

Data Bulletin

Findings from the Current Population Survey



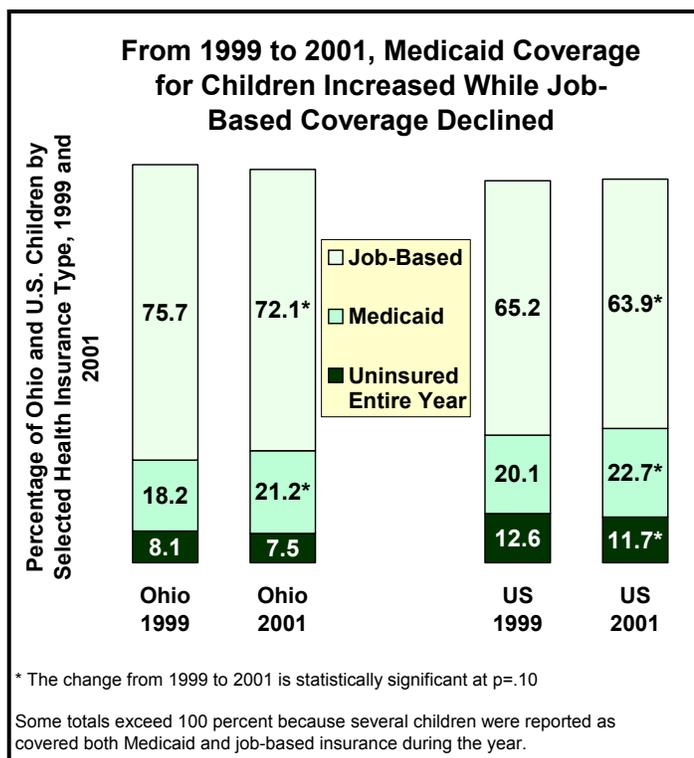
Children's Health Insurance Coverage in Ohio, 1999-2001^a

By Dave Dorsky

Center for Public Health Data and Statistics
January, 2003

In 1999 and 2001, 8 percent of Ohio children were reported to be without health insurance for the entire year. There were 201,000 Ohio children without health coverage in 2001.

- From 1999 to 2001, the percentage of children insured by Medicaid increased from 18 percent (537,000) to 21 percent (566,000).^b However, the uninsured rate for children did not decline significantly because the percentage of children insured through employers fell from 76 percent (2.2 million) to 72 percent (1.9 million).
- The uninsured rate for Ohio children was significantly below the U.S. average, but was consistent with most other midwestern states. Job-based coverage rates for Ohio children were much higher than the national average.

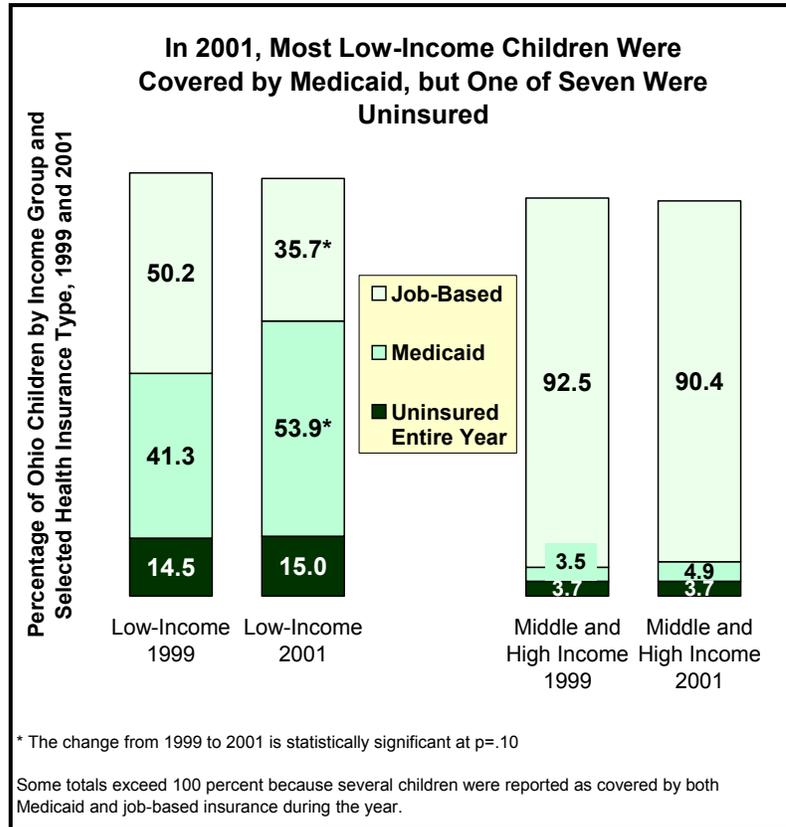


^a Children are defined as being under age 18.

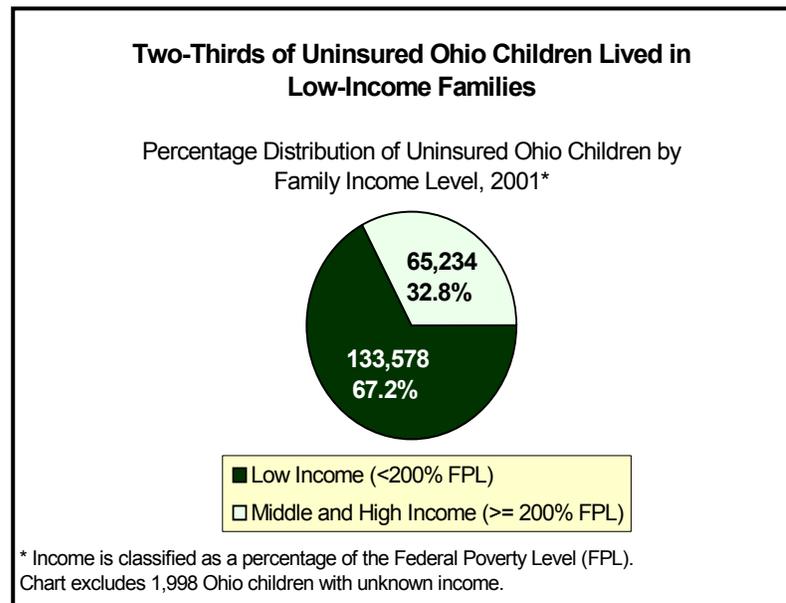
^b Medicaid includes the Children's Health Insurance Program (CHIP). Medicaid is a partnership between the federal government and the states, with the federal government paying for about two-thirds of the cost. Ohio Medicaid participation as reported in this survey is lower than administrative records from the Ohio Department of Job and Family Services. Underreporting of Medicaid coverage is a common problem in household surveys. See the Notes section at the end of this report for further details.

Low-income children were about four times more likely than other children to be uninsured.^c

- Medicaid coverage for low-income children increased substantially from 1999 to 2001. This was due in part to an eligibility expansion in 2000. However, the increase in Medicaid coverage was offset by a similar decline in job-based insurance.
- Nine of ten children from middle and high-income families were covered by an employer plan in 2001, compared to only about one third of low-income children.
- Only 4 percent of children from middle and high-income families were uninsured.



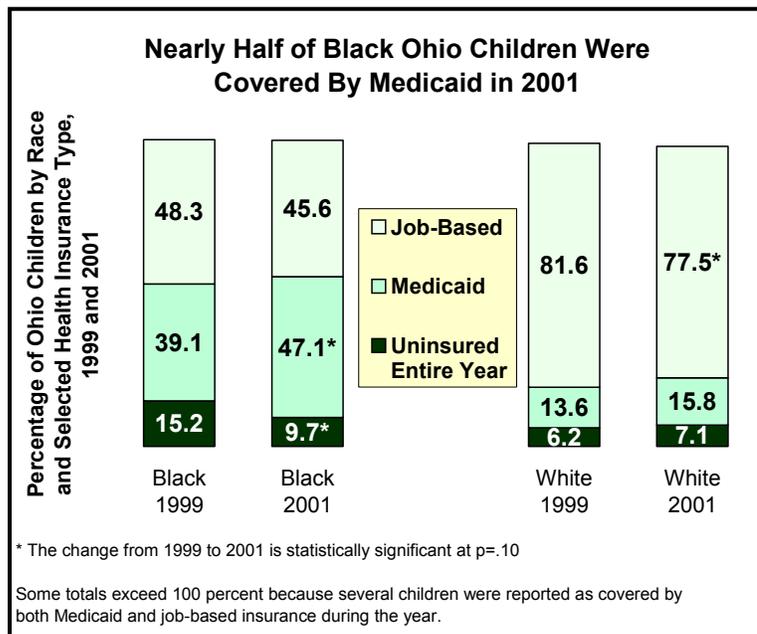
- In 2001, two-thirds of uninsured Ohio children (133,578) lived in low-income families. Nearly all of these children were eligible for Medicaid coverage.



^c Low-income children are defined as living in families with income of less than twice the Federal Poverty Level (FPL). The FPL varies by family size and was \$17,650 for a family of four in 2001. Middle and high-income children were from families with income at or above twice the FPL.

The disparity between Black and White child uninsured rates narrowed substantially between 1999 and 2001.^d

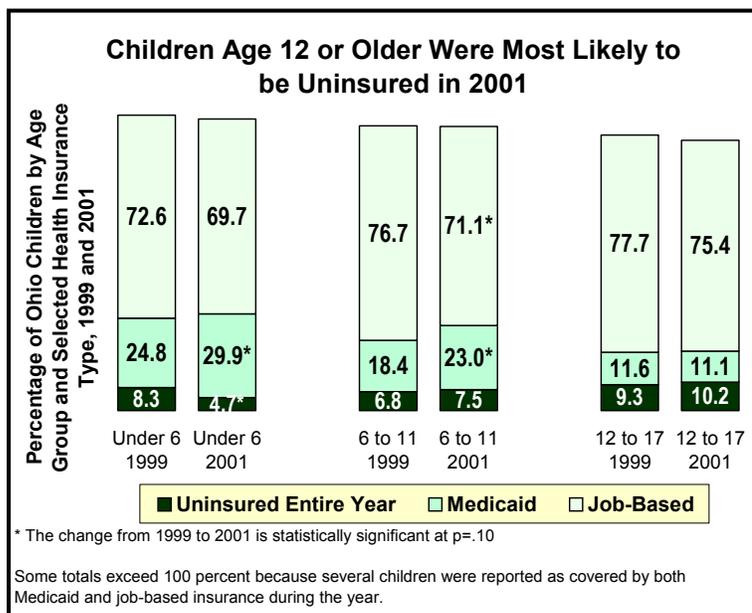
- The uninsured rate for Black children declined from 15 percent in 1999 to 10 percent in 2001, while the rate for White children did not change significantly.
- Medicaid coverage rates for Black children increased by eight percentage points from 1999 to 2001, but there was no significant change in Medicaid coverage rates for White children. In 2001, Black children were about 3 times more likely than White children to be covered by Medicaid (47 percent versus 16 percent).



- Job-based coverage for White children declined significantly from 82 percent to 78 percent, but did not change significantly for Black children.

In 2001, older children were more likely to be uninsured than were younger children.

- Children between age 12 and 17 were twice as likely as children under age 6 to be without coverage in 2001.
- Children under age 12 were more than twice as likely as older children to be covered by Medicaid in 2001.
- The uninsured rate for children under age 6 declined from 8 percent in 1999 to 5 percent in 2001. Medicaid coverage expanded significantly for children under age 12, but not for older children.



^d The sample size for other racial and ethnic minority groups was too small to produce reliable estimates.

Recent trends suggest that Ohio children may be experiencing further erosion of job-based health coverage and rising uninsured rates.

The health insurance statistics in this report probably underestimate the adverse effects of rising health insurance costs and the recession on insurance coverage. Ohio children who lost coverage during 2001 because of a parent's job loss, discontinuation of a health plan by a parent's employer, or inability or unwillingness of a parent to pay a higher insurance premium were classified as insured if they were reported as having coverage for at least a part of 2001.

In 2001 and 2002, health insurance premiums paid by U.S. employers increased by an annual average of more than 10 percent each year. Some employers – mainly small businesses – responded to these cost increases by deciding to no longer offer coverage to their workers. Among U.S. firms with less than 200 employees, the percentage offering health insurance to any of their workers decreased from 67 percent in 2000 to 61 percent in 2002. Other employers have responded to rising costs by reducing benefits or increasing employee cost sharing. Average required employee contributions for family coverage in the U.S. increased by 16 percent from 2001 to 2002.¹

Additional double-digit increases in health insurance premiums and employee cost-sharing are widely expected for 2003.² This is likely to make health insurance less affordable for a greater number of employers, employees, and their families, resulting in further erosion of coverage. Children of small business workers may be especially vulnerable to losing coverage. A recent national survey revealed that one out of every six small businesses (17 percent) were likely to respond to continued double-digit premium increases by no longer offering coverage.³

Low-income families are also at especially high risk for losing job-based coverage since they are more likely to have difficulty absorbing increases in the employee share of health premiums. Children from low-income families who lose coverage are generally eligible for Medicaid, but many do not enroll. In 2001, only about half of low-income Ohio children were reported to be enrolled in Medicaid, and about one-third of those not covered by Medicaid were uninsured. According to the 1998 Ohio Family Health Survey, reasons that parents did not enroll their uninsured Medicaid-eligible children include not realizing their children qualified, lack of perceived need, and distaste for the application process.⁴ Since that time, Ohio has simplified the application and verification processes and increased outreach efforts to publicize the program and encourage participation. However, welfare and Medicaid eligibility were linked for so many years that some parents do not understand that they need not receive cash assistance to qualify their children for Medicaid. Parents may also be deterred from applying if they do not realize that the application process for Medicaid is less burdensome today.

Other states have experienced the same barriers to Medicaid enrollment as Ohio. According to a 1999 national survey, nearly one-third (30 percent) of the parents of uninsured low-income children did not know that their children might be eligible for Medicaid or similar programs, 22 percent did not need or want the program(s), and 10 percent did not enroll because of “administrative hassles”.⁵ In 2000, only 41 percent of U.S. low-income children were enrolled in Medicaid or similar programs despite the fact that most were eligible to participate.⁶ In addition, three quarters of all uninsured U.S. children were eligible for Medicaid or other public health insurance programs.⁷

Double-digit increases in health care premiums are also making health insurance less affordable for middle-income families. From 1999 to 2001, there was little evidence of coverage erosion for middle-income Ohio children, but these results do not fully account for effects of the last two years of premium increases. The only available option to most middle-income families without access to job-based coverage is directly purchased insurance. Since this coverage is generally not subsidized, families must pay the full

premium. The insurance may be prohibitively expensive or unavailable for individuals with health conditions that insurers classify as high risk. Some disabled children qualify for public assistance under the state's Bureau for Children with Medical Handicaps (BCMh) program, but many other Ohio children may not have access to affordable coverage. Expansions of public health insurance programs or other publicly funded initiatives to cover middle-income children are not likely in the near future due to the state's current budget crisis and other federal government priorities.

NOTES

All statistics unless otherwise stated are based on tabulations of the March 2000 and 2002 Annual Demographic Supplements to the Current Population Survey (CPS) conducted by the U.S. Census Bureau.

CPS respondents were asked whether they or their children had any kind of health insurance coverage at any time in the previous calendar year. "Uninsured" refers to children who were reported as not having any health coverage during the entire year. However, several studies have suggested that there is significant recall error for these questions because some respondents do not remember coverage from the previous year. Recall error is more likely for those who had coverage during a short time period early in the year. The CPS also underreports Medicare and Medicaid coverage compared to enrollment and participation data from the Centers for Medicare and Medicaid Services (CMS) and the Ohio Department of Job and Family Services. According to the CPS, 566,000 Ohio children participated in Medicaid during 2001. However, the Ohio Department of Job and Family Services reported 901,000 child Medicaid beneficiaries during Fiscal Year 2001.⁸

Medicaid coverage in this report refers to both the traditional Medicaid program and the Children's Health Insurance Program (CHIP). Ohio's CHIP program offers Medicaid benefits to children from low-income families who would not otherwise qualify for Medicaid. In January 1998, the first phase of Ohio CHIP was implemented with an income eligibility limit of 150 percent of the Federal Poverty Level. In July 2000, eligibility was expanded to uninsured children in families with income up to 200 percent of poverty. Some children with reported family income above this level are also eligible for Medicaid because of income disregards, changes in income during the year, and transitional coverage that provides for a temporary extension of benefits if income rises above standard eligibility limits.

Health insurance coverage information in this report may vary slightly from previously published Census Bureau statistics. This is because the Census Bureau recently released an expanded sample for the 2001 CPS and revised weights based on the 2000 Census for the 2000 and 2001 CPS. This report includes the expanded sample and weighting updates that were not included in earlier Census Bureau reports and tabulation.

References to statistical significance refer to 90 percent confidence intervals. Standard errors and tests for statistical significance were based on tables and calculations recommended by the Census Bureau at <http://www.bls.census.gov/cps/ads/adsmain.htm>.

The information in this report is not directly comparable to health insurance coverage estimates for earlier years. In 2000, the CPS included a new verification question that significantly increased the reported rate of private health coverage while reducing reported uninsured rates. 1998 Ohio Family Health Survey (OFHS) results were based on different sampling frames and different sets of health insurance coverage questions than the CPS. For example, most of the published information about insurance coverage from the OFHS was based on reported insurance status the week before surveyed, while the CPS attempts to measure reported insurance status during the previous calendar year. Estimates prior to the 2000 CPS also were based on Census Bureau population projections from the 1990 census enumeration, while estimates from the 2000-2002 CPS were based on the 2000 census enumeration and projections.

REFERENCES

- ¹ *Employer Health Benefits, 2002 Annual Survey*, The Kaiser Family Foundation and Health Research and Educational Trust.
- ² “Health Care Cost Increases Expected to Continue Double-Digit Pace in 2003”, Hewitt Associates, Press Release, October 14, 2002.
- ³ *National Survey of Small Businesses*, The Henry J. Kaiser Family Foundation, April, 2002.
- ⁴ “Opportunities for Outreach: A Study of Medicaid and CHIP Participation among Ohio Children”, in *Stretching the Safety Net: Child Participation in Public Insurance and the State of Community Health Centers*, JS McAlearney, Unpublished doctoral dissertation, Harvard University, 2001.
- ⁵ *Why Aren't More Uninsured Children Enrolled in Medicaid or SCHIP?*, G Kenny and J Haley, The Urban Institute, May 2001.
- ⁶ *Reaching Uninsured Children through Medicaid: If You Build it Right, They Will Come*, C Mann et al., Kaiser Commission on Medicaid and the Uninsured, June 2002.
- ⁷ *Children's Eligibility for Medicaid and SCHIP: A View from 2000*, L Dubay, J Haley, and G Kenney, The Urban Institute, March 2002.
- ⁸ *Ohio Children's Health Insurance Program Annual Report, Federal Fiscal Year 2001*, Ohio Department of Job and Family Services, December, 2001.

Data Bulletin

Children's Health Insurance Coverage in Ohio, 1999-2001



The Ohio Department of Health

www.odh.state.oh.us

To protect and improve the health of all Ohioans

Bob Taft, Governor
J. Nick Baird, M.D., Director of Health

Center for Public Health Data and Statistics
Jim Pearsol, Assistant Director

Health Care Data and Statistics Unit
William Ramsini, Ph.D., Chief
Dave Dorsky, Health Policy Specialist

For additional information about this report, contact Dave Dorsky at
ddorsky@gw.odh.state.oh.us, 614-728-4738

or:

Ohio Department of Health
246 N. High St.
Center for Public Health Data and Statistics- 7th Floor
P.O. Box 118
Columbus, OH 43216-0118
Phone: 614-466-0121
Fax: 614-644-8526