



# The Uninsured in Michigan, 2014



Introduction ..... 2

Data and Methodology ..... 2

Trends in the Rates  
of Uninsured ..... 3

Demographic Characteristics  
of the Uninsured ..... 4

- Uninsured by Age..... 4*
- Uninsured by Sex ..... 4*
- Uninsured by Race/Ethnicity ... 5*
- Uninsured by Income Level .... 5*

Geographic Characteristics  
of the Uninsured ..... 6

Estimates of the  
Individual Mandate  
Penalties ..... 8

Conclusion ..... 9

Appendices..... 10

# COVER MICHIGAN

## Introduction

In 2014, millions of previously uninsured Americans gained health insurance coverage through the Affordable Care Act's (ACA) Medicaid expansion and financial assistance available through the health insurance marketplace.<sup>1</sup> These programs, combined with Michigan's unemployment rate dipping to its lowest level since 2007, contributed to Michigan's significant decrease in the number of uninsured residents in 2014.<sup>2</sup> This brief identifies which groups experienced the largest changes in health insurance coverage in Michigan in 2014. It also analyzes the ACA's individual mandate and the possible penalty amounts Michigan's remaining uninsured may face.

Key findings include:

- The share of Michigan residents without health insurance dropped from 11 percent in 2013 to 8.5 percent in 2014 as the ACA's coverage expansion provisions took effect.
- All age groups experienced declines in the number of uninsured, but the declines were most prominent for young adults under age 35.
- Uninsured rates fell for many subpopulations in 2014, yet sharp disparities remain by race, ethnicity, and income. Hispanic individuals remain more than twice as likely to be uninsured as white individuals.
- Certain geographic regions in Michigan experienced large coverage gains in 2014, yet many rural areas and areas within Detroit continue to have high rates of uninsured.
- The individual mandate penalty is likely to affect as much as 60 percent of the uninsured in Michigan, and the average annual penalty amounts are estimated to increase from \$126 in 2014 to \$446 in 2016.

## Data and Methodology

The data source for this issue brief is the U.S. Census Bureau's American Community Survey (ACS) made available through the Minnesota Population Center.<sup>3</sup> The ACS collects information from approximately 3.5 million addresses each year, and since 2008, has included questions on the health insurance coverage status of household members.<sup>4</sup> The ACS asks point-in-time questions on health insurance coverage, and the survey is administered throughout the calendar year. Therefore, ACS statistics on population health insurance coverage represent the average daily experience in a given year.

Due to this survey design and the April 1, 2014, launch of the Healthy Michigan Plan (HMP), health insurance coverage gains in Michigan are likely understated for 2014. A considerable number of ACS first quarter respondents likely became HMP eligible after April 1, so the ACS is likely to overestimate Michigan's uninsured population in 2014 compared to other surveys.

<sup>1</sup> U.S. Department of Health & Human Services. *Health Insurance Coverage and the Affordable Care Act, September 2015*. <https://aspe.hhs.gov/pdf-report/health-insurance-coverage-and-affordable-care-act-september-2015> (accessed 1/22/2016).

<sup>2</sup> Michigan's unemployment rate decreased from 8.9 percent in 2013 to 7.3 percent in 2014, according to the Bureau of Labor Statistics – Local Area Unemployment Statistics. <http://www.bls.gov/lau/> (accessed 1/22/2016).

<sup>3</sup> Steven Ruggles, Katie Genadek, Ronald Goeken, Josiah Grover, and Matthew Sobek. Integrated Public Use Microdata Series: Version 6.0 [Machine-readable database]. Minneapolis: University of Minnesota, 2015. (accessed 11/18/2015).

<sup>4</sup> United States Census Bureau. *Health Insurance Statistics: CPS, SIPP, ACS and SAHIE*. (December 2015). <https://www.census.gov/data/developers/data-sets/Health-Insurance-Statistics.html> (accessed 1/23/2016).

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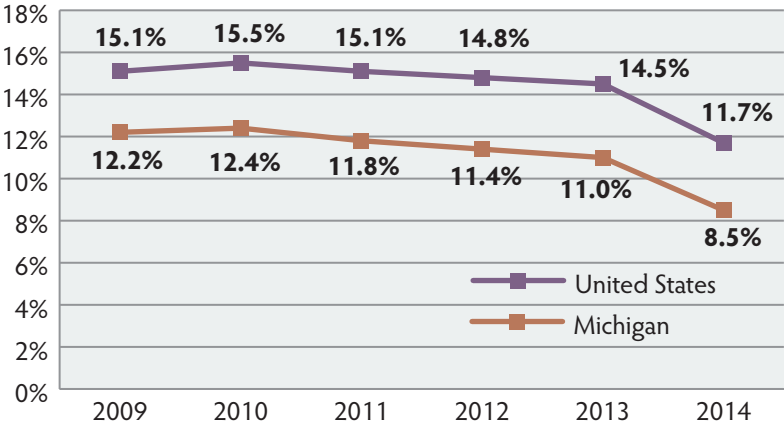


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# Trends in the Rates of Uninsured

Historically, the national uninsured rate has exceeded Michigan's rate, but both have declined since 2010, primarily due to an improving economy. However, both rates experienced a much sharper decrease in 2014 compared to previous years. **FIGURE 1** The share of Michigan residents without health insurance dropped from 11.0 percent in 2013 to 8.5 percent in 2014 as the ACA's coverage expansion provisions took effect.

**FIGURE:1**  
**Uninsured Rate for the United States and Michigan, 2009-2014**  
**(All Ages)**



Source: Census Bureau, American Fact Finder, 2009-2014



# Demographic Characteristics of the Uninsured

Nearly all subpopulations in Michigan experienced a substantial decrease in their uninsured rate in 2014, but coverage gains were uneven. Many groups that had above-average uninsured rates prior to the ACA coverage expansion continued to relatively higher rates in 2014, so large relative disparities in health insurance coverage continued.

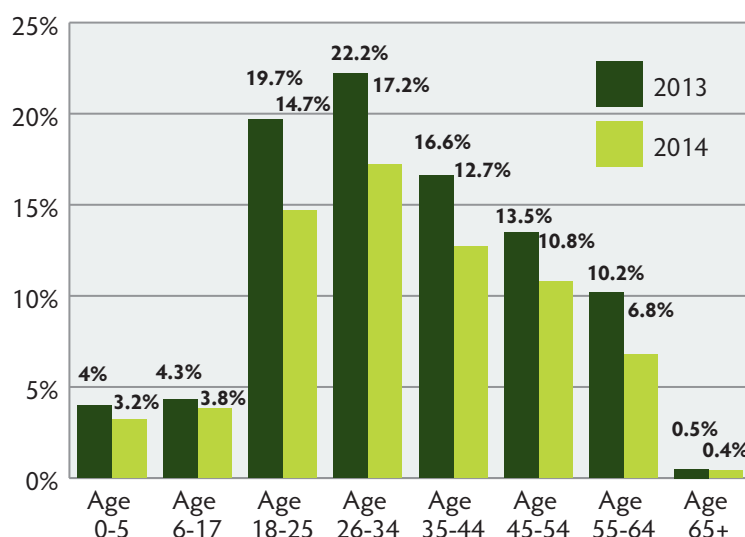
## Uninsured by Age

From 2013 to 2014, every age group in Michigan experienced a statistically significant decline in its uninsured rate. **FIGURE 2** The largest decreases occurred for adults from age 18 to 25 and age 26 to 34. Both cohorts experienced a 5 percentage point decrease in their uninsured rate in 2014. In addition, fewer children were uninsured in 2014, even though a limited number of children, compared to adults, gained new access to financial assistance for health insurance coverage under the ACA. Outreach and enrollment efforts focused on uninsured adults that were newly eligible for coverage may have also resulted in some children getting enrolled as well.

## Uninsured by Sex

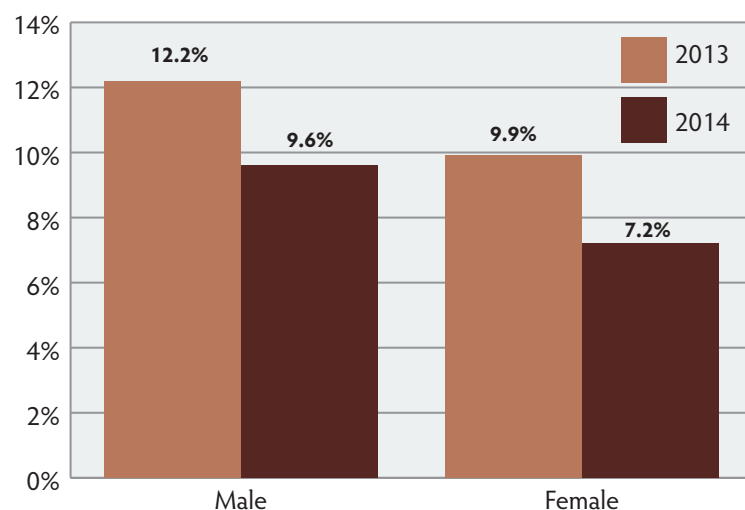
Before the ACA coverage expansion, men in Michigan were more likely to be uninsured (12.2 percent) than women (9.9 percent). **FIGURE 3** In 2014, both men and women experienced significant decreases in their uninsured rates, but men continued to be more likely to be uninsured (9.6 percent) than women (7.2 percent). In addition, the difference in uninsured rates by sex remained virtually unchanged from 2013 to 2014.

**FIGURE 2**  
**Change in Uninsured Rate by Age, 2013-2014 (All Ages)**



Source: CHRT Analysis of American Community Survey Data, 2013-2014

**FIGURE 3**  
**Change in Uninsured Rate by Sex, 2013-2014 (All Ages)**



Source: CHRT Analysis of American Community Survey Data, 2013-2014



# Demographic Characteristics of the Uninsured (*continued*)

## Uninsured by Race/Ethnicity

Prior to the ACA coverage expansion in 2014, Michigan had substantial variation in uninsured rates across racial and ethnic groups. In 2013, Hispanic individuals in Michigan were more than twice as likely to be uninsured as white individuals.

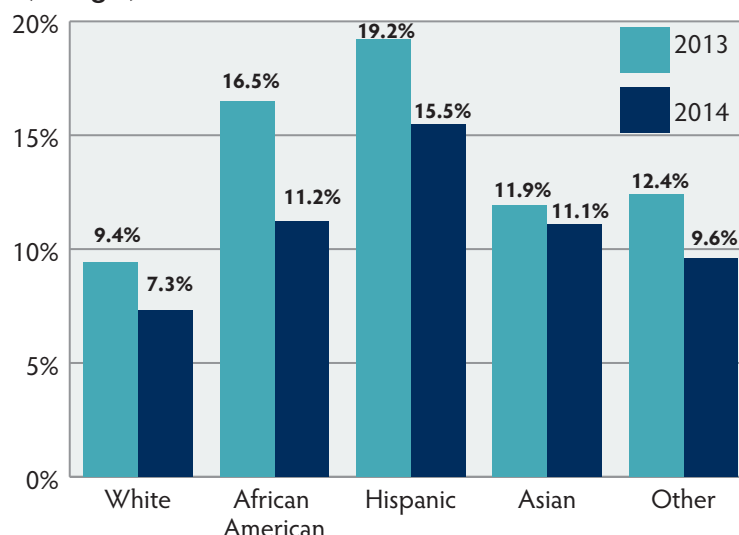
**FIGURE 4** In 2014, the uninsured rates for nearly all racial and ethnic groups decreased in Michigan, with the exception of the Asian population, which experienced a small but statistically insignificant decrease. **APPENDIX FIGURE 1** The uninsured rates for African Americans and Hispanic individuals fell by 5.3 and 3.7 percentage points, respectively. However, Hispanic individuals continued to be more than twice as likely to be uninsured as whites in 2014.

## Uninsured by Income Level

Uninsured rates also varied considerably by income level in Michigan in 2013. One out of five residents below 138 percent of the federal poverty level (FPL) was uninsured in 2013, and this income group comprised 58 percent of Michigan's uninsured population. **FIGURE 5**

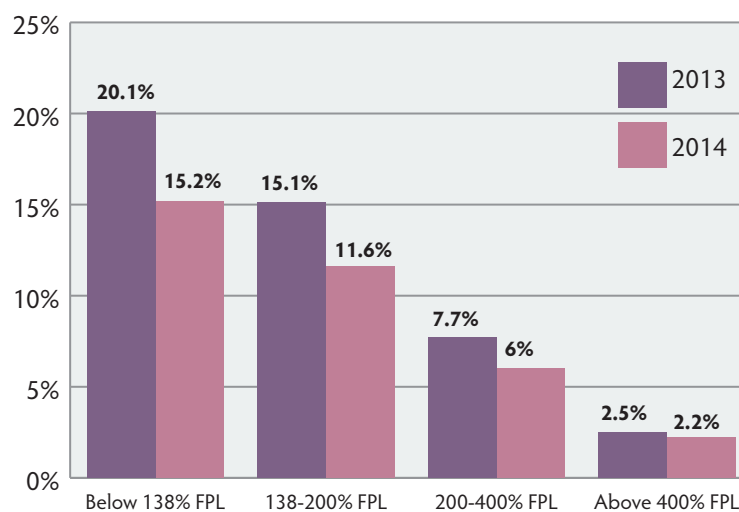
Uninsured rates decreased for all income groups in 2014, with the largest decreases occurring for those below 138 percent FPL, many of whom became eligible for the Healthy Michigan Plan on April 1, 2014. The decline in the uninsured rate for income groups between 138 percent and 400 percent FPL could be due to the availability of tax credits to help purchase private coverage through the health insurance marketplace. Higher income residents above 400 percent FPL also experienced a modest decrease in their uninsured rate, possibly due to an improving labor market.

**FIGURE 4**  
**Change in Uninsured Rate by Race/Ethnicity, 2013-2014**  
**(All Ages)**



Source: CHRT Analysis of American Community Survey Data, 2013-2014

**FIGURE 5**  
**Change in Uninsured Rate by Income Level, 2013-2014**  
**(All Ages)**



Source: CHRT Analysis of American Community Survey Data, 2013-2014

SOURCE: CHRT, using the HRSA Bureau of Primary Health Care Section 330 Grantees Uniform Data System, 2011

# Geographic Characteristics of the Uninsured

There was considerable geographic variation in Michigan's uninsured before the ACA coverage expansion. In 2013, southwest Detroit (located in Wayne County) had the highest uninsured rate for non-elderly residents (age 0-64) at 27.1 percent, and the lowest rate was in the Bloomfield and Birmingham area (Oakland County) at 5.0 percent.

## APPENDIX FIGURE 2

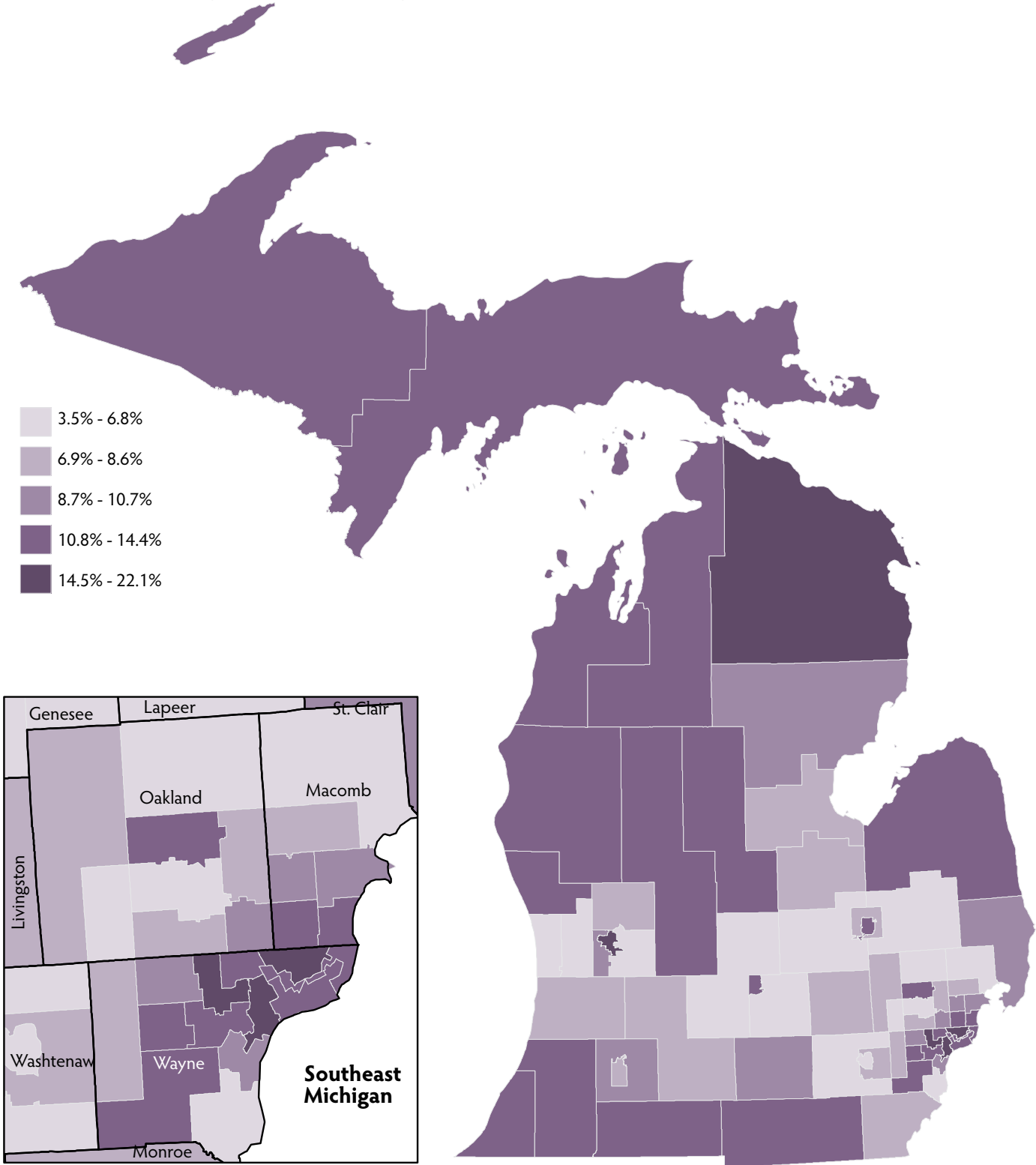
Many areas across Michigan experienced considerable gains in health insurance coverage in 2014. For example, the uninsured rate in south central and southeast Detroit dropped from 21.6 percent to 12.1 percent from 2013 to 2014. However, some areas experienced statistically insignificant changes in their uninsured rate in 2014. **APPENDIX FIGURE 2** Michigan still experienced geographic variation in uninsured rates in 2014. The northeast Lower Peninsula, Grand Rapids, and areas within Detroit each had uninsured rates over 15 percent. In Eaton and Clinton counties and areas of Ottawa, Kent, Wayne and Oakland counties, uninsured rates were below 6 percent.<sup>5</sup> **FIGURE 6**

<sup>5</sup> Figure 6 and Appendix Figure 2 display geographic variation using Public Use Microdata Areas (PUMAs). PUMAs are geographic statistical areas established by the U.S. Census Bureau that are built on census tracts and counties and contain at least 100,000 people.



# Geographic Characteristics of the Uninsured *(continued)*

FIGURE:6  
Uninsured Rate by Geographic Area, 2014 (Age 0-64)



Source: CHRT Analysis of American Community Survey Data, 2014

## Estimates of the Individual Mandate Penalties

Along with the ACA coverage expansion, 2014 marked the first year of the law's shared responsibility payment (individual mandate) for those who remained uninsured. The payment amount started relatively small—the greater of \$95 per adult or 1 percent of income beyond the tax filing threshold—but increases substantially in 2015 and 2016. **FIGURE 7** Uninsured residents may be exempted from the individual mandate if they were uninsured for less than 3 months, available coverage was unaffordable, income was below the tax filing threshold, or if they met another exemption from the mandate.<sup>6</sup>

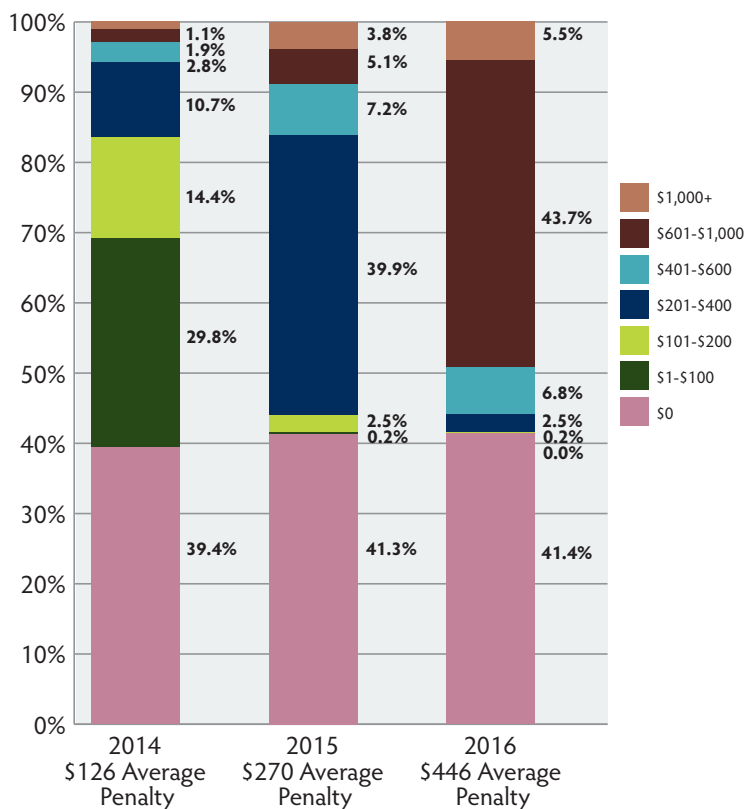
Based on analysis of Michigan's remaining uninsured population in 2014, about 60 percent of the uninsured likely faced an individual mandate penalty payment, with the remaining share being eligible for an exemption from the mandate. The average annual payment for the uninsured could have been as high as \$126.<sup>7</sup> **FIGURE 8** With a minimum penalty of \$95 per adult in 2014, more than 30 percent of the uninsured would have faced a penalty amount of more than \$100 per person.

For 2015 and 2016, the average penalty amount for the remaining uninsured would increase to \$270 and \$446, respectively. By 2016, over 49 percent of the uninsured could face a penalty of more than \$600, if the average characteristics and income levels of the uninsured population remain consistent with 2014.<sup>8</sup> However, many uninsured residents who are subject to the penalty are eligible for financial assistance under the ACA, and some could even obtain marketplace coverage in 2016 for less than the cost of the individual mandate penalty.<sup>9</sup>

**FIGURE 7**  
**Individual Mandate Penalty Amount Calculation by Year**

Year	Flat Amount			Percent of Income Above Tax Filing Threshold		
	Per Adult	Per Child	Household Cap	Percent of Income	Tax Filing Threshold (Single)	Tax Filing Threshold (Married)
2014	\$95	\$47.50	\$285	1%	\$10,000	\$20,000
2015	\$325	\$162.50	\$975	2%	\$10,150	\$20,300
2016	\$695	\$347.50	\$2,085	2.5%	\$10,300	\$20,600

**FIGURE 8**  
**Estimated Shared Responsibility Payments for Uninsured Michigan Residents, 2014-2016**



Source: CHRT Analysis of American Community Survey Data, 2014

<sup>6</sup> Healthcare.gov. 2015 Health Coverage Exemptions, Forms & How to Apply. <https://www.healthcare.gov/health-coverage-exemptions/forms-how-to-apply/> (accessed 1/22/2016).

<sup>7</sup> Estimated penalty payments are for the maximum likely penalty amount. In this analysis, the only penalty exemption we could reliably impute was for those with incomes below the tax filing threshold. Other coverage, affordability, and hardship-based exemptions were not imputed. We also assumed that the uninsured remained without qualifying coverage for the entire year, but penalty payments can be pro-rated for uninsured months.

<sup>8</sup> If the average income levels of the remaining uninsured increased significantly from 2014 levels, the average individual mandate penalties would increase as well.

<sup>9</sup> M. Rae, A. Damico, C. Cox, G. Claxton, and L. Levitt. *The Cost of the Individual Mandate Penalty for the Remaining Uninsured*. (Menlo Park, CA and Washington, DC: Henry J. Kaiser Family Foundation, December 2015). <http://kff.org/health-reform/issue-brief/the-cost-of-the-individual-mandate-penalty-for-the-remaining-uninsured/> (accessed 1/22/2016).



## Conclusion

With the ACA's coverage expansion and decreasing unemployment in 2014, Michigan experienced a substantial decrease in the size of its uninsured population. While this marked a sharp decrease from previous years, coverage gains were uneven both geographically and across subpopulations, and disparities remained. However, due to continued health insurance outreach and enrollment activities and the increasing magnitude of individual mandate penalties, the size of the uninsured population is expected to fall further in future years. How additional coverage gains are achieved and how they affect different groups is worthy of future examination.



## Appendix 1

FIGURE: A-1

### Uninsured Rate Changes by Demographic Characteristics, 2013-2014 (All Ages)

Characteristic	2013	2014	2013-2014 Change
<b>Age</b>			
Age 0-5	4.0%	3.2%	-0.8%*
Age 6-17	4.3%	3.8%	-0.5%*
Age 18-25	19.7%	14.7%	-5.0%*
Age 26-34	22.2%	17.2%	-5.0%*
Age 35-44	16.6%	12.7%	-3.9%*
Age 45-54	13.5%	10.8%	-2.7%*
Age 55-64	10.2%	6.8%	-3.4%*
Age 65+	0.5%	0.4%	-0.2%*
<b>Sex</b>			
Male	12.2%	9.6%	-2.6%*
Female	9.9%	7.2%	-2.7%*
<b>Race/Ethnicity</b>			
White	9.4%	7.3%	-2.1%*
African American	16.5%	11.2%	-5.4%*
Hispanic	19.2%	15.5%	-3.7%*
Asian	11.9%	11.1%	-0.8%
Other	12.4%	9.6%	-2.8%*
<b>Income Level</b>			
Below 138% FPL	20.1%	15.2%	-4.9%*
138-200% FPL	15.1%	11.6%	-3.5%*
200-400% FPL	7.7%	6.0%	-1.7%*
Above 400% FPL	2.5%	2.2%	-0.4%*
Total	11.0%	8.4%	-2.6%*

Source: CHRT Analysis of American Community Survey Data, 2013-2014

\* Estimate differs significantly from 2013 to 2014 at the 0.05 level

## Appendix 2

FIGURE: A-2

### Change in Uninsured Rate by Geographic Area, 2013-2014 (Age 0-64)

Geographic Area (Public Use Microdata Area)	2013	2014	2013-2014 Change
Western Upper Peninsula	16.5%	11.0%	-5.4%*
Eastern Upper Peninsula	16.3%	11.2%	-5.1%*
Northeast Lower Peninsula	20.2%	15.4%	-4.8%*
Northwest Lower Peninsula (East)	15.3%	12.9%	-2.4%
Northwest Lower Peninsula (West)	13.4%	11.1%	-2.3%
Newaygo, Mason, Oceana & Lake Counties	13.6%	12.2%	-1.4%
Muskegon County	11.3%	11.2%	-0.1%
Ottawa County	7.5%	5.8%	-1.8%*
Ottawa County (West)	8.3%	6.6%	-1.7%
Ottawa County (East)	6.8%	4.9%	-1.9%
Allegan County	12.1%	8.3%	-3.8%*
Kent County	11.4%	10.2%	-1.2%
Kent County (Southwest)	13.7%	9.9%	-3.7%*
Kent County (Central)—Grand Rapids City Area	16.2%	15.7%	-0.5%
Kent County (Southeast)	5.3%	6.0%	0.8%
Kent County (North)	9.1%	7.4%	-1.8%
Ionia, Montcalm, Mecosta & Osceola Counties	14.1%	11.1%	-3.1%*
Isabella, Gratiot & Clare Counties	14.8%	11.6%	-3.2%*
Iosco, Gladwin, Roscommon, Ogemaw & Arenac Counties	18.1%	10.4%	-7.7%*
Bay & Midland Counties	11.8%	8.5%	-3.3%*
Saginaw County	10.9%	8.3%	-2.6%*
Tuscola, Sanilac & Huron Counties	17.1%	13.9%	-3.2%*
Genesee, Lapeer, and Shiawassee Counties	11.3%	7.5%	-3.9%*
Genesee (East) & Lapeer Counties	7.9%	6.7%	-1.2%
Genesee County (Central, Outside Flint City)	11.2%	7.3%	-3.9%*
Genesee County (Central)—Flint City Area	14.9%	11.1%	-3.8%
Genesee (West) & Shiawassee Counties	12.7%	6.2%	-6.5%*
Ingham County	9.5%	8.7%	-0.8%
Ingham County (South & East)	6.6%	6.8%	0.2%
Ingham County (Northwest)	13.7%	11.3%	-2.4%
Eaton & Clinton Counties	8.7%	5.9%	-2.7%*
Calhoun & Barry Counties	12.1%	8.4%	-3.7%*
Kalamazoo County	12.9%	9.2%	-3.7%*
Kalamazoo County (Outer)	10.5%	9.8%	-0.8%
Kalamazoo County (Central)—Kalamazoo & Portage Cities Area	15.3%	8.6%	-6.7%*
St. Joseph & Branch Counties	15.4%	12.6%	-2.8%
Van Buren & Cass Counties	20.2%	12.5%	-7.7%*
Berrien County	16.8%	11.3%	-5.4%*
Lenawee & Hillsdale Counties	16.0%	11.4%	-4.6%*
Jackson County	15.1%	10.7%	-4.5%*
Washtenaw County	8.9%	7.0%	-1.8%*
Washtenaw County (West, Northeast & Southeast)	6.3%	6.8%	0.5%
Washtenaw County (East Central)—Ann Arbor City Area	7.5%	6.6%	-0.9%
Washtenaw County (East Central, Outside Ann Arbor City)	12.2%	7.5%	-4.7%*

continued on next page

## Appendix 2

**FIGURE: A-2 (CONTINUED)**  
**Change in Uninsured Rate by Geographic Area, 2013-2014 (Age 0-64)**

Geographic Area (Public Use Microdata Area)	2013	2014	2013-2014 Change
Livingston County	8.5%	7.2%	-1.3%
Oakland County	10.3%	7.8%	-2.5%*
Oakland County (West)	8.3%	6.9%	-1.4%
Oakland County (Northeast)	8.5%	5.4%	-3.1%*
Oakland County (East Central)--Troy & Rochester Area	9.7%	7.6%	-2.1%
Oakland County (Central)	17.5%	13.1%	-4.4%*
Oakland County (Southwest)	8.8%	6.6%	-2.3%*
Oakland County (Central)--Birmingham & Bloomfield Area	5.0%	5.4%	0.5%
Oakland County (South Central)--Farmington & Southfield Area	13.5%	7.2%	-6.3%*
Oakland County (Southeast)	9.9%	9.2%	-0.7%
Macomb County	11.9%	9.6%	-2.4%*
Macomb County (North)	11.8%	6.0%	-5.8%*
Macomb County (Central)	6.9%	7.7%	0.8%
Macomb County (Southwest)--Sterling Heights City	10.7%	9.9%	-0.9%
Macomb County (Southeast)--Mount Clemens & Fraser Area	13.8%	9.8%	-4.0%*
Macomb County (Southeast)--St. Clair Shores, Roseville & Eastpointe Area	11.9%	11.4%	-0.5%
Macomb County (Southwest)--Warren & Center Line Cities	17.1%	12.3%	-4.8%*
St. Clair County	10.0%	9.2%	-0.8%
Wayne County	16.4%	12.5%	-4.0%*
Wayne County (Northwest)	7.9%	7.8%	-0.1%
Wayne County (North Central)--Livonia City & Redford Charter Township	13.0%	9.0%	-3.9%*
Wayne County (Central)--Dearborn & Dearborn Heights Cities	15.8%	11.5%	-4.2%*
Wayne County (Central)--Westland, Garden City, Inkster & Wayne Cities	16.7%	13.0%	-3.6%*
Wayne County (Southwest)	11.1%	11.8%	0.7%
Wayne County (Southeast)--Downriver Area (South)	7.4%	3.5%	-4.0%*
Wayne County (Southeast)--Downriver Area (North)	13.1%	9.8%	-3.3%
Detroit City (Northwest)	21.5%	17.9%	-3.6%
Detroit City (North Central)	18.5%	14.4%	-4.1%
Detroit City (Northeast)	23.5%	18.8%	-4.7%*
Detroit City (South Central & Southeast)	21.6%	12.1%	-9.5%*
Detroit City (Southwest)	27.1%	22.1%	-5.1%*
Wayne County (Northeast)--I-94 Corridor	18.5%	11.3%	-7.2%*
Monroe County	10.3%	8.4%	-1.9%
<b>Michigan Statewide</b>	<b>12.8%</b>	<b>9.8%</b>	<b>-3.0%*</b>

Source: CHRT Analysis of American Community Survey Data, 2013-2014

\* Estimate differs significantly from 2013 to 2014 at the 0.05 level



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