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RESEARCH BRIEF

THE ELIGIBLE UNINSURED IN TEXAS: 6 IN 10 COULD RECEIVE HEALTH INSURANCE MARKETPLACE TAX CREDITS, MEDICAID OR CHIP

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Under the Affordable Care Act, six in 10, or 2.8 million,¹ eligible uninsured Texans may qualify either for tax credits to purchase coverage in the Health Insurance Marketplace (2.2 million) or for Medicaid and the Children’s Health Insurance Program (CHIP) (627,000).²

If Texas were to implement Medicaid expansion, a total of 92 percent of all eligible uninsured Texans—or 4.5 million people—might qualify for premium tax credits, Medicaid, or CHIP.

According to data from the U.S. Census Bureau’s 2011 American Community Survey, there are 4.9 million uninsured nonelderly U.S. citizens and others lawfully present in Texas (a group referred to as “eligible uninsured” in this brief). In Texas, about 23 percent of nonelderly U.S. citizens and others lawfully present are uninsured, compared with 16 percent for the United States overall.

Texas and the Marketplace

Texas consumers can now shop for and purchase coverage through the Health Insurance Marketplace (hereafter referred to as the “Marketplace”). Individuals with household incomes between 100 and 400 percent of FPL may qualify for tax credits that can be used to reduce monthly plan premiums.³

¹ Unless otherwise noted, all numbers in this brief are ASPE tabulations from the CY 2011 American Community Survey Public Use Microdata Sample (ACS PUMS), adjusted to exclude estimated undocumented persons based on ASPE’s TRIM3 simulation model. All references to eligible uninsured in this brief exclude the undocumented and the elderly. See the methodology section for more information.

² For more information about eligibility to purchase coverage in the Marketplace, see <https://www.healthcare.gov/immigration-status-and-the-marketplace/>. The estimates contained in this brief do not take into account certain Marketplace coverage and Medicaid/CHIP eligibility requirements, such as those relating to other minimum essential coverage or tax filing requirements, and thus the populations described in this brief should be construed as “potentially” eligible, subject to these other requirements.

³ Lawfully present individuals with household incomes not greater than 100 percent of the Federal Poverty Level may be eligible for premium tax credits under Section 36B(c)(1)(B) of the Internal Revenue Code.

About 2.2 million Texans may qualify for a premium tax credit to purchase health insurance through the Marketplace.⁴ Table 1 shows the number of uninsured and of those who may be eligible for premium tax credits. Table 2, at the end of this brief, contains examples of Marketplace premiums before and after advance premium tax credits are applied.

Table 1: Number and Percentage of Eligible Uninsured Texans Who May Qualify for Marketplace Tax Credits, Medicaid, or CHIP

Eligible Uninsured in Texas	Number	As percent of eligible uninsured
Total eligible uninsured	4,889,000	100%
Eligible uninsured who may qualify for Marketplace premium tax credits	2,193,000	45%
Eligible uninsured children (age 0-18) who may qualify for Medicaid/CHIP	627,000	13%
If Texas implements the Medicaid expansion: eligible uninsured adults (age 19-64) who may qualify for Medicaid	2,107,000	43%
<i>Eligible uninsured adults with household incomes below 100 percent of the FPL⁵</i>	1,658,000	34%
<i>Eligible uninsured adults with household incomes 100 to 138 percent of the FPL⁶</i>	449,000	9%

Texas and Medicaid/CHIP

Currently, most uninsured children in Texas may be eligible for coverage through Medicaid and/or the Children's Health Insurance Program (CHIP) at little or no cost. About 627,000 eligible uninsured children are in families with incomes below 206 percent of the federal poverty level (FPL) and may qualify for Medicaid/CHIP.⁷

⁴ We define Marketplace-tax-credit-eligible individuals in this analysis as uninsured U.S. citizens and others lawfully residing in the Texas served by the Marketplace who are adults (ages 19 to 64) with household incomes 100 percent to 400 percent of the FPL or who are children (ages 0 to 18) with household incomes 206 percent to 400 percent of the FPL. Individuals with incomes below 100 percent of the FPL may be eligible for an exemption from the individual coverage mandate on the basis of hardship.

⁵ This estimate includes some individuals who may be currently eligible for Medicaid and are not enrolled.

⁶ Individuals in this household income range may be eligible for premium tax credits if Texas does not expand Medicaid. The statutory threshold for Medicaid expansion set by the Affordable Care Act is 133 percent of the FPL, not 138 percent of the FPL. This brief refers throughout to 138 percent of the FPL, which is the effective threshold including the 5 percent statutory disregard.

⁷ The threshold for CHIP eligibility in Texas is 201 percent of the FPL. Our analysis assumes that Texas children in families with incomes at or below 206 percent of FPL are eligible for CHIP, after taking into account the 5 percent statutory disregard. State Medicaid and CHIP eligibility standards are available at:

<http://www.medicaid.gov/AffordableCareAct/Medicaid-Moving-Forward-2014/Downloads/Medicaid-and-CHIP-Eligibility-Levels-Table.pdf>

At this time, Texas has not elected to expand Medicaid. The state's Medicaid program currently does not provide coverage for childless adults, but parents with household incomes up to 15 percent of the FPL can qualify for Medicaid.

A total 1.7 million eligible uninsured adults (ages 19 to 64) with household incomes below 100 percent of the FPL live in Texas. *If Texas were to expand Medicaid, 92 percent of all eligible uninsured Texans would likely be eligible for premium tax credits, Medicaid, or CHIP.*

The Eligible Uninsured in Texas

According to estimates using the 2011 American Community Survey, there are 41.3 million uninsured nonelderly U.S. citizens and others lawfully present (“eligible uninsured”) in the United States, including 4.9 million in Texas. More than one in 10, or 12 percent, of the nation's eligible uninsured lives in Texas.

Location — The metropolitan areas in Texas with the highest numbers of eligible uninsured are Dallas (1.1 million), Houston (1.1 million) San Antonio (345,000), Austin (252,000), and McAllen (219,000). About 14 percent of all eligible uninsured Texans live outside a metropolitan area.⁸

Age — About one-fifth (19 percent; 932,000) of the eligible uninsured in Texas are children ages 0 to 18. Young adults ages 18 to 35 account for 43 percent (2.1 million).

Race/Ethnicity — Half (50 percent) of the eligible uninsured in Texas are Latino. Non-Latino Whites account for 32 percent, non-Latino African Americans 13 percent, and Asians 4 percent.

Language — Most (81 percent) eligible uninsured in Texas report that they speak English as a first language or at least “very well” as a second language. About 17 percent (837,000) speak Spanish, and 15 percent live in a household without an English-speaking adult present.

Income — Approximately 40 percent (2 million) of eligible uninsured Texans have household incomes below 100 percent of the Federal Poverty Level (FPL), 51 percent (2.5 million) have household incomes between 100 and 400 percent of the FPL, and 8 percent (410,000) have household incomes greater than 400 percent of the FPL.⁹

⁸ ASPE determined the metropolitan status of households in the ACS PUMS based on the household's public use microdata area (PUMA) of residence. If fewer than 50 percent of all residents within a PUMA reside in metropolitan areas, that entire PUMA is classified as non-metropolitan (i.e., “rural”); otherwise, the PUMA is considered metropolitan. PUMAs are Census-designated geographic areas which contain at least 100,000 residents in one or more neighboring counties within a single state.

⁹ For household income, a “household” is based on the “health insurance unit” (HIU), which includes adults, their spouses, and their dependent children (ages 0-18, plus full-time students under age 23), using ASPE analysis of the ACS PUMS data.

Table 2: Examples of Marketplace Monthly Premiums after Tax Credit

This table includes premiums for two illustrative groups, a single 27-year-old and a family of four, for each of the health insurance rating areas in Texas. Rating areas in Texas correspond to each of the state's metropolitan statistical areas, with rating area number 26 covering the remainder of the state.¹⁰

Rating Area	Metropolitan Statistical Area	Premium for a 27-year-old Before Tax Credit			27-year-old with an Income of \$25,000			Family of Four with an Income of \$50,000 ¹¹		
		Lowest Bronze	Lowest Silver	Lowest Catastrophic	Second Lowest Silver Before Tax Credit	Second Lowest Silver After Tax Credit	Lowest Bronze After Tax Credit	Second Lowest Silver Before Tax Credit	Second Lowest Silver After Tax Credit	Lowest Bronze After Tax Credit ¹²
1	Abilene	\$139	\$196	\$179	\$203	\$145	\$81	\$684	\$282	\$66
2	Amarillo	\$127	\$180	\$164	\$185	\$145	\$86	\$626	\$282	\$84
3	Austin–Round Rock	\$144	\$169	\$109	\$205	\$145	\$85	\$691	\$282	\$78
4	Beaumont–Port Arthur	\$152	\$216	\$151	\$222	\$145	\$75	\$752	\$282	\$44
5	Brownsville–Harlingen	\$109	\$154	\$147	\$159	\$145	\$95	\$536	\$282	\$113
6	College Station–Bryan	\$134	\$190	\$169	\$196	\$145	\$83	\$663	\$282	\$72
7	Corpus Christi	\$137	\$194	\$125	\$195	\$145	\$88	\$658	\$282	\$88
8	Dallas–Fort Worth–Arlington	\$153	\$217	\$173	\$223	\$145	\$74	\$754	\$282	\$44
9	El Paso	\$119	\$169	\$155	\$174	\$145	\$90	\$588	\$282	\$96
10	Houston–Sugar Land–Baytown	\$138	\$195	\$132	\$201	\$145	\$81	\$679	\$282	\$67

¹⁰ Rating areas are geographic areas that all issuers in the state must uniformly use as part of their rate setting. More information about health insurance market rating areas is available at: <http://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Market-Reforms/state-gra.html>

¹¹ For the purposes of this analysis, a family of four is defined as two 30-year-old adults and two children under age 21.

¹² The premium tax credit is effectively calculated as the difference between the adjusted monthly premium of the second lowest cost silver plan premium and the maximum applicable percentage amount determined by income. Because premiums for older individuals and families are generally higher than those for younger individuals, and based on the formula for calculating the household's maximum payment, premium tax credits are generally larger for older individuals and families. Therefore, using premium tax credits to purchase a bronze plan may yield lower net bronze premiums for older individuals and families than for younger individuals.

Rating Area	Metropolitan Statistical Area	Premium for a 27-year-old Before Tax Credit			27-year-old with an Income of \$25,000			Family of Four with an Income of \$50,000 ¹¹		
		Lowest Bronze	Lowest Silver	Lowest Catastrophic	Second Lowest Silver Before Tax Credit	Second Lowest Silver After Tax Credit	Lowest Bronze After Tax Credit	Second Lowest Silver Before Tax Credit	Second Lowest Silver After Tax Credit	Lowest Bronze After Tax Credit ¹²
11	Killeen–Temple–Fort Hood	\$125	\$178	\$145	\$183	\$145	\$87	\$618	\$282	\$87
12	Laredo	\$119	\$169	\$151	\$174	\$145	\$90	\$589	\$282	\$96
13	Longview	\$134	\$190	\$173	\$196	\$145	\$83	\$662	\$282	\$73
14	Lubbock	\$138	\$195	\$178	\$201	\$145	\$81	\$680	\$282	\$67
15	McAllen–Edinburg–Mission	\$109	\$153	\$98	\$155	\$145	\$99	\$523	\$282	\$128
16	Midland	\$130	\$185	\$174	\$190	\$145	\$85	\$643	\$282	\$79
17	Odessa	\$123	\$174	\$159	\$179	\$145	\$88	\$606	\$282	\$91
18	San Angelo	\$138	\$196	\$173	\$202	\$145	\$81	\$683	\$282	\$66
19	San Antonio–New Braunfels	\$138	\$168	\$109	\$196	\$145	\$87	\$663	\$282	\$87
20	Sherman–Denison	\$151	\$215	\$196	\$221	\$145	\$75	\$748	\$282	\$46
21	Texarkana	\$129	\$182	\$166	\$188	\$145	\$86	\$635	\$282	\$81
22	Tyler	\$132	\$187	\$175	\$193	\$145	\$84	\$651	\$282	\$76
23	Victoria	\$136	\$193	\$171	\$199	\$145	\$82	\$674	\$282	\$69
24	Waco	\$137	\$173	\$112	\$194	\$145	\$88	\$656	\$282	\$89
25	Wichita Falls	\$155	\$219	\$190	\$226	\$145	\$73	\$764	\$282	\$40
26	Non-metropolitan areas	\$133	\$169	\$109	\$189	\$145	\$89	\$638	\$282	\$94

Methodological Overview and Study Limitations

This analysis is based on ASPE analysis of the 2011 American Community Survey Public Use Microdata Sample (ACS PUMS), the best source for obtaining information about the current characteristics of the uninsured population at the state level and for smaller demographic groups. ASPE tabulations from the ACS PUMS have been adjusted to exclude estimated undocumented persons based on ASPE's TRIM3 microsimulation model (<http://trim.urban.org>).¹³

The smallest geographic unit defined in the ACS PUMS is the Census-defined public-use microdata area (PUMA). To obtain metropolitan area estimates, we assigned PUMAs to metropolitan statistical areas based on a crosswalk created from the University of Minnesota's Integrated Public Use Microdata Series.¹⁴

Our methodology for examples of plan premiums is described in detail in an earlier ASPE brief titled "Health Insurance Marketplace Premiums for 2014." The full text is available online at http://aspe.hhs.gov/health/reports/2013/MarketplacePremiums/ib_marketplace_premiums.cfm. Plan data for the Federally-facilitated Marketplace were downloaded on January 2, 2014 from <https://www.healthcare.gov/health-plan-information/>. Estimates of the lowest available premiums are based on all plans available in each rating area. In reality, some plans may have service areas that do not cover the entire rating area.

For household incomes used to estimate eligibility for premium tax credits and for Medicaid, the "household" is defined as the "health insurance unit" (HIU). HIUs, which include adults plus their spouses and dependent children (ages 0 to 18, plus full-time students under age 23) living in the household, are based on ASPE analysis of the ACS PUMS data and are a proxy for tax households.

The threshold for CHIP eligibility in Texas is 201 percent of the FPL. Our analysis assumes that Texas children in families with incomes at or below 206 percent of FPL are eligible for CHIP, after taking into account the 5 percent statutory disregard, and that children in families with incomes between 206 percent and 400 percent of the FPL are eligible for Marketplace coverage with premium tax credits.

The statutory threshold for Medicaid expansion set by the Affordable Care Act is 133 percent of the FPL, not 138 percent of the FPL. This brief refers to 138 percent of the FPL, which is the effective threshold including the 5 percent statutory disregard.

¹³ The adjustment methodology is based on imputations of immigrant legal status in ASPE's TRIM3 microsimulation model (<http://trim.urban.org/>), according to methods initially developed by Jeffrey Passel and Rebecca Clark.

¹⁴ The Integrated Public Use Microdata Series (Version 5.0) was developed by Steven Ruggles, J. Trent Alexander, Katie Genadek, Ronald Goeken, Matthew B. Schroeder, and Matthew Sobek at the University of Minnesota. Available online: <https://usa.ipums.org/usa/index.shtml>.