

**WEBINAR ON
2013 INCOME, POVERTY AND HEALTH INSURANCE COVERAGE ESTIMATES
FROM THE CURRENT POPULATION SURVEY**

Victoria Velkoff, Ph.D.
Chief, Social, Economic, and Housing Statistics Division

September 16, 2014

Good morning and thank you for joining us.

Today, we are releasing national income, poverty, and health insurance coverage estimates.

(Slide 4)

We are releasing two reports today: *Income and Poverty in the United States: 2013* and *Health Insurance Coverage in the United States: 2013*. The income and poverty report is based solely on data from the Current Population Survey's Annual Social and Economic Supplement (CPS ASEC). The CPS is the longest-running survey conducted by the Census Bureau and is the official source of the national poverty estimates calculated in accordance with the Office of Management and Budget's Statistical Policy Directive 14.

The 2014 CPS ASEC introduced redesigned income questions using a split sample approach. The estimates in both reports use the portion of the sample which received the income questions consistent with the 2013 CPS ASEC, approximately 68,000 addresses. The health insurance report includes data from both the CPS and the American Community Survey.

(Slide 5)

Let me begin by summarizing the main findings from each of the three subject areas.¹

- Real median household income in 2013 was not statistically different from the 2012 median income.
- The official poverty rate decreased between 2012 and 2013, while the number in poverty in 2013 was not statistically different from 2012.
- In 2013, the percentage of people without health insurance coverage for the entire calendar year was 13.4 percent, or 42.0 million people.

¹ As in all surveys, the data presented here and in the report being released today are estimates, subject to sampling variability and response errors. All statements in this briefing and the report meet the Census Bureau's standards for statistically significant differences, unless noted otherwise. All historical income data are expressed in 2013 dollars and were adjusted using the Consumer Price Index Research Series, which measured a 1.5 percent increase in consumer prices between 2012 and 2013. The poverty thresholds are also updated each year for inflation. In 2013, the weighted average threshold for a family of four was \$23,834; and for a family of three, \$18,552.

(Slide 6)

Let me start by giving more details about the changes we observed in income. This chart shows median household income from 1967 to 2013 in real, inflation adjusted dollars. Recessions, as defined by the National Bureau of Economic Research (NBER), are depicted in this, and all time series charts, in light blue shading.²

The median represents the point on the distribution of household income at which half of the households have income below it and half have income above it. Real median household income was \$51,900 in 2013, not statistically different from the 2012 median of \$51,800. This is the second consecutive year that the annual change was not statistically significant, following two consecutive years of annual declines in median household income.

In 2013, real median household income was 8.0 percent lower than in 2007, the year before the most recent recession, and was 8.7 percent lower than the median household income peak that occurred in 1999.³ Since 1967, the first year household data were collected, real median household income has increased 19.2 percent.

(Slide 7)

Looking at a couple of household demographics, this next chart shows household income by age of householder for 2012 and 2013. Notice the hump-shaped pattern, with householders aged 15 to 24 and 65 and older having the lowest income, and households maintained by householders aged 45 to 54 having the highest median income.⁴

Households maintained by householders aged 15 to 24 and 65 and older experienced significant increases in real median income between 2012 and 2013. Median income increased by 10.5 percent for households maintained by a householder aged 15 to 24 years. The last time young households experienced an annual increase in income was in 2006. The median income of households maintained by a householder aged 65 and older increased by 3.7 percent. This was their first increase since 2009. The other age groups showed no statistically significant changes between 2012 and 2013.

(Slide 8)

Next, we show household income by race and Hispanic origin. Among the race groups, Asian households continue to have the highest median income at \$67,100 in 2013. The median income for non-Hispanic White households was \$58,300, and for Black households it was \$34,600. Hispanic households had a median income of \$41,000. The real median income of Hispanic households increased by 3.5 percent

² The National Bureau of Economic Research (NBER), a private research firm, is the source for defining recessions.

³ The difference between the 2007 to 2013 and 1999 to 2013 percentage changes and the median household incomes in 1999 (\$56,895) and 2007 (\$56,436) were not statistically significant.

⁴ The difference between the median income of households maintained by householders age 15 to 24 and 65 and older was not statistically significant.

between 2012 and 2013. The apparent changes in real median income between 2012 and 2013 for non-Hispanic White, Black, and Asian households were not statistically significant.

The real median household incomes for each of the race and Hispanic-origin groups have not yet recovered to their pre-2001-recession peaks. Household income in 2013 was 5.6 percent lower for non-Hispanic Whites (from \$61,700 in 1999), 13.8 percent lower for Blacks (from \$40,100 in 2000), 11.1 percent lower for Asians (from \$75,400 in 2000), and 8.7 percent lower for Hispanics (from \$44,900 in 2000).⁵

(Slide 9)

While the median represents one point on the distribution of household income, other points provide additional information about the nation's household income distribution. For example, at the 10th percentile, 10 percent of the households had income below \$12,400. At the 90th percentile, 10 percent of households had income above \$150,000, and at the 95th percentile, 5 percent had incomes above \$196,000. Changes in the relationship of these income measures and the shares of income they possess can indicate how income inequality is changing.

Over the last 40 years (since 1973), income at the 10th percentile was not statistically different while income at the 90th percentile increased 37 percent.

(Slide 10)

Using the information about the distribution of household income from the CPS, we can produce a Gini index—a widely used measure of inequality. The Gini index indicates higher inequality as the index approaches one. The money income Gini index was 0.476 in 2013, not statistically different from 2012. Since 1993, the earliest year available for comparable measures of income inequality, the Gini index was up 4.9 percent. Based on the equivalence-adjusted income, the Gini index was 0.459 in 2013, also not statistically different from 2012.

(Slide 11)

These next slides switch from household income to earnings and work experience data for people aged 15 and older. Here we see historical data on the real median earnings and female-to-male earnings ratios of full-time, year-round workers from 1960 to 2013. In 2013, the median earnings of men was \$50,000, and for women \$39,200, both not statistically different from their respective 2012 values. Neither sex has experienced a significant annual increase in median earnings since 2009. The

⁵ The differences between the declines for Asian households and Black and Hispanic households were not statistically significant. The difference between the declines for non-Hispanic White households and Hispanic households was also not statistically significant. For non-Hispanic White households, the \$61,733 income peak in 1999 was not statistically different from their 2000 median of \$61,715. For Blacks, the \$40,131 income peak in 2000 was not statistically different from their 1999 median of \$39,019. For Hispanics, the \$44,867 income peak in 2000 was not statistically different from their 2001 median of \$44,164.

female-to-male earnings ratio was 78 percent in 2013, not statistically different from 2012. Over the long term, this ratio is up from 61 percent in 1960.

(Slide 12)

This slide shows the number of workers historically by work experience and sex. The changes between 2012 and 2013 in the number of men and women with earnings, regardless of work experience, were not statistically significant. However, the number of men and women working full time, year round with earnings increased by 1.8 million for men and 1.0 million for women between 2012 and 2013, suggesting a possible shift from part-time, part-year work status to full-time, year-round work status.⁶ An estimated 72.7 percent of working men with earnings and 60.5 percent of working women with earnings worked full time, year round in 2013, both percentages higher than the 2012 estimates of 71.1 percent and 59.4 percent, respectively.

(Slide 13)

This slide displays the number of workers for both sexes combined for 2007, 2010, and 2013. Between 2010, the year following the most recent recession, and 2013, the number of workers with earnings, regardless of work experience, increased by 4.5 million to 158.1 million. For those working full time, year round, the increase was 6.4 million to 105.8 million. While the number of all workers in 2013 was not statistically different from the peak that occurred in 2007, the number of full-time, year-round workers in 2013 was less than the 2007 peak of 108.6 million.

Now we'll take a look at poverty.

(Slide 14)

This slide shows the poverty rate and the number of people in poverty. The poverty rate decreased from 15.0 percent in 2012 to 14.5 percent in 2013. At 45.3 million, the number of people in poverty was not statistically different from the 2012 estimate. In 2013, a family with two adults and two children was categorized as "in poverty" if their income was less than \$23,624.

(Slide 15)

Here we demonstrate the disparities in poverty trends across race and Hispanic origin groups. Hispanics were the only group to experience a statistically significant change in their poverty rate at 23.5 percent in 2013 down from 25.6 percent in 2012. The 2013 poverty rates were 9.6 percent for non-Hispanic Whites, 27.2 percent for Blacks, and 10.5 percent for Asians.⁷ Poverty rates for Blacks and Hispanics were more than double the poverty rates for non-Hispanic Whites and Asians.

⁶ The difference between the 2012-2013 increases in the number of men and women full-time, year-round workers was not statistically significant.

⁷ The poverty rate for Asians was not statistically different from the poverty rate for non-Hispanic Whites.

(Slide 16)

This slide looks at poverty rates by age. The poverty rate in 2013 for children under age 18 was 19.9 percent down from 21.8 percent in 2012. This was the first time since 2000 that the child poverty rate declined. The poverty rate for people aged 18 to 64 was 13.6 percent, while the rate for people aged 65 and older was 9.5 percent. Neither rate was statistically different from its previous year estimate. While the poverty rate for all people aged 65 and older was 9.5 percent, there were large differences by sex. The poverty rate for older women was 11.6 percent compared to 6.8 percent for older men.

(Slide 17)

The income and poverty estimates in this report are based solely on money income before taxes and use the poverty thresholds developed 50 years ago. In 2009 the Office of Management and Budget's (OMB) Chief Statistician formed an interagency technical working group. This group provided the Census Bureau and the Bureau of Labor Statistics a set of observations to serve as a roadmap in the development of a Supplemental Poverty Measure (or SPM).

The SPM will not replace the official poverty measure and will not be used to determine eligibility for government programs. The SPM uses thresholds derived by BLS from the Consumer Expenditure Survey data with separate thresholds for renters, homeowners with a mortgage and those who own their homes free and clear. The thresholds are adjusted for geographic differences in housing costs. The resource measure begins with pre-tax cash income but adds estimates of the value of nutritional, housing and energy assistance and tax credits and subtracts estimates of child support paid, child care paid, other work expenses, payroll and income taxes and medical out-of-pocket expenditures.⁸

(Slide 18)

The 2012 SPM estimates were released last November. The new SPM estimates for 2013 will be released this October. This slide compares the SPM estimates for 2012 with the official poverty estimates for all people and by age group. The 2012 SPM rate for the entire population was 16.0 percent, 0.9 percentage points higher than the 2012 official poverty rate. Looking at specific age categories, the SPM rate was lower than the official poverty rate for children but higher than the official poverty rate for those aged 65 and older.

(Slide 19)

One important contribution that the SPM provides is allowing us to gauge the effectiveness of tax credits and transfers in alleviating poverty. We can also examine

⁸ For a more detailed description of the Supplemental Poverty Measure, see www.census.gov/library/publications/2013/demo/p60-247.html

the effects of the nondiscretionary expenses such as work expenses and medical out-of-pocket spending. This graph shows the incremental impact on the 2012 SPM rate of the addition or subtraction of a single resource element. Some of these elements, such as Social Security and Unemployment Insurance are included in the money income measure used in the official estimates. Other elements, such as Supplemental Nutritional Assistance Program (SNAP) benefits and refundable tax credits are included only in the SPM resource measure.⁹

Using this chart, we can see that:

- Social Security benefits reduced the SPM rate by 8.5 percentage points.
- Refundable tax credits reduced the SPM rate by 3.0 percentage points.
- SNAP benefits (food stamps) reduced the SPM rate by 1.6 percentage points.
- However, subtracting medical out-of-pocket expenses from income increased the SPM rate by 3.4 percentage points.

Again, these estimates are for 2012. The SPM estimates for 2013 will be released in October with the SPM report. Now I would like to return to health insurance.

(Slide 20)

This year, the Census Bureau implemented a new set of questions in the CPS about health insurance coverage, and today, we will begin releasing estimates from this new way of asking about health insurance coverage. We expect these new questions will better reflect our changing health insurance environment.

Research suggested the CPS estimates needed improvement, as the estimates were not in line with other sources. For more than a decade, the Census Bureau explored better ways to measure health insurance coverage in the CPS. Our goal was to provide improved health insurance coverage estimates for calendar year 2013. This is prior to the major changes from the Affordable Care Act, and thus provides the baseline year for accurately measuring future year changes. The estimates we are releasing in the Health Insurance report today reflect the baseline year 2013.

The improved questions measure coverage at the time of the interview to obtain more accurate information on health insurance coverage during the previous calendar year. Estimates of current coverage, collected in the CPS, are being released today by the National Center for Health Statistics in collaboration with the Census Bureau.

(Slide 21)

⁹ Money income includes earnings, unemployment compensation, workers' compensation, Social Security, Supplemental Security Income, public assistance, veterans' payments, survivor benefits, pension or retirement income, interest, dividends, rents, royalties, income from estates, trusts, educational assistance, alimony, child support, assistance from outside the household, and other miscellaneous sources.

In 2013, most people, 86.6 percent, had health insurance coverage at some point during the calendar year. As I mentioned earlier, the uninsured rate for the U.S. in 2013 was 13.4 percent. Overall, 64.2 percent of the population had private health insurance coverage, with 53.9 percent covered by employment-based coverage and 11.0 percent covered by direct-purchase insurance.

Government health programs provided coverage to 34.3 percent of the population in 2013. Between the two largest government health care programs, Medicaid covered more people than did Medicare (17.3 percent compared with 15.6 percent).

(Slide 22)

This slide displays the uninsured rate using the American Community Survey, or the ACS. Just a reminder that limited ACS data for health insurance is being released today.

We are using ACS estimates to show changes in the uninsured rate as we recommend not comparing estimates from the redesigned CPS ASEC to the previous version of the health insurance questions. The ACS began collecting health insurance information in 2008. Based on the American Community Survey estimates, the percentage of people without health insurance coverage declined between 2012 and 2013 by 0.2 percentage points.

(Slide 23)

Returning back to the CPS health insurance estimates, most people, 68.5 percent, were covered by a single type of health insurance in 2013. Another 18.1 percent had more than one coverage type over the course of the year. These individuals could have had more than one plan at a time to supplement their primary insurance type, or switched coverage types during the year.

(Slide 24)

People covered by direct-purchase insurance, Medicare, and military health care tended to have more than one plan type during the year. For example, in 2013, 61.4 percent of people with direct-purchase health insurance also had another type of coverage. Additionally, 62.3 percent of those with Medicare had another type of coverage during the calendar year.

(Slide 25)

This slide shows the uninsured population by age in 2013. 15.3 percent of people under 65 were uninsured. Among children under 19, 7.6 percent did not have

health insurance coverage. However, adults aged 19 to 64 were less likely to have health insurance than those over the age of 65.¹⁰

Among young adults aged 19 to 25, the uninsured rate was 22.6 percent. For adults aged 26 to 34, the uninsured rate was 23.5 percent.¹¹ After peaking for the young adult population, the uninsured rate decreased with age, at 19.0 percent for people aged 35 to 44 years, 14.5 percent for people aged 45 to 64 years, and 1.6 percent for people aged 65 years and older.

(Slide 26)

The next slide displays the uninsured rates for children under the age of 19 and adults aged 19 to 64 years. While the overall percentage of children under the age of 19 without health insurance was 7.6 percent in 2013, the uninsured rate varied by poverty status and race and Hispanic origin. Children in poverty were more likely to be uninsured (9.8 percent) than children not in poverty (7.0 percent).

In 2013, the uninsured rates were 5.4 percent for non-Hispanic White children, 7.5 percent for Black children, 8.4 percent for Asian children, and 12.1 percent for Hispanic children.¹²

The percentage of adults aged 19 to 64 years without health insurance coverage also varied by these characteristics. For most characteristics, the uninsured rates for adults were at least double those for children.¹³

(Slide 27)

That concludes my part of the presentation. Next, Michael will open the phone lines for questions from the media.

¹⁰ In 2013, the uninsured rate for those aged 19 to 64 years was not statistically different from the uninsured rate for those aged 35 to 44 years.

¹¹ In 2013, the uninsured rate for those aged 19 to 25 years was not statistically different from the uninsured rate for those aged 26 to 34 years.

¹² In 2013, the uninsured rate for Black children was not statistically different from the uninsured rate for Asian children.

¹³ In 2013, the uninsured rates for adults were not double those of children for Asians.