



Health, Education and Human Services Division

B-280295

June 10, 1998

The Honorable Daniel Patrick Moynihan
Ranking Minority Member
Committee on Finance
United States Senate

Subject: Private Health Insurance: Estimates of Expanded Tax Deductibility of Premiums for Individually Purchased Health Insurance

Dear Senator Moynihan:

This letter responds to your request for information on the potential tax benefit that individuals without employment-based health coverage would receive if the cost of their individually purchased health insurance were fully deductible from their federal income taxes. You also asked for information on the characteristics of the nonelderly population by their federal marginal tax bracket and health insurance status.

As you know, under current law some self-employed individuals can deduct 45 percent of health insurance expenses.¹ In addition, any individual can deduct health insurance premiums to the extent that they and all other medical expenses exceed 7.5 percent of adjusted gross income (AGI). Some congressional proposals would expand the deductibility of health insurance premiums by allowing individuals to fully deduct premiums paid for individually purchased health coverage.

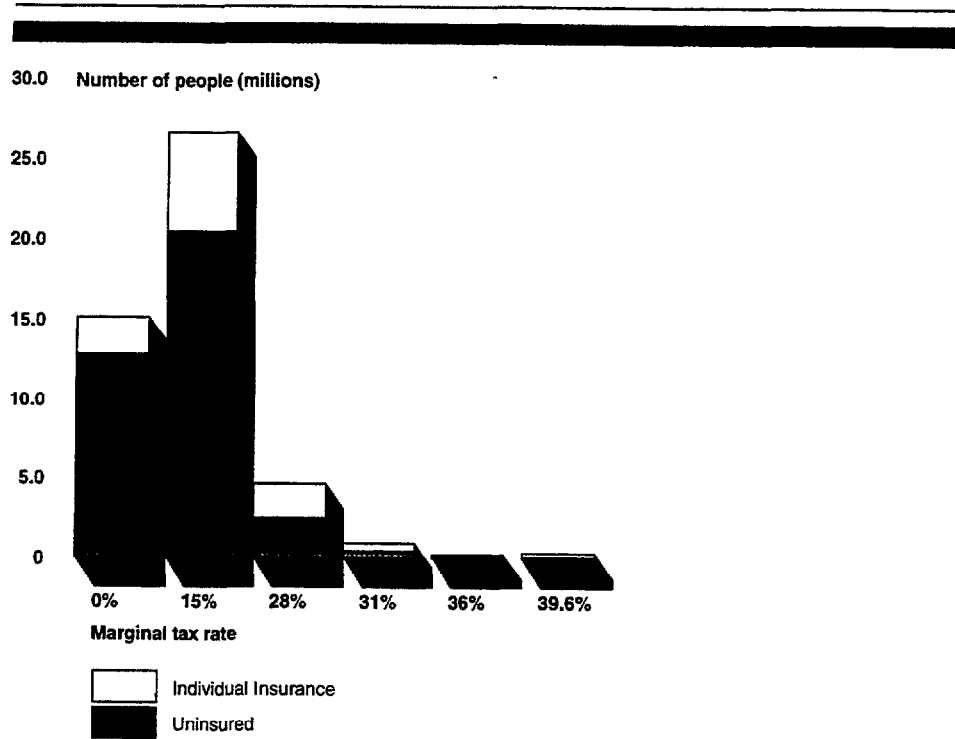
Using the 1997 Current Population Survey (CPS) March supplement, we extracted information on the nonelderly U.S. population in 1996, including characteristics such as their primary source of health insurance, federal marginal tax bracket, income, age, employment, and health status.

¹The portion of these expenses that are deductible will be phased in to 100 percent by 2007. In 1996, 30 percent of health expenses were deductible by self-employed individuals.

Because some people may have health insurance through several sources, we prioritized the source of coverage reported by the CPS. Specifically, to avoid double counting, employment-based coverage was considered primary to other sources of coverage, and respondents were classified as having employment-based coverage even if they also had other types of coverage. The other types of health insurance coverage were prioritized in the following order: public (Medicare and Medicaid), military and veterans, and individual insurance. Although the Bureau of the Census does not directly collect information on federal marginal tax rates, it derives estimates from simulations based on CPS data, statistical summaries of individual income tax returns compiled by the Internal Revenue Service, and data from the American Housing Survey.

In summary, we provide information on the number of potentially eligible individuals and the amount of the benefit they would have received in 1996 if the cost of individually purchased health insurance premiums had been fully deductible from their federal income taxes. In that year, an estimated 33 million nonelderly individuals would have been eligible for this deduction if it had been available, if they purchased individual health insurance, and if they itemized deductions for their income tax returns. As shown by figure 1, most of these individuals were uninsured and more than two-thirds with taxable income were in the 15-percent tax bracket. For single people with no dependents in 1996, this bracket represented those with taxable incomes of \$24,000 or less. Married couples with \$40,100 or less and heads of households with \$32,150 or less were also represented by this tax bracket (see enc. I, tables I.1 and I.2). However, uninsured individuals would have benefited from an expanded tax deduction only if they had purchased individual health insurance. Moreover, those who purchased individual health insurance would have benefited only if they itemized tax deductions rather than claimed a standard deduction. While an expanded deduction for health insurance expenses could encourage more people to itemize deductions, only 29 percent of all tax filers itemized in 1995. Tax filers in the lower income groups are less likely to itemize, with only 5 percent of those with adjusted gross incomes of less than \$20,000 itemizing. Also shown by figure 1, however, is that nearly 15 million people who either had individual insurance or were uninsured had no tax liability and would not have benefited from such a tax deduction. In addition, about 6 million people who were uninsured or purchased individual insurance did not file tax returns in 1996.

Figure 1: Number of People Who Were Uninsured or Purchased Individual Insurance by Marginal Tax Rate, 1996



Estimating the value of the tax deduction that individuals could receive depends on both their marginal tax rate and the health insurance premium amount that they would pay and deduct from their income taxes. Figure 2 displays this potential tax benefit for each tax bracket in 1996 using medium-priced premiums for single and family coverage in that year (see enc. I for estimates based on a range of typical health insurance premiums in the

individual market). As shown by this figure, the value of a tax deduction increases relative to a person's tax bracket. For example, the value to a single tax filer in the 15-percent bracket who had paid \$2,100 in premiums for single coverage could have been about \$315 while the value to an individual in the highest tax bracket could have been \$832 for this same premium amount. For a \$5,664 premium for a family of four, the value to a family in the 15-percent bracket could have been about \$850 compared with \$2,243 for a family in the highest tax bracket.

Figure 2: Potential Tax Benefit If Individual Health Insurance Premiums Were Fully Deductible, 1996

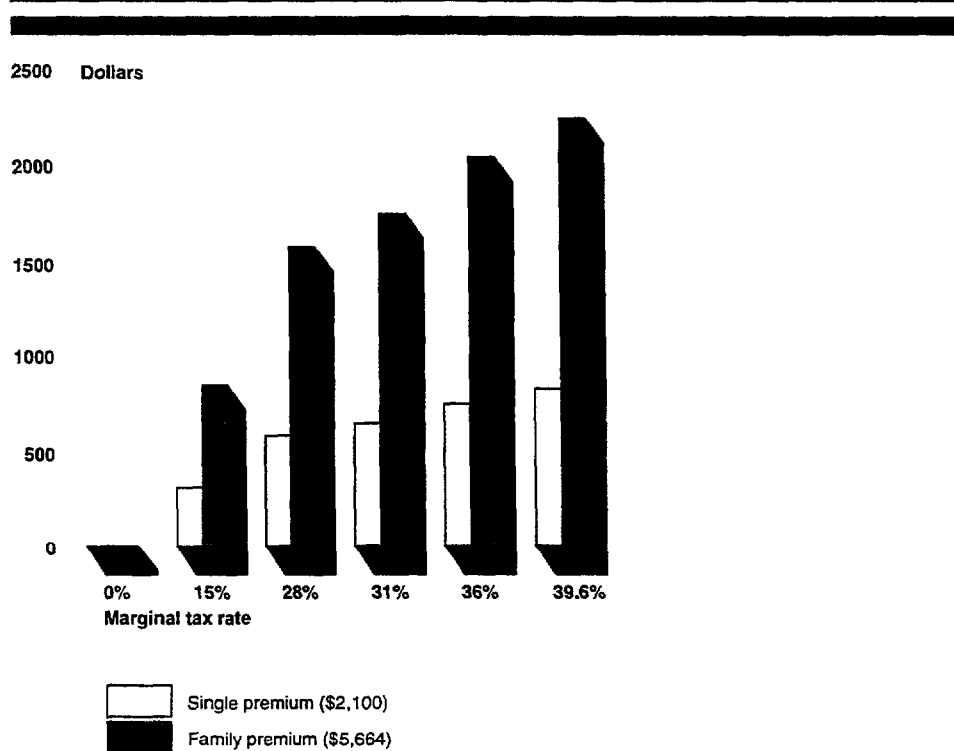
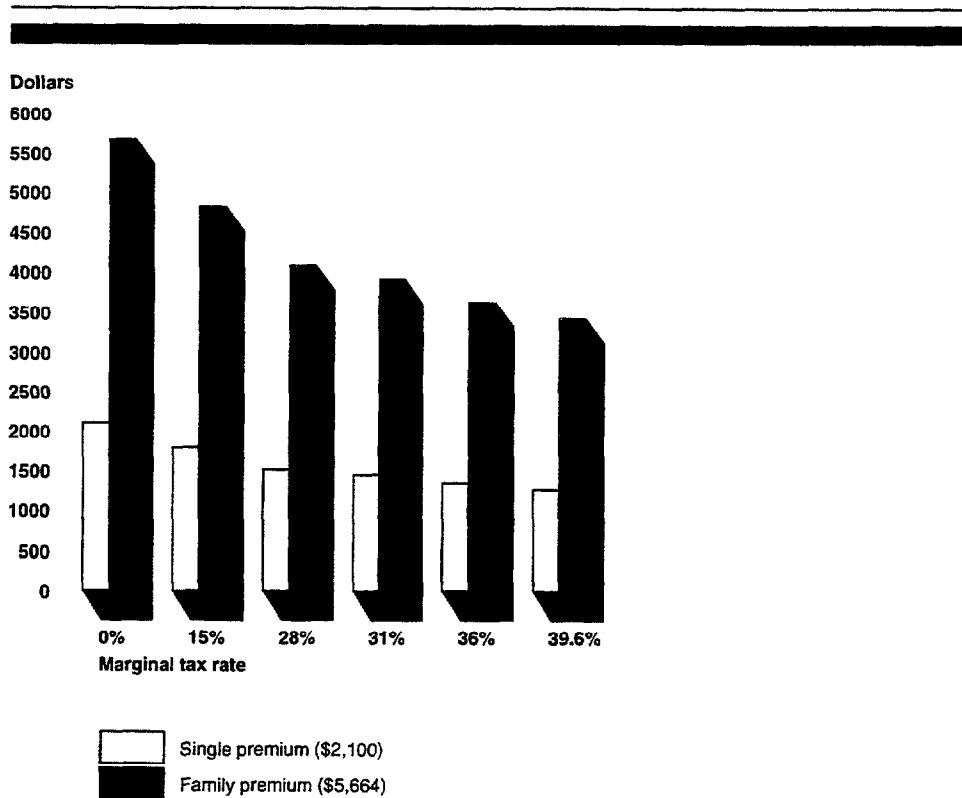


Figure 3 shows the resulting net cost of these insurance premiums to people in each tax bracket based on the amount that they could have received in tax savings in 1996 if they claimed the expanded health insurance tax deduction. For the medium-priced single premium, this net cost to someone in the highest tax bracket would have been \$1,268 compared with \$1,785 for someone in the 15-percent tax bracket. For the medium-priced family premium, the net cost would have been \$3,421 for someone in the highest tax bracket compared with \$4,814 for someone in the 15-percent bracket.

Figure 3: Net Insurance Cost by Marginal Tax Rate, 1996



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Tables II.1 and II.2 in enclosure II present additional information on the characteristics of the nonelderly population based on their federal marginal tax brackets and primary source of health insurance.

Our work was conducted in May and June of 1998 in accordance with generally accepted government auditing standards. As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this letter until 30 days after its issue date. We will then make copies available on request to others who are interested.

If you have any further questions regarding this letter, or if we can be of further assistance, please call me at (202) 512-7114. The analysis presented in this letter was developed by John Dicken, Assistant Director, and Mark Vinkenes, Senior Social Science Analyst. Paula Bonin, Senior Computer Specialist, conducted the computer analysis of the CPS data used in this letter.

Sincerely yours,



Kathryn G. Allen
Associate Director, Health
Financing and Systems Issues

Enclosures - 2

**ESTIMATES OF THE EFFECT OF A FEDERAL TAX DEDUCTION
FOR INDIVIDUAL HEALTH INSURANCE**

Table I.1: Estimates of the Effect of Individual Health Insurance Premium Deduction for Single Tax Filers, 1996

Marginal tax bracket	Taxable income for single, individual filers	Estimated number of nonelderly uninsured in bracket (millions) (total = 11.7)	Estimated number of nonelderly with individual insurance in bracket (millions) (total = 3.5)	Cost of individual health insurance coverage (examples of single premium rates) ^a	Potential tax benefit if insurance premium is fully deductible ^b	Net insurance cost after tax deduction
0%	\$ 0	3.1	0.9	- ^c	- ^c	- ^c
15%	\$ 1- \$ 24,000	7.7	1.9	Low: \$ 684 Medium: \$2,100 High: \$6,384	Low: \$ 103 Medium: \$ 315 High: \$ 958	Low: \$ 581 Medium: \$1,785 High: \$5,426
28%	\$ 24,000- \$ 58,150	0.7	0.4	Low: \$ 684 Medium: \$2,100 High: \$6,384	Low: \$ 192 Medium: \$ 588 High: \$1,788	Low: \$ 492 Medium: \$1,512 High: \$4,596
31%	\$ 58,150- \$121,300	0.1	0.1	Low: \$ 684 Medium: \$2,100 High: \$6,384	Low: \$ 212 Medium: \$ 651 High: \$1,979	Low: \$ 472 Medium: \$1,449 High: \$4,405
36%	\$121,300- \$263,750	- ^d	- ^d	Low: \$ 684 Medium: \$2,100 High: \$6,384	Low: \$ 246 Medium: \$ 756 High: \$2,298	Low: \$ 438 Medium: \$1,344 High: \$4,086
39.6%	\$263,750+	- ^d	- ^d	Low: \$ 684 Medium: \$2,100 High: \$6,384	Low: \$ 271 Medium: \$ 832 High: \$2,528	Low: \$ 413 Medium: \$1,268 High: \$3,856

^aThese premiums are examples of actual individual insurance premiums available in 1996. The low premium represents an Arizona preferred-provider organization's premium for a 25-year-old healthy male with a \$250 deductible; the medium premium represents a community-rated fee-for-service plan in Vermont with a \$1,000 deductible; and the high premium represents an

urban Illinois fee-for-service plan's premium for a 60-year-old healthy male smoker. While some individuals may face either lower or higher rates than found in this range, using low, medium, and high premium estimates better represents the variation in individual health insurance premiums that exist nationally than a single "average" premium.

^bAll or part of these premiums could be deductible as part of the existing medical expenses deduction if premiums and other allowable unreimbursed medical expenses exceeded 7.5 percent of adjusted gross income. To the extent that some premiums already are deductible, the new tax benefit of making health insurance premiums fully deductible would be lower. In addition, the potential tax benefit would be realized only for tax filers who elect to itemize deductions rather than receive the standard deduction. Finally, self-employed individuals may currently deduct 45 percent of health insurance expenses if they are not eligible to participate in an employer-subsidized health plan, and current law increases the portion of these expenses that are deductible to 100 percent by 2007.

^cNot applicable.

^dFewer than 50,000 individuals.

Sources: GAO analysis of March 1997 Current Population Survey (CPS) data and Bureau of the Census estimates of taxable income; premium ranges based on Private Health Insurance: Millions Relying on Individual Market Face Cost and Coverage Tradeoffs (GAO/HEHS-97-8, Nov. 25, 1996).

Table II.2: Estimates of the Effect of Individual Health Insurance Premium Deduction for Joint and Head-of-Household Tax Filers, 1996

Marginal tax bracket	Taxable income for joint tax filers ^a	Estimated number of nonelderly uninsured in bracket (in millions) (total=24.7)	Estimated number of nonelderly with individual insurance in bracket (in millions) (total=8.1)	Cost of individual health coverage (examples of rates for a family of 4) ^b	Potential tax benefit if insurance premium is fully deductible ^c	Net insurance cost after tax deduction
0%	\$ 0	9.7	1.4	— ^d	— ^d	— ^d
15%	\$ 1- \$ 40,100	12.7	4.3	Low: \$ 2,940 Medium: \$ 5,664 High: \$10,140	Low: \$ 441 Medium: \$ 850 High: \$1,521	Low: \$2,499 Medium: \$4,814 High: \$8,619
28%	\$ 40,100- \$ 96,900	1.8	1.7	Low: \$ 2,940 Medium: \$ 5,664 High: \$10,140	Low: \$ 823 Medium: \$1,586 High: \$2,839	Low: \$2,117 Medium: \$4,078 High: \$7,301
31%	\$96,900- \$147,700	0.3	0.4	Low: \$ 2,940 Medium: \$ 5,664 High: \$10,140	Low: \$ 911 Medium: \$1,756 High: \$3,143	Low: \$2,029 Medium: \$3,908 High: \$6,997
36%	\$147,700-\$263,750	0.1	0.1	Low: \$ 2,940 Medium: \$ 5,664 High: \$10,140	Low: \$1,058 Medium: \$2,039 High: \$3,650	Low: \$1,882 Medium: \$3,625 High: \$6,490
39.6%	\$263,750+	0.1	0.2	Low: \$ 2,940 Medium: \$ 5,664 High: \$10,140	Low: \$1,164 Medium: \$2,243 High: \$4,015	Low: \$1,776 Medium: \$3,421 High: \$6,125

^aThe income brackets associated with the marginal tax rate categories for head-of-household tax filers in 1996 were lower than for joint tax filers, as follows: 15-percent marginal tax rate for taxable income from \$1 to \$32,150; 28-percent marginal tax, \$32,150 to \$83,050; 31-percent marginal tax, \$83,050 to \$134,500; 36-percent marginal tax, \$134,500 to \$263,750; and 39.6-percent marginal tax for income exceeding \$263,750. We include joint and head-of-household tax filers in the same table to simplify the presentation of data.

^bThese premiums are examples of actual individual insurance premiums available in 1996 for a family of four. The low premium represents an Arizona preferred-provider organization's premium for two parents under 30 years old; the medium premium represents a community-rated fee-for-service plan in Vermont with a \$1,000 deductible; and the high premium represents an urban Illinois fee-for-service plan's premium for two parents over 50 years old who smoke. While some families may face either lower or higher rates than found in this range, using low, medium, and high premium estimates better represents the variation in individual health insurance premiums that exist nationally than a single "average" premium.

^cAll or part of these premiums could be deductible as part of the existing medical expenses deduction if premiums and other allowable unreimbursed medical expenses exceeded 7.5 percent of adjusted gross income. To the extent that some premiums already are deductible, the new tax benefit of making health insurance premiums fully deductible would be lower. In addition, the potential tax benefit would be realized only for tax filers who elect to itemize deductions rather than receive the standard deduction. Finally, self-employed individuals may currently deduct 45 percent of health insurance expenses if they are not eligible to participate in an employer-subsidized health plan, and current law increases the portion of these expenses that are deductible to 100 percent by 2007.

^dNot applicable.

Sources: GAO analysis of March 1997 CPS data and Bureau of the Census estimates of taxable income; premium ranges based on Private Health Insurance: Millions Relying on Individual Market Face Cost and Coverage Tradeoffs (GAO/HEHS-97-8, Nov. 25, 1996).

DEMOGRAPHIC CHARACTERISTICS
OF THE NONELDERLY POPULATION

Table II.1: Demographic Characteristics by Federal Marginal Tax Bracket, 1996

Characteristic		Number of individuals (in millions)					
		0%	15%	28%	31%	36%	39.6%
Total family income	Less than \$10,000	24.70 44.7%	1.25 1.1%	0.00 0.0%	0.00 0.0%	0.00 0.0%	0.00 0.0%
	\$10,000 - \$19,999	18.08 32.7%	11.89 10.3%	0.00 0.0%	0.00 0.0%	0.00 0.0%	0.00 0.0%
	\$20,000 - \$29,999	6.69 12.1%	24.20 20.9%	0.03 0.1%	0.00 0.0%	0.00 0.0%	0.00 0.0%
	\$30,000 - \$39,999	2.04 3.7%	24.96 21.6%	1.73 3.3%	0.00 0.0%	0.00 0.0%	0.00 0.0%
	\$40,000 - \$49,999	1.40 2.5%	21.79 18.8%	2.37 4.6%	0.00 0.0%	0.00 0.0%	0.00 0.0%
	\$50,000 - \$59,999	0.79 1.4%	17.55 15.2%	4.04 7.8%	0.00 0.0%	0.00 0.0%	0.00 0.0%
	\$60,000 - \$69,999	0.45 0.8%	7.81 6.8%	9.91 19.1%	0.10 1.3%	0.00 0.0%	0.00 0.0%
	\$70,000 - \$74,999	0.16 0.3%	1.53 1.3%	5.42 10.4%	0.08 1.0%	0.00 0.0%	0.00 0.0%
	\$75,000 or more	0.96 1.7%	4.63 4.0%	28.43 54.7%	7.63 97.7%	1.80 100.0%	2.48 100.0%
Poverty level	Below	32.82 59.4%	0.85 0.7%	0.00 0.0%	0.00 0.0%	0.00 0.0%	0.00 0.0%
	100% - 124%	7.01 12.7%	3.33 2.9%	0.00 0.0%	0.00 0.0%	0.00 0.0%	0.00 0.0%
	125% - 149%	3.87 7.0%	6.86 5.9%	0.00 0.0%	0.00 0.0%	0.00 0.0%	0.00 0.0%
	150% or more	11.57 20.9%	104.57 90.4%	51.92 100.0%	7.81 100.0%	1.80 100.0%	2.48 100.0%

Characteristic		Number of individuals (in millions)					
		0%	15%	28%	31%	36%	39.6%
Employment ^a	Full-time	4.46 12.1%	50.01 57.1%	28.03 67.6%	4.18 66.2%	0.86 62.7%	1.08 59.2%
	Less than full-time	13.81 37.5%	24.33 27.8%	9.10 21.9%	1.41 22.3%	0.26 18.5%	0.40 22.3%
	Did not work	18.54 50.4%	13.19 15.1%	4.36 10.5%	0.72 11.5%	0.26 18.8%	0.34 18.5%
Employer type ^b	Employed by private company	15.01 82.2%	58.00 78.0%	26.25 70.7%	3.63 65.0%	0.72 64.4%	0.93 62.9%
	Employed by federal, state, or local government	1.64 9.0%	10.16 13.7%	6.99 18.8%	0.86 15.4%	0.09 7.7%	0.11 7.3%
	Self-employed (incorporated)	0.37 2.0%	2.48 3.3%	1.99 5.4%	0.68 12.2%	0.20 17.5%	0.29 19.8%
	Self-employed (unincorporated)	1.22 6.7%	3.67 4.9%	1.87 5.0%	0.41 7.3%	0.12 10.4%	0.14 9.4%
Health status (self-reported)	Excellent	15.11 27.3%	44.24 38.3%	23.76 45.8%	4.18 53.5%	1.01 56.1%	1.52 61.3%
	Very good	14.87 26.9%	38.04 32.9%	17.21 33.1%	2.43 31.1%	0.47 25.9%	0.62 25.0%
	Good	15.43 27.9%	25.84 22.4%	8.99 17.3%	0.95 12.2%	0.27 15.0%	0.28 11.4%
	Fair	6.07 11.0%	5.85 5.1%	1.53 2.9%	0.20 2.5%	0.04 2.3%	0.05 2.0%
	Poor	3.81 6.9%	1.66 1.4%	0.44 0.8%	0.05 0.6%	0.01 0.7%	0.01 0.3%

Characteristic		Number of individuals (in millions)					
		0%	15%	28%	31%	36%	39.6%
Primary source of insurance ^c	Employer ^d	12.04 21.8%	83.09 71.9%	46.64 89.8%	6.80 86.9%	1.58 87.7%	2.13 85.6%
	Individual	3.28 5.9%	6.28 5.4%	2.10 4.0%	0.55 7.0%	0.10 5.8%	0.19 7.6%
	Medicare/ Medicaid	21.35 38.6%	3.61 3.1%	0.26 0.5%	0.04 0.5%	0.002 0.1%	0.04 1.4%
	Uninsured	17.85 32.3%	20.41 17.7%	2.50 4.8%	0.39 5.0%	0.09 5.1%	0.13 5.2%
Sex	Male	24.96 45.1%	58.95 51.0%	26.99 52.0%	4.02 51.5%	0.97 54.1%	1.34 54.1%
	Female	30.32 54.9%	56.67 49.0%	24.93 48.0%	3.79 48.5%	0.83 45.9%	1.14 45.9%
Age	0 - 24	30.10 54.5%	46.72 40.4%	15.58 30.0%	2.26 29.0%	0.59 33.0%	0.96 38.6%
	25 - 34	7.70 13.9%	23.14 20.0%	8.33 16.1%	0.80 10.2%	0.14 7.5%	0.15 6.2%
	35 - 44	7.11 12.9%	22.07 19.1%	11.84 22.8%	1.86 23.9%	0.47 26.3%	0.60 24.2%
	45 - 54	4.78 8.6%	14.36 12.4%	11.06 21.3%	1.94 24.8%	0.37 20.4%	0.52 20.9%
	55 - 64	5.59 10.1%	9.34 8.1%	5.11 9.8%	0.95 12.2%	0.23 12.8%	0.25 10.1%
Race	White	27.10 49.0%	83.47 72.2%	43.54 83.9%	6.85 87.7%	1.57 87.5%	2.22 89.4%
	Black	12.89 23.3%	13.89 12.0%	3.55 6.8%	0.28 3.5%	0.05 2.7%	0.08 3.1%
	Hispanic	12.21 22.1%	13.26 11.5%	2.31 4.4%	0.27 3.5%	0.07 3.6%	0.07 2.9%
	Other	3.08 5.6%	4.99 4.3%	2.52 4.8%	0.42 5.3%	0.11 6.1%	0.11 4.6%

Characteristic	Number of individuals (in millions)					
	0%	15%	28%	31%	36%	39.6%
Total in tax bracket	55.28 23.5%	115.62 49.2%	51.92 22.1%	7.81 3.3%	1.80 0.8%	2.48 1.1%

^aChildren less than 15 years of age—a total of about 60 million—are excluded from the employment data.

^bFewer than 130,000 nonelderly individuals who worked in 1996 did so without pay.

^cAbout 3.5 million nonelderly individuals (1.5 percent) had CHAMPUS, VA, or military health care as their primary source of insurance.

^dThe CPS does not distinguish employment-based insurance from union-based coverage. For purposes of presentation, we refer to both sources of coverage as employment-based.

Source: GAO estimates from 1997 CPS, March supplement.

Table II.2: Demographic Characteristics by Primary Source of Insurance, 1996^a

Characteristic		Number of individuals (in millions)			
		Employer ^b	Individual	Medicare/ Medicaid	Uninsured
Total family income	Less than \$10,000	3.51 2.3%	1.56 12.5%	11.68 46.2%	8.86 21.4%
	\$10,000 - \$19,999	9.86 6.5%	1.97 15.8%	7.70 30.5%	10.03 24.2%
	\$20,000 - \$29,999	17.61 11.6%	1.84 14.7%	2.98 11.8%	7.73 18.7%
	\$30,000 - \$39,999	20.74 13.6%	1.54 12.3%	1.29 5.1%	4.67 11.3%
	\$40,000 - \$49,999	19.90 13.1%	1.31 10.5%	0.66 2.6%	3.20 7.7%
	\$50,000 - \$59,999	18.59 12.2%	1.00 8.0%	0.43 1.7%	2.05 4.9%
	\$60,000 - \$69,999	15.80 10.4%	0.67 5.4%	0.17 0.7%	1.38 3.3%
	\$70,000 - \$74,999	6.26 4.1%	0.31 2.5%	0.05 0.2%	0.50 1.2%
	\$75,000 or more	40.00 26.3%	2.29 18.3%	0.32 1.3%	2.96 7.2%

Characteristic		Number of individuals (in millions)			
		Employer ^b	Individual	Medicare/ Medicaid	Unin- sured
Poverty level	Below	5.00 3.3%	1.68 13.4%	15.22 60.2%	11.37 27.5%
	100% - 124%	3.29 2.2%	0.64 5.1%	2.53 10.0%	3.69 8.9%
	125% - 149%	4.58 3.0%	0.71 5.7%	1.86 7.4%	3.39 8.2%
	150% or more	142.10 91.5%	9.46 75.7%	5.67 22.4%	22.93 55.4%

Characteristic		Number of individuals (in millions)			
		Employer ^b	Individual	Medicare/ Medicaid	Unin- sured
Employment ^c	Full-time	70.75 61.4%	3.86 36.3%	0.94 6.7%	11.98 36.6%
	Less than full-time	28.59 24.8%	4.30 40.5%	3.75 26.8%	11.80 36.0%
	Did not work	15.97 13.9%	2.46 23.2%	9.30 66.5%	8.98 27.4%
Employer type ^d	Employed by private company	75.52 76.0%	4.79 58.7%	3.89 82.9%	19.31 81.2%
	Employed by federal, state, or local government	16.85 17.0%	0.61 7.5%	0.45 9.6%	1.24 5.2%
	Self-employed (incorporated)	3.52 3.5%	1.16 14.2%	0.11 2.4%	1.10 4.6%
	Self-employed (unincorporated)	3.40 3.4%	1.56 19.1%	0.24 5.0%	2.09 8.8%

Characteristic		Number of individuals (in millions)			
		Employer ^b	Individual	Medicare/ Medicaid	Unin- sured
Health status	Excellent	64.68 42.5%	5.55 44.4%	5.76 22.8%	12.46 30.1%
	Very good	49.58 32.6%	3.77 30.2%	6.29 24.9%	12.97 31.4%
	Good	29.95 19.7%	2.43 19.5%	6.93 27.4%	11.67 28.2%
	Fair	6.29 4.1%	0.54 4.4%	3.62 14.3%	3.06 7.4%
	Poor	17.65 1.2%	0.20 1.6%	2.68 10.6%	1.22 2.9%

Characteristic		Number of individuals (in millions)			
		Employer ^b	Individual	Medicare/ Medicaid	Unin- sured
Sex	Male	76.21 50.1%	6.02 48.2%	11.03 43.6%	22.17 53.6%
	Female	76.05 49.9%	6.48 51.8%	14.26 56.4%	19.21 46.4%
Age	0 - 24	56.46 37.1%	5.24 41.9%	15.33 60.6%	17.77 42.9%
	25 - 34	26.20 17.2%	1.61 12.9%	2.87 11.4%	8.97 21.7%
	35 - 44	31.23 20.5%	2.04 16.3%	2.97 11.8%	7.15 17.3%
	45 - 54	24.33 16.0%	1.76 14.1%	1.90 7.5%	4.51 10.9%
	55 - 64	14.03 9.2%	1.84 14.8%	2.21 8.7%	2.97 7.2%
Race	White	118.58 77.9%	10.27 82.2%	11.38 45.0%	21.95 53.0%
	Black	15.31 10.1%	0.79 6.3%	6.97 27.6%	7.11 17.2%
	Hispanic	11.88 7.8%	0.74 5.9%	5.48 21.7%	9.88 23.9%
	Other	6.48 4.3%	0.69 5.5%	1.46 5.8%	2.44 5.9%
Total		152.26 64.8%	12.50 5.3%	25.29 10.8%	41.38 17.6%

^aSome people may receive coverage from several sources. To avoid double counting, we prioritized the source of coverage reported by the CPS. For our analysis, employment-based coverage was considered primary to other sources of coverage, and respondents were classified as having employment-based coverage even if they also had other types of

coverage. The other types of health insurance coverage were prioritized in the following order: public (Medicare and Medicaid), military and veterans, and individual insurance. About 3.5 million nonelderly individuals (1.5 percent) had CHAMPUS, VA, or military health care as their primary source of insurance.

^bThe CPS does not distinguish employment-based insurance from union-based coverage. For purposes of presentation, we refer to both sources of coverage as employment-based.

^cChildren less than 15 years of age—a total of about 60 million—are excluded from the employment data.

^dFewer than 130,000 nonelderly individuals who worked in 1996 did so without pay.

Source: GAO estimates from 1997 CPS, March Supplement.

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