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**EXPANDING MEDICAID COVERAGE TO LOW-INCOME PARENTS
REDUCES NUMBER OF UNINSURED CHILDREN, NEW RESEARCH FINDS**

**Parental Coverage Also Improves Utilization,
Does Not Significantly Erode Employer Insurance**

Expanding state Medicaid programs to provide coverage for parents also increases the number of low-income children protected by health insurance, according to new research by the Center on Budget and Policy Priorities. The research compares changes in children's coverage in states that extended coverage to low-income parents to changes in coverage in states that did not institute such expansions.

While more than 9 out of 10 children from families with incomes below twice the poverty line are now eligible for Medicaid or the State Children's Health Insurance Program (SCHIP), 25 percent of them – or 7.9 million children – remained uninsured in 1998. Part of the reason for this child insurance gap, the study concludes, is the ineligibility of the children's parents for public insurance. Medicaid eligibility for parents typically ends at about 60 percent of the poverty line, or about \$10,000 for a family of four. As a result of this low eligibility limit and substantial gaps in employer coverage for low-wage workers, more than one third (34 percent) of low-income parents in America are uninsured. Most of these uninsured parents work but earn low wages.

“Including parents is a good strategy not only because it reduces the uninsured population generally and supports work,” said Leighton Ku, the principal author of the study and a senior fellow at the Center, “but also because it helps assure that children have needed coverage.” He noted the new data show that allowing an entire family to apply at once increases the probability that their children will be covered.

In the past two years, ten states have broadened their Medicaid programs to include parents in low-income families, an option the 1996 welfare reform law provided. A bipartisan group of legislators and the Administration have proposed legislation, The FamilyCare Act of 2000, designed to lead to expansions in a much larger number of states. Meanwhile, the Health Care Financing Administration recently announced it would consider waivers that would allow states to use SCHIP funds to provide coverage to parents.

— more —

In 1998, there were 7.1 million uninsured parents in families with incomes below 200 percent of the poverty line. Working parents with incomes below the poverty line are twice as likely to be uninsured as low-income parents who are not employed.

The research found that in the three states that were early to expand Medicaid coverage to parents – Oregon, Hawaii and Tennessee – coverage of eligible young children rose by 16 percentage points between 1990 and 1998. Some 67 percent of the low-income children under six in these states had Medicaid coverage in 1998, up from 51 percent of such children in 1990. By contrast, in states that did not expand coverage to include parents, the percentage of low-income children covered through Medicaid rose only from 51 percent to 54 percent during this period.

The study, “The Importance of Family-Based Insurance Expansions: New Research Findings About State Health Reforms,” also reports that other recent research has found positive effects from expanding publicly funded health care coverage to low-income parents.

- States can reduce the uninsured population with broad Medicaid expansions that include parents without significantly discouraging employer-provided coverage, and
- Family-based Medicaid expansions substantially improve health care access and utilization for both adults and children.

One of the recent studies the Center’s analysis examined addresses concerns about whether Medicaid expansions for adults are offset by reductions in employer-provided health insurance. Reviewing such expansions in Tennessee and Minnesota, the study finds that the reductions in private coverage were very modest and the net result was a substantial increase in the size of the insured population.

Another recent study found that Tennessee’s Medicaid expansions increased the use of preventive health services like Pap smears for women and dental checkups for children. These expansions also reduced the level of unmet medical need, increased access to a regular doctor for care and reduced out-of-pocket medical expenses. Similar results were found in Oregon.

The Center’s report can be found at <http://www.cbpp.org/9-5-00health.htm>

The Center on Budget and Policy Priorities is a nonpartisan research organization and policy institute that conducts research and analysis on a range of government policies and programs. It is supported primarily by foundation grants.

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