excluding prescription drugs, in the past 12 months.

The covariance analysis that compared the uninsured and the insured NE on selected health care utilization and expenditures measures, after controlling for differences in perceived health status, indicated that the uninsured NE were more likely to have delayed care in the past year due to cost ( $p \leq .001$ ) and to have spent nothing on health care in the past year ( $p \geq .001$ ). The uninsured NE were also less likely to be taking at least one prescription medication ( $p \geq .001$ ),

and to have received medical care for a chronic condition in the past year ( $p \geq .001$ ).

#### DISCUSSION

The study results portray the uninsured NE Nevadan as someone who is uninsured for at least a year, because they were not eligible for employer based insurance and/or they could not afford to purchase insurance in the individual private insurance market. They were less mentally healthy than insured NE Nevadans, and they utilized less health care than the insured NE Nevadan, regardless of differences in health status. Unexpectedly, the uninsured NE Nevadans were not found to be less physically healthy than insured NE Nevadans. This finding may have been due to the relatively small number of uninsured in the sample, since the differences between the insured and uninsured for all of the physical health measures were in the expected direction and the results for two of these measures approached statistical significance (perceived poor/fair health status ( $p \geq .109$ ) and having experienced the last 30 days as bad physical health days ( $p \geq .166$ )).

This study has several methodological limitations. First, the sample is limited to Nevada, so the results may not be generalizable to the rest of the country. Second, the study utilized cross-sectional data, so no inferences can be drawn concerning whether un-insurance caused the observed health status, health care utilization and expenditure behaviors among the NE. Longitudinal data is needed in order to examine the impact that un-insurance had on these variables.

#### Policy Implications

The uninsured NE represent a potential Medicare cost issue. They may contribute to rising Medicare costs if they are forced to delay needed medical care until they become eligible for Medicare (McWilliams, Zaskavsky, Meara & Ayanian, 2003). In a recent study, Hadley and Waidmann (2006) found that if all of the NE had had continuous insurance coverage during the 1990s then there would have been a slight decrease in Medicare spending over the first years that these NE individuals were eligible for Medicare.

The most discussed policy option for covering the uninsured NE is the Medicare buy-in (Short, Shea & Powell, 2003, Holahan, 2004). There have been a number of buy-in proposals. Former President Clinton's buy-in proposal is probably the best known among these proposals, and he proposed to allow 62 to 64 year olds to buy in to Medicare for \$300 per month. Retirees who lose

their COBRA coverage (a Federally mandated program that provides certain ex employees with the right to continue their health insurance at group rates) could buy in at 55 years, and eligible low income NE could use tax credits to offset buy-in costs.

Other non buy-in proposals to cover the uninsured NE include: 1) vouchers for low income NE to purchase private insurance, 2) tax-free saving accounts for higher income NE to use to purchase private insurance, 3) expand COBRA coverage, 4) require employer retiree coverage, 5) expand Medicare/Social Security/Medicaid disability coverage and reduce the waiting time for disability coverage eligibility, 6) make individual private insurance plans more affordable/available, and 7) establish insurance pools to cover the NE uninsured (Holahan, 2004, Short, Shea & Powell, 2003, Morrissey & Jensen, 2001).

In these authors opinion, the best policy options for covering the uninsured NE Nevadan involve changes at the Federal level. One option is to implement a Medicare buy in program. Ideally, it should be a means tested buy in program that also makes it possible for the lowest income and sickest NE to enroll. Another Federal option would be to shorten the length of time it takes for someone on Social Security disability to qualify for Medicare disability. This change is especially needed, because the disabled, uninsured NE may have the greatest need to access health care. A third option would be for Congress to pass a law prohibiting employers from dropping their early retiree's insurance coverage. Employers who provide employee insurance should be required to continue to insure their early retiree employees until they become eligible for Medicare. The government could help fund reinsurance for these employers in order to help defray the cost of large medical losses that may be incurred by their early retiree employees.

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