

INSURING ILLINOIS

The Affordable Care Act Has Expanded Health Coverage



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**INSURING ILLINOIS:
THE AFFORDABLE CARE ACT HAS EXPANDED HEALTH COVERAGE**
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Executive Summary

There are significant economic consequences to having a large uninsured population in a state. The uninsured— who are disproportionately poor, young, and non-citizens— often go long periods of time with illnesses or injuries before seeking medical treatment due to the high out-of-pocket costs. In some cases, these untreated illnesses can spread to the healthy population, causing missed work days and additional health care costs. This loss in productivity causes economic output to fall. Thus, increasing health care coverage can have positive economic impacts for Illinois.

Hundreds of thousands of Illinois residents have gained health insurance coverage since the Affordable Care Act was fully enacted in 2014. Today, all of top 20 most populous counties in Illinois have resident populations that are under 10 percent uninsured. In 2013, prior to the Affordable Care Act's implementation, only three of the 20 largest counties had an uninsured rate that was under 10 percent. Cook County, for example, experienced a drop in the uninsured from 17 percent in 2013 to 9 percent in 2015. On average, health insurance coverage has increased by 7 percentage points in the state's largest counties. Implementation of the law in Illinois contrasts considerably with many Southern states (such as Texas or Florida), where more than one-in-six residents remain uninsured.

In Illinois, a 30-year old resident in “good” health pays between \$328 and \$377 per month for a health plan in the ACA-established marketplace. In a “bad year,” his or her cost would rise to \$758 to \$796 monthly. The ACA has made health care more accessible in Illinois, though costs vary by county, health, age, and other factors.

The data are clear. The Affordable Care Act has greatly improved health insurance access and coverage in Illinois.

Introduction

A person will get sick or hurt multiple times over his or her lifetime. Health insurance is intended to combat the likelihood of illness and injury, promoting the physical well-being and mental health of the individual. To reduce health care costs in America— especially relative to other developed countries— and expand health coverage to the uninsured, President Barack Obama signed the Patient Protection and Affordable Care Act into law in 2010. The law, also referred to as the Affordable Care Act or “Obamacare,” was enacted with the goal of increasing the quality of, affordability of, and number of residents with health insurance.

The Affordable Care Act (ACA) was fully implemented in Illinois in 2014 after the Supreme Court upheld the constitutionality of the law in 2012. Before the ACA, approximately 1.8 million Illinois residents did not have health care insurance (KFF, 2014). The law was directed primarily at those who could not afford coverage through their workplace, did not have a health insurance plan offered at their workplace, were self-employed, or were unemployed. The Act expanded health care coverage opportunities for most Illinoisans by creating a “marketplace” of easily-accessible insurance plans.

This ILEPI Economic Commentary analyzes the impact of the Affordable Care Act on the number of Illinois residents with health insurance from 2013 to 2015. The study begins by examining who the uninsured are in America before discussing the economic costs of a large uninsured population. Illinois data are subsequently presented on the share of the state’s population that is uninsured and the average cost of health insurance through the state’s ACA marketplace. The report concludes by recapping key findings.

Who Are the Uninsured?

A large portion of the uninsured in Illinois are eligible for financial assistance through the Affordable Care Act. Approximately 67 percent of nonelderly people who are uninsured in Illinois qualify for coverage through Medicaid or the marketplace and 21 percent qualify for premium tax credits provided through the ACA to help in purchasing insurance (KFF, 2014). Though not all uninsured residents in Illinois are qualified, this expansion has helped to significantly increase the coverage rate.

Residents with household incomes exceeding the threshold level to qualify for aid and those with affordable health coverage from an employer are not eligible for financial assistance through the ACA. However, these citizens are free to shop for unsubsidized coverage in the marketplace that may be cheaper and more inclusive than their current plan. Undocumented immigrants, who comprise 15 percent of the uninsured population in Illinois, are another group who remain uninsured unless they purchase unsubsidized health care through the traditional market. The ACA neither provides financial subsidies for undocumented immigrants nor allows them to purchase coverage through the marketplace (KFF, 2014).

Figure 1 depicts statistics collected from the U.S. Census Bureau on health care coverage throughout the United States in 2013 and 2014 (Census, 2014). The data show that those who are young, poor, and non-citizens are the largest groups of people who do not have health insurance. As of 2014, males are slightly more likely to be uninsured (15.6 percent) than females (12.8 percent). Interestingly, over one-fourth (26.5 percent) of all U.S. citizens aged 19 to 25 still did not have health care coverage in 2014. Additionally, many immigrants remain uninsured under the ACA and will not be able to obtain health insurance unless they meet their state’s income and residency rules. For each of these groups, the share of people who were uninsured declined by between 0.6 and 2.3 percentage points from 2013 to 2014 due to health care reform (Figure 1).

Figure 1: The Uninsured Population in the United States, Descriptive Statistics, 2013-2014

Characteristics	Uninsured in 2013	Uninsured in 2014	Percentage Point Change
Household income: below \$25,000	23.4%	22.3%	-1.1%
Percent of males who are uninsured	16.4%	15.6%	-0.8%
Percent of females who are uninsured	13.4%	12.8%	-0.6%
Age: 19 to 25 years old	28.8%	26.5%	-2.3%
Citizenship status: not a naturalized citizen	47.0%	45.5%	-1.5%

Source(s): [Census, 2014](#). "Health Insurance Coverage Status."

The Economic Costs of the Uninsured

Health care can be costly for low-income and middle-class households. If poor individuals and families are not insured, they frequently face severe financial hardships as health issues arise. These consequences end up imposing considerable economic costs at both the state level and the national level.

When an uninsured individual becomes hospitalized due to injury or illness, private hospitals either transfer the patient to a public hospital or pay for the care as a charity, classifying the bills as "bad debt." To compensate for this bad debt or charity care expenditure, private hospitals raise medical costs of other procedures, increasing premiums and rates for the insured. Public hospitals are given government assistance to compensate for the loss, ultimately increasing costs to taxpayers (Phelps, 2010). Insurance rates for new buyers increase to cover the costs of those who are uninsured.

The uninsured also are more likely to postpone needed care because they cannot afford to pay for checkups, medical procedures, and remedies. When they receive care, they will spend a significant portion of their income out-of-pocket using earnings that are typically used to pay for food, rent, or other living expenses. Surveys have shown that 10 percent of the insured population did not see a doctor, go to an appointment, or fill a prescription because of the cost. For those without coverage, the number is even higher since they must pay for the visit or medical treatment out-of-pocket. Fully 37 percent of the uninsured population did not get needed care due to the cost (Phelps, 2010).

Residents who are poor and uninsured may face the dilemma of either paying for health treatment or paying for living expenses, which can have consequences on national consumer demand. Poorer households spend larger fractions of their incomes back in the economy. However, an uninsured resident who needs medical assistance must pay a sizeable share of his or her income on health care that he or she would otherwise spend on buying products or services in a different sector of the economy.

Economic output also suffers when the poor and uninsured are sick or hospitalized. Workers who attend work with an illness are less productive and may work fewer hours. Employees who experience an injury or illness also may not attend work, reducing output. When illnesses continue to go untreated due to lack of insurance, workers are less productive over a longer period of time. Furthermore, illnesses can often spread when citizens do not get effective and efficient treatment. As the population becomes sicker, workers become less productive, causing economic inefficiency.

Illinois Residents Who Are Uninsured: 2013 to 2015

Data from the U.S. Census Bureau show the strong link between household income and insurance coverage in Illinois (Figure 2). As of 2014, approximately 20.6 percent of Illinois residents who earned less than \$25,000 annually did not have insurance. The uninsured population drops significantly as incomes rise: approximately 13.2 percent of Illinois residents who earned between \$50,000 and \$75,000 were uninsured and approximately 9.0 percent of Illinoisans who earned \$75,000 to \$99,999 annually were uninsured (Census, 2014). More residents became insured in the first year that the Affordable Care Act was fully enacted in Illinois. While low-income residents remained the largest group without health care, 1.4 percent of those who earned less than \$25,000 gained insurance from 2013 to 2014.

Figure 2: Percent of Illinois Residents Who Are Uninsured, by Income Level, 2013-2014

Illinois' Uninsured Residents, 2013-2014			
Household Income	Uninsured in 2013	Uninsured in 2014	Percentage Point Change
Under \$25,000	22.0%	20.6%	-1.4%
\$25,000 - \$49,999	19.4%	18.7%	-0.7%
\$50,000 - \$75,000	13.6%	13.2%	-0.4%
\$75,000 - \$99,999	9.5%	9.0%	-0.5%
\$100,000 and Over	5.2%	4.9%	-0.3%

Source(s): Census, 2014. "Health Insurance Coverage Status."

Within six years of implementing the law, experts predicted that 95 percent of all legal U.S. citizens would have health care insurance— a rate of health coverage that was experienced only by those with household incomes over \$100,000 in Illinois prior to the law (*The Washington Post*, 2010). Figure 2 showed the early stages of this drop in the uninsured. However, more recent data finds that Illinois and neighboring Midwestern states have reduced the share of their respective populations without insurance into the single digits. As of 2015, some states – mainly southern states such as Texas, Florida, and Mississippi, actually have more uninsured residents than they did in 2013 (Bui & Sanger-Katz, 2015). Over one-in-six residents in these states remain uninsured, compared to about than one-in-twelve in Illinois.

Figure 3 contrasts 2013 and 2015 data on the percentage of people who were not covered by health insurance in the 20 most populous counties in Illinois. Since the Affordable Care Act was fully implemented, the number of residents with health insurance has increased across the board in all 20 counties analyzed. Approximately 3 percent of Kendall County who were not insured in 2013 became insured in 2015. Furthermore, the insurance coverage rate increased by 9 percentage points in St. Clair County and Macon County from 2013 to 2015. Cook County, the state's largest county, saw a decline in the uninsured percentage from 17 percent in 2013 to 9 percent in 2015, an 8 point drop.

The average county-level increase in health insurance for the 20 largest Illinois counties was 7 percentage points. Today, none of the 20 most populous counties in the state has an uninsured share of the population over 10 percent. In 2013, prior to the Affordable Care Act's implementation, only three of the top 20 counties had an uninsured rate that was *under* 10 percent (Bui & Sanger-Katz, 2015).

One of the primary factors driving this significant improvement in health coverage was the expansion of Medicaid in Illinois. Experts predicted that about half of the estimated 32 million Americans who were expected to gain health coverage through the ACA would receive coverage through Medicaid (*The Washington Post*, 2010). For Illinois and those states who opted to expand Medicaid in 2014, the prediction generally came true. By July 2015, approximately 3.2 million Illinois residents were enrolled in Medicaid and the Illinois Comprehensive Health Insurance Plan (ICHIP). This was an increase of 536,000 people, or 20 percent, from September 2013 to July 2015 (CMS, 2015). The uninsured rate

has dropped significantly in states that have increased their Medicaid spending, while the uninsured rate has actually increased in many of the states that did not expand Medicaid (Bui & Sanger-Katz, 2015).

Figure 3: Percent of Uninsured Residents, by Most Populous Counties in Illinois, 2013-2015

Percent of Illinois Residents Who Are Uninsured, 2013-2015			
County	Uninsured in 2013	Uninsured in 2015	Percentage Point Change
Cook	17%	9%	-8%
DuPage	9%	5%	-4%
Lake	11%	6%	-5%
Will	10%	5%	-5%
Kane	13%	7%	-6%
McHenry	9%	5%	-4%
Winnebago	17%	9%	-8%
Madison	15%	7%	-8%
St. Clair	17%	8%	-9%
Champaign	16%	8%	-8%
Sangamon	14%	7%	-7%
Peoria	16%	8%	-8%
McLean	12%	6%	-6%
Rock Island	16%	8%	-8%
Tazewell	12%	6%	-6%
Kendall	8%	5%	-3%
Kankakee	17%	9%	-8%
LaSalle	15%	8%	-7%
Macon	17%	8%	-9%
DeKalb	13%	7%	-6%

Source(s): Bui & Sanger-Katz, 2015. The New York Times.

Average ACA Health Care Costs in Illinois

The average cost of health insurance in Illinois varies by county, health, age, and other factors. The yearly estimated costs include premiums and out-of-pocket expenses for the user. An individual with “excellent” or “very good” health tends to pay lower health care costs, while an individual with “fair” or “poor” health generally pays higher health costs. The estimated annual cost of health insurance in Illinois’ marketplace for a 30-year old individual in “good” health is between \$4,788 and \$5,130 on average (Figure 4). An Illinois resident can choose from a variety of plans provided at different costs and with different benefits. Figure 4 reports the cheapest option for five selected counties in Illinois as of February 2016, amounting to an approximate cost of \$328 to \$377 per month. Other insurance plans are provided at higher costs as additional benefits are provided.

Figure 4 also provides yearly estimated costs “in a bad year.” The costs “in a bad year” are based on a high health care year, which accounts for premiums and for charges not fully paid for by the insurer (Get Covered Illinois, 2016). Annual health care costs can increase by approximately \$4,000 in a bad year; however, Get Covered Illinois reports that there is only a 4 percent chance a 30-year old with “good” health will experience a “bad year.” If a 30-year old Illinois resident experienced a bad year for

health care costs, he or she would pay, on average, \$9,091 to \$9,551 for coverage over the year, or \$758 to \$796 per month.

Figure 4: Average Yearly Health Care Costs in Illinois, Get Covered Illinois Marketplace, 2016*

Average Yearly Health Care Costs in Illinois, 2016					
Yearly Estimated Cost					
	Cook	McHenry	Rock Island	Sangamon	St. Clair
<i>Cheapest Option</i>	\$3,934	\$4,393	\$4,335	\$4,526	\$4,159
<i>Average Cost</i>	\$4,788	\$5,108	\$5,130	\$4,947	\$5,059
Yearly Estimated Cost “in a Bad Year”					
	Cook	McHenry	Rock Island	Sangamon	St. Clair
<i>Average Cost</i>	\$9,091	\$9,499	\$9,551	\$9,188	\$9,335

Source(s): *Get Covered Illinois, 2016.* *Note: Estimates based on a 30-year old individual in “good” health.

Conclusion

There are significant economic consequences to having a large uninsured population in a state. The uninsured often go long periods of time with illnesses or injuries before seeking medical treatment due to the high out-of-pocket costs. In some cases, these untreated illnesses can spread to the healthy population, causing missed work days and additional health care costs. Productivity losses and inefficient use of resources cause economic output to drop. Thus, increasing health care coverage can have positive economic impacts for Illinois.

Hundreds of thousands of Illinois residents have gained health insurance coverage since the Affordable Care Act was fully enacted in 2014 to accomplish this goal. Today, all of top 20 most populous counties in Illinois have resident populations that are under 10 percent uninsured. In 2013, prior to the Affordable Care Act’s implementation, only three of the 20 largest counties had an uninsured rate that was under 10 percent. Cook County, for example, experienced a drop in the uninsured from 17 percent in 2013 to 9 percent in 2015. On average, health insurance coverage has increased by 7 percentage points in the state’s largest counties.

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The data are clear. The Affordable Care Act has greatly improved health insurance access and coverage in Illinois.

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