kaiser commission on medicaid and the uninsured

THE HENRY J. KAISER FAMILY FOUNDATION

POLICY BRIEF

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Health Coverage for Low-Income Adults: Eligibility and Enrollment in Medicaid and State Programs, 2002

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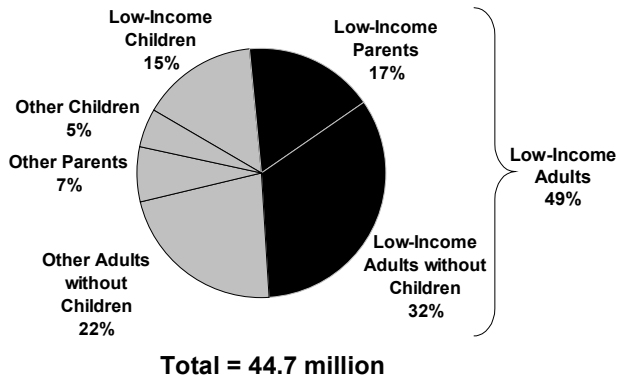
SUMMARY

Lack of health insurance coverage is a pressing and persistent challenge for low-income adults. In 2003, four in ten low-income adults (below 200% of poverty or $18,620 for an individual in 2004) were uninsured and low-income adults accounted for about half of the uninsured population (Figure 1). Because low-income adults often work at jobs that do not offer employer-sponsored coverage and individual coverage is prohibitively expensive for them, their uninsured rates are high. Although Medicaid and the State Children's Health Insurance Program (SCHIP) serve as a major source of health coverage for children, public coverage of low-income adults lags far behind.

Figure 1

Half of the Uninsured are Low-Income Adults

The Nonelderly Uninsured by Age and Income Groups, 2003:



Total = 44.7 million

Notes: Low-income is less than 200% FPL or $31,340 for a family of three and $18,620 for an individual in 2004.
Source: KCMU and Urban Institute analysis of the March 2004 Current Population Survey.

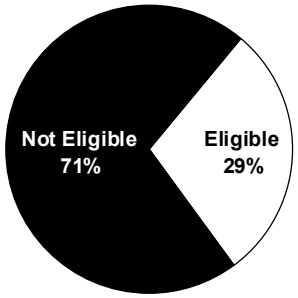
This paper provides new information on the number and characteristics of nonelderly adults eligible for Medicaid and other public coverage and on their enrollment. Estimates are based on analysis of the 2002 National Survey of America's Families (NSAF) for the nation and for 13 selected study states. Changes in eligibility and enrollment between 1999 and 2002 are also examined. The study finds that:

Nearly 13 million or 71% of low-income uninsured adults were not eligible for public coverage in 2002 (Figure 2), including 5.3 million poor adults. A total of 8.2 million adults without dependent children and 4.6 million parents were uninsured and ineligible for public coverage. Some 5.3 million low-income uninsured adults were eligible for public coverage. Over half of these eligible adults were very poor (with incomes below 50% of poverty or $4,655 per year for an individual in 2004) and over three quarters were poor (with incomes below $9,310 per year for an individual in 2004). Ineligible uninsured adults were less likely to have dependent children and more likely to have incomes above 50% of poverty and at least one full-time worker in the family compared to eligible adults.

Figure 2

Most Low-Income Uninsured Adults are Not Eligible for Medicaid

Uninsured Low-Income Adults by Eligibility, 2002



2002 Total = 18.1 Million

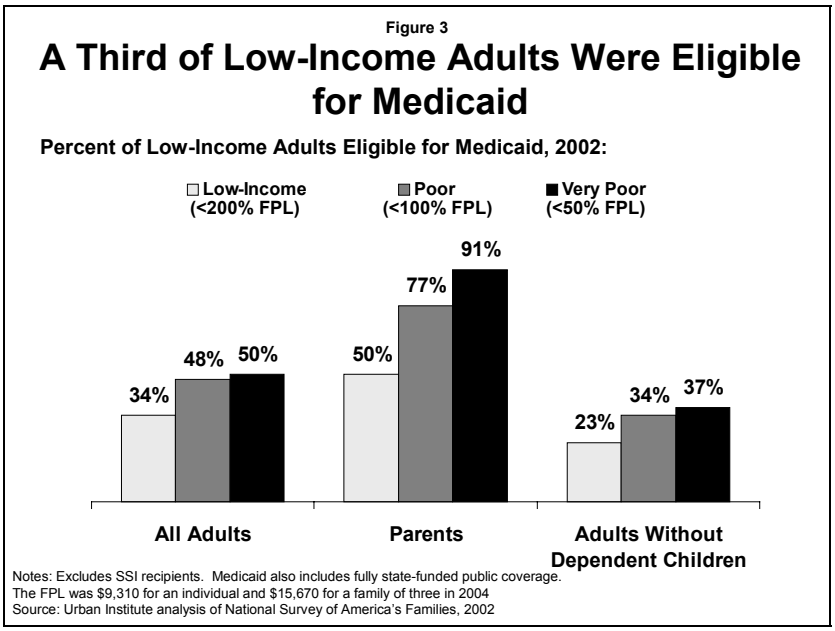
Note: Low-Income is less than 200% FPL or $31,340 for a family of three and $18,620 for an individual in 2004. Medicaid also includes fully state-funded public coverage.
Source: Urban Institute analysis of National Survey of America's Families, 2002.

Nationally, a third (34%) of low-income adults were eligible for public coverage in 2002 (Figure 3). While all states extended Medicaid coverage to some low-income parents, in many states, eligibility thresholds were still well below poverty—in a number of states, less than 50% of poverty ($653 per month for a family of three in 2004). As a result, less than half (48%) of poor adults were eligible for public coverage. Medicaid is generally not available to adults without dependent children; therefore, public coverage options were significantly more limited for these adults. In 2002, 14 states offered public coverage to adults without dependent children;[1] in other states, they were not eligible for any public coverage at any income level. Thus, most low-income adults, including millions of poor and very poor adults, remained ineligible for public coverage.

[1] Eligibility for childless adults was modeled for eleven states (Arizona, Delaware, Hawaii, Minnesota, New Jersey, New York, Oregon, Tennessee, Utah, Vermont, Washington). The remaining three states were not included in the eligibility model because implementation of childless adult coverage began too late in 2002 (Maine and Pennsylvania) or program eligibility requirements could not be accurately modeled (Massachusetts).

Figure 3

A Third of Low-Income Adults Were Eligible for Medicaid



Notes: Excludes SSI recipients. Medicaid also includes fully state-funded public coverage.
The FPL was $9,310 for an individual and $15,670 for a family of three in 2004
Source: Urban Institute analysis of National Survey of America's Families, 2002

Over half (52%) of eligible adults without private insurance were enrolled in coverage in 2002. Enrollment rates were highest among low-income adults eligible through mandatory eligibility pathways (60%) compared to those eligible through optional coverage, waiver programs, and state-only funded coverage. Enrollment rates were higher for parents (54%) than adults without dependent children (48%) and highest for parents with children enrolled in Medicaid (69%). When enrollment is examined by income, the poorest eligible adults were the least likely to enroll (49%), which may reflect an overall disconnection from assistance programs and difficulty completing the enrollment process.

Enrollment rates varied significantly across states. For example, in Texas, less than a third of eligible adults enrolled, while over three-quarters enrolled in Massachusetts. This variation in enrollment rates reflects the differing populations, eligibility levels, outreach efforts, and enrollment practices across the states.

An estimated 5.3 million eligible low-income adults remained uninsured. This likely reflects the fact that outreach is generally more limited for adults than children, the enrollment process for adults is often more difficult, and more frequent eligibility determinations are often imposed.

Between 1999 and 2002, eligibility rates increased among low-income adults from 25% to 34%. This increase stemmed from expansions in coverage in some states as well as declines in incomes among adults. Low-income parents experienced a much greater eligibility increase than adults without dependent children, and changes in eligibility varied significantly across states.

Overall, there was no change in the enrollment rate for low-income adults between 1999 and 2002, but there were some changes in enrollment patterns. The enrollment rate among adults without dependent children increased but remained below that for parents. The enrollment for parents remained stable, but dropped for parents who had children enrolled in Medicaid. This may reflect lack of program awareness among parents who became newly eligible due to

lower incomes resulting from the economic downturn. Finally, enrollment among the poorest eligible adults increased but remained the lowest among all low-income adults.

Policy Implications

Most low-income adults are not eligible for Medicaid even though access to employer-sponsored coverage is limited and individual coverage is unaffordable. Federal policy provides no floor of Medicaid coverage for low-income adults. States have considerable flexibility to set eligibility levels for parents, but are generally precluded from using federal Medicaid funding to cover adults without dependent children. Although a number of states have received waivers to expand coverage to low-income adults, including those without dependent children, they do not receive additional federal financing to do so. This lack of additional federal funds often limits the scope of these expansions. Given these policies, overall, less than half of poor adults are eligible for Medicaid and uninsured rates remain high.

This picture of coverage for low-income adults varies by state. Building on Medicaid and SCHIP's success in covering children, a number of states have invested in expanding family coverage, recognizing the importance of health insurance to health, work, and the stability of low-income families. However, momentum shifted during the recent economic downturn. Although Medicaid is often viewed as a key element in reducing the number of uninsured, these efforts have recently been undermined as state fiscal problems led some states to restrict eligibility and constrain enrollment in an effort to reduce Medicaid spending growth. This reversal places low-income families at risk.

The situation for low-income adults stands in stark contrast to children. During the recent economic downturn, the number of low-income uninsured children did not grow despite large increases in the number of children below poverty. This reflected the strong floor of Medicaid coverage available to all poor children across the country. The recent rise in the uninsured was concentrated among low-income adults. Establishing a floor of coverage and adequate financing for adults that is based on income rather than family composition or other characteristics could be an effective vehicle for addressing the uninsured problem and would help support these individuals' health, well-being, and ability to work. However, eligibility is only half of the story. Sufficient outreach and simple enrollment procedures are essential for assuring that eligible individuals enroll in the coverage.

INTRODUCTION

Lack of health insurance coverage is a pressing and persistent challenge for low-income adults. In 2003, four in ten low-income adults (below 200% of poverty or $18,620 for an individual in 2004) were uninsured and low-income adults accounted for about half of the uninsured population. Because low-income adults often work at jobs that do not offer employer-sponsored coverage and individual coverage is prohibitively expensive for them, Medicaid is an essential source of health coverage. However, in contrast to the significant gains in health coverage of children that have been achieved through expansions in Medicaid and the State Children's Health Insurance Program (SCHIP), public coverage of low-income adults lags far behind.

This report provides new information on the number and characteristics of nonelderly adults eligible for Medicaid and other public coverage and on their enrollment.[2] Estimates are based on analysis of the 2002 National Survey of America's Families (NSAF) for the nation and for the 13 selected study states. Adults eligible for public coverage were identified using an algorithm that replicates the eligibility determination process for Medicaid and two state-funded public insurance programs in Washington and Minnesota. (Disabled adults eligible for Medicaid through receipt of SSI are not included in the analysis since the characteristics and enrollment patterns of these adults are fundamentally different from other adults. Also, eligibility for pregnant women was not modeled because information on pregnancy was not collected on the 2002 NSAF.) Enrollment rates among eligible adults were calculated using NSAF measures of current insurance status. The report concludes by presenting changes in eligibility and enrollment between 1999 and 2002.[3]

BACKGROUND

Because many low-income adults do not have access to employer-sponsored insurance and cannot afford or obtain individual private coverage, Medicaid is a critical source of coverage. Without Medicaid and other public coverage, many additional low-income adults would be uninsured. However, Medicaid's coverage of low-income adults is limited for two primary reasons. First, many states restrict coverage to very low-income parents, often well below the federal poverty line. Since the late 1990's, states have had considerable flexibility to cover parents at income levels similar to children in order to promote whole family coverage. While a number of states have used this flexibility to expand coverage for parents, overall, parent coverage expansions have remained limited due to state budget constraints. Second, adults

[2] This report updates 1999 data presented in Davidoff, A., et al., "Medicaid and State-Funded Coverage for Adults: Estimates of Eligibility and Enrollment," Kaiser Commission on Medicaid and the Uninsured, April 2004.

[3] The 1999 eligibility estimates in this report are slightly different from those presented in Davidoff, A., et al., "Medicaid and State-Funded Coverage for Adults: Estimates of Eligibility and Enrollment," Kaiser Commission on Medicaid and the Uninsured, April 2004. These differences are attributed to three discrete changes: 1) With release of the 2000 Census data, new population weights were generated for the 1999 NSAF, which created some changes in the demographic characteristics of the adult population. 2) The earlier analysis modeled implementation of BadgerCare in Wisconsin in 1999, but the NSAF observations mostly preceded program implementation, leading to artificially low enrollment estimates. As such, BadgerCare eligibility for 1999 is not modeled in the current analysis. 3) The New York State Home Relief program was added to the model. Overall, these three changes resulted in very small shifts in the national estimates. The state numbers in New York and Wisconsin changed more substantially, and the Census reweighting also may have affected some states more than others.

without dependent children are generally precluded from Medicaid coverage, unless pregnant or disabled. States may obtain federal waivers to expand coverage to low-income adults, including without dependent children, but they do not receive additional federal financing to do so—in other words, the expansions must be "budget neutral" to the federal government. Some states have used Medicaid or SCHIP waivers to provide broad coverage to low-income adults and a few states have relied solely on state-funded programs. However, many states do not provide any public coverage options to low-income adults without dependent children, regardless of their incomes.

Overview of Medicaid and Other Public Coverage Eligibility Pathways for Parents and Adults Without Dependent Children*

Mandatory Medicaid. States that participate in Medicaid must offer coverage to parents in families who would have been eligible for cash assistance, based on 1996 Aid to Families with Dependent Children standards (AFDC)—this eligibility pathway is known as Section 1931. AFDC income eligibility standards were very low, less than 50 percent of poverty in most states. States also must provide 12 months of Transitional Medical Assistance (TMA) to families leaving welfare for work who lose Medicaid eligibility due to increased earnings. There is no mandatory Medicaid eligibility for adults without dependent children.

Optional Medicaid. States have the option of expanding eligibility to parents with higher incomes through Section 1931. States also have the option of covering medically needy individuals who "spend-down" to eligibility standards due to out-of-pocket medical expenses. Other optional Medicaid eligibility pathways include expansions in children's coverage to adults age 18-20. Otherwise, there are no optional Medicaid eligibility pathways for adults without dependent children.

Section 1115 Waivers. States can apply to the Secretary of Health and Human Services for a Section 1115 waiver to cover adults without dependent children through Medicaid, but they cannot receive additional federal funds to cover these adults. Section 1115 waivers must be "budget neutral" for the federal government—this means that a state must show that federal costs under the waiver would not be any more than the federal costs in that state without the waiver. As such, states must find offsetting savings or redirect existing federal funds to cover adults without dependent children. Under waivers, states can also change some of the conditions of coverage in ways generally not otherwise allowed in Medicaid, for example, by charging premiums, reducing benefits, increasing cost sharing, or implementing enrollment caps.

State-Funded Programs. States can expand coverage to adults by establishing programs funded solely with state revenues. States have complete authority to decide the eligibility, benefits, cost sharing, and other requirements of these programs, and, therefore, can cover adults without dependent children through these programs.

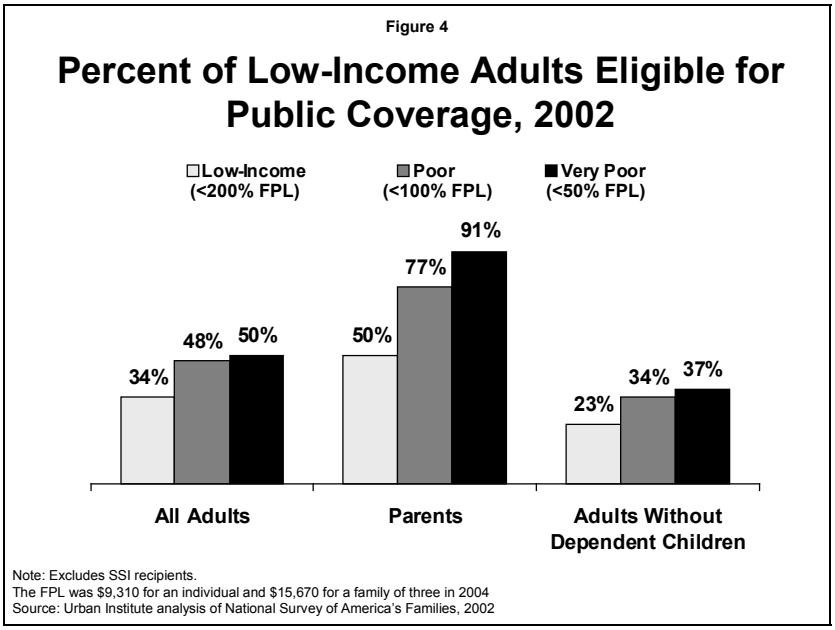
*This refers to adults without dependent children who are not elderly, disabled, or pregnant.

STUDY FINDINGS

Eligibility for Medicaid and State Health Coverage Among Low-Income Adults

In 2002, only one-third (34%) of low-income adults were eligible for public coverage (Figure 4). Low-income is defined as those with family incomes below 200% of the federal poverty line (FPL) or $31,340 for a family of three in 2004. Even among poor and very poor adults, only about half of adults were eligible.

Figure 4



Note: Excludes SSI recipients.
The FPL was $9,310 for an individual and $15,670 for a family of three in 2004
Source: Urban Institute analysis of National Survey of America's Families, 2002

Although eligibility levels were low for all adults, parents fared better than adults without dependent children. Half of low-income parents were eligible for public assistance, compared to 23% of other adults (Figure 4). This contrast is even more stark among poor adults—while over three quarters (77%) of poor parents were eligible, only about a third (34%) of other adults were eligible. Further, almost all very poor parents were eligible (91%), compared to less than four in ten (37%) adults without dependent children.

Most eligible adults were poor parents with children enrolled in Medicaid. As seen in Table 1 (next page), over three quarters of eligible adults were below age 45 and over 60% were female. A total of 60% were parents and over two-thirds of parents had children enrolled in Medicaid. Nearly a third (30%) were in fair or poor health, over half (54%) were very poor (with incomes below 50% of poverty or $7,835 per year for a family of three in 2004), and nearly three quarters (73%) were poor (with incomes of $15,670 per year for a family of three in 2004). Even with these very low-incomes, half had a full-time or part-time worker in the family.

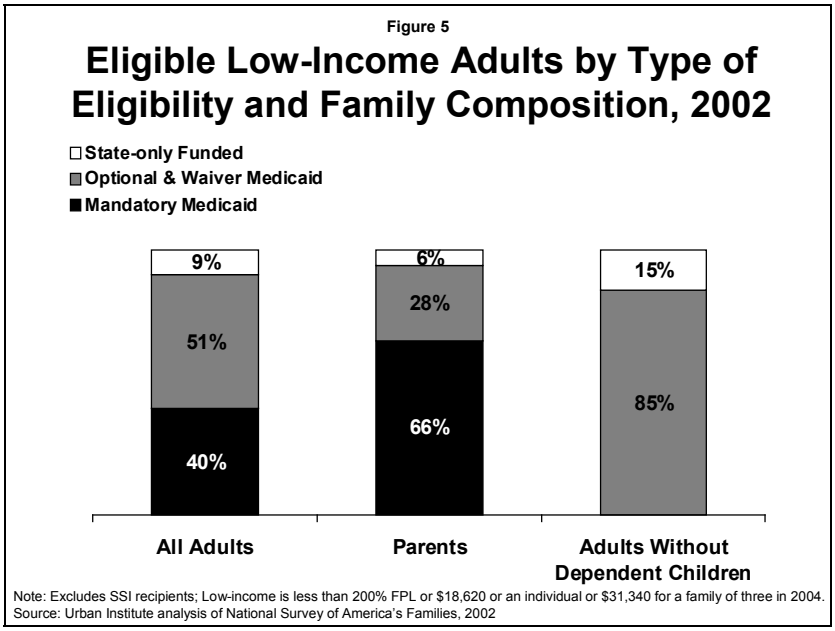
Table 1:
Characteristics of Low-Income Adults Eligible for Public Coverage, U.S., 2002

	All Eligible
Number (millions)	**16.4**
Age group	
18-24	27%
25-34	25%
35-44	25%
45-54	15%
55-64	8%
Gender	
Female	61%
Race/Ethnicity	
White, non-Hispanic	53%
Black, non-Hispanic	20%
Hispanic	22%
Other	5%
Citizenship	
Citizen	86%
Non-citizen, resident >5 years	10%
Non-citizen, resident <5 years	4%
Marital Status	
Never married	45%
Married, spouse in household	32%
Separated/Divorced/Spouse not in household	23%
Education	
No high school degree	29%
High school graduate	44%
Some college	21%
College graduate	7%
Family Composition	
Has children	60%
Among parents, children enrolled in Medicaid	67%
Health Status	
Fair/Poor	30%
Income	
<50 % FPL	54%
50-100% FPL	19%
100-150% FPL	17%
150-200% FPL	10%
Employment	
In family with at least one FT worker	23%
In family with no FT worker but at least one PT worker	27%
In family with no workers	49%

Note: Nonelderly adults; excludes SSI recipients.
Source: Urban Institute analysis of National Survey of America's Families, 2002.

Most parents qualified for mandatory Medicaid coverage, while adults without dependent children were eligible through waivers or for state-funded programs. Two thirds of low-income eligible parents qualified through mandatory Medicaid coverage, while 28% were eligible through other Medicaid pathways and 6% were eligible for state-only coverage (Figure 5). In contrast, reflecting the fact states cannot cover adults without dependent children through Medicaid under current federal law, 85% of low-income adults without children qualified through Medicaid waivers and 15% were eligible for coverage solely financed with state dollars.

Figure 5

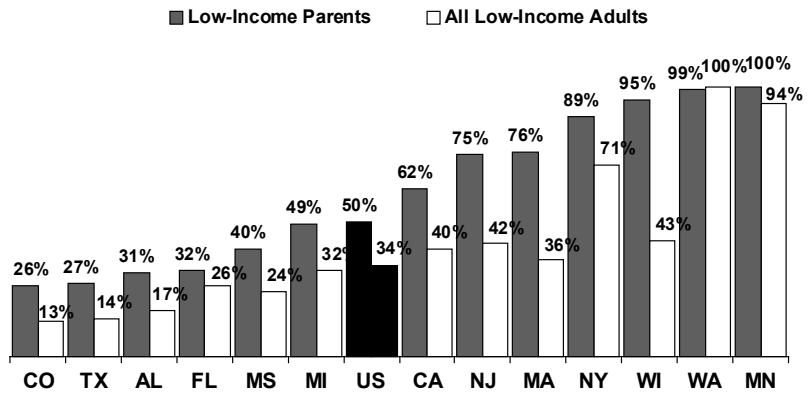


Note: Excludes SSI recipients; Low-income is less than 200% FPL or $18,620 or an individual or $31,340 for a family of three in 2004.
Source: Urban Institute analysis of National Survey of America's Families, 2002

Eligibility varied considerably across the 13 study states. Less than half of low-income parents were eligible for public coverage in Colorado (26%), Texas (27%), Alabama (31%), Florida (32%), Mississippi (40%) and Michigan (49%) (Figure 6). In contrast, 90% or more of low-income parents in New York, Wisconsin, Washington, and Minnesota qualified for public coverage. Eligibility for all low-income adults was more varied and generally lower, ranging from 13% in Colorado to nearly all in Washington State, reflecting the lack of any public coverage of adults without dependent children in many states. Among poor adults, eligibility rates were higher across the states, particularly for parents (Figure 7). However, eligibility remained varied ranging from 51% to 100% for poor parents and from 22% to 100% for all poor adults.

Figure 6

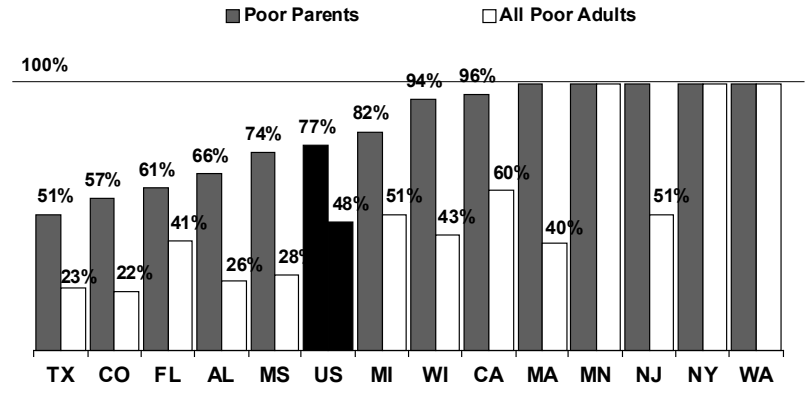
Percent of Low-Income Adults Eligible for Public Insurance, Selected States, 2002



Note: Excludes SSI recipients.
Source: Urban Institute analysis of National Survey of America's Families, 2002

Figure 7

Percent of Poor Adults Eligible for Public Insurance, Selected States, 2002



Note: Excludes SSI recipients.
Source: Urban Institute analysis of National Survey of America's Families, 2002

Eligibility for Medicaid and State Coverage Among Low-Income Uninsured Adults

Of the 18.1 million low-income adults who were uninsured in 2002, less than one in three (29%) or 5.3 million were eligible for public coverage (Figure 8). Over half of these eligible adults were very poor (with incomes below 50% of poverty or $4,655 per year for an individual in 2004) and over three quarters were poor (with incomes below $9,310 per year for an individual in 2004). The 5.3 million eligible adults included 3.5 million parents and 1.8 million adults without dependent children (Table 2). About 13 million or 71% of low-income uninsured adults were not eligible for public coverage in 2002, including 5.3 million adults with incomes below poverty. The majority of ineligible uninsured adults were adults without dependent

children (8.2 million), but 4.6 million parents were uninsured and ineligible, including 1.2 million poor parents.

Figure 8

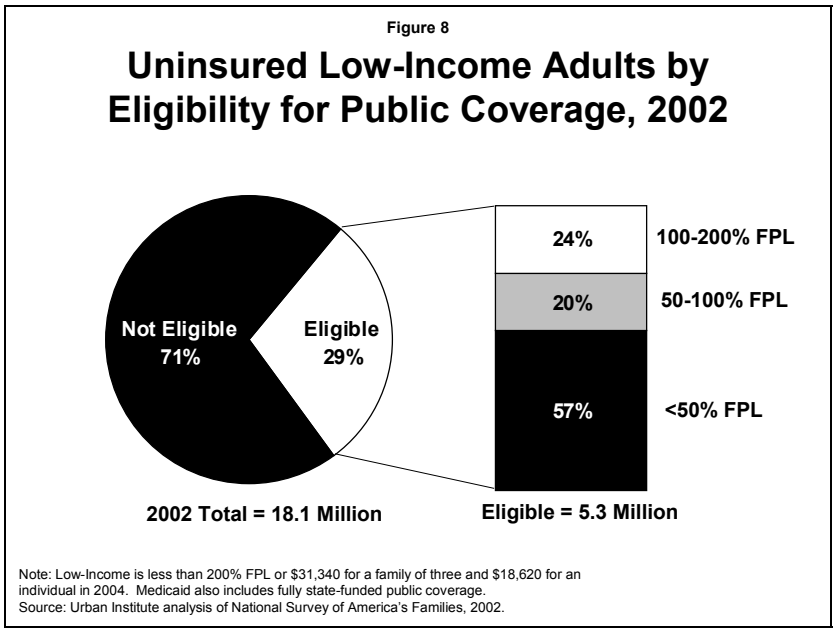


Table 2:
Number (in Thousands) and Percent of Low-Income Uninsured by Public Coverage Eligibility and Income

	Eligibility for Public Coverage	Income					
		0<200% FPL		0<100% FPL		0<50% FPL	
All Nonelderly	Eligible	5,252	29%	4,031	43%	2,979	45%
	Ineligible	12,804	71%	5,334	57%	3,585	55%
Parents	Eligible	3,500	43%	2,543	67%	1,672	85%
	Ineligible	4,641	57%	1,240	33%	285	15%
Adults Without Dependent Children	Eligible	1,752	18%	1,488	27%	1,307	28%
	Ineligible	8,164	82%	4,094	73%	3,300	72%

Most low-income uninsured adults who were eligible for public coverage were poor and many were in fair or poor health. The vast majority (77%) of eligible uninsured low-income adults had incomes below the poverty level and 57% had incomes below 50% of poverty (Table 3). Some 29% had fair or poor health. Compared to eligible uninsured adults, ineligible uninsured adults were less likely to have dependent children and more likely to have income above 50% of the federal poverty line. Nearly two thirds were in families with a worker, but workers were often at part-time jobs (Table 3).

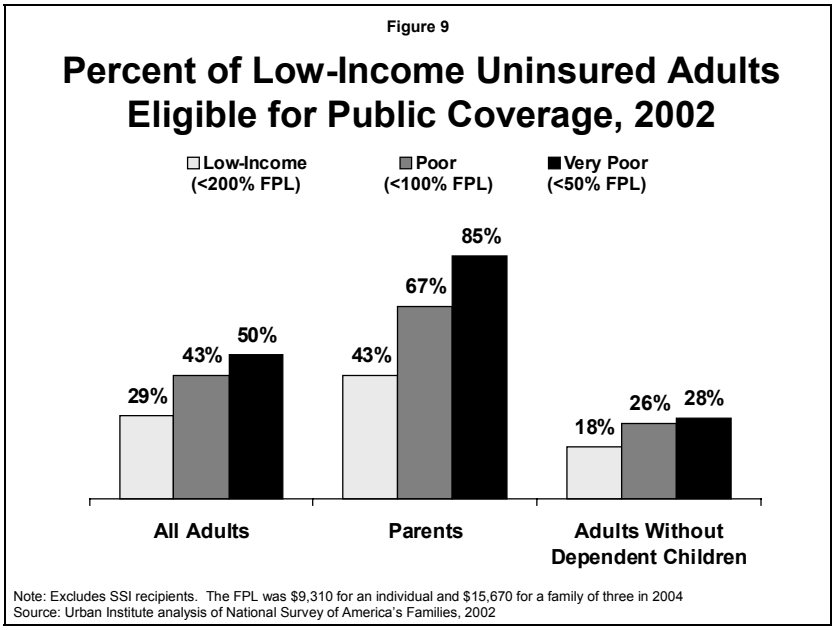
Table 3:
Characteristics of Uninsured Low-Income Adults by Eligibility for Public Coverage, U.S., 2002

	Eligible	Ineligible
Number (millions)	**5.3**	**12.8*** **
Age group		
18-24	24%	27%
25-34	34%	28%**
35-44	25%	21%**
45-54	13%	14%
55-64	4%	10%***
Gender		
Female	59%	47%***
Race/Ethnicity		
White, non-Hispanic	44%	44%
Black, non-Hispanic	17%	17%
Hispanic	33%	35%
Other	5%	4%
Citizenship		
Citizen	74%	73%
Non-citizen, resident >5 years	17%	14%
Non-citizen, resident <5 years	8%	12%
Marital Status		
Never married	46%	43%
Married, spouse in household	32%	38%**
Separated/Divorced/Spouse not in household	22%	19%
Education		
No high school degree	36%	39%
High school graduate	45%	38%***
Some college	14%	14%
College graduate	5%	9%***
Family Composition		
Has children	67%	36%***
Among parents, children enrolled in Medicaid	56%	50%*
Health Status		
Fair/Poor	29%	25%**
Income		
<50 % FPL	57%	28%***
50-100% FPL	20%	14%***
100-150% FPL	15%	28%***
150-200% FPL	9%	29%***
Employment		
In family with at least one FT worker	22%	41%***
In family with no FT worker but at least one PT worker	26%	25%
In family with no workers	52%	34%***

Note: Nonelderly adults; excludes SSI recipients. Distribution among uninsured ineligible adults significantly different than uninsured eligible adults: * .05<p<=.10; ** .01<p<=.05; *** p <=.01.
Source: Urban Institute analysis of National Survey of America's Families, 2002

Low-income uninsured adults without dependent children were less likely to be eligible than parents, even when poor or very poor. Over two-thirds (67%) of poor and 85% of very poor uninsured parents were eligible compared to about a quarter of poor adults without dependent children (Figure 9).

Figure 9



Note: Excludes SSI recipients. The FPL was $9,310 for an individual and $15,670 for a family of three in 2004
Source: Urban Institute analysis of National Survey of America's Families, 2002

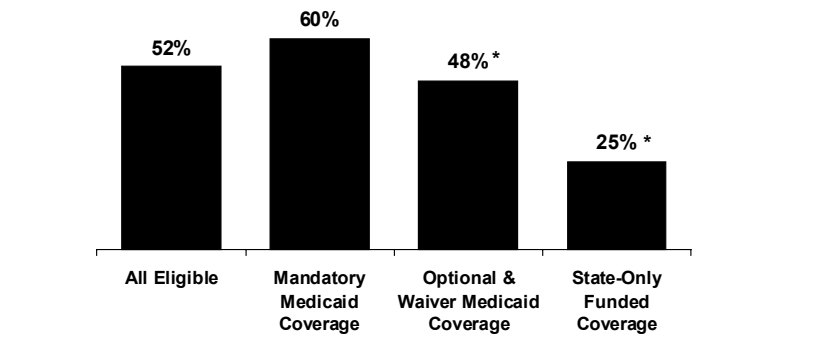
Enrollment in Public Coverage Among Low-Income Eligible Adults Without Private Coverage

Just over half (52%) of low-income adults who were eligible for public coverage but without private insurance were enrolled (Figure 10).[4] Enrollment rates were highest among low-income adults eligible through mandatory coverage (60%) compared to less than half of those eligible through optional coverage or waiver programs (48%) and a quarter of those eligible for state-only funded coverage (25%).

[4] Medicaid enrollment may be understated in the NSAF, which may cause enrollment rates to be artificially low.

Figure 10

Enrollment Rates for Adults Eligible for Public Coverage by Eligibility Category, 2002

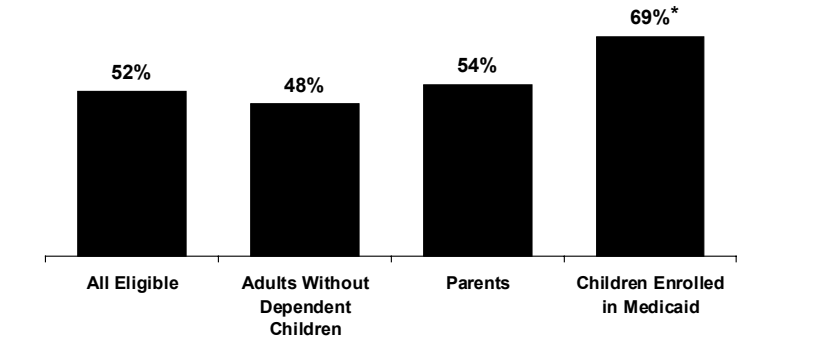


Note: Excludes SSI recipients and privately insured.
* = significant differences in enrollment in these categories compared to mandatory Medicaid coverage (p<.05)
Source: Urban Institute analysis of National Survey of America's Families, 2002

Low-income parents who had children enrolled in Medicaid were most likely to enroll. Enrollment rates were slightly higher for parents (54%) than adults without dependent children (48%), and parents with children enrolled were even more likely to enroll (69%) (Figure 11).

Figure 11

Enrollment Rates for Adults Eligible for Public Coverage by Family Composition, 2002

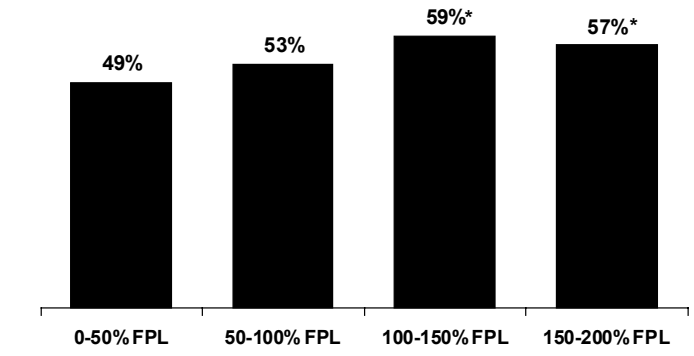


Note: Excludes SSI recipients and privately insured.
* = significant difference in enrollment for parents compared to childless adults (p<.05).
Source: Urban Institute analysis of National Survey of America's Families, 2002

The poorest eligible adults were the least likely to enroll. Less than half (49%) of adults with incomes below 50% of poverty enrolled compared to nearly 60% of near poor adults (Figure 12).

Figure 12

Enrollment Rates for Adults Eligible for Public Coverage by Income, 2002



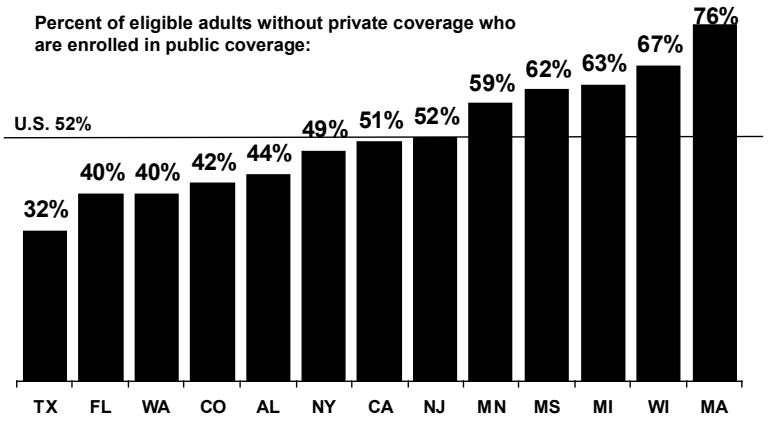
Note: Excludes SSI recipients and privately insured.
* = significant differences in enrollment for income subgroups compared to those with incomes <50% FPL (p<.05).
Source: Urban Institute analysis of National Survey of America's Families, 2002

Low-income Hispanic adults had lower enrollment rates than other adults. Some 43% of Hispanic adults enrolled compared to 55% of white adults. African American adults had the highest enrollment rate of 62%. Further, eligible adults who were citizens were almost twice as likely to have enrolled as eligible non-citizens (57% vs. 30%).

Enrollment rates for low-income adults varied widely across the states. Enrollment rates in the 13 study states ranged from a low of 32% in Texas to 76% in Massachusetts (Figure 13). This large range reflects the differing populations, eligibility levels, outreach efforts, and enrollment practices across the states.

Figure 13

Enrollment Rates for Adults Eligible for Public Coverage by State, Selected States, 2002



Note: Excludes SSI recipients and privately insured.
Source: Urban Institute analysis of National Survey of America's Families, 2002

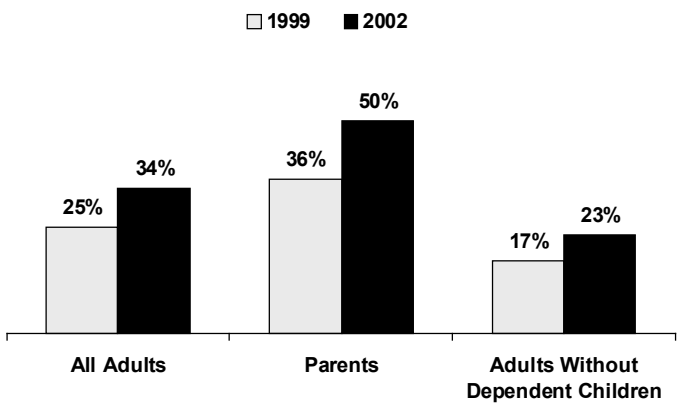
Changes in Low-Income Adult Eligibility and Enrollment Between 1999 and 2002

The percent of low-income adults who were eligible for public coverage increased from 25% in 1999 to 34% in 2002. This represented an increase of 4 million low-income adults. This growth primarily occurred through growth in optional and waiver categories (86%); about 15% of the increase was for state-only coverage.

Low-income parents experienced a much greater eligibility increase than adults without dependent children. Eligibility rates for parents increased from 36% in 1999 to 50% in 2002, while the rate for adults without dependent children increased from 17% to 23% (Figure 14).

Figure 14

Changes in Low-Income Adult Eligibility for Public Coverage by Family Composition, 1999 and 2002



Note: Excludes SSI recipients.
Source: Urban Institute analysis of National Survey of America's Families,1999 and 2002

The increase in eligibility rates varied significantly across states. Among the 13 study states, California, New Jersey, New York, and Wisconsin experienced the largest percentage point increases in eligibility for low-income adults between 1999 and 2002 (Figure 15). Each of these states implemented eligibility expansions during this period (Table 4). Most other states did not have explicit changes in eligibility rules but experienced growth in eligibility due to reductions in family income associated with the poor economy and lower employment rates.

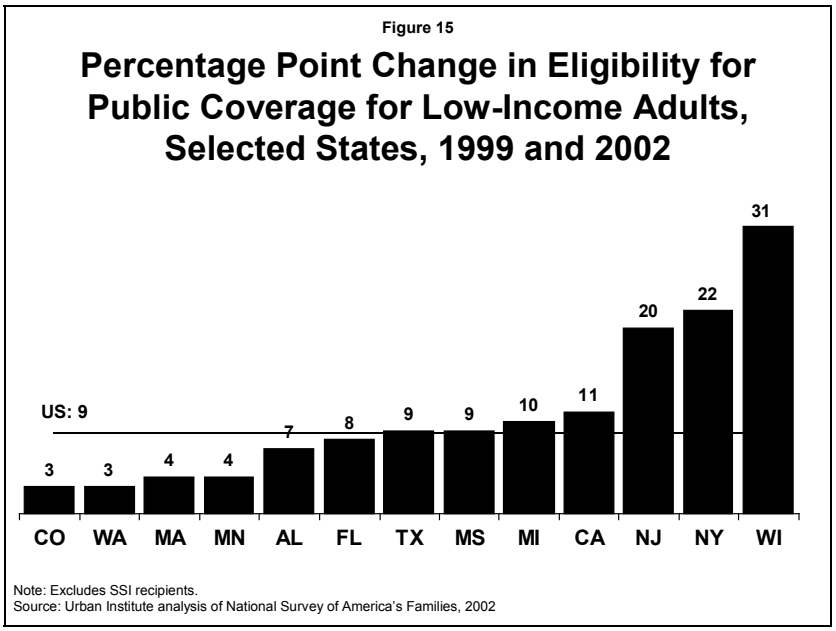


Table 4:
Changes in Public Coverage Eligibility Rules for Low-Income Adults Between 1999 and 2002 Among the 13 Study States

State	Changes
California	Increased income threshold for parents from approximately 62% to 100% FPL
Michigan	Increased income disregards for parents from $90 to $200 and 20% of remaining income
New Jersey	Implemented program that expanded coverage to parents with incomes below 200% FPL in June 2000, but then closed enrollment in June 2002, effectively reducing threshold to 37% FPL[5]
New York	Increased income threshold for parents from 55% to 150% FPL and for adults without dependent children from 55% to 100% FPL
Wisconsin	Implemented program that expanded coverage to parents with incomes below 185% FPL[6]

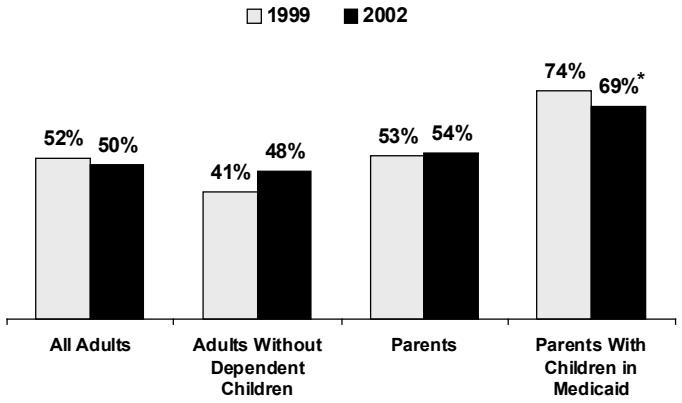
Overall, there was no change in enrollment rates for low-income adults between 1999 and 2002, but there were some changes in enrollment patterns. Enrollment rates for all eligible adults remained roughly stable at around 50%. The enrollment rate for adults without dependent children increased but remained below that for parents (Figure 16). Enrollment for parents remained stable, but enrollment rates for parents who had children enrolled in Medicaid dropped by 5 percentage points (74% to 69%). This may reflect lack of program awareness among parents who became newly eligible due to lower incomes resulting from the economic downturn. The poorest eligible adults continued to have the lowest enrollment rate, but it increased from 37% to 49%. There was no significant change in the enrollment rate for eligible adults with

[5] To model this enrollment cap, we model eligibility for those who report current Medicaid.
[6] This change was implemented in July 1999, but the expansion is not modeled in the 1999 estimates.

incomes between 100% and 200% of poverty, but the rate for those just under the poverty line (50%-100% of poverty), declined by 10 percentage points from 63% to 53%.

Figure 16

Changes in Enrollment Rates for Low-Income Adults Eligible for Public Coverage, 1999 and 2002



Note: Excludes SSI recipients.
* = significant differences in enrollment in 1999 and 2002 (p<.05).
Source: Urban Institute analysis of National Survey of America's Families,1999 and 2002

Three of the 13 study states (Wisconsin, Minnesota and Mississippi) had significant increases in enrollment rates. In Wisconsin a new Section 1115 waiver program was implemented. Increased outreach efforts associated with the expansion may have increased enrollment rates. Minnesota shortened its application forms and simplified the income verification process, changes which facilitate enrollment.[7] Mississippi also experienced a dramatic increase in enrollment; the state did not expand eligibility during this time period, but undertook aggressive efforts to enroll adults already eligible for coverage.[8]

POLICY IMPLICATIONS

Because many low-income adults do not have access to employer-sponsored insurance and cannot afford or obtain individual private coverage, Medicaid is an important source of coverage. Without Medicaid and other public coverage, many additional low-income adults would be uninsured. However, federal law and state budget constraints limit the extent to which Medicaid can be used to cover low-income adults, including many poor adults. As such, low-income adults continue to experience high uninsured rates and to account for roughly half of the uninsured population.

Medicaid and other public coverage provide a safety net available to most poor parents, but the majority of poor adults without dependent children remain ineligible for public coverage. While over three quarters of poor parents were eligible for public coverage in 2002,

[7] Long, S. and Kendall, S., "Recent changes in health policy for low-income people in Minnesota," Assessing the New Federalism State Update No. 19., Washington, D.C.: The Urban Institute, March 2002.
[8] Ormond, B. and Ullman, F., "Recent changes in health policy for low-income people in Mississippi," Assessing the New Federalism State Update No. 20., Washington, D.C.: The Urban Institute, February 2002.

only about a third of poor adults without dependent children were eligible. Further, nearly 13 million or 71% of low-income uninsured adults were not eligible for public coverage in 2002, including 8.2 million adults without dependent children. These eligibility patterns reflect the fact that there is mandatory Medicaid coverage for parents with very low incomes, often below 50 percent of poverty, and states have flexibility to expand parent coverage to higher incomes. Some have done so, but their ability to pursue such expansions is limited by budget constraints. Public coverage options for adults without dependent children are much more limited. In many states, these adults are not eligible for public coverage, regardless of their incomes. This stems from the fact that states cannot cover non-pregnant, non-disabled adults without dependent children through Medicaid unless they obtain a waiver that assures no additional federal dollars will be expended. The only other way they can provide coverage to these adults is through a state-funded program.

Low-income adults' access to public coverage is largely dependent on where they live. As a result of flexibility states have in determining the scope and structure of public coverage for adults, there is substantial variation in eligibility policy across states, resulting in stark differences in how many and which adults are eligible for public coverage. Further, there are significant differences in enrollment rates across states, likely reflecting differences in outreach efforts and enrollment requirements.

Over half of adults who are eligible for public coverage enroll, but adults would likely benefit from simplified enrollment procedures and increased outreach efforts. It appears that most adults who are eligible for Medicaid or other public coverage need and want the coverage, as over half enroll. Enrollment rates were higher for adults eligible through mandatory eligibility pathways compared to those eligible for optional, waiver, or state-funded coverage. Low-income parents with children enrolled in Medicaid were the most likely to enroll. However, many eligible adults remained uninsured. There are many reasons eligible adults do not enroll in coverage, including lack of knowledge about eligibility, difficulty completing the enrollment process, and individuals choosing not to enroll. The poorest adults and adults without dependent children had the lowest enrollment rates, likely reflecting the fact that, overall, these adults are less connected to assistance programs and that they may find the enrollment process challenging. Recognizing that the enrollment process is often more difficult for adults than for children and less outreach is directed toward adults, these findings suggest that adults would likely benefit from simplified enrollment procedures and increased outreach efforts.

Access to public coverage increased for low-income adults between 1999 and 2002, reflecting expansions in coverage in some states and declines in incomes among adults. Parents experienced much more significant eligibility increases than adults without dependent children and eligibility increases varied significantly across states. Overall, there was no change in enrollment rates for low-income adults, but there were changes in enrollment patterns, such as increased enrollment among adults without dependent children and among the poorest eligible adults. Changes in enrollment rates also varied significantly across states, and states that implemented eligibility expansions generally experienced significant enrollment rate increases, likely related to both the expanded coverage and increased outreach efforts.

Although low-income adults experienced some gains in access to public coverage between 1999 and 2002, since 2002 states have faced significant fiscal crises, which led many of them to make eligibility cutbacks, close enrollment, and/or reinstate enrollment barriers in an effort to contain costs.[9] Many of these cost containment efforts focused on parents and other adults, making it more difficult for them to access public coverage.

The combination of limited Medicaid eligibility and recent decreases in employer-sponsored coverage due to the economic downturn has led to increasing numbers of uninsured poor and low-income adults in the past few years.[10] In contrast, among low-income children, the decline in employer-sponsored insurance was more than offset by increases in public coverage, reflecting the strong floor of Medicaid coverage available to all poor children across the country. As a result, the number of uninsured children declined despite large increases in the number of children below poverty. The recent rise in uninsured low-income adults highlights the need for a similar safety-net of coverage for adults. Establishing a similar floor of coverage and adequate financing for adults that is based on income rather than family composition or other characteristics, could be an effective vehicle for addressing the uninsured problem and would help support these individuals' health, well-being, and ability to work. However, eligibility is only half of the story. Sufficient outreach and simple enrollment procedures are essential for assuring that eligible individuals enroll in the coverage.

[9] Smith, V. et al, "The Continuing Medicaid Budget Challenge: State Medicaid Spending Growth and Cost Containment in Fiscal Years 2004 and 2005: Results from a 50-State Survey," The Kaiser Commission on Medicaid and the Uninsured, October 2004.

[10] Holahan, J. and A. Ghosh, "The Economic Downturn and Changes in Health Insurance Coverage, 2000-2003," Kaiser Commission on Medicaid and the Uninsured, September 2004.

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