kaiser commission on medicaid and the uninsured

Medicaid and State-Funded Coverage for Adults: Estimates of Eligibility and Enrollment

Executive Summary

Amy Davidoff, Ph.D.
Anna S. Sommers, Ph.D.
Jennifer Lesko, B.A.
Alshadye Yemane, B.A.

The Urban Institute

April 2004

THE HENRY J. KAISER FAMILY FOUNDATION

kaiser commission medicaid and the uninsured

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.

Medicaid and State-Funded Coverage for Adults: Estimates of Eligibility and Enrollment

Executive Summary

Amy Davidoff, Ph.D.
Anna S. Sommers, Ph.D.
Jennifer Lesko, B.A.
Alshadye Yemane, B.A.

The Urban Institute

April 2004

This research was funded through a contract with the Kaiser Family Foundation. The opinions expressed are those of the authors and do not represent the views of The Urban Institute or its trustees or sponsors. The authors acknowledge the helpful suggestions of Lisa Dubay, John Holahan, Sharon Long, and Stephen Zuckerman at the Urban Institute, and Barbara Lyons and Samantha Artiga of the Kaiser Family Foundation.

EXECUTIVE SUMMARY

Lack of health insurance coverage for low-income adults remains a pressing policy challenge. In 2002, nearly 40% of low-income adults (below 200% of poverty or $18,620 for an individual in 2004) were uninsured and low-income adults accounted for nearly half of the uninsured population. Because low-income adults often cannot obtain 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), coverage for low-income adults has lagged far behind.

There is little recent information available on the number and characteristics of nonelderly adults eligible for Medicaid or other public coverage or on their enrollment. Using 1999 National Survey of America's Families (NSAF) data, this report provides an overview of nonelderly adult eligibility for and enrollment in Medicaid and state-funded coverage, nationally and in 13 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 Minnesota and Washington). Adults with disabilities who were eligible for Medicaid through receipt of Supplemental Security Income (SSI) were excluded from this analysis because their characteristics and enrollment patterns were fundamentally different than those of other adults.

Eligibility Findings

States have limited ability to extend coverage to low-income adults through Medicaid. States are required to provide Medicaid coverage to limited groups of parents, many with incomes below 50 percent of poverty, and have options to extend coverage to additional low-income parents. States are also required to provide coverage for some low-income pregnant women. However, with the exception of optional extensions of Ribicoff child coverage to young adults, there are no other Medicaid pathways for adults without dependent children who do not meet disability requirements. States can only cover these adults through Medicaid if they obtain a Section 1115 waiver or through a fully state-funded program. However, in either case, states cannot receive additional federal financing for coverage expansions to adults without dependent children.

As a result of low federal eligibility standards for coverage of parents and the limited options and financing available to states for expanding coverage to other adults, study findings show that nationally very few low-income adults were eligible for public coverage. While all states extended Medicaid eligibility to some low-income parents, in many states, eligibility thresholds were well below poverty—in a number of states, less than 50% of poverty ($653 per month for a family of three in 2004). Public coverage options were even more limited for low-income adults without dependent children. In 1999, only seven states offered public coverage to these adults; in other states, they were not eligible for any public coverage, regardless of their incomes. Specific findings regarding eligibility include:

- **Most low-income adults did not qualify for public coverage.** About one in four (25 percent) low-income adults were eligible for Medicaid or state-only funded coverage, and 39 percent) of poor adults were eligible for public coverage.

- **Adults who qualified for public coverage were overwhelmingly poor.** Two-thirds had incomes below poverty, and 45 percent had incomes below 50 percent of poverty.

- **The majority (65 percent) of eligible adults were parents.** Among poor adults, 66 percent of parents were eligible for public coverage, compared to only 24 percent of adults without dependent children.

- **Adult eligibility for public coverage varied significantly across states.** The proportion of low-income adults eligible for public coverage varied dramatically across the 13 study states, ranging from 10% in Colorado to 97% in Washington State.

Enrollment Findings

Although very few low-income adults qualified for public coverage, it appears that most who did needed and wanted the coverage. The majority of eligible adults who had no other source of coverage were enrolled. However, the enrollment process for adults is often more difficult than for children, outreach is more limited, and more frequent eligibility determinations are imposed. As a result of these hurdles, many eligible low-income adults remained uninsured. Certain adults, such as parents, were more likely to enroll than others, which is likely the result of a better connection to outreach efforts. Further, adults eligible for mandatory Medicaid coverage were more likely to enroll than adults eligible for optional or waiver Medicaid coverage or state-funded coverage. This could reflect additional enrollment requirements that are sometimes part of waiver or state-funded coverage, such as premiums. Finally, there were significant differences in enrollment rates across states, which may stem from different outreach efforts and enrollment procedures as well as different enrollment requirements in states with waiver or state-funded coverage. Specific enrollment findings include:

- **Over half of adults (54 percent) who were eligible for public coverage and had no other source of coverage were enrolled.** However, 46 percent of low-income adults who could be covered by public coverage were uninsured.

- **Eligible parents were more likely to enroll in public coverage (57 percent) than adults without dependent children (45 percent).** Eligible parents whose children were covered by Medicaid were the most likely to enroll themselves (76 percent). Still, nearly one quarter (24 percent) of eligible parents with children enrolled in Medicaid remained uninsured.

- **The poorest eligible adults were the least likely to be enrolled in public coverage.** Among eligible adults, the poorest adults (incomes less than 50 percent of poverty) had the lowest enrollment rate (40 percent) and the highest uninsured rate (60 percent).

- **Adults eligible for Medicaid were more likely to enroll than adults eligible for state-only programs.** Over 60 percent of eligible adults who qualified through a mandatory Medicaid pathway were enrolled, compared to 43 percent of adults eligible through optional or waiver Medicaid coverage, and 35 percent of adults eligible for a state-only funded program.

- **Enrollment rates varied dramatically among states.** Enrollment rates ranged from 36 percent in Mississippi to 81 percent in Massachusetts.

Policy Implications

These eligibility and enrollment findings demonstrate that Medicaid is an important vehicle that states have used to provide coverage to low-income adults who otherwise would be uninsured. However, low federal eligibility requirements for parents, the federal prohibition against using federal funds to cover adults without dependent children, and constraints on federal financing have impeded efforts to broaden coverage of low-income adults.

Low federal requirements for mandatory Medicaid coverage of parents have resulted in limited eligibility for parents and inconsistent coverage within families. While states that participate in Medicaid are required to offer coverage to all poor children, mandatory Medicaid coverage for parents is limited to those with very low incomes, often below 50 percent of poverty. States can choose to expand parent coverage to higher incomes but many have not done so or have only made minimal expansions. As such, many poor parents do not qualify for public coverage, and, in many families, children qualify for coverage but their parents do not.

As a result of lack of federal financing to cover adults without dependent children, very few of these adults are eligible for public coverage. Medicaid cannot be used to cover non-pregnant, non-disabled adults without dependent children unless a state obtains a waiver that assures that no additional federal dollars will be expended. The only other way a state can cover these adults is through a fully state-funded program. As a result, most states do not offer any coverage to adults without dependent children, regardless of income, and, therefore, the majority of these adults do not have any public coverage options available to them.

Eligible adults could benefit from reduced enrollment requirements and targeted outreach efforts. The enrollment process for adults is often more difficult than for children and less outreach is directed toward adults. Adults without dependent children who are eligible through a Medicaid waiver or for a state-funded program sometimes face additional enrollment requirements not found in Medicaid, such as a required uninsured period or payment of premiums. Reducing such enrollment requirements and increasing outreach efforts for adults might increase enrollment rates, particularly among the lowest income adults and adults without dependent children, who are the least likely to enroll.

Access to public insurance is largely dependent on where one lives. As a result of flexibility extended to states 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 insurance. Further, there are significant state differences in enrollment rates, likely reflecting differences in outreach efforts and enrollment requirements.

Adults are likely to face increased difficulties accessing public coverage during periods of fiscal stress, when need for coverage increases. Most coverage available to adults is Medicaid coverage provided at state option or through a waiver or state-funded coverage. These types of coverage are vulnerable to state cutbacks during difficult economic periods. Thus, during

periods of fiscal stress, when need for public coverage increases, access to public coverage for low-income adults is likely to become even more limited. In fact, the recent economic downturn has demonstrated the precarious nature of public coverage for adults. Many of the cutbacks undertaken by states in the last few years have targeted coverage for parents and other adults. Further, during this recent period of fiscal stress, a number of states reinstated selected enrollment barriers, making enrollment more difficult at a time when more adults need coverage.

Conclusion

In sum, Medicaid, and to a lesser extent, state-funded programs provided important health insurance coverage for some low-income adults, but, overall, few low-income adults were eligible for public coverage and those who were eligible could have benefited from increased outreach and enrollment efforts. Eligibility for public coverage is largely restricted to parents with very low incomes, leaving many poor adults, particularly adults without dependent children, without access to any assistance. Adults who are eligible appear to need and want public coverage, as the majority who are eligible enroll. However, many eligible adults do not enroll and enrollment rates are particularly low for certain adults, such as the poorest adults and adults without dependent children. Recognizing that low-income adults have difficulty accessing private coverage and account for nearly half of the uninsured problem, it appears that increasing eligibility and outreach efforts for public coverage for low-income adults must be components any effort to reduce the number of uninsured. However, additional federal financing is likely necessary to make significant inroads in expanding coverage for low-income adults.

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

Additional copies of this report (#7078) are available
on the Kaiser Family Foundation's website at www.kff.org.