kaiser commission on KEY FACTS

medicaid and the uninsured

THE HENRY J. KAISER FAMILY FOUNDATION

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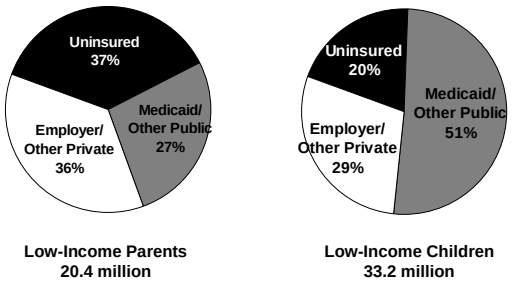
HEALTH COVERAGE FOR LOW-INCOME PARENTS

There is renewed debate about expanding health coverage as some states pursue coverage initiatives and the Congress moves to reauthorize SCHIP. Coverage of uninsured children is on the policy agenda, but an underlying issue is coverage of low-income parents, who have high uninsured rates and limited access to coverage (Figure 1).

Figure 1

Health Insurance Coverage of Low-Income Parents and Children, 2005



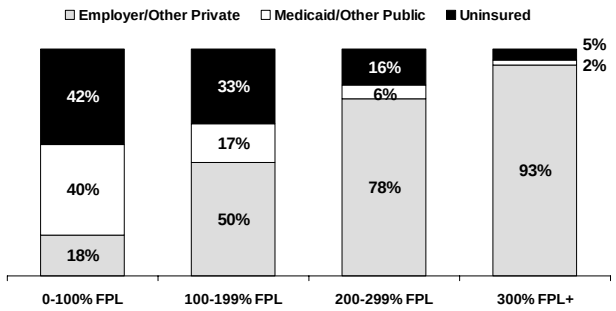
Nonelderly parents only. Low-income is below 200% of the federal poverty level, or $39,942 for a family of four in 2005 (according to the U.S. Census Bureau's poverty thresholds). Data may not total 100% due to rounding.
SOURCE: Urban Institute and Kaiser Commission on Medicaid and the Uninsured analysis of March 2006 CPS.

UNINSURED PARENTS

There were 10.9 million uninsured parents in 2005, making up nearly a quarter of the 46 million overall uninsured. Among uninsured parents, the vast majority (82%) have at least one full-time worker in the family, but over two-thirds (68%) are in low-income families (below 200% of poverty). The poorest parents are the most likely to be uninsured, with 42% of poor parents and 33% of near-poor parents lacking coverage compared to 5% with incomes of 300% of poverty or higher (Figure 2).

Figure 2

Health Insurance Coverage of Nonelderly Adult Parents by Income, 2005

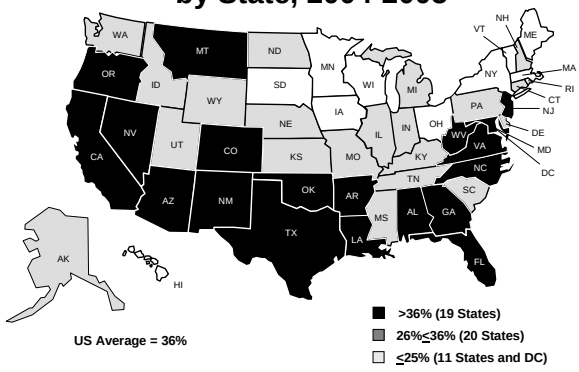


The federal poverty level was $19,971 for a family of four in 2005. Medicaid also includes SCHIP and other state programs, Medicare and military-related coverage.
SOURCE: KCMU/Urban Institute analysis of March 2006 CPS.

Uninsured rates for low-income parents vary significantly across states, ranging from 55% to 13%. In 19 states, more than 36% of low-income parents lacked coverage, while a quarter or less were uninsured in 11 states and DC (Figure 3).

Figure 3

Uninsured Rate Among Low-Income Parents by State, 2004-2005



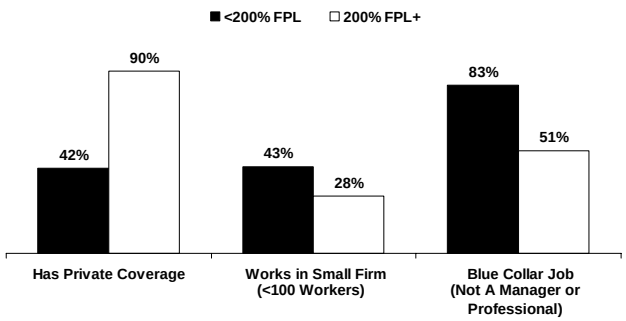
SOURCE: Urban Institute and Kaiser Commission on Medicaid and the Uninsured analysis of 2005 and 2006 CPS.

DECLINING ACCESS TO PRIVATE COVERAGE

The primary factor driving the high uninsured rate among low-income parents is a low rate of private coverage. Although 85% of low-income parents are in working families, only 42% of them have private coverage because they tend to work in small firms and occupations that do not offer coverage (Figure 4). The percent of firms offering health coverage fell sharply from 69% to 61% between 2000 to 2006, with greater declines for small and lower wage firms where low-income parents are more likely to be employed. In 2005, 81% of uninsured workers were not offered or eligible for employer-sponsored coverage.

Figure 4

Private Coverage and Employment Characteristics of Working Parents by Income



Note: Small firms do not include the self-employed.
SOURCE: KCMU/Urban Institute analysis of March 2006 CPS

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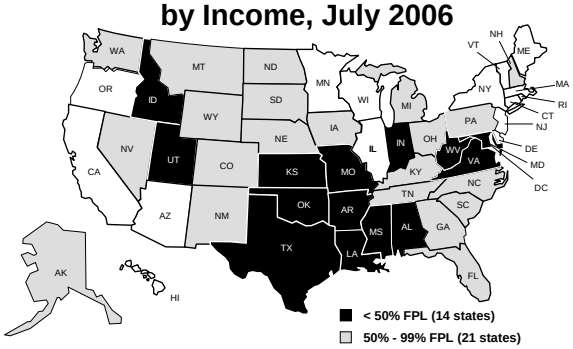
When coverage is offered, it is increasingly unaffordable. Premiums have climbed steeply since 2000 and, in 2006, continued to grow twice as fast as worker's earnings and inflation. Premiums for employer coverage currently average $11,480 for family coverage and $4,242 for individual coverage, with an average worker contribution of $2,973 and $627, respectively. Comparable coverage in the non-group market is even less affordable and generally would consume over a quarter of income for low-income parents.

LIMITED MEDICAID AND SCHIP ELIGIBILITY

In addition to the 28 million children covered, Medicaid provided an important source of coverage to 6.1 million low-income parents in 2005. The minimum level at which states must cover parents through Medicaid is, on average, 42% of poverty, which is tied to states' welfare standards prior to the 1996 reforms. States can choose to cover parents at higher incomes and still receive federal matching funds. In 2006, 15 states and DC covered parents at or above 100% of poverty (Figure 5). However, in 35 states, parent eligibility was below poverty, and, in 14 of these states, parent eligibility was at less than half of poverty—just $692 per month for a family of three in 2006. In 24 states, a parent in a family of three working full-time at the minimum wage earned too much to qualify.

Figure 5

Medicaid Eligibility for Working Parents by Income, July 2006



US Median Eligibility = 65% FPL: $10,849 per year

*The Federal Poverty Line (FPL) for a family of three in 2006 is $16,600 per year. These eligibility levels do not reflect waivers that provide limited coverage.
SOURCE: Based on a national survey conducted by the Center on Budget and Policy Priorities for KCMU, 2006.

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Parent eligibility lags far behind that of children, and states have not simplified enrollment procedures for parents to the extent they have done so for children. These inconsistencies can make it complex for families to apply for coverage and hinder the ability of public coverage to support low-income families. As of July 2006, the median Medicaid/SCHIP eligibility limit for parents was 65% of poverty compared to 200% for children. Thus, only 28% of uninsured parents are estimated to be eligible for but not enrolled in Medicaid, compared to nearly three-quarters of uninsured children. Almost three out of four (72%) uninsured parents do not qualify for Medicaid.

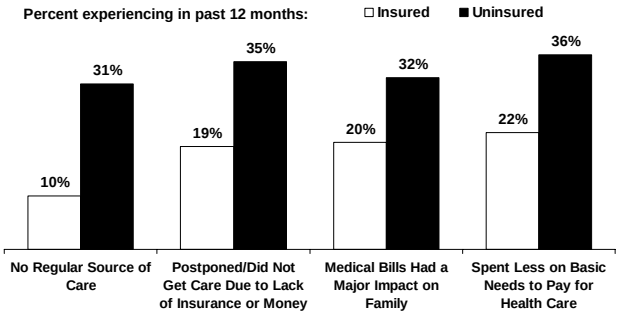
The higher eligibility level for children reflects state Medicaid expansions through the late 1980s and 1990s and the creation of SCHIP in 1997. In addition to expanding children's coverage, SCHIP permitted states to obtain waivers from the federal government to use SCHIP funds to cover parents and pregnant women. As of January 2007, 11 states had implemented SCHIP waivers to cover parents, although some have very limited enrollment. The waivers require that states keep children's enrollment open as a condition of covering parents and prioritize funds for children. In 2005, SCHIP covered about 600,000 adults (pregnant women, parents, and childless adults) and 6.1 million children.

INCREASING COVERAGE FOR PARENTS

Having health insurance promotes parents' access to care and financial security for families. Uninsured low-income parents are more likely than their insured counterparts to lack a usual source of care, to have postponed or not gotten care due to cost, and to have had their families' finances affected by medical costs (Figure 6). Research also finds that covering parents in programs such as Medicaid and SCHIP increases enrollment of children and that, when parents are insured, their children gain better access to care.

Figure 6

Access to Care and Family Financial Burden for Low-Income Parents, 2005



Low-income is less than 200% FPL. Insured includes those covered by public or private health insurance.
SOURCE: 2005 Kaiser Low-Income Coverage and Access Survey.

As policymakers embark on initiatives to reduce the number of uninsured, broadening coverage for the quarter of the uninsured who are parents represents a critical component. The majority of uninsured parents are in low-income working families but do not have access to coverage through an employer, cannot afford individual coverage, and are not eligible for Medicaid. As states move forward with expansions, a variety of approaches to reach uninsured parents are being pursued, including expansions in Medicaid and SCHIP and/or creating new purchasing pools and subsidies for private coverage. The effectiveness of these measures to reduce the number of uninsured will be instructive for future reform efforts.

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The Kaiser Commission on Medicaid and the Uninsured provides information and analysis on health care coverage and access for the low-income population, with a special focus on Medicaid's role and coverage of the uninsured. Begun in 1991 and based in the Kaiser Family Foundation's Washington, DC office, the Commission is the largest operating program of the Foundation. The Commission's work is conducted by Foundation staff under the guidance of a bipartisan group of national leaders and experts in health care and public policy.