

# medicaid and the uninsured

January 2008

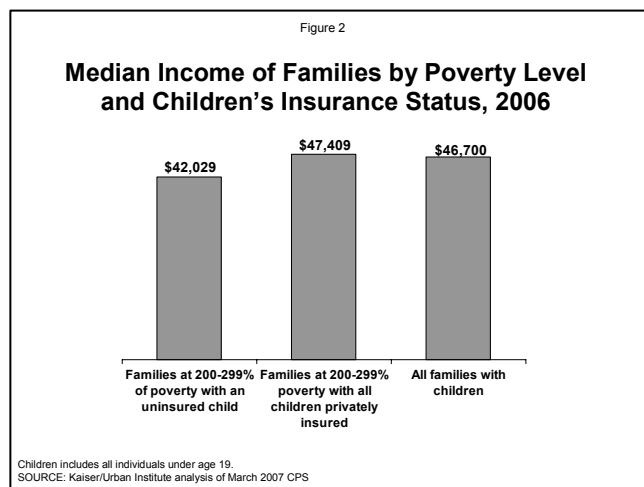
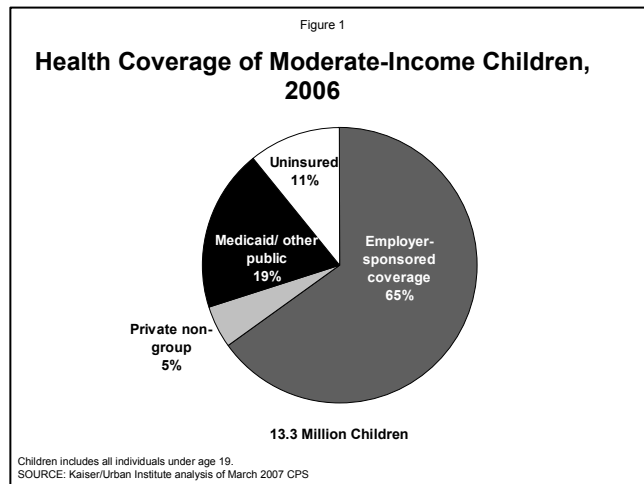
## Uninsured Moderate-Income Children: The Impact of Parent Employment on Access to Employer Coverage

In 2006, the number of uninsured children in moderate-income families increased, leaving 1.4 million children from families with incomes from 200%-299% of poverty (\$41,228 to \$61,842 for a family of four in 2006) uninsured. Although two-thirds of uninsured children are below 200% of the poverty level, the growing number of uninsured children in these moderate-income families reflects mounting concerns about the affordability of health insurance for middle class families. Currently, 44 states and DC have authorized coverage to children with family incomes at or above 200% of poverty. Twenty of those states have authorized coverage to children in families at 300% of poverty, including New Jersey which now covers children up to 350% of poverty.

While the majority of children in moderate-income families have employer-sponsored coverage, one in ten are uninsured and about 20% depend on public coverage (Figure 1). This brief focuses on moderate-income families and examines how family income and the types of jobs that parents have differs depending on whether the child is uninsured or privately insured. Uninsured children are significantly more likely to have parents who earn lower wages and have the types of jobs with lower rates of employer coverage.

### Income and family characteristics

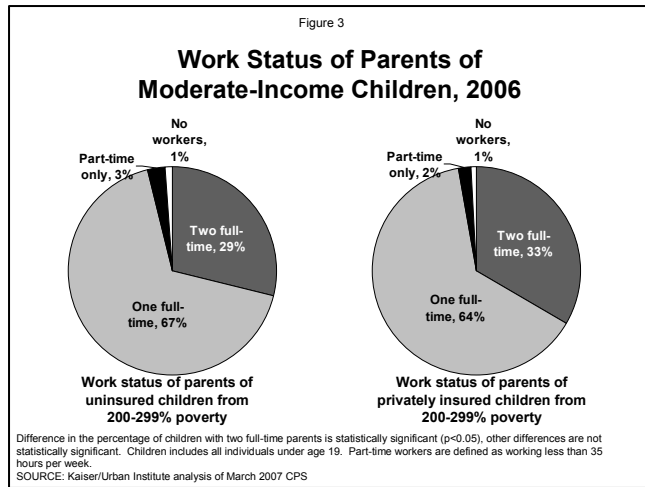
Among moderate-income families, those with an uninsured child tend to have lower incomes than those with privately insured children. Workers in predominantly low-wage firms are less likely to be offered coverage and low-wage workers are less able to afford their share of employer-sponsored coverage. On average, employees in 2007 contributed \$3,281 of the \$12,106 total cost of family coverage purchased through an employer.<sup>1</sup> The



amount employees pay for family coverage varies by firm size, with those in smaller firms paying more to insure their families.

The median income for all families with children is \$46,700 in 2006.<sup>2</sup> Among moderate-income families, median income for families with an uninsured child was \$42,029—more than \$5,000 lower than that of families whose children have private coverage (Figure 2). The \$3,281 average employee contribution towards employer-sponsored coverage represents 8% of the median income for these families with an uninsured child.

The majority (67%) of moderate-income uninsured children are in two-parent families and 96% of these children have at least one parent working full time. Work status is similar for insured and uninsured children in this income range (Figure 3). However, the nature of employment and earnings differs.

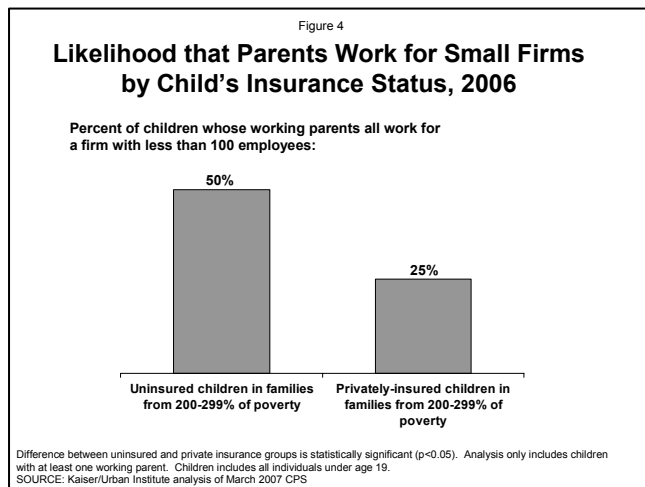


### Employment characteristics

The type of firms where moderate-income parents work and the amount that they earn vary widely for those with insured vs. uninsured children and helps to explain why some of these children have private insurance while others remain uninsured.

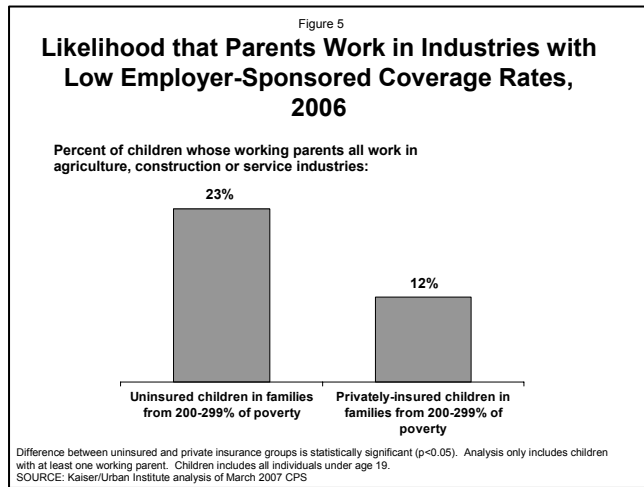
### Half of uninsured moderate-income children have parents who work for small firms.

One of the key factors that influences whether a worker is offered employer-sponsored insurance is the number of employees at their firm. While almost all (99%) of firms with 200 or more employees offer coverage, just 58% of firms with fewer than 100 employees offer employer-sponsored coverage.<sup>3</sup> Half of uninsured children in moderate-income families have parents who work for these smaller firms (Figure 4). Moderate-income children with private coverage are much more likely to have a parent who works for a larger firm.



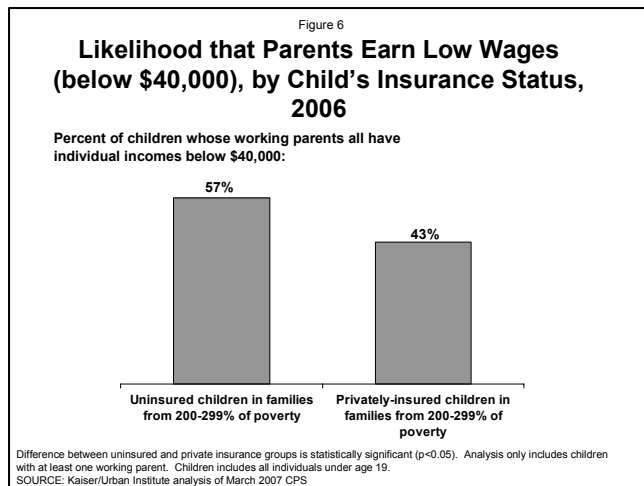
**These uninsured children are twice as likely as those with private coverage to have parents who work in industries with low rates of employer coverage.**

Employees in construction, agriculture or services are the least likely to have employer-sponsored coverage. Within moderate-income families, only 49% of workers in these three industries have employer-sponsored coverage, compared to 72% of workers in other industries. Uninsured children in this income group are more likely to have parents who work in one of these industries, where they are less likely to have coverage (Figure 5).



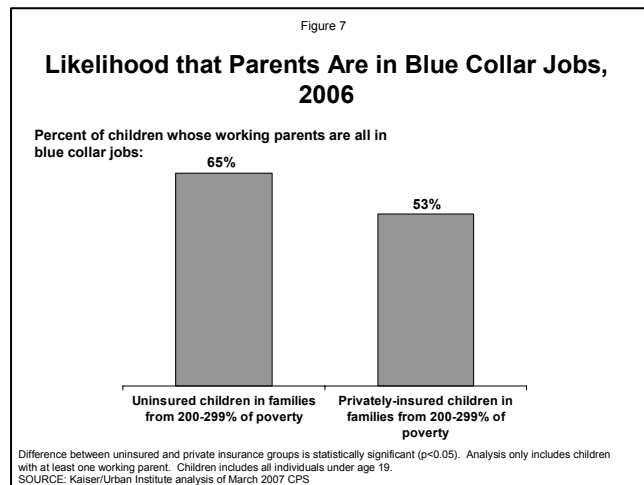
**Uninsured children have parents who earn lower wages than parents of privately insured children.**

Although the income range for a family of four from 200-299% of poverty is \$41,228 to \$61,842, the majority (57%) of uninsured moderate-income children come from families where the working parents individually earn less than \$40,000 a year (Figure 6). Poverty levels are based on total income and family size, with higher thresholds for larger families. Some of these uninsured children are in smaller families where poverty thresholds are lower. For a family of three with children the threshold for being above 200% of poverty is about \$32,500 and it is about \$27,800 for a family of two. Other moderate-income families with uninsured children fall into that income range because they have two working parents whose combined salaries place the family income above 200% of poverty despite not having a parent who earns more than \$40,000 a year.



## About two-thirds of moderate-income uninsured children have parents with blue collar jobs.

Moderate-income adults who are in blue collar jobs are less likely to have employer-sponsored coverage than adults in this income range who are professionals or managers. About two-thirds of uninsured moderate-income children have parents who are blue-collar workers, compared to 53% of privately insured children (Figure 7). Parents who are in blue collar jobs are often in lower-skilled jobs that make it more difficult for them to attain higher wages that make health premiums more affordable.



## Implications

As policy makers continue to debate how to decrease the number of uninsured children, the question of how to best reach uninsured children from 200-299% of poverty is becoming increasingly important. While all but six states have authorized coverage for children up to 200% of poverty, access to public coverage drops off at higher income levels.

Moderate-income children who are uninsured live in families whose access to affordable employer-sponsored coverage is influenced by their family income and their parents' employment. These children often have parents who work for small firms or work in industries whose workers have low rates of employer-sponsored coverage. The incomes of moderate-income families with an uninsured child are also lower than those of moderate-income families whose children have private coverage.

The \$3,281 average employee contribution towards employer-sponsored coverage represents 8% of the median income for families from 200-299% of poverty with an uninsured child. Although many of these families are likely not offered coverage through an employer, even those who are offered coverage may not be able to pay their share of the premium after paying for other necessary expenses. Many of these children have parents with the types of jobs where employer-coverage rates for workers are low, making it less likely that there would be affordable family coverage available. Expanding SCHIP to allow these parents to pay a more affordable premium to insure their children when employer coverage is not available could help broaden coverage for the children who have limited access to affordable employer-sponsored coverage.

This report was authored by Karyn Schwartz of the Kaiser Commission on Medicaid and the Uninsured and Gary Claxton of the Kaiser Family Foundation's Health Care Marketplace Project.

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<sup>1</sup> Kaiser Family Foundation and Health Research and Educational Trust. 2007. Employer Health Benefits 2007 Annual Survey. Available at [www.kff.org/insurance/7672/upload/EHBS-2007-Full-Report-PDF.pdf](http://www.kff.org/insurance/7672/upload/EHBS-2007-Full-Report-PDF.pdf)

<sup>2</sup> Throughout this report, the term family refers to a health insurance unit (those who are eligible as a group for "family" coverage in a health plan).

<sup>3</sup> KFF analysis of Employer Health Benefits 2007 Annual Survey.

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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 bi-partisan group of national leaders and experts in health care and public policy.