kaiser commission on medicaid and the uninsured

THE HENRY J. KAISER FAMILY FOUNDATION

ISSUE PAPER

AUGUST 2009

HOW WILL UNINSURED PARENTS BE AFFECTED BY HEALTH REFORM?

By Allison Cook, Lisa Dubay, Bowen Garrett

SUMMARY

The health reform proposals being debated in Congress have the potential to expand coverage options for millions of currently uninsured Americans. Parents, who compose a quarter of the uninsured, have much to gain from these proposals since many do not currently have access to affordable options for coverage. In this analysis, a health reform scenario is modeled that would expand Medicaid to individuals with incomes up to 133 percent of the federal poverty line (FPL), provide subsidies for individuals with incomes between 133 and 399 percent of the FPL, and require individuals to obtain coverage through an individual mandate. Of the 11.0 million uninsured parents, 36 percent would be eligible for Medicaid under this reform, and another 36 percent would become eligible to receive subsidies to purchase coverage in an exchange. Of the remaining 28 percent, three-quarters would be ineligible for Medicaid or subsidies because they are either unauthorized immigrants or recently arrived authorized immigrants and one quarter have income too high to receive financial assistance.

Fewer than 20 percent of uninsured parents currently have an offer of employer-sponsored coverage. Only 22.5 percent of uninsured parents have options to purchase coverage in the employer or non-group insurance markets that constitutes less than 10 percent of their family income. Some 52 percent face premiums today that range from 10 to 49 percent of income and another 26 percent would have to pay half or more of their income towards premiums or would not be able to obtain coverage in the non-group market due to health concerns. While access to affordable private coverage is scarce, nearly 40 percent of uninsured parents are currently eligible for public coverage and close to 30 percent have an eligible but uninsured child. Absent health reform, most uninsured parents will continue to have limited options for obtaining coverage.

INTRODUCTION

In recent months, key legislative committees have released major health reform proposals that vary along a number of dimensions but converge on general strategies for providing subsidized coverage to uninsured Americans. Health reform proposals released by the Senate Finance Committee, Senate Health, Education, Labor and Pension (HELP) Committee, and House Committees on Ways and Means, Energy and Commerce, and Education and Labor (Tri-Committee) would each expand Medicaid to currently ineligible poor and near-poor populations and would provide subsidies to moderate income populations for purchasing health insurance coverage.[1] If implemented, these reform proposals would have important implications for families, since they would provide access to coverage to many currently uninsured parents. Expanding coverage to parents not only has the potential to improve their access to care, but also to improve enrollment and use of services among their children.[2] This brief examines the number and characteristics of uninsured parents and the extent to which they could gain access to coverage through Medicaid expansions or public subsidies under a reform proposal similar to those currently being considered.

BACKGROUND

States currently provide coverage to low-income parents through two main pathways: family coverage under Medicaid through Section 1931 and parental coverage under Medicaid and the Children's Health Insurance Program (CHIP) through Section 1115 demonstration waivers. Historically, coverage for parents under the Medicaid program was limited to those receiving Aid to Families with Dependent Children (AFDC). With the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), a new category of family eligibility for Medicaid was established in Section 1931 of the Social Security Act. Section 1931 requires states to make eligible for Medicaid all parents who would have been eligible under 1996 AFDC eligibility rules. At the same time, it gives states the ability to expand Medicaid eligibility under Section 1931 to low-income families with higher incomes.[3] Today, eligibility under Section 1931 is the primary mechanism through which parents are covered by the Medicaid program. Medicaid and CHIP demonstration waivers provide another pathway for states to expand coverage to parents, though they must first be approved by the Secretary of Health and Human Services.

Despite the options available to expand coverage for parents, many states have opted to remain at 1996 AFDC eligibility levels, which in most cases set eligibility substantially below poverty. As of April 2009, 15 states had expanded Section 1931 coverage for parents and 21 had expanded coverage to parents through demonstration waivers.[4] As a consequence of the limited number of coverage expansions, parents are, on average, much less likely to be eligible for public coverage than children. While all but seven states provide to children at or above 200 percent of the federal poverty level (FPL), only 19 states have eligibility thresholds for parents at or above this level, of which only 6 offer the full scope of benefits available through regular Medicaid. Furthermore, 23 states limit eligibility for parents to below 100 percent of the FPL and 19 states limit eligibility to below 50 percent of the FPL. The median eligibility threshold for parents is 68 percent of the FPL[5,6]

Legislation passed in February 2009 to expand coverage for children may further reduce the availability of coverage for parents. While the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA) is projected to expand coverage to 4 million otherwise uninsured children by 2013, it limits coverage for parents by restricting states from covering additional parents through new CHIP waivers and reducing federal matching rates after FY 2011 for states that had already expanded coverage to adults under CHIP.[7]

Recently introduced healthcare reform proposals have the potential to make coverage available for millions of parents who are currently uninsured. The Senate Finance Committee has outlined a proposal to expand Medicaid to all individuals with incomes up to 115 percent of FPL and to provide subsidies for individuals up to 400 percent of FPL to purchase coverage through a Health Insurance Exchange. The Senate HELP Committee has released legislation to expand Medicaid to 150 percent of FPL and to provide subsidies for individuals and families up to 500 percent of FPL to purchase coverage. The House Tri-Committees recently released a bill that would expand Medicaid to 133 percent of FPL and would provide subsidies up to 400 percent of FPL.[8] In addition, these proposals seek to reform the small and individual health insurance markets by requiring guaranteed issue and renewability, eliminating variation in pricing by

health status, and imposing an individual mandate to buy insurance. Despite the consistency along these dimensions, the proposals vary by the structure and amount of the subsidies and whether those with an offer of employer-sponsored coverage would have the same affordability protections as those without an offer.

Expanding coverage for parents through health reform could improve enrollment in public coverage and use of healthcare services among both parents and their children. Previous research has shown that parents enrolled in Medicaid are less likely to forego needed care and more likely to have a usual source of care than uninsured parents.[9] In addition, insured children with insured parents have been found to be more likely to have had a well-child visit than insured children with uninsured parents.[10] Furthermore, children in states that have expanded public health insurance coverage to parents are more likely to participate in these programs.[11]

DATA AND METHODS

This analysis focuses on non-elderly uninsured parents. Parents are defined as individuals age 19 to 64 who have at least one child 18 years old or younger living at home. The main source of data for the analysis is the March 2008 Annual Social and Economic Supplement to the Current Population Survey (CPS) representing income and health insurance coverage for 2007. A long standing debate exists regarding whether insurance estimates from the CPS represent people who responded by providing their coverage at the time of the survey or responded about their health insurance coverage over the course of the year (as intended) but with recall error because of the long reference period. The Census Bureau commented on this issue and stated that CPS estimates were more closely in line with point in time estimates of the uninsured.[12] In this brief, we interpret the data as providing measures of the average point in time experience. Although the CPS is the most frequently cited national survey on health insurance it lacks information on a number of factors needed for this analysis. As a result, CPS data are supplemented in a number of ways.

First, individuals eligible for Medicaid, the Children's Health Insurance Program (CHIP), and state-only financed programs are identified using a detailed Medicaid and CHIP eligibility model developed at the Urban Institute's Health Policy Center by the authors.[13] To account for whether foreign born individuals are unauthorized or authorized immigrants and therefore eligible for public health insurance coverage in our eligibility model, we impute immigrant status to the CPS. Imputations are based on a simulation model that identified immigrant status on the March 2004 CPS. Data from this model are used to predict immigrant status on the March 2008 CPS.[14] Second, estimates of insurance coverage are adjusted to account for the underreporting of Medicaid and CHIP on the CPS using a methodology developed for previous analyses. This adjustment had the effect of reducing the uninsured by 1.1 million (from 45.0 million to 43.9 million), all of whom were children.[15]

Third, the CPS lacks information regarding whether individuals have an offer of insurance from their employer as well as the costs faced by individuals and families of obtaining employer-sponsored or private non-group coverage. To address these data gaps, we use baseline data from the Health Insurance Policy Simulation Model (HIPSM) to model whether uninsured employed individuals have an offer of coverage that they are declining, the cost of employer-sponsored

coverage among those with an offer, and the cost of private non-group coverage. HIPSM baseline data are estimated using the February and March 2005 CPS and statistical matching with the Medical Expenditure Panel Survey from 2002 to 2005. Using data from the February CPS and the MEPS, HIPSM simulates individual and family level offer rates, employee premium contributions, and non-group premiums for 2004. [16,17] We use data from the HIPSM model to impute these variables on the 2008 CPS.

Variables estimated from HIPSM are used to approximate the cost of obtaining insurance coverage under the current system using the following algorithm. For uninsured persons who have an offer of coverage from their employer either for themselves or in their family, the cost of obtaining coverage is considered to be the employee contribution for employer sponsored coverage. For uninsured persons without an offer of coverage, the private non-group premium required to cover the individual or family is considered to be the cost of obtaining coverage. Non-group premiums produced by HIPSM vary by age, sex, and health status and are summed to produce family level premiums. [1819] In addition, 50 percent of individuals who report being in fair or poor health are designated as uninsurable as are families with uninsurable individuals.[20]

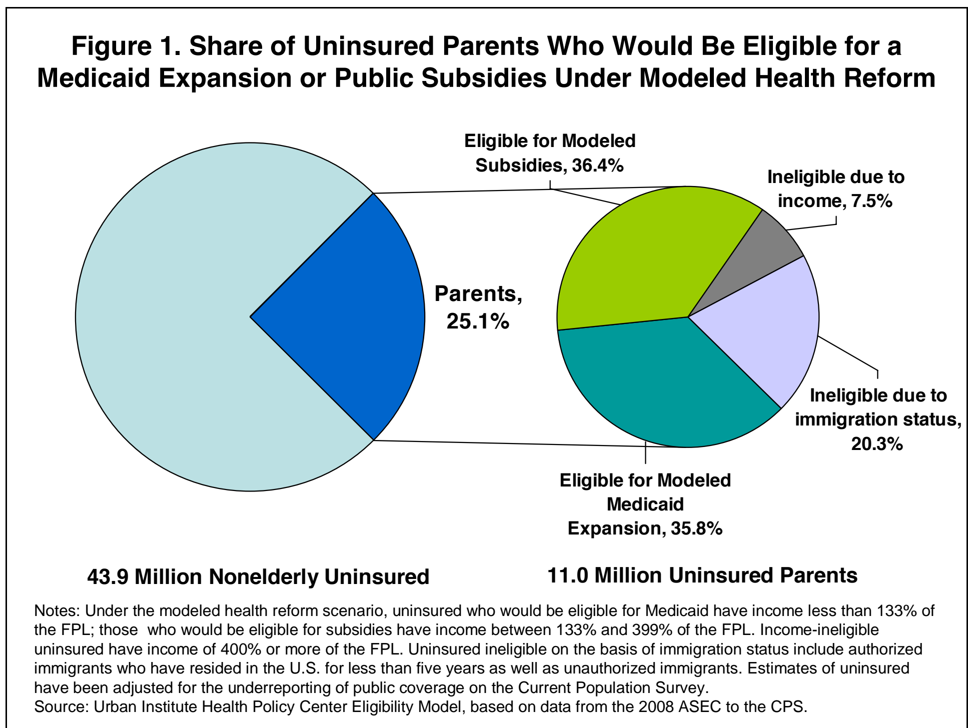
Given that the proposals are relatively consistent with respect to the overall structure of reform, we model a reform scenario that would expand Medicaid to all individuals up to a specific income level and provide public subsidies to moderate income individuals. Specifically, individuals are assigned to one of three coverage categories based on their gross income: 1) Medicaid expansions for those with incomes below 133 percent of the FPL; 2) subsidized coverage for those with incomes between 133 percent of the FPL and 400 percent of the FPL; and 3) unsubsidized coverage for those with incomes at least 400 percent of the FPL. [21] Unauthorized immigrants and authorized immigrants who have been in the country for less than five years are assumed to be ineligible and are excluded from these groups and the main analysis.

Importantly, the proposals being considered currently vary along some components that are not modeled here. First, the proposals differ by whether states would be required to maintain their Medicaid and CHIP eligibility levels and whether those currently eligible for Medicaid or CHIP and that become eligible for subsidies under reform would be served through the exchange. Second, the proposals differ by whether and under what circumstances individuals and families income eligible for subsidies under reform but with an offer of employer-sponsored coverage would have access to these subsidies. Third, the proposals differ regarding whether recent authorized immigrants would be eligible for subsidies. This group of immigrants is assumed to not be eligible for Medicaid or subsidies which may understate estimates of those eligible for subsidies if the final legislation includes them.

RESULTS

Of the 43.9 million individuals who are uninsured in the United States, 11.0 million are parents (Figure 1).[22] Under the reform modeled in this brief, 35.8 percent of uninsured parents would be eligible for Medicaid coverage because their family income is less than 133 percent of the FPL. Another 36.4 percent have incomes between 133 percent and 399 percent of the FPL and would be eligible for federal subsidies. An additional 7.5 percent have incomes at or above 400 percent

of the FPL and would not be eligible for subsidies. The remainder would not be eligible due to immigration status.[23] This latter group is excluded from subsequent tables and figures.



Access to Insurance Coverage in Today's System

Almost two-thirds (65.4 percent) of uninsured parents who would be eligible for Medicaid coverage under an expansion to 133 percent of the FPL are currently eligible for Medicaid or other public health insurance programs. (Table 1). At the same time, more than 60 percent of these parents live in households with one or more child enrolled in Medicaid or CHIP and over a third has at least one child who is eligible for but not enrolled in public coverage (data not shown). Among parents who would be eligible for public subsidies under reform because their income is between 133 and 399 percent of the FPL, a much smaller share (18.8 percent) is currently eligible for Medicaid or other public coverage. Nonetheless, 44 percent of this group has one or more child enrolled in Medicaid or CHIP and a quarter has at least one uninsured child eligible for public coverage (data not shown). Nearly all parents who would be ineligible on the basis of income are not currently eligible for public coverage.

Table 1. Access to Health Insurance Coverage Among Uninsured Parents in Today's Market by Coverage Category Under Modeled Health Reform

	Total		Modeled Health Reform: Eligible for Medicaid, Expansion to 133% FPL		Eligible for Public Subsidies, 133% - 399% FPL		Not Eligible for Subsidies, 400%+ FPL	
	(millions)	%	(millions)	%	(millions)	%	(millions)	%
Total	8.8	100.0%	3.9	100.0%	4.0	100.0%	0.8	100.0%
Current Medicaid/CHIP Eligibility								
Eligible	3.3	38.0%	2.6	65.4%	0.8	18.8%	0.0	0.2%
Ineligible	5.4	62.0%	1.4	34.6%	3.3	81.2%	0.8	99.8%
Work Status of Family								
Full-time workers	6.9	79.0%	2.4	61.1%	3.7	93.3%	0.8	95.1%
Part-time workers only	0.9	10.4%	0.6	16.4%	0.2	5.7%	0.0	4.3%
Non-working	0.9	10.6%	0.9	22.5%	0.0	1.0%	0.0	0.5%
Firm Size of Family								
Non-working	0.9	10.6%	0.9	22.5%	0.0	1.0%	0.0	0.5%
Self-employed	2.1	24.5%	0.8	19.1%	1.1	28.7%	0.2	29.6%
<25	1.2	13.8%	0.4	11.2%	0.6	15.8%	0.1	16.6%
25-99	1.1	12.7%	0.5	11.5%	0.6	14.4%	0.1	10.7%
100-999	2.4	27.5%	1.1	28.3%	1.1	28.3%	0.2	20.2%
1000+	1.0	10.8%	0.3	7.4%	0.5	11.9%	0.2	22.2%
Access to ESI								
No offer of ESI	7.2	82.2%	3.4	86.0%	3.1	77.5%	0.7	86.8%
Offer of ESI	1.6	17.8%	0.6	14.0%	0.9	22.5%	0.1	13.2%
Premium Faced as a Percent of Family Income								
<5%	0.5	6.0%	0.0	0.0%	0.2	4.9%	0.3	39.7%
5-9%	1.4	16.5%	0.1	1.8%	1.0	24.0%	0.4	49.5%
10-49%	4.5	51.9%	2.0	51.3%	2.5	62.3%	0.0	4.3%
50%+	1.5	16.7%	1.4	36.6%	0.0	0.5%	0.0	0.0%
Family Uninsurable	0.8	9.0%	0.4	10.2%	0.3	8.3%	0.1	6.5%
Insurance Coverage in Family								
All Uninsured	3.5	40.2%	1.3	32.3%	1.8	43.9%	0.5	59.7%
Some ESI	0.6	7.1%	0.1	3.3%	0.4	9.0%	0.1	16.4%
Some Public	4.2	47.6%	2.4	61.0%	1.6	40.6%	0.1	17.2%
Both ESI and Public	0.3	3.0%	0.1	2.4%	0.2	4.1%	0.0	0.9%
Other	0.2	2.1%	0.0	1.0%	0.1	2.5%	0.0	5.8%

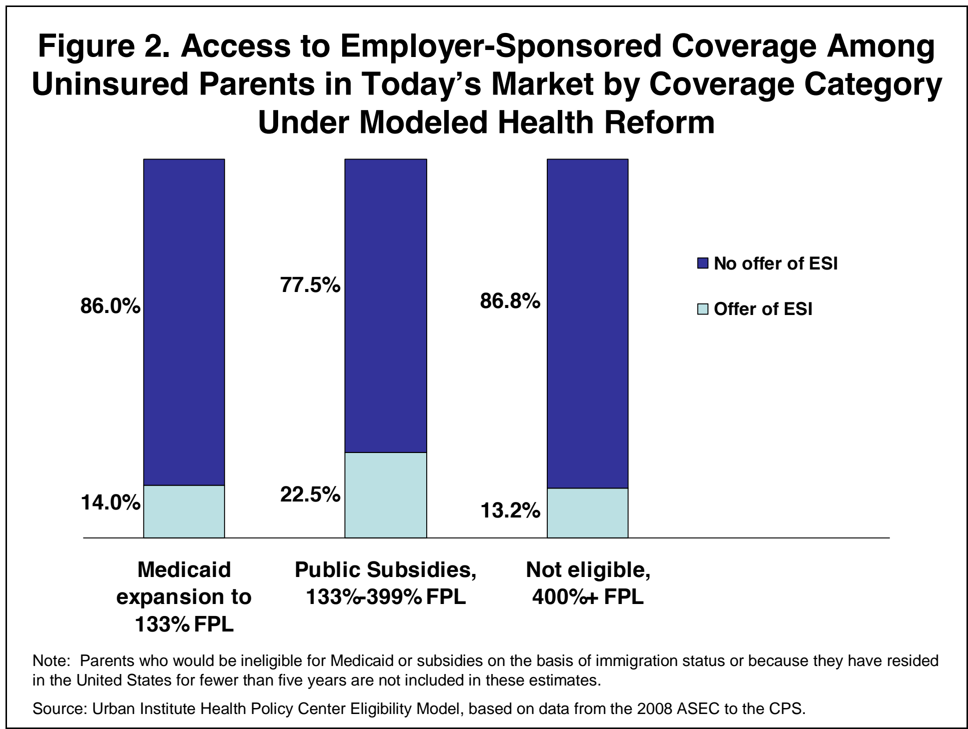
Notes: Parents ineligible due to income are those who would not qualify for either Medicaid or subsidies under modeled reform because their family income is above the income eligibility threshold for both. Parents who would not be eligible on the basis of immigration status are not included in these estimates. Estimates of uninsured parents reflect an adjustment for the underreporting of public coverage on the CPS. Family characteristics are are those of the nuclear family unit composed of individuals eligible for a family health insurance policy. Firm size of family reflects the largest firm size of the working head and/or spouse in the family. Access to ESI refers to whether the family has an offer of ESI. Premiums are family premiums. Uninsurable families are those in which one or more member is estimated to be unable to obtain coverage due to health status.

Source: Urban Institute Health Policy Center Medicaid/CHIP Eligibility Model based on data from the 2008 Annual Social and Economic Supplement to the CPS.

While most uninsured parents live in working families, only a small share have access to employer-sponsored coverage. Among those who would be eligible for Medicaid under the reform scenario modeled here, over three-quarters (77.5 percent) are workers or have a spouse who is a worker. Additionally, over a third (35.7 percent) has one or more workers in the family

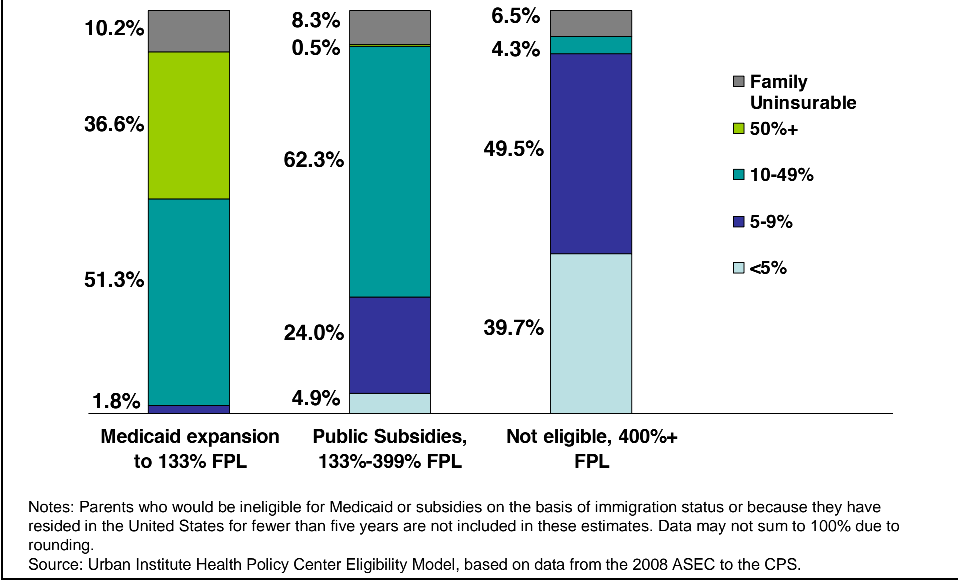
employed in a large firm of 100 or more workers. Nearly all parents who would be eligible for a subsidy under reform are in working families and 40.2 percent have at least one member working in a large firm.

Despite the large share of parents who are workers or have a working spouse, only a portion has offers of employer-sponsored coverage. Fourteen percent of parents who would be eligible for a Medicaid expansion and 22.5 percent of those who would be eligible for subsidies have an offer of coverage in the family (Figure 2). Depending on the specifics of reform legislation, these parents may not be eligible for subsidies unless their contribution towards coverage exceeds a certain share of their income. Among parents who would not be eligible under reform, access to employer-sponsored coverage is also limited. Only 13.2 percent have an offer of coverage.



Parents who currently lack access to employer coverage have the option of purchasing coverage in the non-group market. However, for these parents, as well as those with offers of employer coverage, the cost of premiums may render coverage unaffordable in today's market. This is particularly true for parents who would be eligible for a Medicaid expansion up to 133 percent of the FPL. Some 87.9 percent of these parents currently face premiums that constitute 10 percent or more of their family income and 36.6 percent would have to spend half or more of their family income to purchase coverage today (Figure 3). An estimated 10.2 percent would be unable to obtain coverage due to their own or a family member's health status. Among those who would be eligible for subsidies because their income is between 133 and 399 of the FPL, 62.7 percent would have to spend 10 percent or more of their family income to purchase coverage. Another 8.3 percent would be uninsurable due to health status. For parents who would not be eligible for subsidies because their income is at least 400 percent of the FPL, the picture is very different. Only 4.3 percent would be required to pay 10 percent or more of their income to purchase coverage. Still, 6.5 percent would not likely be able to obtain coverage due to health status.

Figure 3. Premiums as a Percent of Family Income Among Uninsured Parents in Today's Market by Coverage Category Under Modeled Health Reform



Notes: Parents who would be ineligible for Medicaid or subsidies on the basis of immigration status or because they have resided in the United States for fewer than five years are not included in these estimates. Data may not sum to 100% due to rounding.
Source: Urban Institute Health Policy Center Eligibility Model, based on data from the 2008 ASEC to the CPS.

Demographic Characteristics

Uninsured parents are a predominantly low income group. About two-thirds have income less than 200 percent of the FPL and one third have income below the poverty level (Table 2). Of those who would be eligible for a Medicaid expansion, over a third (34.2 percent) have income less than 50 percent of the FPL, or less than about $11,000 per year for a family of four. Another 38.4 percent have income between 50 percent and 99 percent of the FPL. While public subsidies would be available up to 400 percent of the FPL, 45.0 percent of all parents who would be eligible for these subsidies have income less than 200 percent of the FPL. An additional 37.7 percent have income between 200 percent and 299 percent of the FPL. A substantially smaller share (17.3 percent) has income between 300 percent and 399 percent of the FPL.

Uninsured parents are primarily young or middle-aged. Some 54.6 percent of uninsured parents who would be eligible under a Medicaid expansion are under 35 years of age and another 30.1 percent are 35 to 44 years of age. However, 20.9 percent of uninsured parents are 45 to 64 years of age. Parents who would be eligible for public subsidies are slightly older, with 39.6 percent aged 19 to 34 and 36.9 percent aged 35 to 44. Among ineligible uninsured parents, only 20.4 percent are under 35 years of age, while 44.5 percent are 35 to 44.

Table 2. Demographic Characteristics of Uninsured Parents in Today's Market by Coverage Category Under Modeled Health Reform

	Total		Modeled Health Reform					
			Eligible for Medicaid, Expansion to 133% FPL		Eligible for Public Subsidies, 133% - 399% FPL		Not Eligible for Subsidies, 400%+ FPL	
	(millions)	%	(millions)	%	(millions)	%	(millions)	%
Total	8.8	100.0%	3.9	100.0%	4.0	100.0%	0.8	100.0%
Family Income as a Percent of the FPL								
Below 50% FPL	1.3	15.4%	1.3	34.2%	0.0	0.0%	0.0	0.0%
50-99% FPL	1.5	17.2%	1.5	38.4%	0.0	0.0%	0.0	0.0%
100-132% FPL	1.1	12.3%	1.1	27.4%	0.0	0.0%	0.0	0.0%
133-199% FPL	1.8	20.6%	0.0	0.0%	1.8	45.0%	0.0	0.0%
200-299% FPL	1.5	17.2%	0.0	0.0%	1.5	37.7%	0.0	0.0%
300-399% FPL	0.7	7.9%	0.0	0.0%	0.7	17.3%	0.0	0.0%
400%+ FPL	0.8	9.4%	0.0	0.0%	0.0	0.0%	0.8	100.0%
Age								
19-24	0.9	10.2%	0.6	15.5%	0.3	6.5%	0.0	2.5%
25-34	3.0	34.3%	1.5	39.1%	1.3	33.1%	0.1	17.9%
35-44	3.0	34.6%	1.2	30.1%	1.5	36.9%	0.4	44.5%
45-54	1.6	17.9%	0.5	12.9%	0.8	20.2%	0.3	30.4%
55-64	0.3	3.0%	0.1	2.4%	0.1	3.3%	0.0	4.6%
Health Status								
Excellent	2.1	24.1%	0.8	20.0%	1.1	27.2%	0.2	29.0%
Very Good	2.9	33.5%	1.3	33.9%	1.3	32.5%	0.3	36.2%
Good	2.8	31.8%	1.3	32.9%	1.3	31.3%	0.2	28.4%
Fair	0.7	8.2%	0.4	9.4%	0.3	7.5%	0.0	5.6%
Poor	0.2	2.5%	0.2	3.8%	0.1	1.5%	0.0	0.9%
Region								
Northeast	1.0	11.5%	0.4	9.7%	0.5	12.4%	0.1	16.2%
Midwest	1.5	17.4%	0.7	17.1%	0.7	17.5%	0.2	18.2%
South	4.2	47.5%	2.0	50.3%	1.8	45.6%	0.4	43.4%
West	2.1	23.6%	0.9	23.0%	1.0	24.4%	0.2	22.2%
Race/Ethnicity								
Hispanic	2.6	29.9%	1.4	34.3%	1.2	29.2%	0.1	12.0%
White, Non-Hispanic	4.3	48.8%	1.6	40.4%	2.1	53.2%	0.6	67.5%
Black, Non-Hispanic	1.3	15.0%	0.8	19.7%	0.4	11.1%	0.1	12.0%
Other, Non-Hispanic	0.6	6.3%	0.2	5.6%	0.3	6.5%	0.1	8.5%

Notes: Parents ineligible due to income are those who would not qualify for either Medicaid or subsidies under modeled reform because their family income is above the income eligibility threshold for both. Parents who would not be eligible on the basis of immigration status are not included in these estimates. Estimates of uninsured parents reflect an adjustment for the underreporting of public coverage on the CPS. Family income is based on the income of the nuclear family unit composed of individuals eligible for a family health insurance policy.

Source: Urban Institute Health Policy Center Medicaid/CHIP Eligibility Model based on data from the 2008 Annual Social and Economic Supplement to the CPS.

While most uninsured parents are in good or better health, lower income parents are in worse health than their higher income counterparts. Only 20.0 percent of parents who would be eligible for Medicaid are in excellent health, compared to 27.2 percent of potentially subsidy eligible parents and 29.0 percent of ineligible parents. In addition, almost a million currently uninsured parents who could gain Medicaid or subsidized coverage under reform are in fair or poor health. Close to 40 percent of these parents have no access to affordable coverage, either through eligibility for public programs or offers of employer-sponsored coverage (data not shown).

Uninsured parents are most likely to reside in the South. Nearly half (47.5 percent) of all uninsured parents reside in this region and another substantial share (23.6 percent) reside in the West. Parents who would be Medicaid eligible are less likely to reside in the Northeast and more likely to reside in the South relative to their higher-income counterparts.

DISCUSSION

A health reform scenario that expands eligibility for Medicaid up to 133 percent of the FPL and provides public subsidies to those with incomes between 133 percent and 399 percent of the FPL has the potential to provide access to coverage to 7.9 million of the 11.0 million currently uninsured parents. Importantly, the number of nonelderly uninsured is estimated to have grown from 43.9 million in 2007 to 49.1 million in 2009 as a result of the economic downturn, and thus the impacts of reform may be even more substantial than estimated here.[24]

Most of the parents who would be affected by reform do not have an affordable option in today's market. The large majority of the parents who stand to gain coverage are from working families. Nonetheless, most uninsured parents are not in families that have an offer of employer-sponsored coverage. Furthermore, for the majority of those who do have an offer of employer coverage or who are considering purchasing coverage in the non-group market, premium costs are essentially unaffordable. Nearly 90 percent of the 3.9 million parents who would be eligible for a Medicaid expansion under reform face premiums that compose 10 percent or more of their income and over one third face premiums that make up more than half of their income. Premium costs are ten percent or more of income for over 60 percent of the 4.0 million parents who would be eligible for subsidies under reform.

While employer or private coverage is largely unaffordable among uninsured parents, over three million uninsured parents are currently eligible for Medicaid. Many of these eligible but uninsured parents have children who are already enrolled in Medicaid or CHIP so they should be relatively easy to identify and enroll even in the absence of reform. They may also be quite willing to enroll in public coverage themselves given that their children are already covered. At the same time, a non-trivial share of these eligible but uninsured parents has an eligible but uninsured child.

Understanding and removing the barriers to enrollment in Medicaid for parents will be critical to enrolling those who are eligible but not taking up coverage. Under the current system, eligibility determination processes for parents are generally quite burdensome in contrast to those for children.[25] Knowledge about parents' eligibility for public coverage is also a barrier to enrollment. A recent study asked parents about their knowledge regarding their own eligibility

for public coverage and the results mirror those from earlier research. Many uninsured parents do not understand that they or their children are eligible for public health insurance programs, but when told that they are likely eligible they are eager to enroll.[26] Improved outreach strategies, application assistance, and simplified eligibility determination processes could help enroll these eligible but uninsured parents and their children with or without reform. Most importantly, the individual mandate will likely encourage parents to enroll under reform.

Depending on the financing strategy that is eventually implemented under reform, expansions in Medicaid coverage for parents could have disproportionate impacts on states within the South and the West as over 70 percent of the parents who stand to gain coverage reside in these regions. This could have important implications for access and coverage in these states, as public program enrollment could grow substantially, increasing state funding responsibilities for these programs and the demand for providers. Consequently, it will be important that lawmakers be cognizant of the fiscal burdens that could be placed on these states under any reform proposal.

Providing access to federally funded subsidies up to 400 percent of the FPL, as has been suggested in multiple reform proposals, has the potential to provide coverage to a large share of uninsured parents and could have positive spillover effects on the coverage and health care of their children. In any reform proposal that utilizes subsidies and an individual mandate, particular care will have to be taken to ensure that subsidies are structured so that premiums and out of pocket cost-sharing remain affordable.

Currently, the majority of uninsured parents do not have access to affordable health insurance coverage through employers or the private market. Regardless of the success of health reform, enrolling currently eligible parents in Medicaid could reduce the uninsured by more than three million. However, in the absence of reform eight million uninsured parents would be left with today's very limited coverage options.

This brief was prepared by Allison Cook, Research Associate with the Urban Institute; Lisa Dubay, Associate Professor at the Johns Hopkins University of Public Health and a visiting scholar at the Urban Institute; and Bowen Garrett, Senior Research Associate with The Urban Institute. The research was supported by The Robert Wood Johnson Foundation and the Kaiser Family Foundation's Kaiser Commission on Medicaid and the Uninsured.

ENDNOTES

[1] "Health Care Reform Proposals." Kaiser Commission on Medicaid and the Uninsured, http://www.kff.org/healthreform/upload/healthreform_sbs_full.pdf July 2009.
[2]Dubay L, Kenney G. Addressing coverage gaps for low-income parents. Health Affairs (Millwood). 2004 Mar-Apr;23(2):225-34; Davidoff A, Dubay L, Kenney G, Yemane A. The effect of parents' insurance coverage on access to care for low-income children. Inquiry. 2003 Fall;40(3):254-68; Dubay L, Kenney G. Expanding public health insurance to parents: effects on children's coverage under Medicaid. Health Serv Res. 2003 Oct;38(5):1283-301.
[3] Specifically, states are allowed to cover parents up to the same income eligibility threshold that they cover children.
[4] Arizona, Delaware, Hawaii, Maine and Minnesota expanded coverage to parents through both Section 1931 and Medicaid or SCHIP waiver expansions.
[5] D. Cohen Ross & C. Marks, "Challenges of Providing Health Coverage for Children and Parents in a Recession," Kaiser Commission on Medicaid and the Uninsured (January 2009); and S. Artiga & K. Schwartz, "Expanding Health Coverage for Low-Income Adults: Filling the Gaps in Medicaid Eligibility," Kaiser Commission on Medicaid and the Uninsured (May 2009); updated by the Center for Children and Families.
[6] This reflects eligibility for working parents, which is generally more generous than eligibility for non-working parents.
[7] Congressional Budget Office, "CBO's Preliminary Estimate of Changes in SCHIP and Medicaid Enrollment in Fiscal Year 2013 of Children Under the Children's Health Insurance Program Reauthorization Act of 2009," January 13, 2009; "Children's Health Insurance Reauthorization Act of 2009 (CHIPRA)." Washington, D.C.: Kaiser Commission on Medicaid and the Uninsured, February 2009.
[8] "Health Care Reform Proposals." Kaiser Commission on Medicaid and the Uninsured, http://www.kff.org/healthreform/upload/healthreform_sbs_full.pdf July 2009.
[9] Dubay, L., and G. Kenney. "Addressing Coverage Gaps for Low-Income Parents." *Health Affairs* 2392): 225-234. 2004.
[10] Davidoff, A., L Dubay, G. Kenney and A. Yemane. "The Effect of Parents' Insurance Coverage on Access to Care for Low-Income Children." *Inquiry* 40: 254-268. 2003.
[11] Dubay L., and G. Kenney. "Expanding Public Health Insurance to Parents: Effects of Children's Coverage Under Medicaid." *Health Services Research* 38(5): 1283-1301. 2003.
[12] DeNavis, W. C, B Proctor, and J Smith, US Census Bureau, Current Population Reports, P60-235, Income, Poverty, and Health Insurance coverage in the United States: 2007, US Government Printing office, Washington, DC, 2008.
[13] The eligibility model takes into account state-level eligibility requirements for Medicaid and CHIP eligibility pathways and applies them to person and family level data from the March Supplement to the CPS to simulate the eligibility determination process. Because the CPS does not collect information on monthly income, it is not possible to determine how eligibility status changes as a result of income fluctuations throughout the year. In addition, the model does not take into account child support disregards in determining eligibility. Moreover, while the model primarily simulates eligibility for Medicaid or CHIP coverage that offers a full set of benefits, some adults included in eligibility estimates may be eligible for coverage that is subject to benefit limitations, enrollment caps, or employment requirements outside the scope of the state's regular Medicaid program. The model does not however capture eligibility for coverage associated with family planning or prenatal services. For additional information on the model, see Dubay, L., J. Holahan, and A. Cook. "The Uninsured and the Affordability of Health Insurance Coverage." *Health Affairs* 26(1): w22-w30. 2007.
[14] March 2004 CPS estimates of immigrant status were developed by Passell and estimates derived from the two sample estimation technique are consistent with those produced using the March 2008 CPS (Passel J. and D. Cohen. "A Portrait of Unauthorized Immigrants in the United States." Washington, DC: Pew Hispanic Center, April 2009).
[15] The undercount adjustment partially adjusts the CPS to administrative estimates of Medicaid and CHIP enrollment. For more information, see Dubay, L., J. Holahan, and A. Cook. "The Uninsured and the Affordability of Health Insurance Coverage." *Health Affairs* 26(1): w22-w30. 2007.
[16] Non-group premiums vary based on age, sex and health status and reflect geographic variation in health care costs. Non-group premiums reflect types of non-group policies sold and are less comprehensive than employer-sponsored policies.
[17] For a more detailed discussion of HIPSM see Holahan, J, B Garrett, I Headen, and A Lucas. "Health Reform: The Cost of Failure." Washington DC: The Urban Institute, May 2009 and Garrett, B., J. Holahan, A. Cook, I. Headen,

and A. Lucas, "The Coverage and Cost Impacts of Expanding Medicaid". The Henry J. Kaiser Family Foundation, May 2009.

[18] For individuals the cost of coverage is the cost for the individual, either the employee share for those with offers and the private non-group premium for those without offers. For individuals in families, the cost of coverage is the cost of family coverage.

[19] For the uninsured parents considered in this analysis, the average employee premium is $2621 and the average non-group premium is $6881.

[20] There are no empirical estimates of the share of the uninsured or of those who report to be in fair or poor health who are uninsurable. In a study of underwriting practices, cases of individuals and families in less than perfect health but with varying health conditions were presented to underwriters. Thirty-five percent of the time, these individuals were denied coverage. (K. Pollitz, R. Sorian and K. Thomas, "How accessible is Individual Health Insurance for Consumers in Less than Perfect Health?" Washington, DC: Henry J. Kaiser Family Foundation, June 2001.) For the purpose of this analysis, 50 percent of those in fair and poor health were designated as uninsurable. This methodology results in 9.0 percent of uninsured parents being categorized as uninsurable. While not necessarily comparable, these estimates are broadly consistent with those from the insurance industry that show 11.3 percent of applications they underwrite are denied coverage. (American Health Insurance Plans. "Individual Health Insurance 2006-2007. A Comprehensive Survey of Premiums, Availability and Benefits." Washington DC: AHIP December 2007.)

[21] Family income is defined as the income of nuclear family unit composed of those eligible for a family health insurance policy. This family definition is used because it more closely aligns with the family unit used by states in determining income eligibility for Medicaid and CHIP than Census family or subfamily units.

[22] This estimate of total uninsured differs from the Census Bureau estimate of uninsured (45.0 million) because it has been adjusted for the underreporting of public coverage among children on the Current Population Survey.

[23] Parents who are ineligible for federally subsidized coverage due to citizenship status include legal non-citizens who have been in the country for fewer than 5 years as well as unauthorized non-citizens.

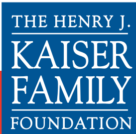
[24] Holahan, J., B. Garrett, I. Headen, A. Lucas, "Health Reform: The Cost of Failure". The Robert Wood Johnson Foundation, May 2009.

[25] Ross, D. C. and C. Marks. "Challenges of Providing Health Coverage for Children and Parents in a Recession: A 50 State Update on Eligibility Rules, Enrollment and Renewal Procedures, and Cost Sharing Practices in Medicaid and SCHIP in 2009." Washington, D.C.: Kaiser Commission on Medicaid and the Uninsured, January 2009.

[26] Kenney, G., J. Haley and A. Tebay, "Familiarity with Medicaid and SCHIP Grows and Interest in Enrolling Children Is High," Snapshots of America's Families III, No. 2. Washington, DC: The Urban Institute; Kenney, G., J. Haley and J. Pelletier, "Health Care for the Uninsured: Low-Income Parents' Perceptions of Access and Quality," Robert Wood Johnson Foundation, *forthcoming*.

1330 G Street NW, Washington, DC 20005
Phone: (202) 347-5270, *Fax:* (202) 347-5274
Website: www.kff.org/KCMU

This publication (#7973) is available on the Kaiser Family Foundation's website at www.kff.org.



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.