



# ILLINOIS FAMILIES STUDY

## policy brief

number 6

J u l y

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# Trends in health insurance coverage

## Uneven progress for parents and children in the wake of welfare reform

### Summary

*Results from the first two annual Illinois Families Study surveys show that between 1999-00 and 2001 rates of insurance coverage improved for children and worsened for parents. The proportion of adults with no health coverage rose six percentage points, resulting in one-quarter of parents being uninsured in 2001, compared to 9% of children in 2001. Although both parents and children saw significant increases in employer-sponsored insurance and decreases in Medicaid receipt, Medicaid remained the most important source of coverage for these families. The sharp decline in Medicaid receipt for adults in this sample during the two-year study period appears to be the primary cause of decreased coverage for parents. Recent efforts to maintain and expand coverage for low-income children appear to have been successful for this group of families. Lessons learned from insuring children should now be applied to their parents.*

### Introduction

As shown in Illinois Families Study policy brief number 5 (July 2002), nearly one-quarter of parents interviewed in 1999-00 had no health insurance. Drawing upon two rounds of interviews with a group of 1,183 families in 1999-00 and 2001, this policy brief follows up on that finding by assessing trends in health insurance coverage for current and former welfare recipients and their children in Illinois over a two-year period.

There are important policy differences in the provision of publicly-funded health insurance for parents and children. Income eligibility cutoffs for Medicaid are higher for children than for adults, meaning that in some families, children may qualify for Medicaid benefits, while their parent does not. In addition, the KidCare (S-CHIP) program currently provides coverage for children and pregnant women only.

### Health insurance characteristics: Adults

Significant increases in employer-sponsored health insurance between 1999-00 and 2001 were not enough to offset a large decline in Medicaid receipt, resulting in an increase in the number of uninsured adults. Although Medicaid remained the most common form

Figure 1. **Current health insurance: Adults (n=1,182)**

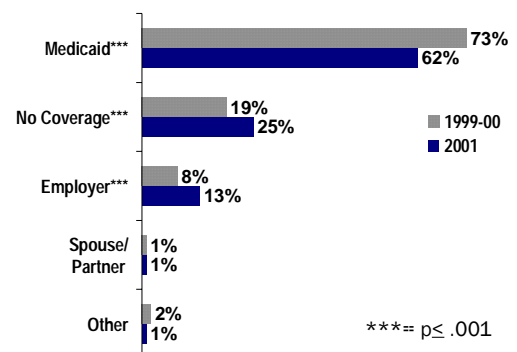
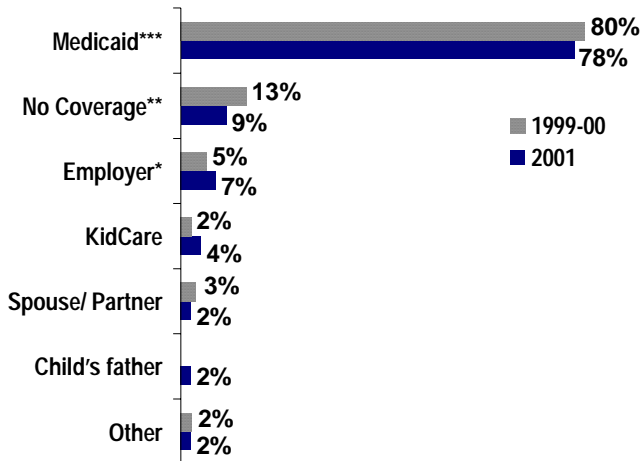


Figure 2. **Current health insurance: Children**  
(n=1,156-1,170)



Note: Respondents were asked if any of their children were covered by these insurance options. Respondents were not asked about coverage through the child's father in 1999-00.

Figure 3. **No health insurance**

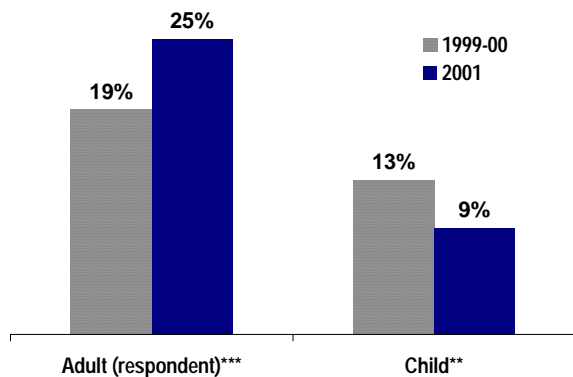
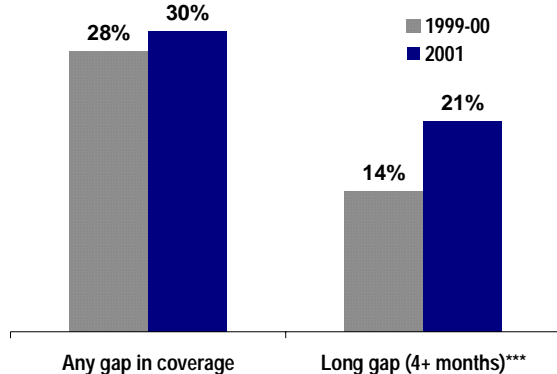


Figure 4. **Gaps in health insurance coverage during past year: Adults**



\*= p ≤ .05, \*\*= p ≤ .01, \*\*\*= p ≤ .001

of coverage, Medicaid receipt rates fell 11 percentage points, from 73% of adults in 1999-00 to only 62% in 2001 (see Figure 1). Meanwhile, the proportion of respondents with health insurance through their employer rose 5 percentage points, from 8% in 1999-00 to 13% in 2001. The proportion of adults with no health coverage rose 6 percentage points, resulting in one-quarter of the sample being uninsured at the time of the 2001 interview. Only a fraction of respondents reported being covered through their spouse or partner or through some other source.

### Health insurance characteristics: Children

Changes in health insurance status for children were more positive and less dramatic than for adults. Increases in KidCare and employer-sponsored coverage helped to offset declines in Medicaid, resulting in a decrease in the number of uninsured children (see Figure 2). Medicaid was also the most common form of coverage for children, although it declined from 80% in 1999-00 to 78% in 2001. More children were covered by KidCare (4%) or through an employer-based plan (7%) in 2001 than in 1999-00 (2% and 5%, respectively). Overall, 9% of children were uninsured in 2001, compared to 13% in 1999-00. Few children were covered by their parent's spouse or partner, their father, or some other source of coverage.

### No health insurance

Perhaps the most striking trend was the significant improvement in coverage rates for children that occurred simultaneously with a significant decline in coverage for their parents. As of 2001, 9% of children had no coverage, compared to 25% of adults (see Figure 3).

### Gaps in coverage

Parents were asked if they or any of their children experienced a gap in health insurance coverage during the past year. Reflecting the trends in health insurance coverage in general, more parents reported gaps in 2001 than in 1999-00, while fewer children experienced gaps (see Figures 4 and 5). Overall, 30% of parents and 19% of children experienced a gap in coverage in 2001. Parents had a significant increase in "long gaps" (four or more months without coverage), from 14% in 1999-00 to 21% in 2001.

## Conclusions

Medicaid remained the most common form of health insurance for these families, while private coverage was rare, indicating that publicly-funded programs are the most viable source of coverage for these low-income families. Children clearly made progress, with decreases in the proportion of children who were uninsured or had experienced any gaps in coverage. Their parents, on the other hand, saw significant increases in uninsurance and gaps in coverage. The sharp decline in Medicaid coverage appears to be the primary cause of decreased coverage for parents. It is unclear from these findings how many of these parents who lost Medicaid are still eligible for the program or simply exceeded the eligibility requirements. Expanded eligibility, along with increased take-up among those who are currently eligible for public programs, may both be needed to ameliorate the problem.

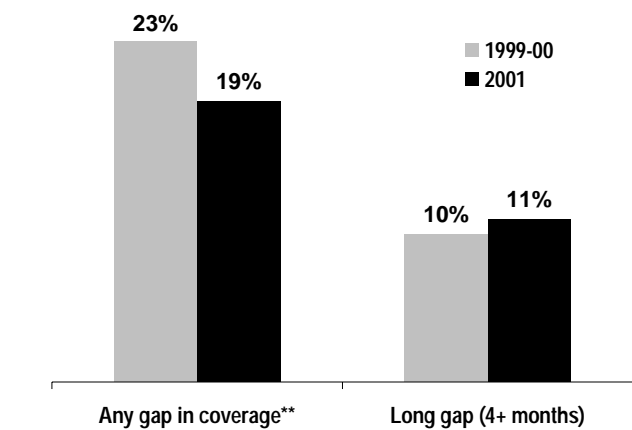
## Policy implications

Recent efforts to maintain and expand coverage for low-income children, including outreach campaigns for KidCare and Medicaid, appear to have been successful at increasing coverage for the children of current and former welfare recipients in Illinois. That 9% of children were still uninsured in 2001, however, indicates that there is still more work to be done. Health coverage for parents obviously demands greater attention. Hopefully the lessons learned from insuring low-income children can now be applied to their parents.

The following strategies may help to improve health insurance coverage for low-income families:

- Raise income eligibility cutoffs for Medicaid, especially for adults
- Expand Transitional Medicaid Assistance (TMA) beyond 6-12 months after TANF exit
- Extend KidCare (S-CHIP) coverage to parents through the FamilyCare program
- Support outreach efforts that increase take-up of Medicaid and KidCare among those who are eligible but not enrolled
- Encourage private employers to expand health insurance coverage for low-income workers

Figure 5. **Gaps in health insurance coverage during past year: Children**



\*\*=  $p \leq .01$

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## About this study

The goal of the Illinois Families Study (IFS) is to inform policymakers about how Illinois families have been faring since the implementation of welfare reform. The study is being conducted by a consortium of researchers from five Illinois universities: Northwestern University, Roosevelt University, Northern Illinois University, University of Illinois at Chicago, and the University of Chicago. The interviews are conducted by Metro Chicago Information Center (MCIC).

A total of 1,363 current and former welfare recipients from nine Illinois counties were interviewed at Wave 1 of the study (November 1999 - September 2000). Of those respondents, 1,183 were interviewed again at Wave 2 (February 2001 - September 2001). The response rates were 72% at Wave 1 and 87% at Wave 2. All analyses are weighted to adjust for regional stratification and non-response. The study will continue to follow these families for a total of six years.

## For more information about the study:

[www.northwestern.edu/ipr/research/IFS.html](http://www.northwestern.edu/ipr/research/IFS.html)

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