

## Health Insurance Coverage of Californians Improved in 1999 —But 6.8 Million Remained Uninsured

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February 2001

The number of uninsured Californians dipped to 6.8 million in 1999, down from 7.3 million in 1998. Despite the good news, more than one in five (22.4%) of the state's nonelderly residents have no health insurance coverage (Exhibit 1). That is a lower proportion than in 1998 but about the same rate as in 1996 when California had not yet fully recovered from the recession of the early 1990s.

This Policy Brief reports basic estimates of health insurance coverage and uninsurance in 1999 and estimates of uninsured children and adults who are eligible for coverage through public programs in California. We focus especially on uninsured adults because of the current policy efforts to expand coverage for this large group. These estimates, based on the latest available data, are drawn from an in-depth report on *The State of Health Insurance in California: Recent Trends, Future Prospects*, that will be published by the Center in March.

Six in 10 nonelderly Californians (60.6%) received health insurance through their own employment or that of a family member in 1999 (Exhibit 1), up from 58.3% in 1998. The growth in employment-based health insurance was largely responsible for the dip in uninsurance. Privately purchased health insurance covered just 4.7% of nonelderly Californians in 1999, about the same as the preceding year.

Medi-Cal (California's Medicaid program) and the new Healthy Families Program (California's version of the State Children's Health Insurance Program) provided coverage to 10.5% of nonelderly

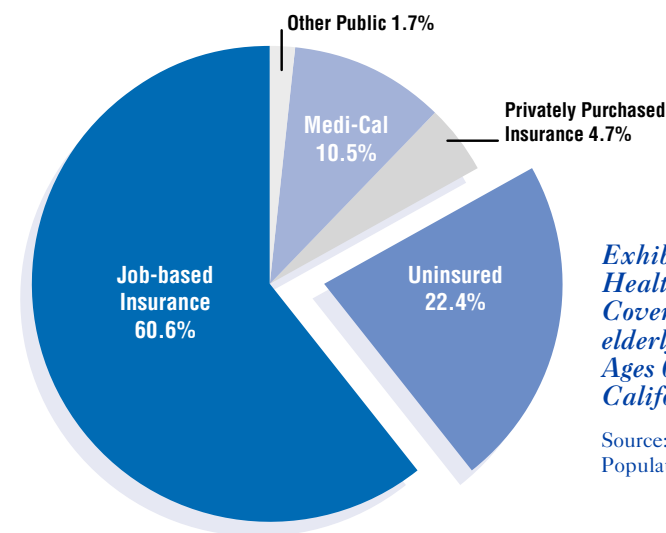
Californians in 1999. That proportion is down from 11.0% in 1998 — a slower decline than in the past few years. Just 1.7% had coverage through other public programs, such as Medicare, eligibility for the Veterans Administration health services, or military health services.<sup>1</sup>

### Uninsured Children

Nearly 1.85 million uninsured California children were uninsured in 1999, an improvement over 1998, when more than 2 million were uninsured. More than two-

*continued on next page*

*The proportion who are uninsured declined in 1999 but it was still no lower than in 1996*



**Exhibit 1:**  
*Health Insurance Coverage of Non-elderly Californians, Ages 0-64, California, 1999*

Source: March 2000 Current Population Survey

<sup>1</sup> Persons who reported being covered by Medi-Cal or the Healthy Families Program and who did not report having either employment-based health insurance or privately purchased insurance during the year. These estimates, as well as those of other surveys, are generally lower than estimates derived from the programs' administrative data.

*1.3 million  
uninsured chil-  
dren are eligible  
for either Medi-  
Cal or Healthy  
Families*

thirds of uninsured children are eligible for either Medi-Cal or the Healthy Families Program.

Based on the most recent data available, 39% of uninsured children are eligible for Medi-Cal — a total of 726,000 children (range: 633,000 to 817,000; Exhibit 2).<sup>2</sup> Another 29% of uninsured children are eligible for Healthy Families — a total of 535,000 children (range: 455,000 to 614,000). The Healthy Families Program covers otherwise uninsured children up to 250% of the federal poverty level who would be eligible for Medi-Cal but whose family incomes exceed the Medi-Cal limit.

emergency medical services and prenatal care under Medi-Cal if they have very low income.

### Uninsured Adults

We estimate that 685,000 nonelderly adults (range: 595,000 to 775,000) are uninsured but eligible for Medi-Cal coverage, 14% of the nearly 5 million uninsured adults in the state (Exhibit 2).

To be eligible for Medi-Cal, adults must be disabled, elderly, or in a family with dependent children, with few exceptions. In addition, only persons in these groups whose family income and financial assets are

low enough to meet the requirements specified for that group will be eligible. In general, only citizens and noncitizens legally residing in the United States are eligible for full Medi-Cal coverage. About seven in 10 uninsured adults who are eligible for Medi-Cal are workers or in families headed by a worker — truly the working poor whose earnings fall well within Medi-Cal's very stringent income limits for adults.

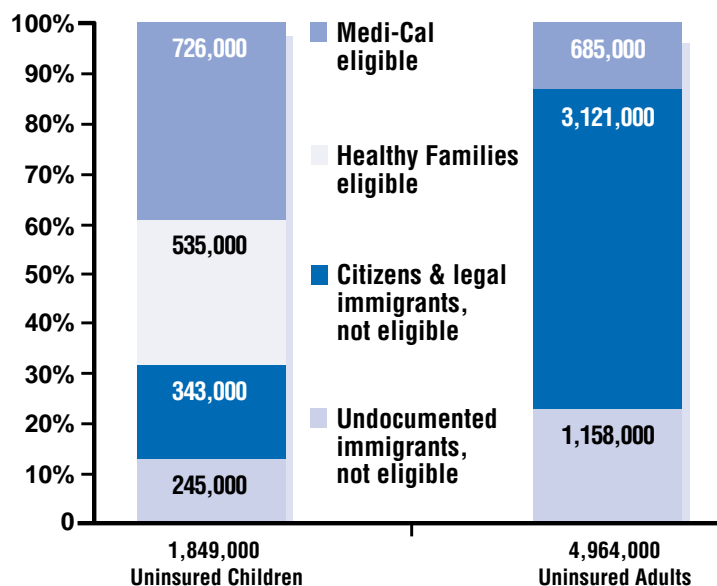
Another 3.1 million

uninsured adults are citizens or legal immigrants who do not qualify for Medi-Cal. More than half are single adults, who are eligible for few state and federal programs to assist them with their medical expenses. Nearly 1.75 million uninsured adults are citizens or legal immigrants who are poor or near poor, with family incomes below 250% of poverty — less than \$21,668 for a single adult or \$28,103 for a couple. At these income levels, it is very unlikely that adults would find health insurance coverage affordable without substantial contributions from employer and/or government.

Finally, approximately 1.1 million uninsured adults are undocumented immigrants. Although they are not eligible for Medi-Cal or Healthy Families, many are in mixed-

**Exhibit 2:**  
*Uninsured Children  
and Adults  
by Eligibility for  
Medi-Cal and  
Healthy Families,  
Ages 0-64, California*

Source: Estimates of eligibility calculated by the UCLA Center for Health Policy Research based on data from the March 2000 Current Population Survey



*685,000 adults  
are uninsured  
but eligible  
for Medi-Cal  
coverage*

A total of 343,000 uninsured children (range: 279,000 to 407,000) have family incomes that exceed the Healthy Families limit — 19% of all uninsured children.

Finally, another 245,000 uninsured children (range: 191,000 to 300,000) are undocumented immigrants (about 13% of the total); they are not eligible for either Medi-Cal or the Healthy Families Program, except for

<sup>2</sup> Reported numbers are estimates based on small sample sizes, which reduce the estimate's precision and reliability. The range (called, a "95% confidence interval") provides a more reliable estimate of the numbers of persons in the population who fit that category. It means that the "true" estimate has a 95% probability of falling within the range.

status families with children who are often U.S.-born citizens and spouses who may be legal immigrants or citizens.

### Expanding Healthy Families to Parents of Eligible Children

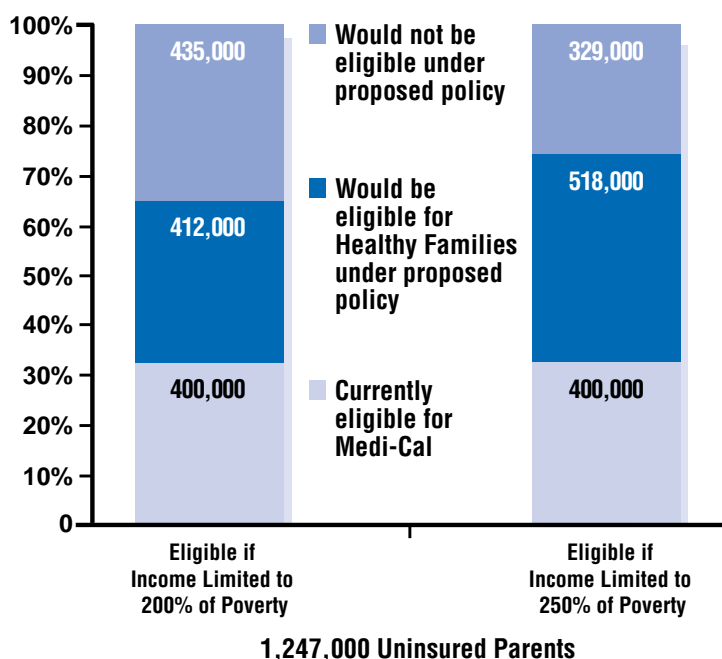
Among the 3.1 million uninsured adults who are citizens or legal immigrants, approximately one and a quarter-million are parents of children up to age 18. About 400,000 uninsured parents — one-third of the total — are currently eligible for Medi-Cal (Exhibit 3).

In 2000, the Governor and the Legislature agreed to seek a federal waiver to extend the Healthy Families Program to uninsured parents whose family incomes or assets exceed the eligibility limit for Medi-Cal. Combined with an effective outreach campaign and a simplified application process, extending Healthy Families eligibility to parents could substantially reduce the number of uninsured adults — depending on the income eligibility policies established for these parents.

The Governor has proposed extending eligibility to those parents with family incomes up to 200% of the poverty level — well below the 250% of poverty allowed for children. However, the proposed expansion would permit deducting allowed expenses from countable income and, for those above Medi-Cal income eligibility levels, waiving any asset test as the state has done for children. (Ironically, the lowest income parents, those with incomes at or below 100% of poverty who would qualify for Medi-Cal, must still answer a long set of intimidating questions about assets and provide extensive proof that their possessions have little value — while families with twice the income will have no assets test at all.) The Governor's proposal requires parents to pay monthly premiums of \$17-\$25 a month each for their

coverage as well as to meet co-payments similar to those required of state employees.

We estimate that 412,000 uninsured adults (range: 342,000 to 482,000) would be eligible for Healthy Families under the Governor's proposal (Exhibit 3). That would leave about 435,000 uninsured parents who are citizens or legal immigrants but who have no options for subsidized coverage through these programs.



*Exhibit 3:  
Uninsured Parents  
by Eligibility  
for Medi-Cal and  
Healthy Families  
Under Alternative  
Expansion Options,  
Ages 19-64,  
California*

Source: Estimates of eligibility calculated by the UCLA Center for Health Policy Research based on data from the March 2000 Current Population Survey

If the Governor raised income eligibility to 250% of poverty — the same as for children — 518,000 uninsured parents (range: 440,000 to 597,000) would be eligible for Healthy Families (Exhibit 3). The additional 106,000 uninsured parents who would be eligible at 250% of poverty but not at 200% of poverty would reduce the number without coverage options to about 329,000.

Expanding parents' coverage to the levels available to their children would have other benefits beyond insuring these adults. There is evidence from other states that children enroll in Medicaid and state programs like Healthy Families at a higher rate when both parents and their children are eligible. Moreover, the federal government would provide two-thirds of the subsidy costs of coverage for these parents. These federal

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*The Governor's  
proposed  
expansion of  
Healthy Families  
could benefit  
up to 412,000  
uninsured par-  
ents with income  
eligibility up to  
200% of poverty*

*The expansion  
of Healthy  
Families could  
benefit up to  
518,000 unin-  
sured parents if  
income eligibility  
is up to 250%  
of poverty*

matching funds would reduce the drain on state and county tax dollars that now subsidize the care of low- and moderate-income uninsured Californians through county-sponsored health services programs, the state's County Medical Services Program, and support to private hospitals and community clinics.

### Conclusion

Federal policy offers the state numerous opportunities to expand coverage through Medi-Cal and Healthy Families. The great advantage to California in this arrangement is that federal matching funds would pick up half to two-thirds of the cost. Our report that will be published in March will outline numerous ways to make these programs more effective in enrolling currently eligible children and adults.

In addition, however, the state can expand Medi-Cal and Healthy Families to include more of its uninsured residents. We recommend that California extend coverage in the Healthy Families Program to parents on the same eligibility basis as for their children—that is, up to 250% of the poverty level. It makes good fiscal and policy sense to take maximum advantage of the opportunity to expand health insurance coverage in California and significantly reduce the number of uninsured residents with federal matching funds.

### Data Source

*The findings in this Policy Brief are based on analyses by the UCLA Center for Health Policy Research of data from the March 1999 and 2000 Current Population Surveys.*

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**The research on which this Policy Brief is based was supported by a grant from The California Wellness Foundation as part of the Health Insurance Policy Program of the foundation's Work and Health Initiative.**

***The Center is funded, in part by a grant from The California Wellness Foundation.***

The views expressed in this report are those of the authors and do not necessarily represent the UCLA Center for Health Policy Research, the Regents of the University of California, or the funding agency.

### PB2001-1

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*Editor-in-Chief: E. Richard Brown, Ph.D.*

*Publications Coordinator: Cynthia Oh*

*Publications Editor: Dan Gordon*

*Design & Production: Martha Widmann*



**The UCLA Center for Health Policy Research  
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and the  
School of Public Policy and Social Research.**

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