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Profiles of Disability: Employment and Health Coverage

Prepared by
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for
The Kaiser Commission on
Medicaid and the Uninsured

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The Kaiser Commission on Medicaid and the Uninsured serves as a policy institute and forum for analyzing health care coverage and access for the low-income population and assessing options for reform. The Commission, begun in 1991, strives to bring increased public awareness and expanded analytic effort to the policy debate over health coverage and access, with a special focus on Medicaid and the uninsured. The Commission is a major initiative of the Henry J. Kaiser Family Foundation and is based at the Foundation's Washington, D.C. office.

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This paper was prepared for the Kaiser Commission on Medicaid and the Uninsured. The views represented in this report are those of the authors and do not necessarily represent the views of the Kaiser Commission on Medicaid and the Uninsured.

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About the Economic and Social Research Institute

The Economic and Social Research Institute (ESRI) is a nonprofit organization that conducts research and policy analysis in health care and in the reform of social services. ESRI specializes in studies aimed at enhancing the effectiveness of social programs, improving the way health care services are organized and delivered, and making quality health care services accessible and affordable.

About the Authors

Jack A. Meyer, Ph.D., is the founder and President of ESRI. Dr. Meyer manages research projects and conducts policy analyses in health care reform and social policy. He is the author of numerous books, monographs, and articles on topics including health care, labor market and demographic trends, and policies to reduce poverty. Dr. Meyer is also the founder and President of New Directions for Policy, a health care consulting firm.

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Introduction

Some 54 million Americans — or about one in every five Americans — have a disability, according to estimates based on official U.S. government definitions and measurement. This group includes the most vulnerable and needy members of our society. Medicaid plays an important role for individuals with disabilities who meet the program's eligibility requirements and serves a disproportionate share of the more severely disabled. Furthermore, Medicaid covers a broad range of acute and long-term care services for its disabled beneficiaries. However, despite the role Medicaid plays for individuals with disabilities, many disabled people suffer from a lack of health insurance, face barriers to employment, and have unmet needs for a range of social services and therapies.

This Background Paper presents information on the alternative options for defining the population with disabilities and the resulting impact on population estimates of non-elderly persons with disabilities.[1] The paper then presents a profile of non-elderly persons with disabilities, including work status and health insurance coverage, and concludes with a discussion of policy issues related to facilitating participation in the workforce for persons with disabilities and improving access to health insurance coverage. Additional information on the disabled population can be found in *Profiles of Disability: Medicaid and Uninsured Populations, A Data Book*, prepared for the Kaiser Commission on Medicaid and the Uninsured.

The data presented are based on the analysis of the special Disability Supplement added to the annual National Health Interview Survey (NHIS) in 1994 and 1995, conducted by the National Center for Health Statistics. This survey supplement represents the most in-depth survey of Americans with disabilities ever conducted.

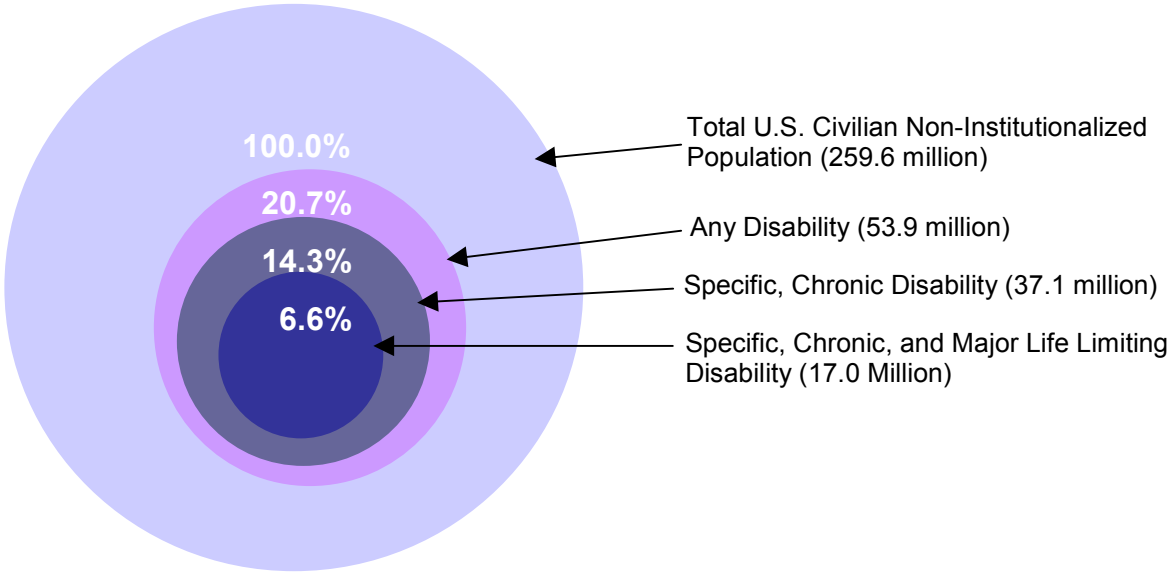
Counting the Disabled

The number of people classified as having a disability is highly sensitive to the definition used. The National Center for Health Statistics classifies a person as having a disability if he or she:

> has a specific physical, functional, or mental/emotional disability or limiting condition;
>
> has a lot of difficulty performing daily self-maintenance activities;
>
> uses special equipment or devices such as a wheelchair or breathing aid;
>
> is limited in a major or other life activity due to physical, mental, or emotional problems;
>
> receives income or insurance based on disability; or
>
> has other indicators of disability such as poor overall health status, use of specialized programs or services, or other behavioral indicators of disability or developmental delay.

Using the broad NCHS definition of disability, 54 million Americans, or 21 percent of the population in 1994, were persons with "any disability." About one in ten children under five years of age had a disability, compared to 18 percent of school-age children (5 to 17 years old) and a similar proportion of non-elderly adults (17%). As expected, a much higher proportion of the elderly people (51%) were disabled (see Figure 1 and Table 1). The broad NCHS definition of disability is used in this brief, unless specified otherwise.

Figure 1 — Alternative Definitions of Disability and Their Impact on Population Estimates



Source: Economic and Social Research Institute, Based on data from the 1994 National Health Survey, Disability Supplement, Phase 1. April 1999.

An alternate definition of disability stipulates that a person must have a *specific and chronic* disability, defined as a disabling condition or impairment identified in the NCHS survey that has already lasted or is expected to last for at least one year. Applying this definition, the proportion of people categorized as disabled falls substantially to 37 million people or 14 percent of the population.

An even stricter definition of disability requires a person to have **both** a specific chronic condition and a limitation in a "major life activity." It is a small subset (about 15% to 35% depending on the age group) of all persons with "any disability" and represents 7 percent of all Americans (see Table 1).[2]

Table 1 — U.S. Population with Disabilities Based on Alternative Definitions

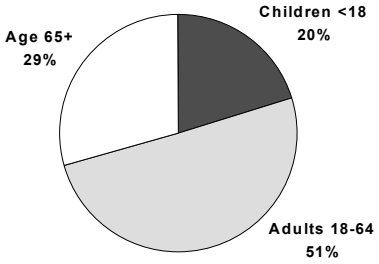
Population/Disability Group	Age 0-4[a]	Age 5-17[a]	Age 18-64	Age 65+	Total (All Ages)
Total U.S. Population (Non-Institutionalized)	20,479,839	49,543,821	158,577,063	31,024,948	259,625,671
Alternative Definitions of Disability					
Any Disability[b]					
Number	**2,005,664**	**8,960,185**	**27,098,631**	**15,789,696**	**53,854,176**
% of Age Group	9.8	18.1	17.1	50.9	20.7
Specific, Chronic Disability					
Number	**967,727**	**5,393,187**	**18,706,879**	**12,057,590**	**37,125,383**
% of Age Group	4.7	10.9	11.8	38.9	14.3
Specific, Chronic Disability and Limitation in Major Life Activity					
Number	**313,944**	**2,301,887**	**9,278,058**	**5,137,614**	**17,031,503**
% of Age Group	1.5	4.6	5.8	16.6	6.6

[a] Estimates of disability in 0-4 and 5-17 age groups are low because several categories of disability are not ascertained for these groups.
[b] Based on NCHS definition of any disability.
Source: Economic and Social Research Institute, Based on data from the 1994 National Health Interview Survey, Disability Supplement, Phase 1. April 1999.

The likelihood of disability increases with age. Individuals over the age of 65 experience rates of disability substantially higher than those who are younger than 65. However, 7 in 10 people with disabilities are children or working age adults (Figure 2).

Figure 2

Distribution of Population with Any Disability, by Age



Total = 53.8 million

SOURCE: Economic and Social Research Institute, Based on data from the 1994 National Health Interview Survey, Disability Supplement, Phase 1, April 1999.

Snapshot of People with Disabilities

The population with disabilities is diverse and the nature of their disabilities is wide-ranging. To understand the heterogeneity of disabilities, the population with disabilities can be categorized into the following major types: people with physical impairments, people with severe mental and emotional conditions, and people with functional limitations. These categories are not mutually exclusive; many people have multiple types of disabilities, such as both physical and functional limitations.

> **Physical impairments or limitations** are the most common type of disability. Slightly more than half of all disabled people are physically impaired or limited — 27 million or 11 percent of the U.S. population. These conditions include problems with vision, hearing, communication, mobility, or physical actions such as standing or stair-climbing.
>
> **Mental Health Problems.** While some people think of disability as primarily a physical problem, mental illness is also a major source of disability. Ten million adults reported having some form of severe mental or emotional condition in 1994. These mental/emotional symptoms were defined as "severe" because they seriously interfered with the individual's day-to-day activities during the 12 months prior to the survey.[3]
>
> **Functional Limitations.** In addition to persons with physical and mental conditions (both of which can limit how well a person functions on a daily basis) another large group of disabled are the 11 million people who report having some kind of functional limitation. Functional limits include problems performing simple activities of daily living (ADLs) including bathing, dressing, eating, and getting in or out of a bed or chair and problems performing instrumental activities of daily living (IADLs), such as preparing meals, shopping, or housework.

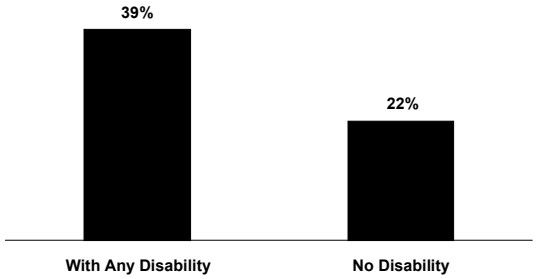
Persons with disabilities are more likely to be economically disadvantaged; they have less education, are less likely to be working in a full-time job, and have lower family incomes. While a disability can stem from being economically disadvantaged (for example, injuries and illness from living in unsafe housing or working in a high-risk job), it is often the case that having a disability creates barriers to economic opportunity.

The proportion of working-age adults who did not finish high school is almost twice as high among those with a disability as among those without a disability (26% vs. 14%). About a quarter of non-elderly adults who are not disabled are college graduates, compared to 14 percent of disabled adults. Among the elderly, 45 percent of those with a disability never finished high school.

People with disabilities disproportionately live in families with low incomes. Among working-age adults, nearly 40 percent of people with disabilities have family incomes less than 200% of the federal poverty level, compared to 22 percent of those who are not disabled (Figure 3). Among children, where poverty rates are higher in general, the income differences between those with and without disabilities persist. For example, 30 percent of children with disabilities under the age of five live in poor families (less than the federal poverty level) compared to 20 percent of children who are not disabled.

Figure 3

Percent of Adults (18-64) Living in Low-Income Households, by Level of Disability



Note: Low-income households are defined as less than 200% of poverty.
SOURCE: Economic and Social Research Institute, Based on data from the 1994 National Health Interview Survey, Disability Supplement, Phase 1, April 1999.

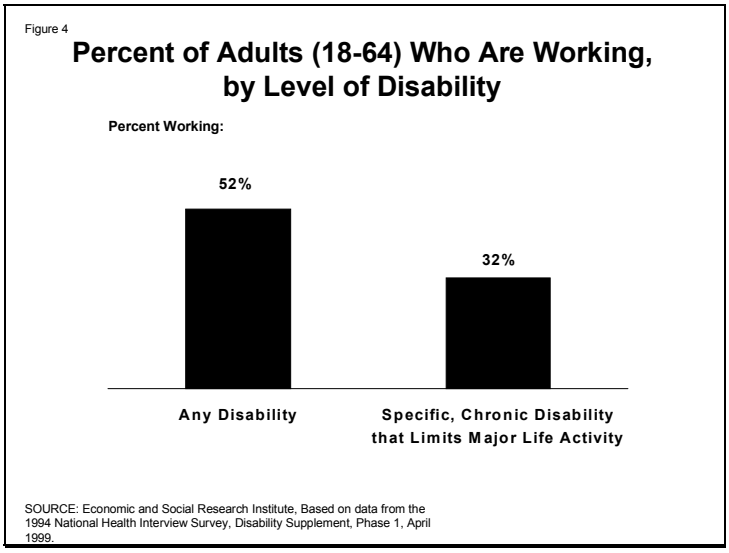
Labor Force Participation of Working Age Adults with Disabilities

Over half (52%) of the working-age population with disabilities are employed, 43 percent are not in the labor force, and five percent are unemployed (Table 2). Labor force participation falls off sharply for those with a more severe disability (Figure 4). Among those with a specific, chronic disability that limits their ability to work, nearly two-thirds are out of the labor force altogether; only 32 percent are employed.

Table 2 — Current Employment Status of Adults Age 18-64, by Levels of Disability, 1994

Level of Disability	Number (Millions)	Total	Employment Status		
			Currently Employed	Unemployed	Out of Workforce
			Percent Distribution		
Any Disability	27.1	100%	52.0	5.0	43.0
Specific, Chronic Disability that Limits Major Life Activity	9.3	100%	31.8	4.0	64.2

Source: Economic and Social Research Institute, Based on data from the 1994 National Health Interview Survey, Disability Supplement, Phase 1. April 1999.



A major factor in fully incorporating people with disabilities into the active work force is the extent to which these individuals require special accommodations because of their disabilities, such as assistive equipment, work site modifications, or flexible work schedules.[4] The great majority of working adults with disabilities (87%) said they need no work accommodation (Table 3). In addition, over half of

adults with disabilities who are looking for work — an estimated 904,000 people — say they need no special workplace accommodation.

Table 3 — Accommodations Needed by Working-Age Disabled Adults Currently and Potentially in the Work Force, 1994

Workplace Accommodations	Current Work Status: Currently Working	Not Working But Looking	Not Working Not Looking	Never Worked
Adults 18-64 with Any Disability (millions)	13.9	1.7	4.7	1.7
		Percent Distribution		
Total	100%	100%	100%	100%
No Accommodation or Special Equipment Needed	87	54	0	11
Could/Does Work with Accommodation or Special Equipment	13	46	28	15
Could Not Work Even With Accommodation or Special Equipment	—	—	72	74

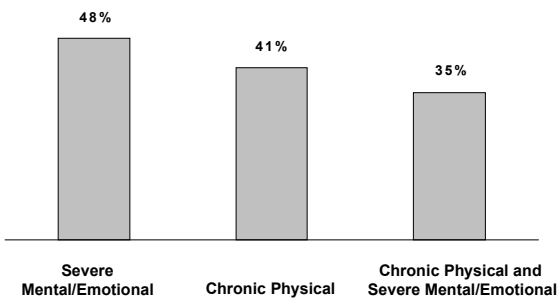
Source: Economic and Social Research Institute, Based on data from the 1994 National Health Interview Survey, Disability Supplement, Phase 2. April 1999.

The need for workplace adaptations for people with disabilities varies widely depending on the nature of the limitation. For example, persons who do not have physical limitations are less likely to need special work conditions. Despite the concerns that some employers may have about hiring individuals with severe mental/emotional conditions, adults with such disabilities report relatively low need for work accommodations compared to other types of disabilities. The adaptations they need would typically take the form of special work arrangements rather than special equipment.

The surprising finding is that of those currently seeking work, 48 percent who have severe mental/emotional conditions, 41 percent of people who have chronic physical impairments, and 35 percent of people with the difficult combination of chronic physical and severe mental/emotional conditions, say they would need no special workplace accommodation (Figure 5).

Figure 5

Percent of Adults (18-64) Seeking Work with Various Types of Disability Who Say They Need No Special Workplace Accommodations



SOURCE: Economic and Social Research Institute, Based on data from the 1994 National Health Interview Survey, Disability Supplement, Phase 1, April 1999.

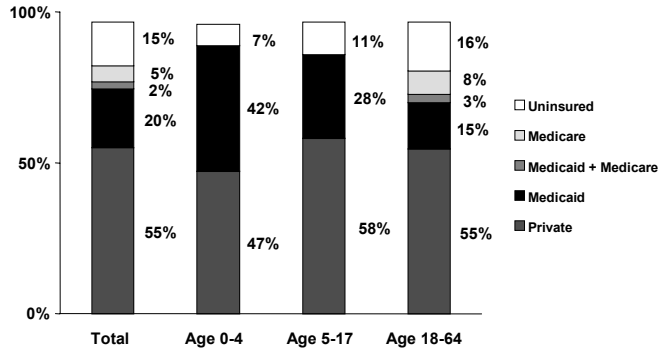
Among the 1.7 million individuals with disabilities currently looking for jobs, 46 percent would require some special accommodations (767,000 people). A small portion of those who are not presently looking for work (28%) and those who never worked (15%) also say they would be able to do so if they found a situation with suitable accommodations. Combined together, over 2.3 million disabled individuals who are not working could now be working with appropriate workplace accommodations.

Health Insurance Coverage of Non-Elderly Persons with Disabilities

Securing gainful and appropriate employment is important for people with disabilities for several reasons. Most obviously, income from work can improve all aspects of the quality of life, and employment in an appropriate and fulfilling job can provide an opportunity to build a sense of satisfaction and self-esteem. Equally as important to persons with disabilities is the fact that employers are often a critical source of affordable health insurance. Publicly financed health coverage does not fill the gaps in health insurance for many disabled persons.[5] Only about one of ten working-age adults with disabilities qualifies for Medicare (alone or in combination with Medicaid) and those with family incomes above eligibility thresholds do not qualify for the Medicaid program. The sources of health insurance coverage for non-elderly persons with disabilities are shown in Figure 6.

Figure 6

Source of Health Insurance Coverage for Persons with Any Disability, by Age



Note: Excludes "Unknown."
SOURCE: Economic and Social Research Institute, Based on data from the 1994 National Health Interview Survey, Disability Supplement, Phase 1, April 1999.

The Uninsured Disabled Population

About 5.5 million persons with disabilities are without health insurance coverage. Nearly one in every six working-age disabled adults (4.4 million) and over one million children with disabilities are uninsured. Uninsured rates are not much better for persons with long-term disabilities. Among those with specific and chronic disabilities, 3 million non-elderly adults and about 650,000 children have no health insurance (see Table 4). Uninsured individuals with disabilities are generally adults and children because individuals over age 65 are enrolled in Medicare.

Table 4 — Distribution of the Uninsured Population With Disabilities, 1994

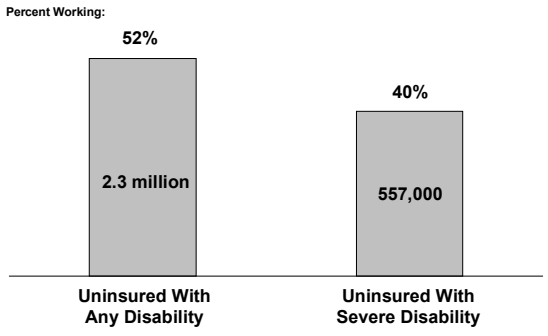
	Level of Disability					
	Any Disability			Specific, Chronic Disability		
Age	Number of Uninsured (in thousands)	% of Age Group Who are Uninsured	Percent Distribution	Number of Uninsured (in thousands)	% of Age Group Who are Uninsured	Percent Distribution
Total	5,504	14.4%	100.0%	3,600	14.3%	100.0%
0-4	140	7.0%	2.5%	41	4.2%	1.1%
5-17	964	10.8%	17.5%	614	11.4%	16.7%
18-64	4,400	16.2%	80.0%	3,005	16.1%	82.2%

Source: Economic and Social Research Institute, Based on data from the 1994 National Health Interview Survey, Disability Supplement, Phase 1. April 1999.

Although many of the disabled uninsured are working, employment does not guarantee access to insurance coverage. In fact, over half of the uninsured who have any disability are working. Even among the more severely disabled, more than half a million are, nevertheless, working but have no health coverage from any source, public or private (Figure 7).

Figure 7

Rates of Current Employment of the Uninsured Population Age 18-64 with Two Levels of Disability

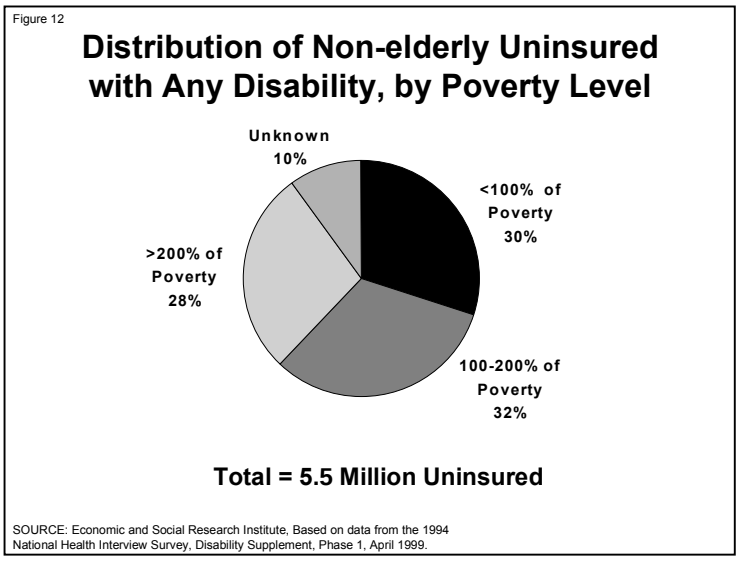


SOURCE: Economic and Social Research Institute, Based on data from the 1994 National Health Interview Survey, Disability Supplement, Phase 1, April 1999.

People with disabilities who are poor or near-poor are about three times more likely to be without health insurance than those with higher incomes. The uninsured population with disabilities is largely a low-income population — over 60 percent have incomes less than 200 percent of the federal poverty level (Figure 8). These individuals have fallen between the cracks of public and

private health insurance systems and have limited resources with which to purchase health coverage while meeting other living expenses.

Figure 12



The Role of Medicaid

Medicaid plays a major role in providing health coverage for people with disabilities, and serves a disproportionate share of those with the most severe disabilities. Were it not for Medicaid, millions of this country's most severely disabled people would be uninsured. Medicaid is the single largest source of health care financing — public or private — for the disabled. In 1997, Medicaid provided coverage for 6.8 million people who qualified based on disability.[6] A recent Government Accounting Office report noted that over 80 percent of adults with severe disabilities reported having coverage from either Medicaid or Medicare.[7] However, Medicaid does not reach all low-income persons with disabilities.

Medicaid is a means-tested entitlement program financed by the state and federal governments and administered by the states. The Medicaid program has extensive rules for determining eligibility, with substantial variation across the states.[8] Persons with disabilities can qualify for the Medicaid program through several means, but a common way is through first qualifying for Supplemental Security Income (SSI). SSI is a federal cash assistance program for needy aged, blind, and disabled individuals that is administered by the Social Security Administration. States are generally required to provide Medicaid for persons who qualify for SSI. However, 11 states have at least one eligibility standard (income, resource, or definition of disability) that is more restrictive than the SSI standard. Over three-quarters (78%) of disabled Medicaid beneficiaries receive SSI. Other optional categories of Medicaid eligibility that cover people with disabilities include Medically Needy programs and Home and Community-Based Service Waiver programs. In addition to those who qualify for Medicaid on the

basis of disability, some that qualify for Medicaid on the basis of limited income may also have disabilities.

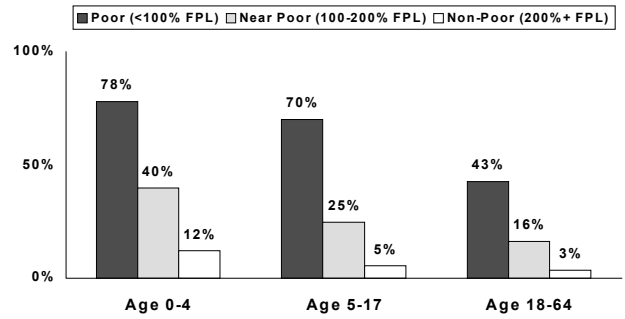
Medicaid also serves as an important supplement for nearly 6 million low-income elderly and disabled Medicare beneficiaries by covering Medicare's financial requirements and providing coverage for prescription drugs and other services not available through Medicare. Medicaid is particularly important because Medicare's benefits are largely focused on acute care services, while Medicaid offers coverage for long term care as well.

The services that Medicaid covers are critical for disabled persons to maintain their functioning and independence and the breadth of Medicaid's benefit package frequently meets the needs of disabled persons better than private health plans. Medicaid programs are required to cover basic hospital and physician care, laboratory and x-ray services, nursing facility services for adults, and home health services, among other services. In addition, states can provide other optional services, such as prescription drugs, rehabilitative care, transportation, and case management. However, there is substantial variation among states in the types of services covered and the amount of care provided.

Medicaid plays an important role for the disabled poor, particularly for children. Medicaid covers 70 percent of poor children with disabilities ages 5-17 and 78 percent of poor children under five with disabilities. Similarly, Medicaid covers a substantial portion of children with disabilities who are near poor, covering 40 percent of children with disabilities ages 0-4 and 25 percent of children with disabilities ages 5-17. Medicaid also covers some working age adults with disabilities, predominately those who qualify through SSI, but coverage falls off substantially as income increases (Figure 9).

Figure 9

Medicaid Coverage of People with Any Disability, by Poverty Level



SOURCE: Economic and Social Research Institute, Based on data from the 1994 National Health Interview Survey, Disability Supplement, Phase 1, April 1999.

Medicaid clearly serves a more vulnerable and severely limited group of disabled persons than are covered by private payers. Sixty percent of non-elderly adults with disabilities covered by Medicaid are limited in their ability to work. Half of Medicaid disabled adults are unable to work altogether because of their

limitations compared to 18 percent of the disabled with private coverage. Disabled Medicaid adult beneficiaries are nearly three times as likely to rate their own health status as poor compared to those with private insurance (Table 5).

Table 5 — Severity of Disability Among Population Age 18-64 with Any Disability by Health Insurance Coverage

Measure of Severity	Total	Private	Medicaid	Uninsured
Total with Any Disability (Millions)	27.1	14.8	4.1	4.4
		Percent Reporting Problem [b]		
Any Specific, Chronic Disability	69	68	69	68
Specific, Chronic Disability & Limited in Major Life Activity	34	26	46	31
Unable to Work[a]	32	18	51	28
Poor Overall Health	14	8	22	13

a) Due to physical, mental or emotional problem.
b) Categories are not mutually exclusive.
Source: Economic and Social Research Institute, Based on data from the 1994 National Health Interview Survey, Disability Supplement, Phase 1. April 1999.

Similar levels of severe disability are found in Medicaid's population of children and elderly persons. For example, 42 percent of disabled Medicaid children between age 5 and 17 are limited at school compared to 24 percent of disabled children in the same age group with private insurance. Among the disabled elderly who are insured both by Medicare and Medicaid, twice as many report being in poor health compared to the disabled elderly without Medicaid coverage.

Medicaid's critical role in serving the most vulnerable is further evidenced by the proportion of beneficiaries who face both severe mental conditions and chronic physical disabilities. Among working-age adults, 18 percent of those enrolled in Medicaid suffered from both severe mental/emotional conditions and chronic physical disabilities, more than twice the prevalence among the privately insured (8%).

There are a variety of specialized and supportive services that can facilitate labor force participation, school attendance and achievement, and the ability to function within the community for people with disabilities, such as work-related programs, physical and occupational therapy, special education, and case-management. Some of these services are covered by health insurance, while others are not.

Use of these services is relatively low among the total population with disabilities. Specialized services for children include physical and occupational therapy, special education programs, and regular visits to psychiatrists, psychologists, and social workers and are shown in Table 6. Medicaid plays an important role in facilitating access to special education and to mental health specialists. This is important given that Medicaid beneficiaries are more seriously disabled. Among school-age children with chronic physical impairments, 79 percent of those enrolled in Medicaid used some specialized services, compared to 69 percent of those with private coverage and 59 percent of those without any insurance. The most notable difference involves the use of special education programs. Some 69 percent of school-age children with chronic physical impairments covered by Medicaid were in a special education program, compared to 45 percent of the uninsured. Among children with chronic physical impairments who were both uninsured and poor, only 26 percent were in special education programs.

Table 6 — Rates of Use of Specialized Services or Programs During the Prior Year by Children (5-17) with Chronic Physical Impairments/ Limitations by Insurance Coverage

	Insurance Coverage		
Types of Services	**Private**	**Medicaid**	**Uninsured**
N (1000s)	**823**	**580**	**192**
		Percent	
% Using Specialized Programs/Services in the Past 12 months	69	79	59
Specialized Programs/Services:			
Physical or Occupational Therapy for Chronic Condition	14	16	11
Physical Therapy	10	11	11
Occupational Therapy	9	12	7
Help from Outside Family/Household for Any ADL or IADL	.6	3	0
Special Education Program	53	69	45
Sees Counselor, Psychiatrist, Psychologist, or Social Worker Regularly	13	22	11
Goes to a Doctor or Specialist Regularly Other Than for Routine Medical Care	35	36	24

Source: Economic and Social Research Institute, Based on data from the 1994 National Health Interview Survey, Disability Supplement, Phase 1. April 1999.

Among working-age adults with disabilities, Medicaid beneficiaries are more likely to report use of certain specialized services compared to those who are privately insured. A higher proportion of disabled people covered by Medicaid, for example, had a case manager, a court-appointed legal guardian, or were enrolled in a community mental health program (see Table 7).

Table 7 — Use of Specialized Services or Programs During the Prior Year by Working-Age Adults (18-64) with Chronic Physical Impairments/Limitations by Insurance Coverage

	Insurance Coverage		
Types of Services	**Private**	**Medicaid**	**Uninsured**
N (millions)	**6.0**	**1.8**	**1.8**
		Percent	
% Using Specialized Programs/Services in the Past 12 months	19.3	38.7	19.4
Any Work Related Program	1.0	6.9	.06
Sheltered Workshop	0.2	3.5	0.1
Transitional Work Training	0.7	2.2	0.2
Supported Employment	0.3	1.8	0.2
Day Activity Center	0.6	5.4	0.5
Physical or Occupational Therapy for Chronic Condition	10.6	10.6	9
Physical Therapy	10.2	9.6	8.6
Occupational Therapy	1.2	1.3	0.7
Help from Outside Family/Household for Any ADL or IADL	4.9	10.6	5.3
Community Mental Health Program	4.1	12.9	4.4
Has Case Manager	2.6	15.4	3.1
Has Court-Appointed Legal Guardian	0.2	5.7	0.4
% Ever Participating in Vocational Rehabilitation	6.1	10.8	6.4

Source: Economic and Social Research Institute, Based on data from the 1994 National Health Interview Survey, Disability Supplement, Phase 1. April 1999.

It is important to stress that while proportionately more disabled adults enrolled in Medicaid use various specialized services, they represent a small minority of disabled Medicaid enrollees. For example, while they were more than three times as likely to use community mental health programs as those with private coverage, only 13 percent of 18-64 year old adults with chronic disabilities who were enrolled in Medicaid did so (versus 4 percent with private coverage). Only 7 percent of adults with Medicaid used any of the work-related special programs (e.g., sheltered workshops, transitional work training, supported employment), compared to only one percent of those with private coverage. Relatively few people are using these services regardless of health coverage status. A critical research question is what factors contribute to these utilization levels.

Many people with disabilities report that their needs for services, either medical care or assistive services, are not being met. Overall, 12 percent of non-elderly adults with disabilities had unmet needs due to cost in the year prior to the 1994 survey. Health insurance is related to the amount of unmet needs disabled persons report. The rate of unmet needs was highest for those with no insurance

(18%), next highest for those on Medicaid (14%), and lower, but still substantial (9%) for those with private health insurance, suggesting coverage gaps even for that group. The most common reason reported for why needs were not met was the cost or expense of the care. Table 8 shows various reasons non-elderly adults with disabilities gave for not receiving some type of health-related service in the year prior to the interview. The data on unmet needs highlights areas where coverage of services may need to be improved, especially since people relying on Medicaid have low incomes and may have difficulty affording services that are not covered.

Table 8 — Reasons for Not Receiving Needed Services During the Prior Year Among Working-age Adults with Any Disability, by Health Insurance Coverage[a]

Reason for Not Receiving Needed Service	Insurance Coverage		
	Private	Medicaid	Uninsured
	Percent Reporting		
Cost/Expense Too expensive; can't afford; no insurance; insurance does not cover; no longer on Medicaid	9.3	14.0	17.7
Provider/Service Not Available Don't know where to obtain service; unsafe area; or inconvenient hours	2.8	7.9	4.4
Did Not Like Service Provider Unhappy with quality of service; don't want	1.4	2.9	2.0
Transportation Problems	1.1	4.0	1.8
Provider Thinks Service Is No Longer Needed	4.8	6.3	4.8
Any Other Reason Can't get time off work; denied services; too ill to get; other	14.4	23.7	16.7

[a]Data in this table is from 1994 NHIS-D Phase 2 interview. Rates are percentages of adults age 18-64 with disabilities who did not receive one or more of 20 categories of service because of the stated reason.
Source: Economic and Social Research Institute, Based on data from the 1994 National Health Interview Survey, Disability Supplement, Phase 1. April 1999.

Summary and Policy Implications

Our nation's medical care system has successfully extended lives, but consequently, a greater number of people live with chronic conditions and disabilities. Today, one in five Americans live with a disability — 54 million Americans — and they are substantially disadvantaged compared to persons without disabilities. Among working-age adults, those with disabilities are half as likely to have a high school education; nearly 40 percent have family incomes less than 200% of the federal poverty level; and only a little over half are employed. The challenge is how to meet the needs of the growing numbers of Americans with disabilities so that they can live at their full potential, which for many includes participating in the workforce.

Increasing employment among people with disabilities, particularly in light of today's labor market conditions, has many benefits. In many parts of the country and in many occupations, employers are eagerly seeking qualified applicants and are having difficulty filling vacancies. The overall unemployment rate was only 4.3 percent at the end of the second quarter of 1999, reflecting a strong demand for labor. At the time of the 1994 survey, 1.7 million people with disabilities were looking for work. Another 1.6 million adults with disabilities were not currently looking for work or had never worked but could work if appropriate work accommodations were available.

It is likely that many adults with disabilities are discouraged about the possibility of finding a job that provides the type of work they are qualified for, within a suitable workplace. Still others may believe that the workplace accommodations necessary for them to work are unlikely to be made by employers despite the presence of legal requirements under the Americans With Disabilities Act.

Employers' willingness to hire people with disabilities is likely to be influenced in part by misperceptions about work limitations and the need for workplace accommodations. However, over a million people with disabilities report that their conditions do not require special equipment or accommodations at the work site. Others may need accommodations that are not only feasible, but cost-effective.

If ways can be found to draw people with disabilities who would like to work into the labor market, and assist those who are unemployed or under-employed in their search for work, both the individuals and the economy would benefit. Increased employment of people with disabilities would generate additional tax revenues, while reducing costs for public assistance programs.

Nonetheless, for people with disabilities, leading productive lives begins with adequate access to health care, and the key to access is health insurance. For millions of people with disabilities, Medicaid provides critical health coverage, coverage that is almost always better than that available in the private market. For others, the workplace often provides access to affordable insurance, but having a job does not guarantee health coverage. Indeed, nearly one in six working-age disabled adults (4.4 million) is uninsured, and of these, over half (52%) are employed.

Recent studies show that most uninsured workers are not offered job-based health benefits.[9] In addition, disabled people employed in firms where health coverage is offered may be unable to afford coverage or may be ineligible for their employers' health plans for one of several reasons. They may work part-time and not meet an eligibility threshold of the weekly hours, or may not work enough weeks in a year. Finally, and very important for the disabled population, workers may be screened out of group coverage as a result of their health conditions and chronic disabilities.

Indeed, the uninsured employed population with disabilities is part of a cadre of U.S. workers caught in the void between public and private health coverage systems. While employer-based group coverage is unavailable, their incomes often cause them to be ineligible for Medicaid or other means tested programs. This situation results in a strong incentive for disabled people to remain in the outside workforce.

Improving access to private insurance for disabled workers requires learning more about the barriers to job-based health coverage for this population. Further research should focus on the relationship of insurance status and employer characteristics (such as size), employees' work status (such as new hire or part time), and employee health status. These distinctions could lead to reforms in both private business practices and public policies so that employer-based insurance can be made more widely available and affordable to all.

However, if job-based coverage does not expand to cover more workers with disabilities, other options need to be explored, such as helping workers purchase more affordable insurance in the individual market, or permitting workers to continue coverage under Medicaid and Medicare. One proposal to address the lack of coverage for people with disabilities who are working is contained in the Work Incentives Improvement Act of 1999. The bill would amend Medicaid rules to permit states to broaden eligibility standards for income, assets, and disability. Finally, given that over half of the uninsured population with disabilities have incomes below 200 percent of the federal poverty level, exploring ways to assure that Medicaid reaches more people with disabilities, whether working or not, is warranted.

References

[1] Meyer, Jack A. and Pamela J. Zeller. *Profiles of Disability: Medicaid and Uninsured Populations*, *A Data Book*, prepared for The Kaiser Commission on Medicaid and the Uninsured, forthcoming October 1999.

[2] For children, the major life activity is play (0-4 years old) or going to school (5-17 years old). For most adults 18 to 64 years of age, the major life activity is going to work (it might still be schooling for those in the youngest part of this broad age range who are attending college or doing graduate work).

[3] These conditions included being frequently depressed or anxious, having trouble making or keeping friends, having trouble getting along with people, having trouble concentrating, having difficulty coping with day-to-day stresses, being frequently confused, disoriented, or forgetful, and having phobias or unreasonably strong fears. In addition, respondents were asked about prescription medications for ongoing mental/emotional problems. Severe mental/emotional conditions were not ascertained for children, which is unfortunate given the high incidence of depression and substance abuse disorders among teenagers. Compared to population estimates based on in-depth psychiatric interviews, estimates of severe mental/emotional conditions for NHIS-D appear to be low.

[4] Special equipment includes voice synthesizers, telecommunications devices for the deaf, other technical devices, or special furnishings. Work site accommodations could be handrails or ramps, accessible parking, an elevator, a specially adapted work station, a specially designed restroom, or an automatic door. Special assistance could include a job coach or personal assistant to help with job-related activities. Special work arrangements could entail reduced hours, more frequent breaks, a slower pace for completing tasks, or restructured duties.

[5] Schneider, Andy, Victoria Strohmeyer, and Risa Ellberger. *Medicaid Eligibility for Individuals with Disabilities,* prepared for The Kaiser Commission on Medicaid and the Uninsured, July 1999.

[6] Based on estimates by the Urban Institute, Washington, D.C., 1999.

[7] United States General Accounting Office, *Adults with Severe Disabilities: Federal and State Approaches for Personal Care and Other Services*. GAO/HEHS-99-101. May 1999.

[8] Schneider, Andy, Victoria Strohmeyer, and Risa Ellberger, *Medicaid Eligibility for Individuals with Disabilities,* prepared for The Kaiser Commission on Medicaid and the Uninsured, July 1999.

[9] O'Brien, Ellen, and Judith Feder, *Employment-Based Health Insurance Coverage and Its Decline: The Growing Plight of Low-Wage Workers,* prepared for The Kaiser Commission on Medicaid and the Uninsured, May 1999.

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