



How the CPS Measures Health Insurance Status and the New Verification Question

In March 2000, the Census Bureau added a verification component to the Current Population Survey (CPS) health insurance module. This question resulted in a more accurate estimate of the rate of uninsurance. This brief describes the Census Bureau's approach to measuring health insurance.

Residual Approach

Prior to March 2000 the CPS March Supplement health insurance module did not directly ask survey respondents whether they were uninsured. Respondents were asked if they had any of the main types of health insurance (listed below) during the past year. A respondent answering "yes" to any of these was considered insured. (Respondents with only Indian Health Service were not considered insured).

- Medicare
- Employer-based
- Medicaid
- SCHIP
- State specific health insurance programs
- CHAMPUS/VA/Military Health Care
- Indian Health Service
- Private Insurance

This is the "residual" approach to measuring health insurance coverage. Respondents were classified as being **uninsured** if they did not answer, "yes" when asked if they have any of the various types of insurance. *Respondents were never asked directly whether they are uninsured.*

Problems with the Residual Approach

Research conducted by the Urban Institute and others (for example, the Center for Studying Health Care System Change) found that the residual approach was problematic. The Urban Institute's National Survey of American Families began asking respondents directly whether they were uninsured. They found that some of the people who answered "no" to each type of health insurance were, in fact, insured. The direct uninsurance "verification" question was followed up by another opportunity for the respondent to declare what type of insurance s/he had.

Direct Verification Question

In an attempt to replicate the study for use in the CPS, the Census Bureau added a **direct verification question** to the March 2000 demographic supplement for the first time. The Census Bureau wanted to evaluate this question before adopting it for use in making health insurance coverage estimates.

The Census Bureau evaluated the “verification” question regarding uninsurance in [“The March CPS Health Insurance Verification Question and its Effect on Estimates of the Uninsured”](#) The U.S. Department of Commerce [press release](#) is available.

The Census Bureau’s research found that when the direct uninsurance verification questions were used, about 8 percent of those previously classified as not having health insurance reported that they were, in fact, insured. This change will occur when estimates for 2000 are released next month.

Had this methodology (verification question) been used to produce the health insurance report covering calendar year 1999, the estimated number of people without health insurance in 1999 would have been 39.3 million, down from the 42.6 million. This does not represent an actual decline in the number of people without health insurance. It means past estimates of the uninsurance rate were biased upward (more people were considered uninsured than actually were uninsured). The verification question corrects for the bias.

State Coverage Estimates

The Census Bureau will be adjusting their state estimates of health insurance coverage based on the results from the verification question. Preliminary adjustments of the state rates of uninsurance are included in the table [“State 1999 Uninsurance Rates With and Without Verification, and Expected State Uninsurance Rates With Verification.”](#)