



What is Behind the 8 Percent Drop in the Uninsurance Rate? The CPS Verification Question and Its Impact on States

August 2001

Key Facts

- In March 2000, the Census Bureau added a verification component to the Current Population Survey (CPS) health insurance module. For the first time, respondents were asked directly whether they were uninsured.
- The Census Bureau found that using the verification items results in a more accurate estimate of the rate of uninsurance.
- Without the verification question, the 1999 estimate of the number of uninsured was 42.6 million; with the verification question, the 1999 estimate of the uninsured population is 39.3 million, a decrease of 7.7%.
- The change is attributable to a modification in how coverage is measured and does not represent an actual reduction in the rate of uninsurance.
- In preliminary numbers released by the Census Bureau, no state experienced a significantly different percentage decrease than the national decrease of 8%.

Background

The Census Bureau's Current Population Survey (CPS) is a nationally representative household-based survey conducted primarily to collect labor force and unemployment data. It is also the most commonly used data source for estimating health insurance coverage and uninsurance rates at federal and state levels. In March of each year, the CPS adds questions to determine whether respondents had health insurance at any time during the previous calendar year (See [“How the CPS Measures Health Insurance Status and New the Verification Question.”](#))

Verification Question

In March 2000, the Census Bureau added a verification component to the CPS health insurance module. For the first time, respondents were asked directly whether they were uninsured. As a result of their analysis, the Census Bureau has decided to use the verification item in future health insurance reports.

In a recently issued [press release](#), the Census Bureau announced that the estimate of the number of uninsured people in the U.S. in 1999 decreased by 7.7% with the inclusion of the verification item. Without the verification question, the 1999 estimate of the number

of uninsured was 42.6 million; with the verification question, the 1999 estimate of the uninsured population is 39.3 million.

While the addition of the verification question will result in significantly lower estimates of the number of uninsured, it is critical to keep in mind that this change is attributable to a modification in how coverage is measured. It does not represent an actual reduction in the rate of uninsurance in the United States.

Impact on States

For a discussion of state policy implications, see [“Revisions to CPS: Impact on State Health Policy.”](#)

State Coverage Estimates

The CPS estimates of *state* uninsurance rates will be adjusted based on the new verification question. The adjusted rates will be lower and the change similar to that of the national estimate. See table of [Preliminary State Estimates](#).