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Ranks of Uninsured Fell in '07, Census Says


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The number of Americans without health insurance fell in 2007, thanks largely to government insurance programs offsetting declines in private-sector coverage, the Census Bureau said.

The report, an annual snapshot of living standards, also showed that income in the typical U.S. household remained lower than in 2000, despite six years of economic expansion.

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Household median income, adjusted for inflation, rose 1.3% in 2007 from a year earlier, to \$50,233, while the poverty rate, at 12.5%, was statistically unchanged.

Given the current weak economy, the government statistics for 2007 likely will serve as a final tally for the economic expansion that started after the 2001 recession. For most Americans, the results weren't good: Middle-income earners made less than they

did in 1999 and 2000. Their income peak was \$50,641 in 1999.

According to the Census report, the number of Americans without health insurance fell for the first time in 20 years -- to 45.7 million in 2007 from 47 million in 2006. At the same time, the portion of Americans with private insurance continued to drop, to 67.5% in 2007 from 67.9% in 2006. The number of uninsured declined because government programs provided coverage to an additional 2.7 million people in 2007. "It's good news, but it isn't great news," said Joseph Antos, a health-policy expert at the American Enterprise Institute, a conservative think tank in Washington.

Medicaid, the state-federal health-insurance program for the poor, picked up 1.3 million more people, while Medicare, the federal program for the elderly, insured an additional one million people. In addition, the government's military health-care programs insured 400,000 more people than the year before.

The stalled economy is an issue that Illinois Sen. Barack Obama, the likely Democratic presidential nominee, hopes will rally voters. "This is the failed record of George Bush's economic policies that Senator McCain has called 'great progress,'" he said in a statement reacting to Tuesday's report.

Sen. John McCain, the likely Republican presidential nominee, said: "Today's announcement reminds us that Americans are suffering in a struggling economy. Too many of our neighbors are living in poverty, too many can't find a job, and too many are living without health insurance."

In previous economic expansions, poverty has fallen and incomes risen for most people. Between 1991 and 1999, for instance, the percentage of people living below the poverty line decreased 2.3 percentage points to 11.9%, and median incomes rose 13.2% to \$50,641, adjusted for inflation. Over the next eight

years, the poverty rate rose to 12.5% and incomes fell about 1% to \$50,233.

The report showed some improvements. Median household income grew three years in a row, suggesting that economic gains were filtering through the economy. "This is the best report the Republicans could expect, given the current economic situation," said Douglas J. Besharov, a resident scholar at the American Enterprise Institute.

With the economy in decline and joblessness rising this year, next year's report is likely to show deterioration in family incomes and increases in the number of people in poverty. Since January, the country has lost roughly half a million jobs, and the unemployment rate has risen to 5.7%. The jobless rate averaged 4.6% in 2007.

The American Enterprise Institute projects that the poverty rate is now about half a percentage point higher than in June 2007. That would translate to an additional 1.2 million people living in poverty now compared with a year ago.

Because the Census report deals with 2007, it doesn't include Mark Kenney, a 58-year-old Orrington, Maine, resident who in May lost his job, which paid \$34,000 a year, installing precast concrete products such as road barriers and septic tanks. He lost his job after a bank seized the company where he worked from an investment group that had purchased the family business a few years ago.

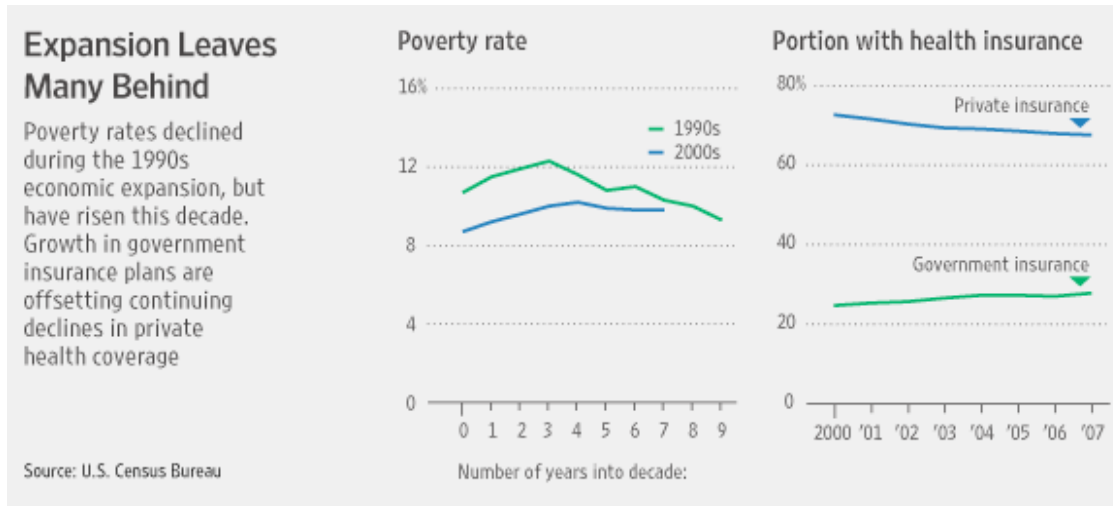
It was his latest setback. In 2004, he was laid off from a paper mill where he had worked for 36 years. He had been making \$67,000 a year with full health-care coverage and a month of vacation. "I was making the same money college graduates were making," said Mr. Kenney. "There aren't jobs like that anymore." With the help of a state retraining program, he got a commercial driver's license and went to work at the concrete company.

The financial problems have forced Mr. Kenney and his wife, who works as an aide at a local school, to make some adjustments. He still drives his 1989 Chevy pickup and three times in the past four years has pulled money from his retirement fund, and gotten hit with early-withdrawal penalties. "A working man doesn't stand a chance, I'm telling you," he said.

The boost in government health coverage reflects, in part, efforts by some states to expand the number of low-income adults and children in Medicaid programs. Massachusetts, for example, implemented a health-care plan to provide near-universal coverage. It required individuals to buy insurance and provided subsidies to help. The number of uninsured in the state declined by about 317,000, which made up about 24% of the drop in the number of uninsured nationwide, said John Holahan, director of the health policy research center at the Urban Institute, a Washington think tank.

The economic downturn is expected to drive up the number of uninsured in 2008, as more people lose their jobs and employer-provided health insurance. Also, many states are expected to cut back on Medicaid spending as they struggle with growing budget problems.

States including New York and California already are trying to reduce their spending on Medicaid, said Joy Johnson Wilson, health-policy director at the National Conference of State Legislatures.



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