Health Coverage Misses Many in DFW, Texas

By Jason Saving and Michael Weiss

The Dallas–Fort Worth metro area has a higher median income than Texas and a slightly higher median income than the U.S. as a whole (*see chart*). It recently ranked among the nation's most attractive areas for job seekers. It even features prominently on lists of upper-income amenities such as shopping malls, spas and cosmetic-surgery expenditures per capita. Yet both Dallas and Tarrant counties feature uninsured rates that would rank among the top 10 states in the nation, with Dallas County's 30.5 percent nearly double the national average.

This situation does not stem from a lack of large corporations—which typically offer health insurance plans as part of their benefits packages—in the region. Were the metropolitan area a state, its 18 Fortune 500 listed companies would rank it 10th in the nation, behind leaders California and New York but ahead of Connecticut and Florida. Put another way, there were 54 locally based publicly held companies with more than $1 billion in annual revenue, according to a May 2013 *Dallas Morning News* compilation.

Nor does it stem from subpar growth in DFW or Texas. State employment has risen at the second-fastest rate in the nation since the recession ended in mid-2009, moving past prerecession job totals in 2011 and attracting people from the outside in search of employment. New car registrations, providing one measure of those coming to Texas, rose 9 percent from 2006 to 2011, National Highway Administration data show. The greater DFW metropolitan area population grew 9 percent to 6.6 million residents from 2006 to 2011, according to Bureau of Labor Statistics estimates.

A key factor that *does* affect rates of uninsured is the 18 percent foreign-born share of the DFW population, who typically have more-limited access to private insurance and government support. Although many foreign-born residents are high-skilled, the foreign born disproportionately work at low-wage jobs where health insurance is not provided. Moreover, the Affordable Care Act (ACA) excludes some of the foreign born, specifically undocumented immigrants, from the subsidized coverage available to other residents, almost guaranteeing that areas such as DFW will have high rates of uninsured under ACA rules.

High rates of small-business formation in the region may also play a role. A National Bureau of Economic Research study found that 55 percent of firms nationwide with fewer than 10 employees don't offer health insurance.[1] And based on data from software manager Intuit, Texas small-business employment growth has exceeded overall growth in the region since October 2009, which may have the side effect of perpetuating high uninsured rates, though the ACA's exchanges may eventually reduce this phenomenon.

State decisions figure in DFW's high uninsured rate, most significantly through the Medicaid program. While Medicaid is jointly funded by states and the federal government, states have historically had the power to choose the income threshold below which Medicaid benefits will be received. Texas' chosen threshold of 19 percent of the federal poverty line places it among the bottom five states, which means poor people who would be covered by Medicaid in other states go without insurance in Texas.

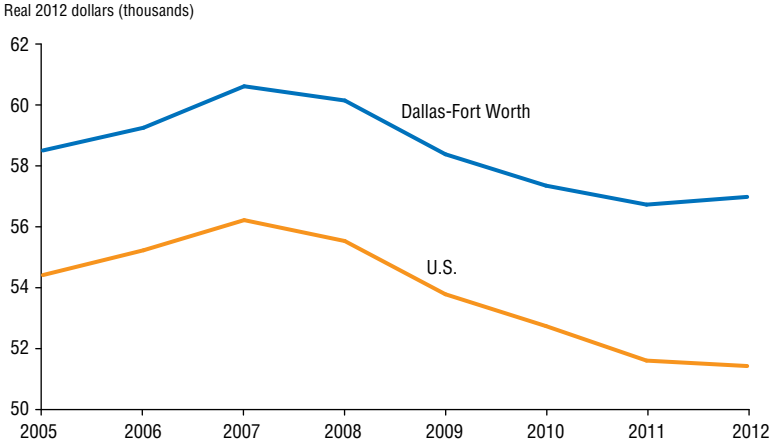
Medicaid would have been extended to those at or below 138 percent of the federal poverty line under the Affordable Care Act, but Texas has elected not to participate in the expansion. (*See Noteworthy, page 14.*) Another issue that affects both DFW and Texas is the future of uncompensated (charity) care in Texas. After all, residents without insurance typically have access to medical care at public hospitals.

The ACA imposed a cumulative $18.1 billion reduction in "disproportionate share hospital" subsidies (uncompensated care) across the U.S. through 2020 under the assumption that a 50-state Medicaid expansion would lower the overall amount of uncompensated care in the U.S. Because the original intention was that every state would participate in the expansion, no provision was made to restore full funding to providers whose states opt out, likely putting greater fiscal strain on hospitals that provide a disproportionate amount of uncompensated care.

Note

[1] See "Covering the Uninsured in the U.S.," by Jonathan Gruber, National Bureau of Economic Research, NBER Working Paper no. 13758, January 2008.

Median Household Income in Dallas–Fort Worth Exceeds That in Nation



SOURCE: American Community Survey.