



The Facts: Income, Poverty, and Health Insurance in the U.S. and Pennsylvania, 2008

September 10, 2009

The U.S. Census Bureau released income, poverty, and health insurance data from the annual Current Population Survey (CPS) today. The CPS provides a good snapshot of national and statewide trends over time. More detailed state and local level data captured in the American Community Survey (ACS) will be available on September 22.

The results from 2008 begin to show the tangible impact of the worldwide recession on Pennsylvanians as incomes fall, poverty rises, and more people rely on public health care.

Median Income

In the United States, real median household income¹ fell 3.6% from 2007 to 2008, declining from \$52,163 to \$50,303. This is the largest single year drop since 1991.

State level data from today's Census release must be averaged over two years to make valid comparisons. This tempers the impact of the current recession, which began in December 2007 and did not have a large impact on Pennsylvania employment until the last quarter of 2008.

Pennsylvania median income during 2007-08 stands at \$50,850. From 2000-2001, the end of the last economic expansion, to 2007-2008, real median household income in Pennsylvania declined 3.7%, or \$1,968, falling from \$52,818 in 2000-2001 to \$50,850 in 2007-2008.

Poverty

The poverty rate in the U.S. increased to 13.2% in 2008, up from 12.5% in 2007. This increase represents an additional 2.5 million Americans living at or below the federal poverty guidelines. In total, 39.8 million Americans lived in poverty in 2008. According to the Census, the number of people in poverty is not statistically different than in 1960.² The threshold for poverty in 2008 for a family of four is \$22,025.

According to the CPS, over 1.3 million Pennsylvanians, representing 10.7% of the population, live at or below the poverty line.³ This is a statistically significant increase in poverty from 2000-2001, when the rate was 9.1%.

Children continue to be the most likely group to live in poverty. At the national level, 18.5% of children live in poverty in 2008, while in Pennsylvania, this rate equaled 14.8% in 2007-2008.⁴ The Pennsylvania number represents 400,000 children living at or below the poverty line.

The elderly have the lowest poverty rates. In the U.S., 9.7% of people over 65 years of age fall at or below federal poverty guidelines in 2008. The percentage in Pennsylvania in 2007-2008 is somewhat smaller, 9.4%, representing 175,000 elderly living in poverty.

¹ Data from different years are compared after adjusting for inflation.

² The poverty rate is significantly lower in 2008 than in 1960, when it was 22.4% of the population. The poverty rate has declined due to an increase in the U.S. population since 1960, although the number of Americans in poverty has increased.

³ Data from the ACS, to be released later in September, is likely to show higher rates of poverty.

⁴ This counts children living in households where at least one child is related to the head of household.

Over one in 10 families (10.3%) in the U.S. lived in poverty in 2008. In Pennsylvania, 260,000 families, or 8.0% of all families, were in poverty in 2007-2008.

Health Insurance

Employer-Sponsored Coverage

The number of Americans and Pennsylvanians with employer-sponsored health insurance coverage continues to drop. Since 2007, the number of Americans under the age of 65 with employer-sponsored health insurance coverage has dropped by 1.8 million. From 2000-2001 to 2007-2008, 3.2 million fewer Americans have employer-sponsored coverage, decreasing from 67.7% of the population to 62.4%. This percentage is likely to continue to decrease due to rising unemployment which is not expected to peak until late 2010.

A larger share of Pennsylvanians has employer-sponsored health insurance coverage than the U.S. as a whole. However, in 2008, the share of Pennsylvanians with coverage through an employer continued its decline. From 2000-2001 to 2007-2008, the percentage of non-elderly Pennsylvanians with employer-sponsored coverage decreased from 76.0% to 69.7%. The loss of 6.3% is considered statistically significant. This represents a loss of employer-sponsored coverage for 695,000 Pennsylvanians over the period.

The Uninsured

The CPS found that 46 million Americans, or 15.3% of the population, lacked health insurance coverage in 2007-08. This is significant increase from 2000-2001 when 13.9% lacked coverage.

Pennsylvania also saw an uptick in its rate of uninsured, increasing from 8.3% in 2000-01 to 9.7% in 2007-2008. Current figures show 1.2 million Pennsylvanians lack health insurance. A 2008 survey conducted for the Pennsylvania Insurance Department found that 8.2% of Pennsylvanians lacked insurance coverage. The disparity is related to methodological differences between the two surveys.⁵

The rate and number of children without health insurance has bucked the trend, remaining the same in Pennsylvania from 2000-2001 to 2007-2008. For both periods, approximately 200,000 children lack coverage, making up slightly more than 7% of the population. The Insurance Department survey reported 4.6% of children lacked insurance. This is likely related to the growth in the number of children enrolled in Medicaid or SCHIP.

Public Programs Make the Difference

The number of uninsured individuals in Pennsylvania would have been even higher if public coverage had not increased from 12.6% of individuals in 2000-2001 to 17.2% in 2007-2008, which compensated for some of the losses in employer-sponsored insurance over the same period. Since 2001-01, the share of the population with coverage through Medicaid and SCHIP grew by 4.3% to 14.3%.

⁵ The Pennsylvania Insurance Department survey employed significantly different surveying methods than the CPS. Results from the Insurance Department survey are summarized here:
http://www.ins.state.pa.us/ins/lib/ins/whats_new/2008_survey_slides.pdf.