

METHODOLOGY

State-Specific Trends in Children's Uninsured Rate

Data Source

The state-by-state data provided in these tables are based on an analysis conducted by the Center for Children and Families (CCF) of the U.S. Census Bureau's Current Population Survey from various years.¹ In March of each year, the CPS collects socioeconomic and demographic information from approximately 78,000 households, representing the civilian, non-institutionalized population in the United States. CCF used the CPS for this analysis because it is the only national survey that provides acceptable sample sizes to produce relatively reliable, state-specific estimates of trends over time in children's health insurance coverage.²

Note that the CPS generally asks people about their experiences during the preceding year, which means, for example, that the March 2005 CPS provides data on people's health insurance status during 2004. In this analysis, the data on health insurance in 1996/1997 and 2003/2004 comes from data gathered by the CPS in March of 1997 and 1998 and March of 2003 and 2004, respectively.

Methodology

A number of adjustments were made to the CPS data to ensure that comparable and reliable estimates of health insurance coverage for the time periods of interest could be produced, including:

- **“Pooling” data from a two-year period.** As recommended by the Census Bureau, CCF aggregated two individual years of data for both the “base” year (1996 and 1997) and “comparison” year (2003 and 2004) to produce larger sample sizes.³ Even with these larger sample sizes, readers still should treat the data as providing only an estimate of health insurance coverage of children in any given state.

¹ CCF would like to acknowledge the outstanding work of Alice Lam, Presidential Management Intern for CCF in the summer of 2005, who conducted the analysis used to generate these tables.

² Congress appropriated additional funding (P.L. 106-113) starting in FY 2000 to expand the sampling in the CPS so that statistically reliable annual data on uninsurance rates of low-income children could be produced.

³ See DeNavas-Walt, C., Proctor, B.D. & Lee, C. “Income, Poverty, and Health Insurance Coverage in the United States: 2004.” U.S. Census Bureau: Current Population Reports.
<http://www.census.gov/prod/2005pubs/p60-229.pdf> for a discussion of pooling.

- **Adjusting data to create a consistent definition of “uninsured.”** Starting with the March 2001 CPS, the Census Bureau added a set of questions to “verify” health insurance coverage. If the respondent did not indicate any health coverage for the year, the respondent was asked explicitly to confirm that he or she was not covered by a health plan at any time during the year. After adding these questions, the Census Bureau found that they reduced estimates of the uninsured rate for the country by roughly 8 percent.⁴ The verification questions mean that uninsured data collected in March 2001 and beyond are no longer directly comparable to the information collected in earlier years. To create a consistent trend, CCF followed the recommendation of the State Health Access Data Assistance Center at the University of Minnesota to “remove” the effect of the verifications questions by using the uninsured rate generated by considering health insurance status before the verification questions are asked.⁵
- **Using families, not households, as the unit of analysis.** The calculation for income and corresponding federal poverty level used in the CPS is based on household income, which may include income from multiple families if they are related and reside in the same household. This method does not reflect the income and poverty status definition used to determine Medicaid/SCHIP eligibility, which is based on family rather than household income. Thus, income and federal poverty level status were recalculated based on family, rather than household, income.
- **Weighting of data.** Insurance coverage rates presented in this analysis are based on the sample data weighted to the appropriate population levels for the time period. March 1996 through March 2000 surveys reflect Census 1990-based population controls while March 2001 through March 2005 surveys reflect Census 2000-based population controls. According to the Census Bureau, employing Census-2000 based population controls results in about a one percent increase in the civilian noninstitutional population and in the number of families and households. Thus, estimates of levels for data collected in 2000 and later years will differ from those for earlier years by more than what could be attributed to actual changes in the population.”⁶ It is important to note this caveat from the Census Bureau when interpreting CPS estimates.

⁴ Nelson, C.T. & Mills, R.J. “The March CPS Health Insurance Verification Question and Its Effect on Estimates of the Uninsured.” August 2001.

<http://www.census.gov/hhes/www/hlthins/verif.html>

⁵ State Health Access Data Assistance Center, University of Minnesota. “An Overview of Approaches to Correct for the Effects of the Current Population Survey Health Insurance Verification Item When Constructing a Time Series.” Technical Paper.

http://www.shadac.umn.edu/publications/papers/CPS_Time_Series.pdf

⁶ U.S. Census Bureau. “Source and Accuracy of Estimates for Income, Poverty, and Health Insurance Coverage in the United States: 2003.”

http://www.census.gov/hhes/income/p60_226sa.pdf

Additional Caveats

Two commonly cited issues should be noted about CPS data. CPS estimates of people who are uninsured for the entire year are consistently higher than those from other surveys, while CPS estimates of people with Medicaid coverage are consistently lower than those from other surveys and administrative data. Studies on the possible overcount of the uninsured and undercount of the Medicaid population have attributed these issues to the survey respondent being unable to accurately recall the sources of their health insurance coverage during the preceding year or being unaware of health insurance coverage for other family members. Nonetheless, the CPS remains the only survey with a long time series that can provide annual socioeconomic and demographic information on the state level. Further discussion on limitations of the CPS can be found in an issue paper recently released by the Kaiser Commission on Medicaid and the Uninsured.⁷

⁷ Hoffman, C. & Holahan, J. “What Is the Current Population Survey Telling Us About the Number of Uninsured?” Issue Paper, August 2005. The Henry J. Kaiser Family Foundation. Kaiser Commission on Medicaid and the Uninsured. <http://www.kff.org/uninsured/7384.cfm>