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# Health Insurance Profile Indicates Need to Expand Coverage in Rural Areas

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# Research & Policy Brief

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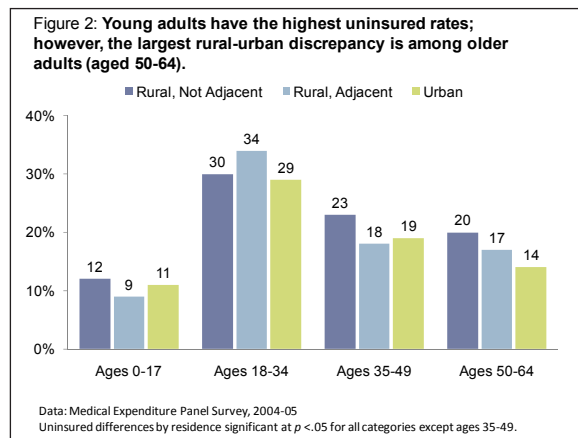
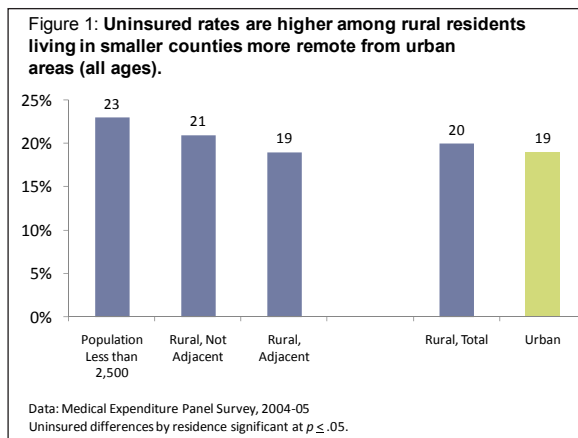
## Health Insurance Profile Indicates Need to Expand Coverage in Rural Areas

### Introduction

More than twenty years of research has demonstrated that rural residents are at greater risk of being uninsured compared to urban residents. As the nation considers whether and how to reform the healthcare system to achieve expanded health insurance coverage and access to care, it is important to consider differences in health insurance coverage for those living in rural and urban areas. This brief provides information on the health insurance status of rural Americans, summarized from a more detailed chartbook.<sup>1</sup> Analyses are based on data from the 2004-05 Medical Expenditure Panel Survey<sup>2</sup>, with rural residents divided based on whether they are near an urban county (“adjacent”) or not (“not adjacent”). For sub-groups of rural residents living in not adjacent areas, we separated counties with fewer than 2,500 residents from those with a larger population.

### Health Insurance Coverage in Rural Areas

Rural residents – particularly those living in not adjacent areas – are more likely to be uninsured, more likely to have coverage through public sources, and less likely to be privately insured than residents of urban areas.



- As population density and proximity to urban areas decrease, rural uninsured rates increase. In the smallest and most remote rural areas (population less than 2,500), the uninsured rate is 23% compared to an urban rate of 19% (Figure 1).

- Between 1997 and 2005, public health insurance rates nearly doubled among rural children from 21% to 39%. This gain offset a decline in private coverage, reducing the rate of uninsured rural children from 21% in 1997 to 9% in 2005.

- Roughly one-quarter of all adults are uninsured, with higher rates in rural, not adjacent areas. These rates have not changed since 1997.

### Fast Facts

- A greater percentage of rural residents than urban residents are uninsured, especially among those living in remote areas.
- In both rural and urban areas, the uninsured rate among adults is much higher than for children. Among adults over age 50, uninsured rates are highest in the most remote rural places.
- Compared to urban adults, rural adults are less likely to be in employment situations where private coverage is offered.

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This brief is based on a longer chartbook by the authors available at [http://muskie.usm.maine.edu/Publications/rural/Rural Health-Insurance-Chartbook-2009.pdf](http://muskie.usm.maine.edu/Publications/rural/Rural%20Health-Insurance-Chartbook-2009.pdf)

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## Risk Factors for Being Uninsured

Rural residents are more likely to be uninsured than urban residents and this risk is greater among rural residents who are adults and have fewer workers in the family.

- Compared with urban residents, young adults aged 18-34 in adjacent and not adjacent areas have higher uninsured rates. Among older adults, the risk of being uninsured is greatest in rural, not adjacent areas. This is of particular concern because adults in this age group are more likely to have or develop health problems (Figure 2).
- Among residents of rural, not adjacent areas, 23% are uninsured when there is only one full-time worker in a family, compared to 18% of urban residents. When there are no full-time workers, 31% of rural, not adjacent residents are uninsured compared with 28% of urban residents. Among families with two full-time workers, uninsured rates are actually lower in rural, not adjacent areas (10%) compared with urban (14%) and rural adjacent areas (14%).

## Characteristics of the Rural and Urban Uninsured

Considering only the characteristics of the uninsured, rural residents in smaller and more remote counties often have characteristics that make improving coverage rates especially challenging, including lower incomes, being in fair or poor health, and low educational attainment.

- Compared to half of the urban uninsured, 59% of those in rural, not adjacent areas have low family income (less than 200% of the federal poverty level).
- A smaller proportion of uninsured persons living in rural areas are in excellent or very good health (54%) than those living in urban areas (61%).
- Nearly all (95%) uninsured adults in rural, adjacent areas have less than a college education.

## Employment and the Rural and Urban Uninsured

Rural adults are less likely to be employed in jobs where health insurance coverage is offered. Compared to urban adults, rural adults are more likely to be not employed or to work for employers that do not sponsor health insurance coverage.

- Nearly one-third (30%) of uninsured rural residents are not employed compared to 27% of urban residents.

- In rural, not adjacent areas, 64% of working adults are offered coverage through their employer compared to 71% in urban areas. When coverage is offered, 95% of rural and urban workers are enrolled.

- A greater proportion of self-employed workers living in rural, not adjacent areas are uninsured (40%), compared to self-employed workers in rural, adjacent (24%) and urban (32%) areas.

- Almost one-third (30%) of the uninsured in not adjacent rural areas work part-time compared to 27% in urban and rural adjacent areas. Just 20% of part-time workers in rural, not adjacent areas are offered coverage, compared to 29% in urban areas.

## Implications for Health Reform

Our findings have important implications for health reform strategies designed to expand insurance coverage. Rural residents are in greater need of health reform, as demonstrated by their higher uninsured rates—particularly in the most remote rural communities. The rural-urban disparity in coverage is driven by higher uninsured rates among rural adults, a group that should be part of any strategic effort to improve coverage.

Public sources of coverage (Medicaid and CHIP) are an important source of health insurance for rural Americans and have dramatically reduced the uninsured rate among children over the past decade. The success of public expansions on reducing the uninsured rate among rural children suggests that access to public coverage be sustained and potentially extended to rural adults.

Options for increasing private coverage may be less effective in rural areas if small employers or part-time workers are excluded. Given rural residents' looser connection to employment, tax credits for individual insurance may be part of an effective solution. Whether based on public or private plans, reform efforts to expand health insurance coverage should consider the limited means of the rural uninsured in determining sliding-scale premiums, subsidies, or buy-in plans.

<sup>1</sup>Lenardson, J.D., Ziller, E.C., Coburn, A.F., & Anderson, N.J. (2009, June). *Profile of rural health insurance coverage: A chartbook*. Portland, ME: University of Southern Maine, Muskie School of Public Service, Maine Rural Health Research Center. <http://muskie.usm.maine.edu/Publications/rural/Rural-Health-Insurance-Chartbook-2009.pdf>

<sup>2</sup>Unless otherwise noted, all estimates of health insurance coverage are based on point-in-time data from December of the survey year (2004 or 2005).