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CPS Verification Question – State Policy Implications Q&A with the U.S. Census Bureau

The State Health Access Data Assistance Center (SHADAC) sponsored a conference call with health policy analysts from twelve states and Charles T. Nelson, Assistant Division Chief for Income, Poverty and Health Statistics at the U.S. Census Bureau to discuss the health insurance verification question recently added to the Census' Current Population Survey (CPS) March Supplement. Other experts participating were Linda Bilheimer of The Robert Wood Johnson Foundation, Stephen Zuckerman of the Urban Institute, Lynn Blewett and Michael Davern of the State Health Access Data Assistance Center. This policy brief provides an overview of the key issues discussed.

Background

In 2000, the Current Population Survey (CPS) March Supplement added an experimental health insurance "verification" question. Anyone who did not report any type of health insurance coverage was asked an additional question about whether or not they were, in fact, uninsured. Those who reported that they were insured were then asked what type of insurance they had. The characteristics of people who report coverage in these questions and a preliminary estimate of the effect of this question on March CPS estimates of the uninsured are discussed in Mr. Nelson's paper ["The March CPS Health Insurance Verification Question and its Effect on Estimates of the Uninsured."](#)¹

The need for a verification question was demonstrated by findings from the National Survey of America's Families², which is conducted by the Urban Institute and funded, in part, by The Robert Wood Johnson Foundation. The Census Bureau adopted the verification question to improve the accuracy of its estimates of uninsurance in the U.S. despite the fact

that this new approach can complicate public understanding and discussion of the U.S. uninsurance rate.

Impact of Verification Question

The Census Bureau found that 92 percent of those who answered "no" to all types of insurance verified that they were, in fact, uninsured. However, about 8 percent (about 3.3 million people) of those who initially answered "no" later said that they did have insurance.

Of that 3.3 million, the majority (about 90 percent) reported having private, mostly group, coverage. This finding was somewhat surprising to analysts who anticipated that more of these people would have reported having public coverage. And, only 400,000 of that 3.3 million reported having public coverage; of that number, Medicaid covered about 300,000.

Census analyzed the characteristics of the people who were initially classified as "uninsured" (before the verification question switched them to "insured") to

determine whether they resembled people who initially reported having coverage. They found that this group of people “picked up” by the verification resembled people with health insurance coverage in terms of their economic status. This finding supports the validity of the verification question.

Because these results are in line with other surveys and the characteristics of the people “picked up” by the verification question to correspond to other insured people, future releases of the CPS estimates will include the verification element beginning in September 2001.

How will the 3-year estimates be done with verified data for only 2 years?

Census plans to produce three-year estimates in September 2001 using state-specific ratios to estimate the percent reduction in the non-verified year. The state-specific ratio adjustments are available at the SHADAC website: www.shadac.org/analysis/misc/1998state_ratio_d.pdf

Will the verified numbers be used in the SCHIP allocation formula? If so, when?

At this point, it is not clear what the decision of the Centers for Medicare and Medicaid Services (CMS, formerly HCFA) will be. They are aware that the CPS estimates are being modified.

How will the health insurance coverage time series be handled? Will the Census Bureau produce both unverified and verified estimates in the upcoming September report?

Yes. The Census Bureau plans to put two estimates in their time series tables in the upcoming September report to provide a bridge between the post- and pre-verification. However, only the

verified time series will be in the reports for 2002 and beyond.

Stephen Zuckerman of the Urban Institute noted that an important feature of the verification question is that a comparable time series can still be constructed to past CPS survey years, even after adding the verification question to the survey. This is an important factor in studying change in health insurance coverage rates over time.

Why do so many privately insured people initially report no coverage?

There are at least three reasons why the verification question “picked up” so many people with private insurance coverage.

Coverage Source vs. Provider: Researchers tend to think in terms of the source of coverage, e.g., employer, union, Medicare. Whereas survey respondents may think in terms of provider, e.g., Blue Cross. As a result, a person answers no when asked if his/her employer provides coverage. However, when later asked if s/he is uninsured, the answer might be “No, I have Blue Cross.”

Order Effect: Another factor may be a result of the order in which the insurance questions are asked. The CPS asks about group insurance in the first question, so people may not have shifted their thinking from the earlier income questions to the current health insurance questions. This might throw a respondent off balance a bit, causing them to report their status inaccurately.

Question Wording: The Urban Institute’s Stephen Zuckerman suggested that question wording is also a factor. He noted that the CPS asks the respondent if anyone in the household has coverage through a current or former employer, or through a union. Whereas the verification question asks about the insurance status of each individual, which might illicit responses that asking about the entire household at once does not.

Over 26 percent of the people, picked up through verification have privately purchased insurance. Why do you think this happens?

One possible explanation is that a respondent who gives an answer to type of insurance as “Blue Cross” could be coded as having privately-purchased insurance (individual coverage). The Blue Cross coverage, however, could be employer-based coverage or government insurance.

Have you done an analysis of how the people that fall into the privately purchased category with verification compare to those that fell in this category through the first set of insurance questions?

This analysis was contemplated but not included in Mr. Nelson’s paper. While there did not appear to be a major difference, it might be something worth looking into with future analyses.

Would such analysis be important to determine whether the privately insured “pick-up” segment (from the verification question) is really insured through the private market?

People being coded as having privately purchased insurance probably have health insurance. It’s the classification that is being called into question. Census can improve CPS interviewer training for this question in an attempt to make sure that privately purchased insurance – generally referred to individual coverage or individually-purchased insurance – is actually privately purchased and not employer-based or public insurance. The training will center on probing a respondent who gives the name of an insurance provider (e.g., Blue Cross) as the type of coverage.

Does asking whether a person is uninsured make respondents feel socially undesirable and possibly cause them to answer that they actually do have insurance?

The Census Bureau has attempted to word the question [“I have recorded that Tom and Jane were not covered by health plan at any time in 1999. Is that correct?”] to avoid such an effect on the respondent. However, this effect could still be prevalent.

What is the breakdown by age of those who switched from uninsured to insured after the verification question?

Children were a little more likely than adults to be picked up with the verification question, but there was not a big difference.

Did you find differences among states relative to the verification question?

There are currently no statistically significant differences between the national average decline and the decline in any one state. However, significant changes will probably become apparent when three-year averages become available in another year.

Will the CPS September health insurance coverage report include data from the 2001 sample expansion?

No, data from the expansion will be reviewed separately for consistency and then released in early 2002.

Are there any trends in public coverage pick-up with the verification question?

Both the Urban Institute’s National Survey of America’s Families (NSAF) and the CPS had a higher rate of public insurance pick-up with the verification question among children.

Is it possible that Medicaid clients are reporting themselves as privately insured? Is the CPS survey missing Medicaid recipients?

According to Stephen Zuckerman, the idea that increased Medicaid use of managed care plans has resulted in increasing reports of Medicaid as private coverage is a popular notion. However,

the actual extent of this effect remains somewhat unclear. Compared to Medicaid administrative data, CPS estimates appear to be missing some Medicaid recipients.

A study conducted by Kathleen Call, et al.³ found that a combination of factors contributed to Medicaid under-reporting. They interviewed public program participants in Minnesota and concluded that people were able to identify whether they were on public or private insurance; however, they were not always able to distinguish what type of public program they were on.

Has Census considered adding a second question to the CPS that would ask whether a person has been insured for *all* of the past 12 months?

It is extremely difficult to add items to the CPS, as evidenced by the arduous process required to add this verification item. However, this is a question that could be considered.

SHADAC would like to thank Chuck Nelson of the Census Bureau for providing frank and helpful answers to the many questions relative to the CPS verification question.

In addition, we thank Linda Bilheimer, Steve Zuckerman, and all the state and university analysts for their participation in this conference call. Watch our website at www.shadac.org for further information.

¹ Nelson, Charles T. and Mills, Robert. "The March CPS Health Insurance Verification Question and its Effect on Estimates of the Uninsured." Census Bureau, August 2001.

² Rajan, Shruti, Stephen Zuckerman and Niall Brennan, "Confirming Insurance Coverage in a Telephone Survey: Evidence from the National Survey of America's Families," *Inquiry*, Fall 2000 (Vol. 37, No. 3), 317-327.

³Call, Kathleen Thiede, Gestur Davidson, Anna Stauber Sommers, Roger Feldman, Paul Farseth, and Todd Rockwood. *Uncovering the Missing Medicaid Cases and Assessing Their Bias for Estimates of the Uninsured. Inquiry*. Forthcoming.