

medicaid and the uninsured

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Expanding Health Coverage for Low-Income Adults: Filling the Gaps in Medicaid Eligibility

Executive Summary

Discussion continues around the potential for national health reform, with many viewing expanding coverage as a key goal of reform. Low-income adults (below 200% of poverty or \$33,200 for a family of three in 2007) account for just over half of the non-elderly uninsured. This brief reviews coverage of non-elderly low-income adults and discusses the implications of broadening their coverage by filling gaps in Medicaid eligibility.

Four in ten (40%) low-income adults lack coverage, and they are more than twice as likely to be uninsured as low-income children. Increasing coverage for low-income adults will help to improve their access to care and provide financial protections; it will also have positive spillover effects of improvements in their children's coverage and care.

Many low-income adults do not have access to employer-sponsored coverage and cannot access or afford private coverage in the individual market. While over half (53%) of low-income adults are in families with at least one full-time worker, they tend to be in low-wage positions and in firms and industries that often do not offer coverage. For those that have an offer of employer coverage, that coverage can often be unaffordable given their limited family budgets. Private coverage on the individual market can be expensive, may have high cost-sharing requirements, and often is not available to people with existing health problems.

Over half of uninsured low-income adults are poor, and a number have significant health care needs. Uninsured low-income adults include adults in a variety of family situations—from young adults, to parents, to “empty nester” couples, to single individuals across the age spectrum. All have limited family budgets, with over half (55%) below the federal poverty level. More than one in three (36%) reports a chronic physical or mental health condition.

Expanding Medicaid provides an effective and efficient strategy for increasing coverage among low-income adults. Medicaid helps protect some low-income adults from being uninsured, but parent eligibility levels are below poverty in 34 states and childless adults are excluded from the program under current federal rules. Given their limited budgets, lack of access to employer-based coverage, and health care needs, Medicaid could be an effective and efficient vehicle for expanding coverage for low-income adults. It is designed to meet the needs of low-income individuals and those with complex health needs and has an existing delivery, financing, and administrative structure. Further, it is a low-cost program relative to the health needs of enrollees and, thus, can serve as a building block for broader coverage targeted to the low-income population. Eliminating the categorical exclusion of childless adults, increasing income eligibility levels, and enhancing the federal financing available to support coverage for adults could enable Medicaid to cover more of the low-income uninsured.

It is likely that any comprehensive coverage effort will include a combination of both public and private strategies to target different segments of the uninsured population. Medicaid coverage for low-income adults could help establish a strong floor of coverage for the low-income population, upon which additional expansion efforts could build.