

How Will the Uninsured Be Affected by Health Reform?

Childless Adults

Timely Analysis of Immediate Health Policy Issues

August 2009

Lisa Dubay, Allison Cook and Bowen Garrett



Robert Wood Johnson Foundation



Urban Institute

How Will Uninsured Childless Adults be Affected by Health Reform?

Lisa Dubay, Allison Cook, Bowen Garrett

SUMMARY

An estimated 25.1 million uninsured childless adults account for 57 percent of all uninsured Americans and have been largely ignored by public health insurance programs. The current health reform proposals being debated in Congress could give them new coverage options. In this analysis, a health reform scenario is modeled that would expand Medicaid to individuals with incomes up to 133 percent of the federal poverty line (FPL), provide subsidies for individuals with incomes between 133 and 399 percent of the FPL, and require individuals to obtain coverage through an individual mandate. This reform would make 38 percent of uninsured childless adults eligible for Medicaid and another 38 percent eligible to receive subsidies. Of the remaining 24 percent of uninsured childless adults, about half could be required to have coverage but would not receive any financial assistance and about half are immigrants, whom the model assumes to be excluded from all assistance on the basis of authorization status or length of time residing in the country.

Under the current system, only about 19 percent of uninsured childless adults have an offer of employer-sponsored coverage and only 12 percent are eligible for the Medicaid program. If uninsured childless adults tried to buy health insurance today, many would face unaffordable premiums or could not obtain coverage due to the health status of someone in their family. If health reform fails, these data suggest that affordable coverage will remain elusive to many uninsured childless adults.

Introduction

The details of health reform will be hammered out in Congress but along a number of dimensions there is broad consistency among the proposals initially offered by the Senate Finance and Health, Education, Labor and Pension (HELP) Committees and the House Tri-Committees. Under each proposal, an expansion of the Medicaid program to poor and near-poor populations is planned as are subsidies to purchase insurance coverage in a reformed market for those with moderate incomes. Those with higher incomes and some immigrants would not be eligible for either the Medicaid expansion or subsidies, but would benefit from the existence of a reformed health insurance market. The proposed reforms would greatly expand coverage options available to childless adults, a population that has historically been ignored by public health insurance programs. This brief describes the population of uninsured childless adults and the extent to which they contribute to the overall problem of uninsurance in the United States. It also identifies the mechanisms through which they would likely be covered under reform and

the affordability of coverage for them in today's market.

Background

Childless adults who are not disabled have been largely excluded from public safety net programs such as Medicaid and the Children's Health Insurance Program (CHIP) that cover children and, to a lesser extent, parents. This circumstance is historically tied to restrictions of the Medicaid program which limit eligibility to certain categorical groups such as families with children or the disabled. As a result, public health insurance coverage of non-disabled childless adults occurs only under Medicaid waiver programs and initiatives that rely on state-only funding.

The variation in Medicaid policies for different groups is apparent when public program eligibility for childless adults is compared to that for children and parents. As of April 2009, 24 states provided health insurance coverage to childless adults.¹ However, only 6 of these states provided the full scope of benefits available

through the state's regular Medicaid program, with Vermont offering the most generous full benefit coverage at 150% of the federal poverty level (FPL). In four states, coverage and subsidies is limited to certain groups of childless adults, for example, those working in small firms or who are self-employed.² Further, in six of the states, enrollment for childless adults was closed as of April 2009.

In contrast, all but seven states cover children in families with incomes up to 200 percent of the FPL under Medicaid and CHIP, with 25 states covering children with incomes above this level.³ Twenty-eight states cover parents with incomes up to the poverty level or higher and 6 of these states cover them above 200 percent of the FPL. Partly as a result of this differential policy, childless adults have much higher rates of uninsurance than children and parents and constitute a disproportionately large share of the uninsured.⁴

Recently introduced healthcare reform proposals have the potential to make coverage available for millions of childless adults who are currently uninsured. The Senate Finance Committee has outlined a proposal to expand Medicaid to all individuals with incomes up to 115 percent of FPL and to provide subsidies for individuals up to 400 percent of FPL to purchase coverage through a Health Insurance Exchange. The Senate HELP Committee has released legislation to expand Medicaid to 150 percent of FPL and to provide subsidies for individuals and families up to 500 percent of FPL to purchase coverage. In addition, the House Committees on Ways and Means, Energy and Commerce, and Education and Labor (Tri-Committees) have recently released a proposal that would expand Medicaid to 133 percent of FPL and would provide subsidies up to 400 percent of FPL.⁵

Each of the proposals also would make major reforms to the small and individual group markets establishing a mechanism or structure for risk pooling either through regional or national exchanges as specified by the Senate Finance and House Tri-Committees or state or regional gateways as proposed by the Senate HELP Committee. In addition, each of the proposals

would require guaranteed issue as well as renewability and the elimination of pre-existing condition exclusions and rate variation based on health status in these exchanges or gateways. Each would also enact an individual mandate to obtain health insurance coverage.

Despite the consistency along these dimensions, the proposals vary along others. Some of the reform proposals make distinctions between whether childless adults will be served in the Medicaid program or through subsidies in a reformed market. In the latter case, low-income childless adults would not receive the cost-sharing protections or benefit packages offered by the Medicaid program. In addition, the proposals vary by the structure and amount of the subsidies and whether those with an offer of employer-sponsored coverage would have the same affordability protections as those without an offer. Regardless, the proposals all dramatically expand eligibility for public coverage and subsidies for childless adults.

Data and Methods

This analysis focuses on non-elderly uninsured childless adults, that is, individuals age 19 to 64 who do not have a child 18 years old or younger living at home. The main source of data for the analysis is the March 2008 Annual Social and Economic Supplement to the Current Population Survey (CPS) representing income and health insurance coverage for 2007. A long standing debate exists regarding whether insurance estimates from the CPS represent people who responded by providing their coverage at the time of the survey or responded about their health insurance coverage over the course of the year (as intended) but with recall error because of the long reference period. The Census Bureau commented on this issue and stated that CPS estimates were more closely in line with point in time estimates of the uninsured.⁶ In this brief, we interpret the data as providing measures of the average point in time experience. While the CPS is the most frequently cited national survey on health insurance it lacks information on a number of factors needed for this analysis. As a result, CPS data are supplemented in a number of ways.

First, individuals eligible for Medicaid, the Children's Health Insurance Program (CHIP), and state-only financed programs are identified using a detailed Medicaid and CHIP eligibility model developed at the Urban Institute's Health Policy Center by the authors.⁷ To account for whether foreign born individuals are unauthorized or authorized immigrants and therefore eligible for public health insurance coverage in our eligibility model, we impute immigrant status to the CPS. Imputations are based on a simulation model that identified immigrant status on the March 2004 CPS. Data from this model are used to predict immigrant status on the March 2008 CPS.⁸

Second, estimates of insurance coverage are adjusted to account for the underreporting of Medicaid and CHIP on the CPS using a methodology developed for previous analyses.⁹ This adjustment had the effect of reducing the uninsured by 1.1 million (from 45.0 million to 43.9 million), all of whom were children.

Third, the CPS lacks information regarding whether individuals have an offer of insurance from their employer as well as the costs faced by individuals and families of obtaining employer-sponsored or private non-group coverage. To address these data gaps, we use baseline data from the Health Insurance Policy Simulation Model (HIPSM) to model whether uninsured employed individuals have an offer of coverage that they are declining, the cost of employer-sponsored coverage among those with an offer, and the cost of private non-group coverage. HIPSM baseline data are estimated using the February and March 2005 CPS and statistical matching with the Medical Expenditure Panel Survey from 2002 to 2005. Using data from the February CPS and the MEPS, HIPSM simulates individual and family level offer rates, employee premium contributions, and non-group premiums for 2004.^{10,11} We use data from the HIPSM model to impute these variables on the 2008 CPS.

Variables estimated from HIPSM are used to approximate the cost of obtaining insurance coverage under the current system using the following algorithm. For uninsured persons who have an offer of coverage from their employer either for themselves or in their family, the cost of obtaining coverage is considered to be the

employee contribution for employer sponsored coverage. For uninsured persons without an offer of coverage, the private non-group premium required to cover the individual or family is considered to be the cost of obtaining coverage. Non-group premiums produced by HIPSM vary by age, sex, and health status and are summed to produce family level premiums.^{12,13} In addition, 50 percent of individuals who report being in fair or poor health are designated as uninsurable as are families with uninsurable individuals.¹⁴

Given that the proposals are relatively consistent with respect to the overall structure of reform, we model a reform scenario that would expand Medicaid to all individuals up to a specific income level and provide public subsidies to moderate income individuals. Specifically, under this model, individuals are assigned to one of three likely coverage categories based on their gross income: 1) Medicaid expansion for those with incomes below 133 percent of the federal poverty line (FPL); 2) subsidized coverage through an exchange, for those with incomes between 133 percent of the FPL and 399 percent of the FPL; and 3) unsubsidized coverage for those with incomes of at least 400 percent of the FPL.¹⁵ Unauthorized immigrants and authorized immigrants who have been in the country for less than five years are assumed to be ineligible and are excluded from these groups and the main analysis.

Importantly, the proposals being considered currently vary along some components that are not modeled here. First, the proposals differ by whether childless adults who would be made eligible for Medicaid would be served through the Medicaid program or through the exchange. Second, the proposals differ by whether and under what circumstances individuals and families income eligible for subsidies under reform but with an offer of employer-sponsored coverage would have access to these subsidies. Third, the proposals differ regarding whether recent authorized immigrants would be eligible for subsidies. This group of immigrants is assumed to not be eligible for Medicaid or subsidies which may understate estimates of those eligible for subsidies if the final legislation includes them.

Results

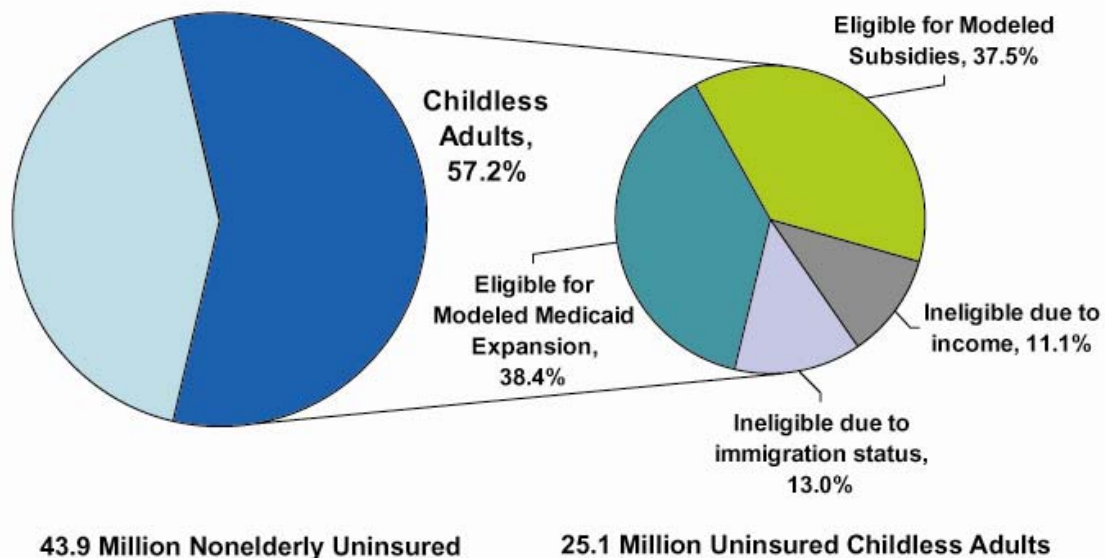
In 2007, 25.1 million non-elderly childless adults were uninsured, accounting for 57.2 percent of the uninsured non-elderly in the United States.¹⁶ Under the reform options modeled here, 38.4 percent of uninsured childless adults or 9.6 million would be eligible under a Medicaid expansion to 133 percent of the FPL. Another 37.5 percent or 9.4 million have incomes between 133 and 399 percent of the FPL and would be eligible for subsidies to purchase insurance in a reformed market. Eleven percent or 2.8 million would not be eligible for either a Medicaid expansion or a subsidy due to their income being at least 400 percent of the FPL, but would still be required to purchase coverage under an individual mandate (Figure 1). Another 13.0 percent of uninsured childless adults would also not be eligible for Medicaid or subsidies because they are either unauthorized immigrants or authorized immigrants who have been in the country for less than five years. The latter group is excluded from subsequent analyses.

Access to Health Insurance Coverage in Today's System

Access to affordable health insurance coverage in today's market varies considerably across the three coverage categories of uninsured adults. Among those who would be eligible for a Medicaid expansion under the modeled reform, only 24.0 percent are currently eligible for public health insurance coverage and just 8.2 percent have an offer of coverage through their employer or their spouse's employer (Figure 2, Table 1).

This is due in part to the fact that 46.4 percent are non-workers most of whom, unlike parents in similar circumstances, do not have the option of enrolling in the Medicaid program. Among those who are working, however, the lack of employer offers of coverage occurs for those working in firms of all sizes. Twenty-seven percent of uninsured individuals who are working or who have a working spouse are self-employed, 26.8 percent are employed by small firms, and 46.1 percent are employed by large firms (data not shown).

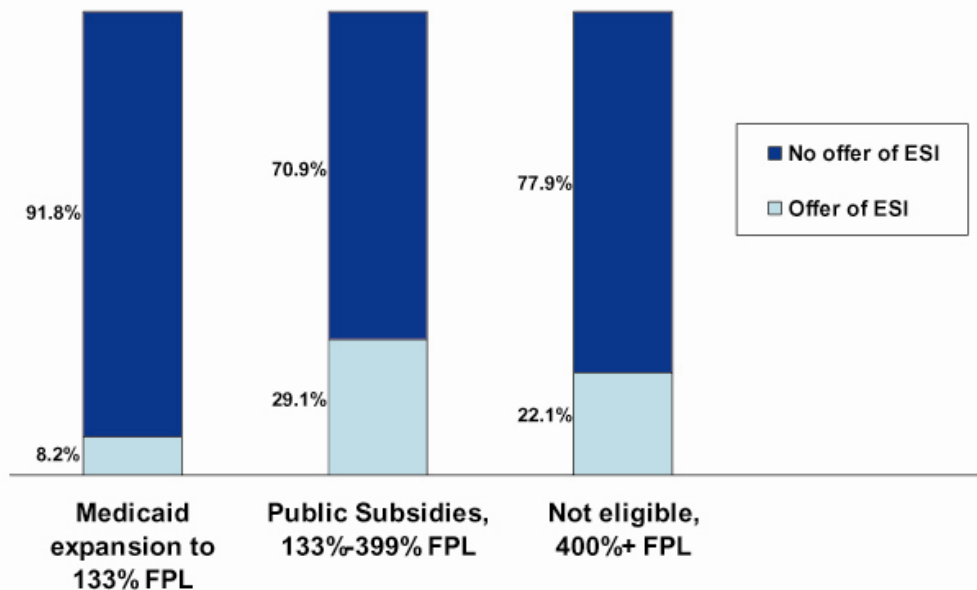
Figure 1. Share of Uninsured Childless Adults Who Would Be Eligible for a Medicaid Expansion or Public Subsidies Under Modeled Health Reform



Notes: Under the modeled health reform scenario, uninsured who would be eligible for Medicaid have income less than 133% of the FPL; those who would be eligible for subsidies have income between 133% and 399% of the FPL. Income-ineligible uninsured have income of 400% or more of the FPL. Uninsured ineligible on the basis of immigration status include authorized immigrants who have resided in the U.S. for less than five years as well as unauthorized immigrants. Estimates of uninsured have been adjusted for the underreporting of public coverage on the Current Population Survey.

Source: Urban Institute Health Policy Center Eligibility Model, based on data from the 2008 ASEC to the CPS.

Figure 2. Access to Employer-Sponsored Coverage Among Uninsured Childless Adults in Today's Market by Coverage Category Under Reform



Note: Childless adults who would be ineligible for Medicaid or subsidies on the basis of immigration status or because they have resided in the United States for fewer than five years are not included in these estimates.

Source: Urban Institute Health Policy Center Eligibility Model, based on data from the 2008 ASEC to the CPS.

When affordability of coverage is considered for uninsured childless adults who would be covered under a Medicaid expansion up to 133 percent of the FPL it is clear why they are uninsured. Only 1.1 percent currently face premiums below 5 percent of their income and 7.7 percent face premiums in the current market that are between 5 and 9 percent of their income (Figure 3). Nearly 30 percent face premiums that comprise between 10 and 49 percent of their income; 55.5 percent face premiums that comprise 50 percent or more of their income; and 6.3 percent are likely uninsurable in the non-group market.

Among uninsured childless adults who would receive subsidies under the reform modeled here, the picture is slightly different but affordable coverage is still largely unavailable to them under the current system. Virtually all of these uninsured childless adults are either working themselves or the spouse of a worker. Nonetheless, overall only 29.1 percent have an

offer of employer-sponsored coverage. Moreover, for those who do have an offer of employer-sponsored coverage, subsidies are likely to be available only if the employee contribution exceeds some share of income. Lack of offers of coverage is not limited to those who are self-employed or work in small firms. Forty-two percent of the childless adults who would get subsidies under reform work in firms with at least 100 employees.

More than forty percent of uninsured childless adults who would receive subsidies under reform currently face premiums that comprise 10 percent or more of their income or are uninsurable and another 22.6 percent face premiums between 5 and 9 percent of their income. However, 35 percent of these uninsured childless adults currently face premiums that are less than 5 percent of their income in the today's market. The individual mandate should mean that some of the individuals in this group who have access to affordable coverage will become insured either through their jobs or the exchange.

Table 1. Access to Health Insurance Coverage Among Uninsured Childless Adults in Today's Market by Coverage Category Under Reform

	Total		Modeled Health Reform					
			Medicaid Expansion to 133% FPL		Public Subsidies, 133%-399% FPL		Not Eligible for Subsidies, Income 400%+ FPL	
	(millions)	%	(millions)	%	(millions)	%	(millions)	%
Total	21.8	100.0%	9.6	100.0%	9.4	100.0%	2.8	100.0%
Current Medicaid/CHIP Eligibility								
Eligible	2.6	12.0%	2.3	24.0%	0.3	3.2%	0.0	0.0%
Ineligible	19.2	88.0%	7.3	76.0%	9.1	96.8%	2.8	100.0%
Work Status of Family								
Full-time workers	13.5	62.1%	3.0	30.9%	8.0	85.0%	2.6	92.8%
Part-time workers only	3.3	15.2%	2.2	22.7%	1.0	10.8%	0.1	4.3%
Non-working	5.0	22.7%	4.5	46.4%	0.4	4.2%	0.1	2.8%
Firm Size of Family								
Non-working	5.0	22.7%	4.5	46.4%	0.4	4.2%	0.1	2.8%
Self-employed	4.5	20.7%	1.4	14.5%	2.3	24.9%	0.8	27.6%
<25	2.5	11.4%	0.7	7.6%	1.4	14.7%	0.4	13.1%
25-99	2.3	10.5%	0.6	6.7%	1.3	14.1%	0.3	11.6%
100-999	5.4	24.9%	1.8	18.9%	2.9	31.1%	0.7	25.3%
1000+	2.1	9.8%	0.6	5.8%	1.0	10.9%	0.5	19.6%
Access to ESI								
No offer of ESI	17.7	81.0%	8.8	91.8%	6.7	70.9%	2.2	77.9%
Offer of ESI	4.1	19.0%	0.8	8.2%	2.7	29.1%	0.6	22.1%
Premium Faced as a Percent of Family Income								
<5%	4.8	22.1%	0.1	1.1%	3.3	35.0%	1.4	51.2%
5-9%	3.7	17.1%	0.7	7.7%	2.1	22.6%	0.9	31.0%
10-49%	6.3	28.7%	2.8	29.4%	3.1	33.1%	0.3	11.2%
50%+	5.5	25.3%	5.3	55.5%	0.2	2.0%	0.0	0.0%
Family uninsurable	1.5	6.8%	0.6	6.3%	0.7	7.5%	0.2	6.6%
Insurance Coverage in Family								
All Uninsured	20.4	93.7%	9.4	97.3%	8.7	93.0%	2.3	83.5%
Some ESI	0.8	3.7%	0.0	0.5%	0.4	4.4%	0.4	12.8%
Some Public	0.2	0.9%	0.1	0.9%	0.1	0.9%	0.0	0.9%
Both ESI and Public	0.0	0.1%	0.0	0.2%	0.0	0.1%	0.0	0.1%
Other	0.3	1.6%	0.1	1.1%	0.2	1.7%	0.1	2.7%

Notes: Childless adults ineligible due to income are those who would not qualify for either Medicaid or subsidies under reform because their family income is above the income eligibility threshold for both. Childless adults who would not be eligible on the basis of immigration status are not included in these estimates. Estimates of uninsured childless adults reflect an adjustment for the underreporting of public coverage on the CPS. Family characteristics are those of the nuclear family unit composed of individuals eligible for a family health insurance policy. Firm size of family reflects the largest firm size of the working head and/or spouse in the family. Access to ESI refers to whether the family has an offer of ESI. Premiums are family premiums. Uninsurable families are those in which one or more member is estimated to be unable to obtain coverage due to health status.

Source: Urban Institute Health Policy Center Medicaid/CHIP Eligibility Model based on data from the 2008 Annual Social and Economic Supplement to the CPS.

Among the higher income uninsured childless adults, those with incomes at least 400 percent of the FPL, 78 percent do not have an offer of coverage from their employer despite nearly full employment and the fact that almost 50 percent work in firms with at least 100 employees. When affordability is considered for this population, it appears that coverage does not exceed 10 percent of income for many. Half of these uninsured childless adults face premiums that are less than 5 percent of their income and 31.0 face premiums that are between 5 and 9 percent of income. Consequently, the individual mandate should result in increased coverage among uninsured childless adults among those with incomes of at least 400 percent of the FPL who would not be eligible for subsidies.

Demographic Characteristics

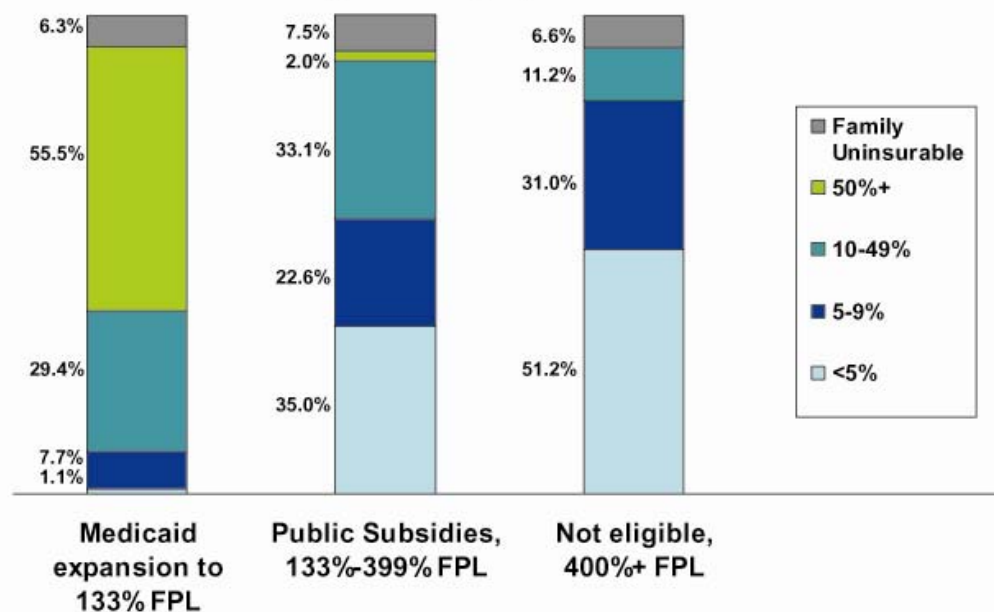
Uninsured childless adults are often portrayed as young people in good health, but the reality is more complex. Across all groups of uninsured childless adults, 24.8 percent are age 19 to 24,

23.7 percent are age 25 to 34, and 15.2 percent are age 35 to 44 (Table 2). However, 36.3 percent of uninsured childless adults are age 45 to 64. In terms of health status, about 60 percent of the childless adults in each of the groups are reported to be in excellent or very good health. About 30 percent are reported to be only in good health, 10.0 percent to be in fair health, and 4.5 percent to be in poor health.

Geographic variation is relatively consistent across the three policy groups with 41.3 percent of all uninsured childless adults residing in the South, 24.7 percent residing in the West, 18.9 percent residing in the Midwest and 15.1 percent residing in the Northeast. To the extent that states will play a role in financing expansions in coverage, these results suggests that states in the South and West will be disproportionately affected.

Finally, while uninsured childless adults have incomes that span the distribution, they are concentrated among the lower income groups.

Figure 3. Premiums as a Percent of Family Income Among Uninsured Childless Adults in Today's Market by Coverage Category Under Reform



Notes: Childless adults who would be ineligible for Medicaid or subsidies on the basis of immigration status or because they have resided in the United States for fewer than five years are not included in these estimates. Data may not sum to 100% due to rounding.

Source: Urban Institute Health Policy Center Eligibility Model, based on data from the 2008 ASEC to the CPS.

Table 2. Demographic Characteristics of Uninsured Childless Adults in Today's Market by Coverage Category Under Reform

	Total		Modeled Health Reform					
	(millions)	%	Medicaid Expansion to 133% FPL		Public Subsidies, 133%-399% FPL		Not Eligible for Subsidies, Income 400%+ FPL	
	(millions)	%	(millions)	%	(millions)	%	(millions)	%
Total	21.8	100.0%	9.6	100.0%	9.4	100.0%	2.8	100.0%
Family Income as a Percent of the FPL								
Below 50% FPL	5.4	25.0%	5.4	56.5%	0.0	0.0%	0.0	0.0%
50-99% FPL	2.5	11.3%	2.5	25.5%	0.0	0.0%	0.0	0.0%
100-132% FPL	1.7	7.9%	1.7	17.9%	0.0	0.0%	0.0	0.0%
133-199% FPL	3.7	17.2%	0.0	0.0%	3.7	39.8%	0.0	0.0%
200-299% FPL	3.7	17.0%	0.0	0.0%	3.7	39.4%	0.0	0.0%
300-399% FPL	2.0	9.0%	0.0	0.0%	2.0	20.8%	0.0	0.0%
400%+ FPL	2.8	12.7%	0.0	0.0%	0.0	0.0%	2.8	100.0%
Age								
19-24	5.4	24.8%	2.9	30.2%	2.2	23.4%	0.3	11.2%
25-34	5.2	23.7%	2.3	23.4%	2.4	25.7%	0.5	18.0%
35-44	3.3	15.2%	1.3	14.0%	1.4	15.4%	0.5	18.5%
45-54	4.5	20.5%	1.8	18.3%	1.9	20.4%	0.8	28.6%
55-64	3.4	15.8%	1.4	14.1%	1.4	15.1%	0.7	23.7%
Health Status								
Excellent	5.5	25.2%	2.2	22.8%	2.5	26.8%	0.8	28.5%
Very Good	6.8	31.1%	2.6	27.1%	3.1	33.4%	1.0	37.3%
Good	6.4	29.2%	3.0	30.8%	2.7	28.3%	0.7	26.3%
Fair	2.2	10.0%	1.2	12.7%	0.8	8.5%	0.2	5.8%
Poor	1.0	4.5%	0.6	6.6%	0.3	3.0%	0.1	2.1%
Region								
Northeast	3.3	15.1%	1.5	15.4%	1.4	14.4%	0.5	16.6%
Midwest	4.1	18.9%	1.9	19.6%	1.8	18.8%	0.5	16.9%
South	9.0	41.3%	4.0	41.4%	3.9	41.7%	1.1	39.6%
West	5.4	24.7%	2.3	23.6%	2.4	25.2%	0.7	27.0%
Race/Ethnicity								
Hispanic	4.1	18.6%	1.8	18.8%	1.9	20.0%	0.4	13.2%
White, Non-Hispanic	12.3	56.4%	5.0	51.7%	5.5	58.1%	1.8	66.5%
Black, Non-Hispanic	3.9	17.9%	2.1	22.1%	1.5	15.6%	0.3	11.5%
Other, Non-Hispanic	1.5	7.1%	0.7	7.4%	0.6	6.3%	0.2	8.9%

Notes: Childless adults ineligible due to income are those who would not qualify for either Medicaid or subsidies under reform because their family income is above the income eligibility threshold for both. Childless adults who would not be eligible on the basis of immigration status are not included in these estimates. Estimates of uninsured childless adults reflect an adjustment for the underreporting of public coverage on the CPS. Family income is based on the income of the nuclear family unit composed of individuals eligible for a family health insurance policy.

Source: Urban Institute Health Policy Center Medicaid/CHIP Eligibility Model based on data from the 2008 Annual Social and Economic Supplement to the CPS.

Some 44.2 percent have incomes below 133 percent of the FPL and another 43.1 percent have incomes between 133 and 399 percent of the FPL.

Discussion

Health reform efforts being considered offer the promise of providing coverage to many uninsured childless adults who have been largely ignored by public health insurance programs. Addressing the health insurance needs of this population is critical to solving the problem of the uninsured since childless adults account for almost 60 percent of individuals without coverage in the

United States.

Thirty-eight percent of uninsured childless adults could be covered under the Medicaid expansion to 133 percent of the FPL modeled for this analysis. This group is particularly vulnerable as they have virtually no access to employer-sponsored coverage and few, if any, affordable options in the non-group market. Moreover, only a handful of states have expanded broad public coverage for poor and near poor childless adults due to the categorical limitations on Medicaid matching funds. Consequently, the only hope of obtaining substantial coverage

expansions for this population is health care reform at the federal level.

Importantly, the relative federal and state shares of the cost of covering childless adults who would be made eligible for the Medicaid program are neither fully described nor settled across the different proposals in Congress. Governors have recently expressed concern that reform efforts could result in unfunded mandates to the states and would be especially difficult for states to absorb additional fiscal responsibilities in the midst of this severe economic downturn. This issue is particularly relevant if current proposals are altered as they move through the legislative process given that the majority of uninsured childless adults who would be made eligible for the Medicaid program reside in southern states, which tend to be poorer and have less fiscal capacity. In addition, whether these childless adults are protected by Medicaid cost sharing and broad benefit packages will depend on whether they are served through the Medicaid program or through the exchange.

If subsidies were provided to individuals with incomes between 133 and 399 percent of the FPL, an additional 38 percent of uninsured childless adults would receive a subsidy to purchase insurance coverage in a reformed market. While childless adults who would receive subsidies have higher incomes than those who would be covered under a Medicaid expansion, they have little access to either public or employer-sponsored insurance coverage. Non-group coverage is also generally unaffordable for them under the current system. Subsidies available in a reformed health insurance market could provide access to affordable coverage for many of these individuals, and market reforms should make coverage

obtainable for those who were previously uninsurable. At the same time, those who do have an offer of coverage may not be subject to the same affordability protections as those without an offer, potentially making them ineligible for subsidies in the face of unaffordable coverage.

A little less than a quarter of uninsured childless adults would neither be eligible for Medicaid coverage nor receive subsidies for coverage under reform efforts modeled here. About half of these uninsured childless adults have incomes at or above 400 percent of the FPL. Importantly, reform efforts in the health insurance market should make coverage more affordable and/or obtainable for this group and the individual mandate would compel many to purchase coverage. While individuals with incomes below 400 percent of the FPL who are not eligible for the Medicaid expansion nor to receive subsidies due to their immigration status could also benefit from market reforms, coverage is likely to remain unaffordable for them.

Under the current system, few low-income uninsured childless adults have access to affordable health insurance coverage and few states have the fiscal capacity and political will to provide coverage to them, especially in light of the recent economic downturn. Importantly, the number of uninsured is estimated to have grown from 43.9 million in 2007 to 49.1 million in 2009 and therefore the reform scenario here likely understates the number of uninsured childless adults.¹⁷ In the absence of health care reform at the federal level, insurance coverage for uninsured childless adults will remain elusive and this population will continue to account for the majority of uninsured in America.

¹ Ross, D. C. and C. Marks. "Challenges of Providing Health Coverage for Children and Parents in a Recession: A 50 State Update on Eligibility Rules, Enrollment and Renewal Procedures, and Cost Sharing Practices in Medicaid and SCHIP in 2009." Washington, D.C.: Kaiser Commission on Medicaid and the Uninsured, January 2009; Artiga, S., and K. Schwartz, "Expanding Health Coverage for Low-Income Adults: Filling the Gaps in Medicaid Eligibility," Kaiser Commission on Medicaid and the Uninsured (May 2009); updated by the Center for Children and Families.

² Artiga, S., and K. Schwartz, "Expanding Health Coverage for Low-Income Adults: Filling the Gaps in Medicaid Eligibility," Kaiser Commission on Medicaid and the Uninsured (May 2009); updated by the Center for Children and Families.

³ *ibid*

⁴ Henry J. Kaiser Family Foundation. "The Uninsured: A Primer." Washington DC, October 2008.

⁵ Henry J. Kaiser Family Foundation. "Focus on Health Reform: Health Care Reform Proposals." Washington:DC, July 2009.

⁶ DeNavias C, B Proctor, and J Smith, US Census Bureau, Current Population Reports, P60-235, Income, Poverty, and Health Insurance coverage in the United States: 2007, US Government Printing office, Washington, DC, 2008.

⁷ The eligibility model takes into account state-level eligibility requirements for Medicaid and CHIP eligibility pathways and applies them to person and family level data from the March Supplement to the CPS to simulate the eligibility determination process. Because the CPS does not collect information on monthly income, it is not possible to determine how eligibility status changes as a result of income fluctuations throughout the year. In addition, the model does not take into account child support disregards in determining eligibility. Moreover, while the model primarily simulates eligibility for Medicaid or CHIP coverage that offers a full set of benefits, some adults included in eligibility estimates may be eligible for coverage that is subject to benefit limitations, enrollment caps, or employment requirements outside the scope of the state's regular Medicaid program. The model does not however capture eligibility for coverage associated with family planning or prenatal services. For additional information on the model, see Dubay, L., J. Holahan, and A. Cook. "The Uninsured and the Affordability of Health Insurance Coverage." *Health Affairs* 26(1): w22-w30. 2007.

⁸ March 2004 CPS estimates of immigrant status were developed by Passell and estimates derived from the two sample estimation technique are consistent with those produced using the March 2008 CPS (Passel J. and D. Cohen. "A Portrait of Unauthorized Immigrants in the United States." Washington, DC: Pew Hispanic Center, April 2009).

⁹ The undercount adjustment partially adjusts the CPS to administrative estimates of Medicaid and CHIP enrollment. For more information, see Dubay, L., J. Holahan, and A. Cook. "The Uninsured and the Affordability of Health Insurance Coverage." *Health Affairs* 26(1): w22-w30. 2007.

¹⁰ Non-group premiums vary based on age, sex and health status and reflect geographic variation in health care costs. Non-group premiums reflect types of non-group policies sold and are less comprehensive than employer-sponsored policies.

¹¹ For a more detailed discussion of HIPSM see Holahan, J, B Garrett, I Headen, and A Lucas. "Health Reform: The Cost of Failure." Washington DC: The Urban Institute, May 2009 and Garrett, B., J. Holahan, A. Cook, I. Headen, and A. Lucas, "The Coverage and Cost Impacts of Expanding Medicaid". The Henry J. Kaiser Family Foundation, May 2

¹² For individuals the cost of coverage is the cost for the individual, either the employee share for those with offers and the private non-group premium for those without offers. For individuals in families, the cost of coverage is the cost of family coverage.

¹³ For the uninsured childless adults considered in this analysis, the average employee premium is \$1035 and the average non-group premium is \$4292. For 12 percent of the sample this represents a family premium and for 82 percent an individual premium.

¹⁴ There are no empirical estimates of the share of the uninsured or of those who report to be in fair or poor health who are uninsurable. In a study of underwriting practices, cases of individuals and families in less than perfect health but with varying health conditions were presented to underwriters. Thirty-five percent of the time, these individuals were denied coverage. (K. Pollitz, R. Sorian and K. Thomas, "How accessible is Individual Health Insurance for Consumers in Less than Perfect Health?" Washington, DC: Henry J. Kaiser Family Foundation, June 2001.) For the purpose of this analysis, 50 percent of those in fair and poor health were designated as uninsurable. This methodology results in 9.0 percent of uninsured parents being categorized as uninsurable. While not necessarily comparable, these estimates are broadly consistent with those from the insurance industry that show 11.3 percent of applications they underwrite are denied coverage. (American Health Insurance Plans. "Individual Health Insurance 2006-2007. A Comprehensive Survey of Premiums, Availability and Benefits." Washington DC: AHIP December 2007.)

¹⁵ Family income is defined as the income of the nuclear family unit composed of those eligible for a family health insurance policy. This family definition is used because it more closely aligns with the family unit used by states in determining income eligibility for Medicaid and CHIP than Census family or subfamily units.

¹⁶ The March 2007 CPS indicates that there were 45 million uninsured non-elderly persons in the US. After adjusting for the Medicaid undercount, this number is reduced by 1.1 million uninsured children.

¹⁷ Holahan, J., B. Garrett, I. Headen, A. Lucas, "Health Reform: The Cost of Failure". The Robert Wood Johnson Foundation, May 2009.

About the Authors and Acknowledgements

Lisa Dubay is an Associate Professor at the Johns Hopkins Bloomberg School of Public Health and a visiting scholar at The Urban Institute. Allison Cook is a Research Associate and Bowen Garrett is a Senior Research Associate at The Urban Institute's Health Policy Center.

This research was supported by the Robert Wood Johnson Foundation and the Kaiser Family Foundation's Commission on Medicaid and the Uninsured. The authors thank John Holahan, Genevieve Kenney and Steve Zuckerman for their helpful advice and suggestions, and Aaron Lucas, Irene Headen and Emily Lawton for their research assistance.

About the Urban Institute

The Urban Institute is a nonprofit, nonpartisan policy research and educational organization that examines the social, economic, and governance problems facing the nation.

About the Robert Wood Johnson Foundation

The Robert Wood Johnson Foundation focuses on the pressing health and health care issues facing our country. As the nation's largest philanthropy devoted exclusively to improving the health and health care of all Americans, the Foundation works with a diverse group of organizations and individuals to identify solutions and achieve comprehensive, meaningful, and timely change. For More than 35 years, the Foundation has brought experience, commitment, and a rigorous, balanced approach to the problems that affect the health and health care of those it serves. When it comes to helping Americans lead healthier lives and get the care they need, the Foundation expects to make a difference in your lifetime. For more information, visit www.rwjf.org.

About the Kaiser Family Foundation's Commission on Medicaid and the Uninsured

The Kaiser Family Foundation is a non-profit private operating foundation, based in Menlo Park California, dedicated to producing and communicating the best possible information, research and analysis on health issues. 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 bipartisan group of national leaders and experts in health care and public policy.