CENTER ON BUDGET AND POLICY PRIORITIES

820 First Street, NE, Suite 510, Washington, DC 20002
Tel: 202-408-1080 Fax: 202-408-1056 center@cbpp.org http://www.cbpp.org

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UNINSURED RATE OF POOR CHILDREN DECLINES, BUT REMAINS ABOVE PRE-WELFARE REFORM LEVELS

Nearly One in Two Working Poor Adults Remain Uninsured

by Jocelyn Guyer

Overview

The number of Americans without health insurance fell from 44.3 million to 42.6 million in 1999, the first decline since 1987. More than half of this decline of 1.7 million people was driven by improvements in the extent to which children have health care coverage. Between 1998 and 1999, the number of uninsured children dropped by one million, accounting for nearly 60 percent of the total decline. Many of the children who gained coverage were poor children, suggesting that efforts to enroll more Medicaid-eligible children into coverage and to implement the State Children's Health Insurance Program (SCHIP) are beginning to show results.

At the same time, the latest Census data indicate that states are still struggling to assure that welfare reform does not have the unintended consequence of causing families with children to miss out on coverage. Although *children* in poor families are gaining ground, they still are more likely to be uninsured than they were before enactment of the 1996 welfare law. In addition, their parents' insurance situation appears still to be deteriorating. Unlike the children in poor families, it appears that parents in poor families have not yet started to re-gain the ground lost in the wake of welfare reform. To the contrary, the Census data suggest their situation may have deteriorated further between 1998 and 1999.

- More than half (52 percent) of poor adults between the ages of 24 and 34 — which are some of the key years in which parents raise children — were uninsured in 1999. These adults represent one of the few groups among which the proportion of people without insurance *increased* last year, rising from 49.2 percent in 1998 to 52 percent in 1999.[1]

The Census data also indicate that working does *not* protect poor adults against being uninsured. Although high percentages of both working and non-working poor adults lack coverage, poor working adults are at higher risk of lacking coverage than their unemployed counterparts.

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[1] Note: The data the Census Bureau published on September 29, 2000 does not enable us to evaluate the extent to which poor *parents* between the ages of 25 and 34, as distinguished from other poor adults in this age bracket, experienced decreases in coverage rates. In a forthcoming report, we will provide a more detailed analysis of this issue after analyzing the unpublished Census data that bear on this issue.

- Close to half of poor workers — 48 percent — lacked coverage in 1999, compared to two out of five poor adults — 40 percent — who were not working.

Moreover, poor children and poor adults in the key childrearing years continue to be uninsured at far higher rates than children and adults from moderate-to-higher-income families. The latest Census data indicate little progress has been made in closing the gap in coverage rates between poor families and their higher-income counterparts.

- Nearly one of every four poor children lacked coverage in 1999, compared to fewer than one of nine children in families living above the poverty line.

- Similarly, poor adults between the ages of 25 and 34 continued to be uninsured at more than twice the rate of their non-poor counterparts. Among poor adults between the ages of 25 and 34, one in two (52 percent) lacked coverage, compared to one in five (19.8 percent) of their counterparts above the poverty line.

SCHIP and Medicaid Outreach Efforts Showing Results

In 1999, the number of uninsured children under the age of 18 declined from 11 million to 10 million, the lowest level since 1995. The rate at which children lack coverage also fell, dropping from 15.4 percent in 1998 to 13.9 percent in 1999. Although the Census report notes that an improvement in employer-based coverage is the dominant factor in the overall decline in the number of uninsured children, the story is different among poor and near-poor children. Among these children, improvements in coverage can be attributed in large part to states' efforts to enroll more eligible children in Medicaid and to implement SCHIP.

- The number of uninsured *poor* children fell by over half a million between 1998 and 1999. In 1998, some 3.4 million poor children lacked coverage. By 1999, the number of poor uninsured children was 2.8 million, nearly 600,000 less.[2]

- Improvements in coverage among poor children were driven by successful efforts to enroll more eligible children in publicly-funded coverage. Poor children were no more likely to have employer-based coverage in 1999 than 1998, but a larger proportion of such children was enrolled in Medicaid.

- The uninsured rate among children in *near-poor* families (defined by the Census Bureau as families between 100 percent and 125 percent of the poverty line) fell sharply from 27.2 percent in 1998 to 19.7 percent in 1999. Improvements in both private and publicly-funded coverage contributed to the decline. The share of

[2] Although part of the decline in the number of uninsured poor children can be attributed to a reduction in the number of children living in poverty, more than half of it — 58 percent — can be attributed to improvements in the extent to which poor children have coverage.

Families' May Mistake Medicaid and SCHIP Coverage for "Private" Insurance

The new Census data show a striking increase in the share of near-poor children with private coverage, indicating that it grew from 38.3 percent to 44.8 percent between 1998 and 1999. It is possible that some of this increase is attributable to families reporting that a child has private coverage when the child is, in fact, enrolled in public coverage.

States increasingly are marketing both Medicaid for children and separate state child health programs as being akin to private insurance coverage. In many cases, states contract with managed care companies to deliver the health care services to children enrolled in Medicaid or separate child health programs. Given these trends, families increasingly may believe their children are enrolled in a private insurance plan rather than a publicly-funded program. If this type of misreporting is increasing, Census data will not reflect the full extent to which SCHIP and Medicaid outreach and enrollment efforts have contributed to the reduction in the number of uninsured low-income children. Instead, some of the improvements due to Medicaid and SCHIP will be reported as increases in private coverage among poor and near-poor children.

near-poor children in publicly funded coverage increased from 40.6 percent to 43.8 percent between 1998 and 1999, while the share with private coverage increased from 38.3 percent to 44.8 percent.

Medicaid Represents a Major Reason for Improvements in Coverage Rates Among Poor Children

Since SCHIP is a newer program, it is easy to point to it as a key reason for the decline in the number of children without coverage. In fact, efforts of states and community organizations to enroll more Medicaid-eligible children may play an equally or even more important role.

These efforts clearly account for the increase in publicly-funded coverage among poor children. Nearly all poor children eligible for publicly-funded coverage qualify for Medicaid rather than separate state child health programs.[3] The jump between 1998 and 1999 in publicly-funded coverage for poor children largely represents improvements in the extent to which poor children enroll in Medicaid coverage for which they are eligible.

The factors that contributed to increased Medicaid participation rates among poor children are likely to include child health outreach campaigns, efforts to simplify Medicaid application processes for children, and the positive effects of the "screen and enroll" requirement included in the SCHIP legislation. Under the "screen and enroll" requirement, states must screen

[3] A small number of teenagers between the ages of 17 and 19 in poor families in Arizona, Colorado, Montana, Nevada, Pennsylvania, and Wyoming may have been eligible for a separate child health program rather than Medicaid in 1999. In addition, a small number of poor children in the 10 states that impose an asset test on children under Medicaid but not under their separate child health program may have been eligible for coverage under a separate child health program rather than Medicaid in 1999.

children who apply for coverage under a separate child health program for Medicaid eligibility and, if a child is found Medicaid-eligible, enroll the child in Medicaid.

States Struggling to Assure Welfare Reform Does Not Cause Families with Children to Miss Out on Coverage

Although it appears that children who have lost Medicaid in the wake of welfare reform are starting to re-gain coverage as a result of child health outreach efforts, the Census data suggest that states are struggling to assure that welfare reform efforts do not cause families to lose coverage. The adverse effects of the welfare law on health care coverage among families with children continue to dampen the improvements we could have experienced in children's health coverage as a result of SCHIP and intensified efforts to enroll more Medicaid-eligible children. Although the portion of poor children enrolled in Medicaid increased between 1998 and 1999, it remained below the level at which it stood prior the welfare law's enactment. A larger proportion of poor children lacked coverage in 1999 than in 1995.

At the same time, welfare reform and the movement of large numbers of families from welfare to work appear to have contributed to an increase in the number of low-income working parents without coverage. There is nothing for parents comparable to SCHIP and the outreach campaigns focused on children.

- The proportion of poor adults between the ages of 25 and 34 who lack insurance increased from 49.2 percent in 1998 to 51.9 percent in 1999. Many of these adults are parents.

- By contrast, the proportion of poor children who lack insurance fell from 25.2 percent to 23.3 percent over this period.

In other words, the proportion of children in poor families who are insured increased significantly, while their parents appear either to have experienced a decrease in coverage rates or to have made no progress on this front.

The disparity between the progress among poor children and the stagnation or deterioration in coverage among poor adults in prime childrearing years suggests the importance of initiatives under consideration in many states and at the federal level to transform child health programs into family-based programs, that is, into programs that cover parents from low-income working families alongside their children. Although a growing number of states have adopted this strategy, using options under existing Medicaid law, many states are likely to remain unable to do so unless the federal government provides additional funding for such efforts.