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Hardship among the Uninsured: Choosing among Food, Housing, and Health Insurance

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For many low-income uninsured adults, the decision to purchase health insurance is made in the face of competing demands for basic food and housing needs, and often with high health insurance costs.

Despite expansions in employer-sponsored coverage during the late 1990s, nearly 33 million adults in the United States were uninsured in 2001 (Holahan and Pohl 2002; U.S. Census Bureau 2001). Much of the recent health policy debate has focused on the best way to reduce uninsurance, with a number of proposals aimed at increasing the ability of low-income individuals and families to purchase health insurance by providing subsidies or tax credits (Feder and Burke 1999; Glied 2001; Meyer and Wicks 2001). These proposals would cover a share of the cost of insurance, thereby reducing the price to consumers and making coverage more affordable.[1]

There is much debate about the feasibility of such strategies to increase insurance coverage, as the available research suggests that the low-income population is willing to spend only a small share of its income on health insurance coverage (Chernew, Frick, and McLaughlin 1997; Cunningham, Schaefer, and Hogan 1999; Feder, Uccello, and O'Brien 1999; Kronick and Gilmer 1999; Marquis and Long 1995; Pauly and Herring 2000). For example, more than one-quarter of all uninsured adults appear eligible for free or low-cost public coverage yet do not enroll (Glied 2001). As would be expected, free programs have higher participation rates than those that require modest contributions (Marquis and Long 1995). Even very small contributions can lead to rapid drops in participation take-up: One study of state insurance programs that use sliding-scale premiums found that participation drops off quickly as costs rise to as little as 5 percent of income (Ku and Coughlin 1999). As further evidence of the importance of cost in the decision to take up insurance coverage, about 20 percent of all uninsured people live in families where a worker has declined employer-sponsored insurance coverage, with two-thirds citing cost as the main reason for failing to take up that coverage (Cunningham et al. 1999).

Understanding why some low-income individuals may not be willing to spend much on health insurance requires a better understanding of the circumstances of those individuals, especially the extent to which they are facing other material and financial hardships. While the fact that people with lower incomes have a harder time making ends meet is certainly not new information, the debate around alternative policies to increase health insurance coverage seldom considers the competing demands on the family budget. Efforts to increase insurance coverage through premium subsidies or tax incentives, for example, may not lead to increased coverage for families that are hard pressed to meet basic needs for food or housing. The amount these families are willing to pay for insurance coverage may be substantially less than market premiums, even with tax credits or premium subsi-

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dies. As one low-income uninsured mother reported:

> *Sometimes I have to hold off paying a bill to keep the gas and electricity on. My most important priorities are getting the girls fed and paying for the car so I can get to work, so health care falls low on the list. I wish it didn't have to be that way, but that's the way it is.* (Shirk 2000)

This paper combines the 1997 and 1999 National Survey of America's Families (NSAF) to explore the extent to which nonelderly adults without insurance also face other hardships in their daily lives. I find high levels of hardship among adults in the U.S., particularly the uninsured and those with low incomes. For many low-income uninsured adults, the decision to purchase health insurance is made in the face of competing demands for basic food and housing needs, and often with high health insurance costs. While some families do purchase insurance even with food and housing hardship, many do not. Strategies to increase health insurance coverage need to allow for these competing demands on the limited resources of low-income uninsured adults and their families.

Data and Methods

The NSAF provides nationally representative data on the economic, health, and social characteristics of children and nonelderly adults in almost 45,000 families in each year.[2] Of particular relevance to this study, the survey oversampled families with income below 200 percent of the federal poverty level (FPL) in order to provide detailed information on the low-income population.

Defining Hardship

Hardship arises when an individual either fails to meet his or her needs or is at risk of failing to meet his or her needs. This brief focuses on difficulties meeting basic needs for food, housing, and health care over the past year, where lack of insurance is one factor leading to difficulties meeting the need for health care. The specific definitions of hardship used in the study are as follows:

- *Food hardship:* the individual's family ran out of food or skipped meals because there was not enough money for food or the individual worried about running out of money for food.
- *Housing hardship:* the individual's family had difficulty paying their mortgage, rent, or utility bills; family housing costs were more than 50 percent of family income; or the family was living in crowded conditions (more than two people per bedroom).
- *Health care hardship:* the individual was uninsured at some point in the past year or the individual had unmet need for health care services over the past year.

While measures of hardship provide insight into the circumstances of uninsured adults and their families, these measures have some limitations.[3] First, although efforts in this area are increasing, to date there is little consensus on comprehensive measures of hardship. This study focuses on the most basic needs—food, housing, and health care. Second, many hardship measures rely on the individual's assessment of his or her circumstances (e.g., worrying about running out of food) rather than objective standards of need (e.g., inadequate food intake), as there are few standards for determining whether an individual's levels of food, housing, or health care are "adequate." Here I use both objective and subjective standards of hardship, as the individual's own assessment of the competing demands on the family budget are as likely to drive the decision to purchase health insurance as are failing to achieve objective standards of hardship.

Finally, hardship measures (like the measurement of poverty) focus on the individual's circumstances without addressing the cause of those circumstances and therefore may reflect individual choices rather than an inability to obtain particular goods and services. However, regardless of the reasons behind the hardship, the fact that an individual is worrying about running out of food or is having difficulty paying the mortgage is likely to affect his or her response to tax credits and other inducements to purchase health insurance coverage.

Potential for High Health Insurance Costs

Although my primary focus is on the extent of food, housing, and health care hardship, I also consider whether the sample members report that they are in fair or poor health, have a health condition that limits their ability to work, or are pregnant. In addition to affecting the need for health care, these factors can have implications for the adult's ability to work (and thus obtain employer-sponsored coverage) and/or the likely cost of purchasing health insurance coverage in the nongroup market. For individuals in less-than-perfect health and pregnant women, nongroup coverage may not be available or may only be available with restrictions on covered services, high deductibles and co-payments, and/or high premiums (Pollitz, Sorian, and Thomas 2001). As a result, the resources needed to purchase health insurance may be quite high for these uninsured adults, compounding the effects of any other hardships.

Methods

The brief begins with a description of the extent of food, housing, and health care hardship over the past year among nonelderly adults age 19 to 64. I examine hardship among all of the adults, among adults with low incomes (income at or below 200 percent of FPL), and among adults with moderate and higher incomes (income above 200 percent of FPL). To gain some understanding of the relationship between other hardships and insurance coverage, I explore the extent of food and housing hardship among adults without insurance coverage and then examine the association between hardship and insurance status using multivariate methods.

Findings

Food, Housing, and Health Care Hardship among All Adults

Difficulties obtaining food, housing, and health care are common in the United States (table 1). Over 40 percent of all adults in the

TABLE 1. Food, Housing, and Health Care Hardship among Adults Age 19 to 64, by Income Level (percent)

Hardship	Total	Moderate- and higher-income adults	Low-income adults
Had food, housing, or health care hardship in past year	42.9	31.4	72.9**
Had food or housing hardship in past year	21.1	10.5	48.7**
Had food hardship	4.9	1.9	12.7**
Ran out of food and didn't have money to get more	3.0	1.1	8.2**
Worried about running out of food	4.3	1.7	11.3**
Had housing hardship	19.3	9.6	44.9**
Had difficulty paying housing/utility bills	11.3	6.9	22.8**
Housing costs were greater than 50 percent of income	6.5	1.0	21.0**
Lived in crowded conditions (more than 2 persons/bedroom)	4.9	2.2	12.2**
Had health care hardship in past year	34.0	25.9	55.4**
Ever uninsured	21.6	13.1	43.8**
Had unmet need for health care	19.3	17.2	24.8**
Sample size	101,802	65,073	36,729

Source: 1997 and 1999 National Survey of America's Families.
Note: Moderate- and higher-income adults are those with income above 200 percent of the federal poverty level; low-income adults are those with income at or below 200 percent of the federal poverty level.
** Low-income adults significantly different from moderate- and higher-income adults at the .01 level.

sample reported food, housing, or health care hardship over the past year. More than 20 percent reported food or housing hardship, and 34 percent reported health care hardship. The health care hardship includes both a lack of insurance (22 percent) and unmet need for health care (19 percent).

While adults at all income levels reported hardship, hardship was more concentrated among low-income adults who, by definition, have fewer resources with which to meet their needs. Nearly three-quarters of low-income adults reported some type of hardship, well above the 31 percent reported by the moderate- and higher-income adults.

Among moderate- and higher-income adults much of the hardship is due to the 26 percent of adults who report health care hardship: 13 percent of moderate- and higher-income adults were uninsured at some point in the past year and 17 percent reported unmet need for health care. Food and housing hardship are relatively rare for these adults: Only 2 percent reported food hardship and about 10 percent report housing hardship.

In contrast, among low-income adults, nearly half reported food or housing hardship, and more than half reported health care hardship. Much of the health care hardship among low-income adults derives from a lack of health insurance coverage: 44 percent of low-income adults were uninsured at some point over the past year, compared with only 13 percent of moderate- and higher-income adults.

Food and Housing Hardship among Uninsured Adults

Table 2 focuses on those adults who face the most basic form of health care hardship, a lack of health insurance. As shown in the table, adults who were uninsured at

TABLE 2. Food and Housing Hardship and Potential for High Health Insurance Costs among Uninsured Adults Age 19 to 64, by Income Level (percent)

	Total	Moderate- and higher-income adults	Low-income adults
Had food or housing hardship in past year	43.7	23.9	56.8**
Had food hardship	11.6	6.3	15.1**
Ran out of food and didn't have money to get more	7.7	4.1	10.1**
Worried about running out of food	9.8	5.2	12.9**
Had housing hardship	40.1	21.4	52.5**
Had difficulty paying housing/utility bills	23.0	16.3	27.4**
Housing costs were greater than 50 percent of income	14.5	1.2	23.2**
Living in crowded conditions (more than 2 persons/bedroom)	12.6	5.8	17.2**
May face high health insurance costs	28.4	21.3	33.2**
Has health condition that limits ability to work	14.6	11.6	16.6**
In fair or poor health	20.4	13.4	25.0**
Pregnant in past year	2.3	1.2	2.9**
Had either food/housing hardship or potential for high health insurance costs	57.1	38.3	69.6**
Had both food/housing hardship and potential for high health insurance costs	15.0	6.9	20.4**
Sample size	17,544	5,516	12,028

Source: 1997 and 1999 National Survey of America's Families.
Note: Moderate- and higher-income adults are those with income above 200 percent of the federal poverty level; low-income adults are those with income at or below 200 percent of the federal poverty level.
** Low-income adults significantly different from moderate- and higher-income adults at the .01 level.

some point in the past year faced high levels of food and housing hardship, particularly low-income uninsured adults. Nearly 60 percent of low-income adults without insurance faced food or housing hardship, compared with about 24 percent of moderate- and higher-income uninsured adults.

Many uninsured adults are also likely to face high costs for health insurance in the nongroup market. Thirty-three percent of low-income uninsured adults and 21 percent of moderate- and higher-income uninsured adults have a health condition that limits their ability to work, are in fair or poor health, or are pregnant.

Altogether 38 percent of moderate- and higher-income uninsured adults and 70 percent of low-income uninsured adults are likely to confront barriers in affording insurance because they face either food and housing hardship or potentially high health insurance costs. Only 30 percent of low-income uninsured adults do not have food or housing hardship and do not appear likely to face unusually high health insurance costs.

In short, for many uninsured adults, particularly low-income uninsured adults, the resources needed to purchase health insurance are competing with meeting basic food and housing needs. For many, that hardship is likely to be compounded by potentially high health insurance costs.

Is Uninsurance Higher among Adults Facing Food and Housing Hardship?

Despite the burden of food and housing hardship, not everyone facing such hardship is uninsured. Table 3 explores the relationship between food and housing hardship and insurance coverage for low-income adults.[4] Because potentially high health insurance costs due to health problems may exacerbate the effects of food and housing hardship, I separate the population into four groups:

- Individuals with food or housing hardship but no health-related problems,
- Individuals with health-related problems but no food or housing hardship,
- Individuals with food or housing hardship and health-related problems, and
- Individuals with neither food or housing hardship nor health-related problems.

Table 3 presents regression-adjusted estimates of insurance coverage across the population groups to control for other factors (beyond hardship and health status) that could lead to differences in insurance status.

As table 3 shows, there is a strong association between food and housing hardship and insurance coverage. The probability of being uninsured is significantly higher for

There is a strong association between food and housing hardship and insurance coverage.

TABLE 3. Regression-Adjusted Estimates of Insurance Coverage among Low-Income Adults with Food or Housing Hardship and Health-Related Problems (percent)

	Private coverage	Public coverage	Uninsured
Food or housing hardship only	46.7**	14.7	38.6**
Health-related problems only	47.3*	20.9**	31.8
Food or housing hardship and health-related problems	38.3**	22.5**	39.2**
Neither food or housing hardship nor health-related problems	56.0	11.2	32.8
Sample size	36,718		

Source: 1997 and 1999 National Survey of America's Families.
Note: The regression model underlying these estimates included controls for individual and family characteristics, state and local characteristics, and the year of the survey.
* Significantly different from those with neither food or housing hardship nor health-related problems at the .05 level.
** Significantly different from those with neither food or housing hardship nor health-related problems at the .01 level.

low-income adults with food or housing hardship (whether alone or along with health-related problems) than for those with neither food or housing hardship nor health-related problems (39 percent versus 33 percent). Not surprisingly, the relationship between food and housing hardship and insurance coverage differs for private and public coverage. The level of private coverage is significantly lower for adults with food or housing hardship or health-related problems than for those with neither hardship nor health-related problems. In contrast, adults with hardship and health-related problems are significantly more likely to have public coverage, although the difference is not statistically significant for those with food or housing hardship only. The higher levels of public coverage for those with health-related problems reflect the availability of Medicaid coverage for people with disabilities and pregnant women.

To gain a greater sense of the relationship between hardship and insurance coverage, I use the results from the multivariate analysis to simulate differences in insurance coverage for low-income adults with and without hardship. That is, I first simulate insurance coverage assuming everyone in the sample faced food or housing hardship and then assuming no one in the sample faced such hardship. These simulations suggest that the presence of food and housing hardship is associated with a reduction in insurance coverage by about 6 percentage points, or about 20 percent, all else equal (not shown).

70 percent of low-income uninsured adults faced either food and housing hardship or the potential of high health insurance costs.

Discussion

Although many low-income adults do obtain health insurance coverage, many do not. While numerous factors may contribute to their lack of coverage—weak preferences for insurance, the availability of free or low-cost care via the local safety net, or an expectation of low health care costs, the pervasiveness of hardship among low-income adults makes it clear why some families may not be willing to spend very much on health insurance coverage, and the prevalence of health-related problems suggests that the costs of purchasing health insurance could be high for these families. I find that 57 percent of low-income uninsured adults faced food or housing hardship and 33 percent faced the potential of high health insurance costs. Altogether, 70 percent of low-income uninsured adults faced either food and housing hardship or the potential of high health insurance costs. Only 30 percent of low-income uninsured adults did not have food or housing hardship and did not appear likely to face unusually high health insurance costs.

While not all individuals facing food or housing hardship forgo insurance coverage, the odds of having private insurance coverage (whether employer-sponsored coverage or other private coverage) are substantially less for adults experiencing food or housing hardship than for those without hardship. Overall, it appears that food and housing hardship is associated with a 6 percentage point increase in uninsurance, which translates into an uninsurance rate that is 20 percent higher than in the absence of food and housing hardship.

These findings suggest that efforts to increase health insurance coverage for these low-income adults need to acknowledge the rival demands on the limited resources of low-income individuals and their families. If universal health insurance coverage is the goal, expanding public programs at virtually no cost to the individual or providing very large subsidies or tax incentives may be the only way to effectively address the problem of uninsurance for families with pressing needs in other areas. In general, strategies to increase health insurance coverage need to be incorporated into approaches that address the fundamental economic problems faced by low-income families. With rising unemployment, rising health insurance premi-

ums, and a drop in employer-sponsored coverage among small businesses, the challenge of obtaining health insurance among low-income Americans will only become more difficult.

Notes

1. In this context, "purchasing health insurance" could include purchasing health insurance in the individual insurance market or choosing to take up an offer of health insurance from an employer.
2. For more information on the survey, see Genevieve Kenney, Fritz Scheuren, and Kevin Wang, "National Survey of America's Families: Survey Methods and Data Reliability," http://newfederalism.urban.org/nsaf/design.html.
3. This discussion draws on Sondra G. Beverly, 2001, "Measures of Material Hardship: Rationale and Recommendations," *Journal of Poverty* 5(1): 23–41, and Sondra G. Beverly, 2000, "Using Measures of Material Hardship to Assess Well-Being," *Focus* 21(2): 65–70.
4. In the analysis of the relationship between food and housing hardship and insurance coverage I estimate logit models (for any coverage versus uninsured) and multinomial logit models (for private coverage versus public coverage versus uninsured). The models control for food and housing hardship over the past year, individual and family characteristics, and characteristics of the state and local area. The models also include a dummy variable to indicate whether the individual is residing in an urban area and a dummy variable for the year of the survey to allow for differences in the underlying probability of being uninsured in 1999 versus 1997. The regression results are available upon request.

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This series presents findings from the 1997 and 1999 rounds of the National Survey of America's Families (NSAF). Information on more than 100,000 people was gathered in each round from more than 42,000 households with and without telephones that are representative of the nation as a whole and of 13 selected states (Alabama, California, Colorado, Florida, Massachusetts, Michigan, Minnesota, Mississippi, New Jersey, New York, Texas, Washington, and Wisconsin). As in all surveys, the data are subject to sampling variability and other sources of error. Additional information on the NSAF can be obtained at **http://newfederalism.urban.org**.

The NSAF is part of *Assessing the New Federalism*, a multiyear project to monitor and assess the devolution of social programs from the federal to the state and local levels. Alan Weil is the project director. The project analyzes changes in income support, social services, and health programs. In collaboration with Child Trends, the project studies child and family well-being.

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