

Working without a Net: The Health Care Safety Net Still Leaves Millions of Low-Income Workers Uninsured

Introduction

For millions of low-income Americans, the health care safety net is a myth. In 2001, Families USA reported that over 13 million low-income adults were uninsured and ineligible for public health insurance programs. Nearly three years later, the situation is no better. In fact, it has worsened in several states. In this update, analysis of Census Bureau data shows that nearly 14 million low-income adults do not qualify for public health insurance programs. Although two out of three work, they do not have health insurance through their jobs, usually because their employers do not offer coverage or because these workers cannot afford to pay the premiums. As a result, they are uninsured, gambling that they will not need health care that they cannot afford. Like a tightrope walker, they are working without a net.

Public programs like Medicaid and SCHIP (the State Children's Health Assistance Program) provide good quality, basic health insurance to millions of low-income children, seniors, people with disabilities, and to some parents. In fact, expansions of Medicaid and SCHIP for children since 1997 have been a major public policy success.

But for most low-income parents and adults without children—people with incomes below 200 percent of the federal poverty level (\$30,520 for a family of three in 2003)¹—there is little good news. In 36 states, parents with poverty level incomes (below \$15,260 for a family of three) cannot qualify for public health insurance. For adults without children, the prospects are even grimmer: In 42 states, unless they are severely disabled, they are ineligible for Medicaid regardless of their income. As a result, more than eight in 10 low-income, uninsured adults do not qualify for Medicaid or other public health coverage because their incomes are too high.

Medicaid Helps Millions, but Millions More Are Left Uncovered

Medicaid is the largest public health insurance program for low-income people in the nation. Established in 1965, Medicaid is a joint federal and state program that provides health insurance for 51 million people—more than one out of every six Americans. In reality, Medicaid actually consists of 56 programs—one for each state plus the District of Columbia and five territories. Each state operates its Medicaid program based on a set of general federal guidelines. States must pay a portion of Medicaid costs, and the federal government matches every \$1 of state expenditures with between \$1 and \$3.89 of federal funds.

The federal government has defined broad categories of people that states can cover in their Medicaid programs, but states have wide discretion in setting limits for eligibility. In general, states cover most low-income seniors and people with disabilities. Health insurance is also usually available for low-income children. However, for the parents of these children, especially those who work in low-wage jobs, health insurance coverage is often much more limited. Childless adults have the fewest options of all and are totally excluded from public health insurance coverage in most states.

■ Children

Medicaid's coverage of children has gradually expanded since the 1980s. In addition, SCHIP, enacted in 1997, offers federal matching funds to states that provide health insurance for low-income children with slightly higher family incomes (usually family incomes up to 200 percent of the federal poverty level). Together, Medicaid and SCHIP constitute a genuine safety net for most low-income children. Since the recession began in 2001, enrollment in these programs has increased, catching millions of children who would otherwise have become uninsured when their parents lost their jobs.²

Despite this progress, there are still 8.5 million uninsured children in America, and over half of them qualify for Medicaid and SCHIP.³ Burdensome requirements for face-to-face appointments and extensive documentation continue to create barriers to enrollment and renewal in some states. In addition, as state budgets have tightened, funding for outreach and enrollment has been greatly reduced, which has made it harder for parents to enroll their children. At least six states have taken the drastic step of freezing enrollment in their SCHIP programs, meaning that low-income children who would otherwise have qualified for health insurance are unable to obtain coverage.⁴

■ Parents

Although federal Medicaid law permits states to cover parents, it is up to states to determine income eligibility levels for parents. Most states have set their income eligibility levels very low (see Table 3). A parent in a family of three working full time all year at minimum wage (\$5.15 an hour) would earn too much to qualify for Medicaid in half the states, even though the family's annual income would only be about \$10,700—well below the poverty level. A parent working full time and earning \$7.50 an hour would have income just above the poverty level, but she would be ineligible for Medicaid or other public health insurance in 36 states

As a result of these low eligibility levels, nearly seven out of 10 low-income, uninsured parents do not qualify for Medicaid (see Table 1).

■ Adults without Children

Adults without dependent children are almost completely unprotected by the safety net. Federal Medicaid only covers adults if they

are severely disabled. It is otherwise up to each state to decide whether to provide some sort of public coverage for these adults using only the state's own funds (although a few states have federal approval to use federal SCHIP funds to cover some childless adults). In 42 of 50 states, childless adults are ineligible for Medicaid and similar programs, even if they have no income at all (see Table 3). Four of these 42 states (Hawaii, New Jersey, Pennsylvania, and Washington) have closed existing programs to new enrollees. Of the remaining eight states (Arizona, Delaware, Maine, Massachusetts, Minnesota, New York, Oregon, and Vermont) plus the District of Columbia, which do provide some coverage for this population, over half limit coverage to adults with incomes at or below the federal poverty level of \$8,980 for a single person. Nationally, 9.3 million of the roughly 10 million low-income uninsured adults without children have no access to Medicaid or Medicaid-like coverage (see Table 2).

Conclusion

Millions of low-income Americans depend on Medicaid and SCHIP for basic, good quality health insurance. For many low-income children, seniors, and people with disabilities, the programs are a safety net that ensures that they will have health insurance even if their health or income changes. But in most states, low-income adults—especially adults without children—have little or no health care security.

Methodology

Estimates in this report are based on two-year averages of data collected in the March Supplement to the Current Population Survey (CPS) for 2002 and 2003. The CPS is a monthly survey of a sample of the civilian noninstitutionalized population conducted by the Census Bureau. Questions asked about income and health insurance coverage in the March supplement reflect experience during the preceding calendar year. Thus, the estimates in this report are for calendar years 2001 and 2002. Two-year averages were used in order to improve the reliability of state-level estimates.

Income is the annual total income for CPS family units, which may be a single person living alone or two or more persons residing together and related by marriage, birth, or adoption. Some analyses reconstruct families into “insurance units,” consisting of family members who could be grouped together under private insurance rules (generally, spouses and their minor children). This method has not been adopted here because the definition of families under state Medicaid “deeming” rules does not necessarily conform to that definition used by private insurers. To establish the population below 200 percent of poverty, income was compared to the federal poverty guidelines (FPGs) established by HHS for each year. These guidelines are not identical to the poverty thresholds used by the Census Bureau, and therefore the estimates here differ slightly from published CPS figures.

To determine Medicaid eligibility, state income limits were established for each year as follows:

- Income limits for 2003 for parents in three-person families and for single nonparents are derived from survey data compiled by Families USA.
- These above income limits were converted to income limits for other family sizes on the assumption that state income limits would vary by family size in proportion to the variation in 2003 FPGs by family size. Except in the states that actually use a percentage of the FPG as the income limit, it is not certain that actual state limits vary in this way; there may be states in which limits do not vary at all by family size. Still, in the absence of state-by-state data on limits by family size, this arbitrary conversion seemed preferable to the alternative of using one limit for all families. The likely result is an overstatement of the proportion of parents who are eligible for Medicaid.

- The 2003 income limits were deflated for 2001 and 2002 in proportion to the difference between the FPGs for those years and those for 2003. It is not necessarily the case that state income limits have been growing at the same rate as the FPGs, and there may be states now covering classes of parents and nonparents who were not covered at all in the earlier years. However, the purpose of this analysis is to estimate the low-income population currently ineligible for Medicaid. The method adopted in effect simulates the proportion of the population who would have been ineligible in the earlier years if state policy in those years had been comparable to that policy in effect today.

Parents are defined as parents of children under age 19 who are living in the same household as the child. The CPS identifies only one parent for each child; if this parent has a spouse present, that person is also treated as a parent. Unmarried partners of identified parents are not treated as parents. Note that all parents with income below the eligibility limits are treated as eligible, even though some states continue to use categorical restrictions that may exclude some groups (such as parents in two-parent families). Moreover, families meeting income limits may not meet resource (asset) limits in states that still use them. Again, the likely result is that this analysis overstates the proportion of people eligible for Medicaid.

“Full-time” workers are full-time, full-year workers, defined by the Census Bureau as those working at least 35 hours per week for at least 50 weeks during the year. “Part-time” workers worked fewer hours, fewer weeks, or both.

¹ All calculations in this report are based on 2003 federal poverty levels. For 2004, 200 percent of the federal poverty level increased to \$31,340 for a family of three.

² Robert J. Mills and Shailesh Bhandari, *Health Insurance Coverage in the United States: 2002* (Washington: U.S. Census Bureau, September 2003).

³ Genevieve Kenney, Jennifer Haley, and Alexandra Tebay, *Children's Insurance Coverage and Service Use Improve* (Washington: Urban Institute, July 2003).

⁴ Alabama, Colorado, Florida, Maryland, Montana, and Utah have currently frozen enrollment for all or part of their SCHIP programs. Donna Cohen Ross and Laura Cox, *Out in the Cold: Enrollment Freezes in Six State Children's Health Insurance Programs Withhold Coverage from Eligible Children* (Washington: Kaiser Commission on Medicaid and the Uninsured, December 2003).

Table 1

Low-Income Parents Uninsured and Ineligible for Medicaid

State	Uninsured Parents		
	Number under 200% of Poverty	Number Ineligible for Medicaid	Percent Ineligible for Medicaid
Alabama	110,000	100,300	91.2%
Alaska ¹	14,500	9,700	66.9%
Arizona	168,500	0	0.0%
Arkansas	100,600	91,000	90.4%
California ²	1,046,800	568,200	54.3%
Colorado	89,900	79,200	88.1%
Connecticut	34,400	18,100	52.5%
Delaware	8,100	4,300	53.2%
District of Columbia	6,100	0	0.0%
Florida	424,400	335,700	79.1%
Georgia	217,500	173,200	79.6%
Hawaii ³	12,500	5,800	46.4%
Idaho	40,100	37,600	93.7%
Illinois ⁴	223,100	114,500	51.3%
Indiana	114,000	106,200	93.2%
Iowa	44,300	31,000	69.9%
Kansas	48,900	44,200	90.5%
Kentucky	112,100	79,000	70.5%
Louisiana	159,100	137,100	86.2%
Maine ⁵	16,600	4,300	26.0%
Maryland	51,700	47,400	91.8%
Massachusetts ⁶	42,500	23,400	55.0%
Michigan ⁷	154,300	127,500	82.6%
Minnesota ⁸	46,200	0	0.0%
Mississippi	99,700	83,200	83.4%
Missouri ⁹	73,600	53,100	72.1%
Montana	21,800	17,900	82.3%
Nebraska	25,500	19,700	77.5%
Nevada	57,200	42,500	74.3%
New Hampshire	13,000	11,600	89.5%
New Jersey ¹⁰	141,700	123,700	87.3%
New Mexico	76,900	54,600	71.0%
New York ¹¹	403,800	97,000	24.0%
North Carolina	201,100	155,900	77.6%
North Dakota	9,400	5,500	57.8%
Ohio ¹²	157,600	89,400	56.8%
Oklahoma	121,900	95,900	78.7%
Oregon	70,500	43,100	61.2%
Pennsylvania ¹³	162,700	125,900	77.4%
Rhode Island	8,300	100	1.6%
South Carolina	75,600	41,900	55.5%
South Dakota	9,400	7,300	77.8%
Tennessee ¹⁴	102,800	61,600	59.9%
Texas ¹⁵	1,062,800	970,500	91.3%
Utah ¹⁶	54,000	48,100	89.1%
Vermont	6,100	600	9.7%
Virginia	97,800	70,800	72.4%
Washington ¹⁷	107,700	66,300	61.6%
West Virginia	50,000	43,500	87.0%
Wisconsin ¹⁸	42,900	2,500	5.9%
Wyoming	14,200	10,900	76.5%
US total	6,554,100	4,480,800	68.4%

Notes: Numbers in *bold italics* have a relative standard error greater than 0.3.

Numbers smaller than 75,000 should be read with caution, as they are subject to reporting, data collection, estimation, and other errors.

Table 2

Low-Income Non-Parent Adults Uninsured and Ineligible for Medicaid

State	Uninsured Non-Parents		
	Number under 200% of Poverty	Number Ineligible for Medicaid	Percent Ineligible for Medicaid
Alabama	152,600	152,600	100.0%
Alaska ¹	24,500	24,500	100.0%
Arizona	203,800	118,600	58.2%
Arkansas	102,700	102,700	100.0%
California ²	1,505,900	1,505,900	100.0%
Colorado	161,700	161,700	100.0%
Connecticut	77,200	77,200	100.0%
Delaware	15,300	9,400	61.4%
District of Columbia	25,600	0	0.0%
Florida	696,900	696,900	100.0%
Georgia	274,400	274,400	100.0%
Hawaii ³	31,400	31,400	100.0%
Idaho	52,600	52,600	100.0%
Illinois ⁴	414,100	414,100	100.0%
Indiana	159,400	159,400	100.0%
Iowa	63,500	63,500	100.0%
Kansas	77,100	77,100	100.0%
Kentucky	113,300	113,300	100.0%
Louisiana	227,600	227,600	100.0%
Maine ⁵	41,400	23,200	56.0%
Maryland	152,200	152,200	100.0%
Massachusetts ⁶	138,400	44,900	32.4%
Michigan ⁷	282,600	282,600	100.0%
Minnesota ⁸	93,800	11,200	11.9%
Mississippi	136,700	136,700	100.0%
Missouri ⁹	159,600	159,600	100.0%
Montana	32,900	32,900	100.0%
Nebraska	39,000	39,000	100.0%
Nevada	72,400	72,400	100.0%
New Hampshire	24,500	24,500	100.0%
New Jersey ¹⁰	248,800	248,800	100.0%
New Mexico	91,300	91,300	100.0%
New York ¹¹	747,700	508,800	68.0%
North Carolina	340,400	340,400	100.0%
North Dakota	19,400	19,400	100.0%
Ohio ¹²	349,400	349,400	100.0%
Oklahoma	130,700	130,700	100.0%
Oregon	129,500	77,500	59.9%
Pennsylvania ¹³	263,400	263,400	100.0%
Rhode Island	26,200	26,200	100.0%
South Carolina	123,300	123,300	100.0%
South Dakota	22,700	22,700	100.0%
Tennessee ¹⁴	160,000	160,000	100.0%
Texas ¹⁵	1,090,400	1,090,400	100.0%
Utah ¹⁶	64,100	64,100	100.0%
Vermont	14,600	4,100	28.2%
Virginia	180,200	180,200	100.0%
Washington ¹⁷	185,600	185,600	100.0%
West Virginia	68,100	68,100	100.0%
Wisconsin ¹⁸	123,400	123,400	100.0%
Wyoming	17,200	17,200	100.0%
US total	9,949,400	9,337,000	93.8%

Notes: Numbers in **bold italics** have a relative standard error greater than 0.3.

Numbers smaller than 75,000 should be read with caution, as they are subject to reporting, data collection, estimation, and other errors.

Table 3

2003 Annual Eligibility Levels for Adults: Medicaid or Medicaid-like State Programs

State	Parents (Family of Three)		Non-Parent Adults	
	In Dollars	% of Poverty	In Dollars	% of Poverty
Alabama	\$3,048	20%	\$0	0%
Alaska ¹	\$15,504	81%	\$0	0%
Arizona	\$30,528	200%	\$8,980	100%
Arkansas	\$ 3,060	20%	\$0	0%
California ²	\$ 16,344	107%	\$0	0%
Colorado	\$ 6,132	40%	\$0	0%
Connecticut	\$16,344	107%	\$0	0%
Delaware	\$18,336	120%	\$8,980	100%
District of Columbia	\$30,528	200%	\$ 17,960	200%
Florida	\$ 9,672	63%	\$0	0%
Georgia	\$ 9,034	59%	\$0	0%
Hawaii ³	\$17,556	100%	\$0	0%
Idaho	\$4,884	32%	\$0	0%
Illinois ⁴	\$14,820	97%	\$0	0%
Indiana	\$ 4,536	30%	\$0	0%
Iowa	\$12,780	84%	\$0	0%
Kansas	\$ 5,916	39%	\$0	0%
Kentucky	\$ 10,908	71%	\$0	0%
Louisiana	\$ 3,360	22%	\$0	0%
Maine ⁵	\$ 23,976	157%	\$8,980	100%
Maryland	\$ 6,288	41%	\$0	0%
Massachusetts ⁶	\$ 20,304	133%	\$ 11,943	133%
Michigan ⁷	\$ 9,285	61%	\$0	0%
Minnesota ⁸	\$ 41,976	275%	\$ 15,715	175%
Mississippi	\$ 5,496	36%	\$0	0%
Missouri ⁹	\$12,840	84%	\$0	0%
Montana	\$ 10,248	67%	\$0	0%
Nebraska	\$ 9,165	60%	\$0	0%
Nevada	\$13,440	88%	\$0	0%
New Hampshire	\$ 9,375	61%	\$0	0%
New Jersey ¹⁰	\$ 6,396	42%	\$0	0%
New Mexico	\$10,836	71%	\$0	0%
New York ¹¹	\$ 22,896	150%	\$ 8,980	100%
North Carolina	\$ 8,988	59%	\$0	0%
North Dakota	\$14,376	94%	\$0	0%
Ohio ¹²	\$15,264	100%	\$0	0%
Oklahoma	\$ 7,092	46%	\$0	0%
Oregon	\$15,264	100%	\$ 8,980	100%
Pennsylvania ¹³	\$10,094	66%	\$0	0%
Rhode Island	\$ 29,316	192%	\$0	0%
South Carolina	\$15,000	98%	\$0	0%
South Dakota	\$ 9,552	63%	\$0	0%
Tennessee ¹⁴	\$13,164	86%	\$0	0%
Texas ¹⁵	\$ 4,740	31%	\$0	0%
Utah ¹⁶	\$ 8,076	53%	\$0	0%
Vermont	\$ 28,236	185%	\$ 13,470	150%
Virginia	\$ 5,592	37%	\$0	0%
Washington ¹⁷	\$13,104	86%	\$0	0%
West Virginia	\$ 5,971	39%	\$0	0%
Wisconsin ¹⁸	\$ 28,236	185%	\$0	0%
Wyoming	\$ 9,480	62%	\$0	0%

Source: Families USA survey. Eligibility levels current as of June 2003, unless otherwise noted.

Notes for Tables

Income eligibility levels for Medicaid or Medicaid-like programs were derived from survey data compiled by Families USA and were current as of June 2003, unless otherwise noted. The eligibility levels for “parents” are for a family of three with one working parent applying for the state’s Medicaid program. The eligibility levels for “parents” assume that all income is from work and include the standard earned income disregards. The eligibility levels for “non-parents” are for an individual living alone applying for the state’s Medicaid program (except in Minnesota and the District of Columbia, where the eligibility is for a state-wide program covering non-disabled adults that enables them to see a range of providers and obtain benefits that are the same as, or similar to, those available in the Medicaid program). The eligibility levels for “non-parents” do not include any earned income disregards.

¹ In Alaska, the federal poverty level is higher than the federal poverty level for the 48 contiguous states and the District of Columbia. The federal poverty level for a family of three in Alaska was \$19,070 in 2003, compared to \$15,260 for a family of three in the 48 contiguous states.

² California has received a SCHIP Section 1115 waiver to expand coverage for parents up to 200 percent of the federal poverty level. Although the waiver was approved in 2002, it has not been implemented.

³ Hawaii has a Section 1115 waiver to cover childless adults up to 100 percent of the federal poverty level. However, enrollment in this program is capped, and no applications are currently being accepted. In Hawaii, the federal poverty level is higher than the federal poverty level for the 48 contiguous states and the District of Columbia. The federal poverty level for a family of three in Hawaii was \$17,550 in 2003, compared to \$15,260 for a family of three in the 48 contiguous states.

⁴ Illinois has a Section 1115 waiver to expand coverage for parents up to 185 percent of the federal poverty level. The waiver has been partially implemented. Illinois’s parental eligibility levels listed here reflect eligibility effective as of July 1, 2003.

⁵ Maine has enacted legislation to increase eligibility for parents to 200 percent of the federal poverty level, and it has received a Section 1115 waiver to expand coverage for childless adults to 125 percent of the federal poverty level. The state expects to implement these provisions in July 2004 as part of its Dirigo Health initiative.

⁶ Massachusetts has a Section 1115 Medicaid waiver program (MassHealth) that provides coverage for adults with incomes up to 133 percent of poverty. Adults without dependent children can only enroll in MassHealth if they are long-term unemployed and have incomes below 133 percent of poverty; therefore, this report over-estimates the number of uninsured non-parent adults who are eligible for MassHealth.

⁷ Michigan received a Section 1115 waiver in January 2004 to cover childless adults up to 35 percent of the federal poverty level using unspent SCHIP funds.

⁸ Minnesota operates a health coverage program called MinnesotaCare that provides coverage for parents with incomes up to 275 percent of poverty and a separate program that covers non-parent adults up to 175 percent of poverty. The state has a Section 1115 waiver to use matching federal SCHIP funds to cover parents between 100 and 200 percent of poverty. Coverage for non-parents is state funded, and the benefit package is more limited than Medicaid.

⁹ Missouri allows one year of additional coverage for custodial parents with incomes below 100 percent of the federal poverty level who lose eligibility for Transitional Medical Assistance.

¹⁰ New Jersey's FamilyCare program, which covers parents up to 200 percent of the federal poverty level under SCHIP, has been closed to new enrollees since June 2002. FamilyCare has also covered childless adults with state-only funds, but enrollment has been closed since September 2001.

¹¹ New York has a Section 1115 waiver to cover non-parent adults up to 100 percent of the federal poverty level under the state's Family Care Plus program. The number and percent of uninsured non-parent adults in New York ineligible for Medicaid listed in Table 2 reflects eligibility levels in effect prior to implementation of the waiver. The actual numbers are lower than those listed in the table.

¹² Ohio's parent Medicaid expansion to 100 percent of the federal poverty level is limited to 24 months in any 30-month period.

¹³ Pennsylvania has a state-funded health insurance program called adultBasic that covers adults up to 200 percent of the federal poverty level. Enrollment in this program is capped, and new applicants are placed on a waiting list.

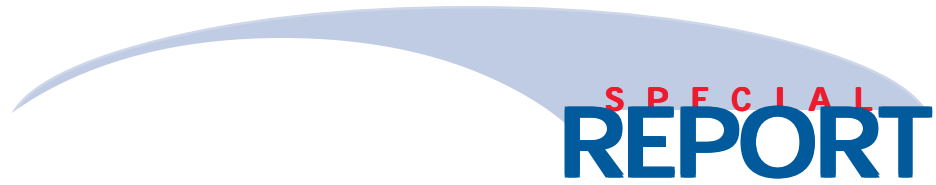
¹⁴ Tennessee has a Section 1115 waiver expansion to provide subsidized Medicaid coverage to all adults with incomes below 400 percent of the federal poverty level, but due to a cap on the number of people who can participate in the program, enrollment in the expansion has only been open to uninsurable adults and dislocated workers since 1995.

¹⁵ Texas reduced annual financial eligibility for parents to \$3,696 effective November 1, 2003.

¹⁶ Utah has a Section 1115 waiver to operate a primary care network for 25,000 adults with incomes below 150 percent of the federal poverty level. The program has a limited benefit package and does not include specialty care or hospitalization. The state is not currently accepting new applications.

¹⁷ Washington has a state-funded health insurance program called the Basic Health Plan that covers parents and non-parent adults up to 200 percent of the federal poverty level. Enrollment in the program is currently capped, and new applicants are placed on a waiting list.

¹⁸ Wisconsin covers children and parents in BadgerCare until their family incomes reach 200 percent of the federal poverty level.



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