

**Beyond Medi-Cal:
Health Insurance Coverage
among Former
Welfare Recipients**

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Report

The Medi-Cal Policy Institute, established in 1997 by the California HealthCare Foundation, is an independent source of information on the Medi-Cal and Healthy Families programs. The Institute seeks to facilitate and enhance the development of effective policy solutions guided by the interests of the programs' consumers. The Institute conducts and commissions research, distributes information about the programs and the people they serve, highlights the programs' successes, and identifies the challenges ahead. It collaborates with a broad spectrum of policymakers, researchers, providers, consumer representatives, and other stakeholders who are working to create higher-quality, more efficient Medi-Cal and Healthy Families programs.

Beyond Medi-Cal: Health Insurance Coverage among Former Welfare Recipients

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Table of Contents

Executive Summary	1
I. Introduction	7
Policy Context	7
Previous Research on Welfare Reform and Medicaid	8
Data and Methods	10
II. Findings	13
A Profile of Health Insurance Coverage	13
Health Insurance Profiles by Time, Race, and Family Type	15
Factors Influencing Employer-Sponsored Insurance Coverage among Former Welfare Recipients	19
Eligibility of the Uninsured for Medi-Cal and Healthy Families	22
Health Insurance among Spouses and Partners of Former Welfare Recipients	24
Impact of Coverage on Access to Health Care	25
III. Conclusions	27
Notes	29

Executive Summary

At its peak in early 1995, the welfare caseload in California reached approximately 2.7 million individuals. As of September 2001, fewer than 1.2 million Californians were receiving welfare. The unprecedented reduction in the welfare caseload has potentially serious consequences for health insurance coverage. While all welfare recipients are automatically covered by Medi-Cal, California's version of Medicaid, only some former welfare recipients are eligible for Medi-Cal. Moreover, those eligible must meet the administrative burdens of the initial enrollment and continuing redetermination processes to obtain and maintain Medi-Cal coverage. Recent analyses of Medi-Cal administrative data suggest that Medi-Cal "take-up" (or the percentage of people who leave cash welfare enrolled in Medi-Cal) among former welfare recipients has become more common since welfare reform, but Medi-Cal coverage among former welfare recipients remains far from universal and, in fact, shows a steady decline with increased time away from welfare.¹

Medi-Cal, however, is not the only possible source of health insurance coverage for former welfare recipients. Indeed, the overarching goal of welfare reform was to encourage welfare recipients to leave welfare for work, and since many employers offer health insurance benefits to employees, at least some former welfare recipients are likely to fall under the umbrella of employer-sponsored policies. Prior studies have not addressed the specific role of employer-sponsored insurance in the puzzle of health insurance coverage among former welfare recipients in California. The purpose of this report is to describe research findings that answer the following questions:

- What percentage of former welfare recipients is covered by private health insurance?
- What factors influence whether former welfare recipients are covered by employer-sponsored insurance?

- Is the decline in Medi-Cal coverage among former welfare recipients offset by growth in private health insurance coverage?
- Who remains uninsured?

This report provides a characterization of health insurance coverage among former welfare recipients in California using data collected by the California Health and Social Services Survey (CHSSS) as part of the RAND Statewide CalWORKs Evaluation. The CHSSS surveyed approximately 3,000 current and former welfare recipients in six California counties—Alameda, Butte, Fresno, Los Angeles, Sacramento, and San Diego—which account for about half of the total number of welfare recipients in California. Studies done previously have profiled health insurance outcomes among welfare recipients in other states, but this is the first study to provide information on employer-sponsored and other sources of health insurance coverage among former welfare recipients in California.²

Coverage among Former Welfare Recipients and Their Families

If examined through the use of Medi-Cal enrollment rates alone, the overall picture of health insurance coverage among former welfare recipients would appear more negative than is accurate. Nonetheless, it is true that a substantial proportion of former welfare recipients are uninsured.

- Among female caretakers in families who have left welfare, 41 percent are covered by Medi-Cal, 26 percent are covered by employer-sponsored insurance, and 30 percent are uninsured.
- By comparison, children in families who have left welfare are more likely to be covered by Medi-Cal (50 percent), less likely to be covered by employer-sponsored insurance (23 percent), and less likely to be uninsured (23 percent).
- Most at risk for being uninsured (43 percent) are the partners and spouses of female caretakers in families who have left welfare. This stems largely from their much lower rate of Medi-Cal coverage (19 percent).

Health Insurance by Time since Last Welfare Receipt

The CHSSS data show that Medi-Cal coverage declines as time away from welfare increases, for both female caretakers and children. However, the survey data also show that this trend in Medi-Cal coverage is countered by changes in employer-sponsored insurance coverage, which is higher among those off of welfare longer for female caretakers and children alike. For female

caretakers, the opposing trends in Medi-Cal and employer-sponsored insurance coverage result in a continually decreasing percentage of individuals who lack insurance as time away from welfare increases.

- Among former welfare recipients, the percentage who are uninsured falls from 34 percent among those off welfare for less than 6 months to 32 percent among those off welfare for 6 to 11 months to 27 percent among those off welfare for 12 months or more.
- Among children, the percentage that lack health insurance coverage falls from 28 percent among those off of welfare for less than 6 months to 21 percent among those off of welfare for 6 to 11 months; however, the number then rises to 23 percent among children off of welfare for more than a year. The increase in the percentage of children without insurance after one year reflects a decline in Medi-Cal coverage that is not fully offset by growth in employer-sponsored insurance.

Differences in Coverage by Race

Among former welfare recipients, there are substantial differences in health insurance coverage by race.

- When compared to other racial groups, Hispanics are most likely to be uninsured (38 percent), reflecting a relatively low Medi-Cal enrollment rate (33 percent) and moderate rate of employer-sponsored coverage (28 percent).
- Among non-Hispanic Whites, a low rate of Medi-Cal coverage (26 percent) is balanced by the highest rate of employer-sponsored insurance coverage (47 percent). Some 25 percent of non-Hispanic Whites are uninsured.
- African Americans and minorities identified as “Other” show the highest rates of Medi-Cal coverage (45 percent and 48 percent, respectively). These racial groups are also least likely to be uninsured (20 percent and 15 percent, respectively).

Factors Influencing Employer-Sponsored Insurance Coverage

The number of female caretakers in families who leave welfare and are covered by employer-sponsored insurance from their own employer reflects the extent to which those individuals work, are offered insurance from their employer, and participate in their employer’s plan.

- Nearly three-fourths (72 percent) of former welfare recipients had some form of employment in the 30 days prior to being interviewed. Among those who worked, slightly more than half were offered insurance. Thus, 37 percent of all former welfare recipients received an offer of employer-sponsored insurance. Approximately two-thirds of those (62 percent) offered insurance accepted the offer.
- Among former welfare recipients who were working but who were not offered insurance, nearly half (42 percent) indicated that their employer did not offer insurance at all, and approximately one in three (30 percent) said they were not offered insurance because they worked too few hours.
- Most former welfare recipients who were offered but chose not to take insurance from their employer were covered by Medi-Cal (60 percent) or by some other health insurance plan (10 percent).

Eligibility of the Uninsured for Medi-Cal and Healthy Families

One in four former welfare recipients and one in five children of former welfare recipients are without insurance. However, many of these uninsured individuals may be eligible for but not participating in Medi-Cal or Healthy Families, California's State Children's Health Insurance Program (SCHIP).

- Most (92 percent) former welfare recipients who are uninsured are either within 6 months of their last welfare receipt or have earnings of less than 185 percent of the Federal Poverty Level (FPL); thus, most may be eligible for either Transitional Medi-Cal (TMC) or other Medi-Cal programs.
- Nearly all (97 percent) uninsured children in California are in families with earned incomes of less than 250 percent of FPL—the threshold for eligibility in the Healthy Families program.

Impact on Access to Care

Lack of health insurance coverage can have serious implications for former welfare recipients' access to health care.

- Among former welfare recipients, the uninsured are less likely than the insured to have a usual place to obtain health care (84 percent of those uninsured compared to 96 percent among Medi-Cal enrollees).

- Among former welfare recipients, the uninsured are much less likely than the insured to receive care from a doctor's office (24 percent versus 59 percent for those with Medi-Cal) and more likely to receive care in an emergency room, hospital outpatient department, or clinic (55 percent versus 37 percent among Medi-Cal enrollees).

Conclusions

Our findings highlight the important role that employer-sponsored insurance plays in providing former welfare recipients with health insurance coverage. Certainly, enrollment in Medi-Cal is an important piece of the health care coverage puzzle, but it is not the only option for former welfare recipients. The results presented in this report suggest a need for further program outreach to those eligible for but not enrolled in Medi-Cal, and for program changes to ease the enrollment process. At the same time, given the importance of employer-sponsored insurance, complementary strategies to improve the likelihood that employer-sponsored insurance is offered to former welfare recipients would improve health insurance outcomes.

I. Introduction

Policy Context

The combination of a robust economy and welfare reform at the federal level has produced a sharp reduction in the welfare caseload both nationally and in California. The number of welfare recipients nationwide fell from 12.2 million in August 1996 to 5.3 million in September 2001. Similarly, 2.6 million Californians were receiving welfare in 1997 before the implementation of welfare reform—California Work Opportunities and Responsibility to Kids Act, or CalWORKs—compared to fewer than 1.2 million in September 2001.

The sharp drop in the welfare caseload has potentially serious consequences for health insurance coverage among former welfare recipients. While all welfare recipients are automatically covered by Medi-Cal (California’s version of Medicaid), only some former welfare recipients are eligible for Medi-Cal. Moreover, those eligible must meet the administrative burdens of the initial enrollment and continuing redetermination processes to obtain and maintain Medi-Cal coverage. Concerns about health insurance coverage among former welfare recipients are not without basis: declines in Medicaid enrollment nationally and in California have been nearly simultaneous with reductions in national and California welfare caseloads. However, Medi-Cal is not the only source of health insurance coverage for former welfare recipients. Indeed, the overarching goal of welfare reform was to encourage welfare recipients to leave welfare for work, and since many employers offer health insurance benefits to employees, at least some former welfare recipients are likely to fall under the umbrella of employer-sponsored policies.

This report provides a characterization of health insurance coverage among former welfare recipients in California using data collected by the California Health and Social Services Survey

(CHSSS) as part of the RAND Statewide CalWORKs Evaluation. The data are the first to provide information on employer-sponsored and other sources of health insurance coverage among former welfare recipients, and to augment earlier work that described Medi-Cal coverage among former welfare recipients. In addition to describing health insurance coverage, the study also examines the availability of employer-sponsored health insurance to former welfare recipients, decisions by former welfare recipients to participate in employer-sponsored plans, and the eligibility of the uninsured for Medi-Cal.

Previous Research on Welfare Reform and Medicaid

Researchers have evaluated health insurance outcomes among those who leave welfare using two complementary data sources: administrative data on Medicaid participation and survey data.³ Given that survey data provide estimates based on a much smaller sample of individuals, and individuals may incorrectly report whether Medicaid covers them, administrative data offer the best possible estimates of Medicaid enrollment.⁴ However, administrative data only provide information on individuals' Medicaid coverage, while survey data provide a more complete picture of health insurance coverage, including information about employer-sponsored and other sources of insurance coverage.

Administrative data also show nationwide declines in Medicaid enrollment in recent years among adults and children.⁵ A 2001 study focusing specifically on Medi-Cal enrollment among former welfare recipients found steadily increasing Medi-Cal participation and take-up rates over the 1998 to 2000 period.⁶ This study also reports, however, that much of the coverage is due to temporary Medi-Cal coverage available through the Edwards program and that both Edwards coverage and overall Medi-Cal coverage decline with increased time away from welfare.

In contrast, national Medicaid enrollment rates do not offer a full view of former welfare recipients' health insurance coverage. While at least some former welfare recipients are likely to be covered through their employer, determining the extent to which former welfare recipients are uninsured requires measures of private health insurance coverage that can only be obtained through a survey.

Survey data at both the national level and for some states have provided additional information about the health insurance coverage of former welfare recipients. Data from the National Survey of America's Families (NSAF) indicate that approximately one-third of women who departed welfare between 1995 and 1997 were enrolled in Medicaid, 23 percent were covered by some form of private insurance, and 41 percent were uninsured.⁷ Rates of Medicaid coverage were somewhat higher among children, and the percentage of children who lacked health insurance was somewhat lower (50 and 25 percent, respectively). Post-reform surveys in Arizona, Illinois, Washington, and Missouri show that between one-third and

Description of Selected Medi-Cal Programs and Healthy Families

1931(b)	Legislated in 1996 and enacted in 1999, this program provides Medi-Cal coverage to individuals who are currently eligible for CalWORKs or who would have been eligible for AFDC (using the July 16, 1996, rules) regardless of whether they receive such cash assistance. Eligibility is defined broadly in California to combine the lowest bounds of AFDC and CalWORKs criteria. The 1931(b) program designates Medi-Cal coverage to persons who stopped receiving AFDC or CalWORKs cash aid but had financial resources still within the AFDC or CalWORKs eligibility limits.
Percent Programs	Beginning in the early 1990s (and not intended specifically for former recipients), Percent Programs extend Medi-Cal coverage to children in low-income families with family incomes of 100 to 200 percent of FPL, depending on age.
Transitional Medi-Cal (TMC)	This program provides temporary coverage to individuals leaving AFDC/CalWORKs or 1931(b) coverage because of increased earnings. TMC provides up to 12 months of coverage for children and was extended in 1998 to provide up to 24 months of coverage for adults.
Edwards	Named after a court case (<i>Edwards vs. Kizer</i>), this program temporarily extends Medi-Cal eligibility to anyone leaving AFDC/CalWORKs while eligibility for continued Medi-Cal coverage is determined (usually over a period of 1 to 3 months).
Medically Needy	Prior to welfare reform, this program was the route to Medi-Cal for families with children who do not qualify for AFDC because its eligibility criteria are only slightly stricter than those for AFDC. Its role for families is now less clear but has diminished since the addition of the 1931(b) program and the extension of coverage to others without welfare.
Healthy Families	This program was implemented in 1998 following the federal enactment of Title XXI, the State Children's Health Insurance Program (SCHIP). Healthy Families provides coverage to children in families with incomes too high to qualify for Medi-Cal, but below 250 percent of FPL.

one-half of former welfare recipients were enrolled in Medicaid, one-fifth to one-third were covered by employer-sponsored insurance, and approximately one-third were uninsured. Children were more likely to be covered by Medicaid (one-half to two-thirds were covered), and less likely to be without health insurance coverage (one-tenth to one-third were uninsured).⁸

Data and Methods

This study uses survey data to profile health insurance outcomes among former welfare recipients in California. As part of its Statewide CalWORKs Evaluation, RAND conducted a household survey—the California Household and Social Services Survey (CHSSS)—in six California counties.⁹ Supplemental funding from the Medi-Cal Policy Institute (MCPI) was used to include in the CHSSS a battery of questions about individuals' health insurance coverage.

The study analysis uses data from the first wave of the 2000-01 CHSSS. The survey was administered to approximately 3,000 current and former welfare recipients clustered in six California counties: Alameda, Butte, Fresno, Los Angeles, Sacramento, and San Diego. The survey covers a wide range of topics, including household composition and demographics, families' experience with cash assistance, employment, income, health insurance, and family well-being.

Potential survey participants were identified using data from the Medi-Cal Eligibility Determination System (MEDS), which tracks all individuals covered by Medi-Cal and thus includes all CalWORKs recipients. The sampling frame included families who had received cash aid for at least one month between January and December of 1999—whether or not they were receiving such assistance at the time of the survey (August 2000 to March 2001). Thus, the survey included respondents who were still receiving cash aid at the time of the interview, as well as those who had left cash aid between 0 and 26 months prior to interview. Among those not receiving cash aid, approximately half had been off welfare for less than 12 months and most (80 percent) were within 18 months of last welfare receipt; the average time off welfare was 13 months.

Of the potential cases in the six counties who fit the sampling frame, some 4,500 (750 from each of the six counties) were selected for participation in the survey. The six counties contain about half of the state's population and about half of the state's welfare caseload. Family-group (typically one-parent households with children) and unemployed-parent (typically two-parent households with children) cases were surveyed. The overall response rate was 67 percent (yielding 3,000 respondents) and ranged from 58 percent in Sacramento County to 74 percent in Butte County.¹⁰ The survey was administered by phone in 65 percent of cases and through an in-person interview in 35 percent of cases, and it was given in both English and Spanish. Households speaking neither English nor Spanish were not surveyed. Most respondents (97 percent of family-group cases and 93 percent of unemployed-parent cases) are the female caretakers in the household. Survey weights were developed to adjust for sample selection and survey non-response. Weighted results are representative of the population of welfare respondents in the six counties surveyed.

To reiterate, while these results reflect the experiences of welfare recipients in the six counties that encompass the majority of California welfare recipients, they are not necessarily representative of the experiences of welfare recipients in California counties not sampled.¹¹ To gauge Medi-Cal comparability, we compared California Medi-Cal enrollment rates to those in the six focus counties between 1990 and 2000. The difference between the focus counties and the entire state averaged 2 percentage points from 1990 to 1998, but was wider in 1999 and 2000. In 1999, Medi-Cal enrollment in the six focus counties among adult welfare leavers off of welfare for one year was 71.6 percent; in all counties, the rate was 60.1 percent. In 2000, the rates were 59.6 and 50.5 for the focus counties and all counties, respectively. Most of the difference in 1999 and 2000 Medi-Cal enrollment rates appear attributable to higher than average Edwards backlogs in several of the focus counties (Alameda, Fresno, San Diego, and Sacramento).

The remainder of this report will explore the following six areas:

1. A profile of the health insurance coverage of the female caretaker in the household—referred to as the former welfare recipient or welfare leaver—and that of the children in the household (those ages 18 years or younger).
2. An examination of the differences in health insurance outcomes among individuals grouped by race, by type of former welfare eligibility (family group or unemployed parent), and by time (in months) since last receipt of welfare.
3. An exploration of factors influencing whether an individual is covered by employer-sponsored insurance.
4. An analysis of whether individuals who are uninsured are likely to be eligible for Medi-Cal or Healthy Families on the basis of their earned income and time since last receipt of welfare.
5. A description of health insurance outcomes among spouses and partners of former welfare recipients.
6. A discussion of the impact health insurance coverage has on former welfare recipients' access to care.

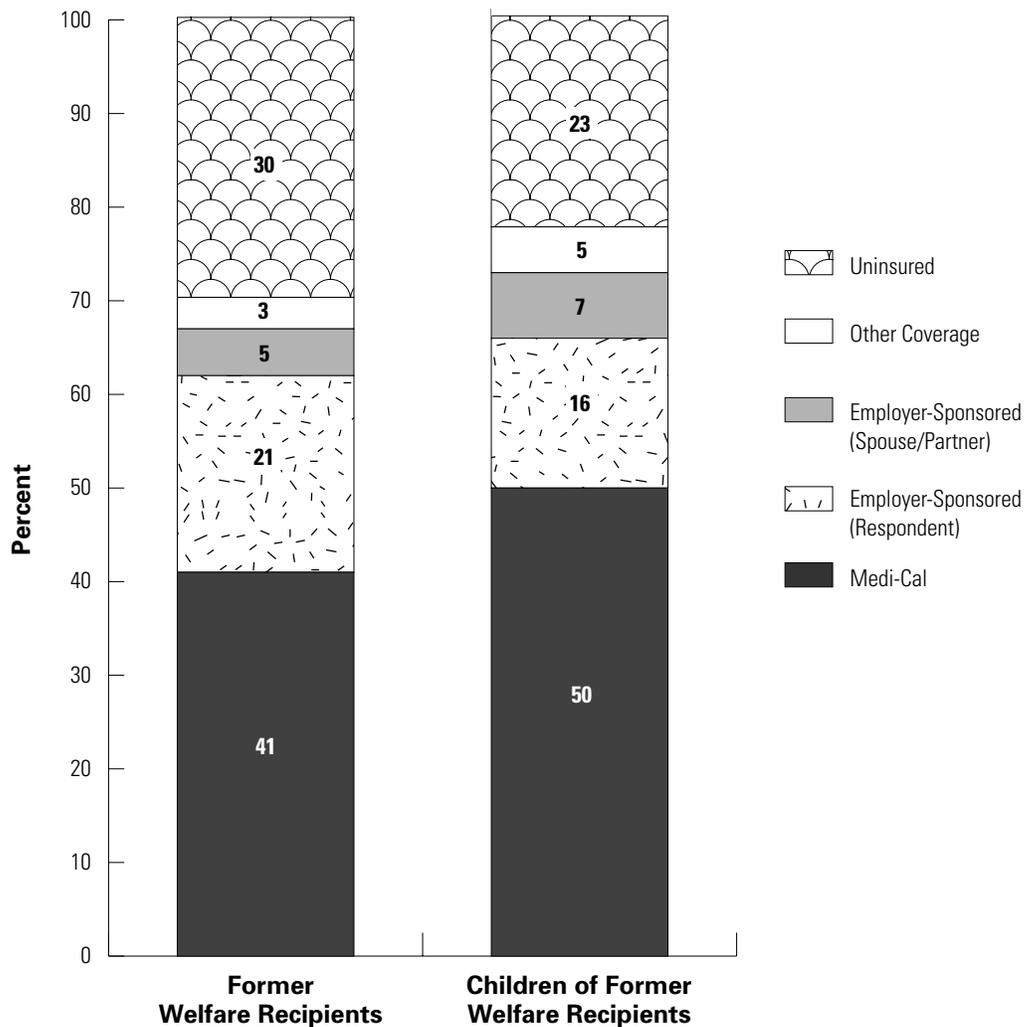
II. Findings

A Profile of Health Insurance Coverage

Figure 1 shows a profile of the primary source of health insurance coverage among former welfare recipients and their children.¹² Consistent with previous studies, rates of Medi-Cal coverage are higher and rates of uninsurance are lower among children compared to their parent(s).¹³ Approximately two-fifths of former welfare recipients in California retain Medi-Cal as their primary source of health insurance coverage (41 percent), while slightly more than one-fourth (26 percent) are covered by an employer-sponsored plan (either their own or their spouse's). Most of those remaining (30 percent) have no health insurance at all.¹⁴ Among children in families who leave welfare, 50 percent continue to rely primarily on Medi-Cal for health insurance coverage, nearly one in four (23 percent) are covered by a plan sponsored by the employer of their mother or her spouse/partner, and the same percentage (23 percent) lacks health insurance.

The profile of health insurance in Figure 1 describes coverage among former welfare recipients and children in families who have left welfare. For the most part, the profile reflects differences among families in health insurance outcomes (e.g., some families enroll all of their children in Medi-Cal, and others enroll none), but the profile also captures some differences among children within a single family (e.g., some children in a family are uninsured while others are covered by Medi-Cal or private insurance). Approximately 40 percent of families who leave welfare have only one child or report no children under the age of 18 currently in their household, so there is no possibility in these cases for variation between children with regard to health insurance outcomes. Among the remaining 60 percent of families with two or more children, 11 percent had at least one child enrolled in Medi-Cal but not all children, and 9 percent had at least one child who was uninsured, but not all children were uninsured. What

Figure 1. Primary Source of Health Insurance Coverage Among Former Welfare Recipients and Their Children



gives rise to the different health insurance outcomes among children in the same family is a question for further research.

The percentage of respondents who report that they or their children are covered by Medi-Cal is somewhat lower than the percentage actually enrolled in Medi-Cal. Administrative data from the six focus counties show that 60 percent of adult former welfare recipients and 59 percent of children of former welfare recipients are enrolled in Medi-Cal.¹⁵ In contrast, survey data indicate that 44 percent of female caretakers and 53 percent of children are enrolled in Medi-Cal. (The percentages are slightly higher compared to Figure 1 because Medi-Cal is not considered the primary source of coverage for those with both Medi-Cal and another source of health insurance coverage.) The different results between administrative data and survey data are greatest for those who are within 6 months of leaving welfare (82 percent and 62 percent,

respectively) and decline with increased time off welfare. Some of this difference may be due to the Edwards category, a program designed to provide Medi-Cal coverage while eligibility is redetermined in the first few months after people leave cash assistance. As noted, counties were instructed to hold new cases moving off welfare in the Edwards program until the state established regulations for the 1931(b) program.¹⁶ With a long delay in the release of those regulations, the number of families who were held in Medi-Cal through the Edwards program ballooned. These findings suggest that despite these efforts, many families did not know they were still covered by Medi-Cal.

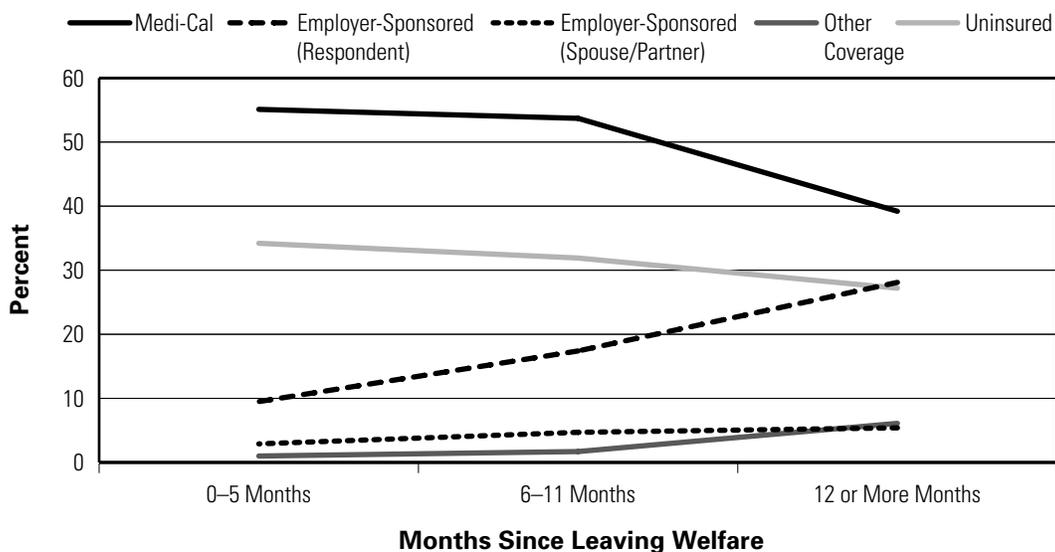
Health Insurance Profiles by Time, Race, and Family Type

Changes in Health Insurance Profiles by Time Off of Welfare

Studies of former welfare recipients in other states have found lower rates of Medicaid coverage among individuals who have been off welfare for longer periods of time compared to more recent leavers. A study of Medi-Cal receipt among former welfare recipients in California reports that approximately 60 percent of adults and children who left welfare in the year 2000 were covered 6 months after leaving. Twelve months after departing, the figure drops to 47 percent.¹⁷ Figure 2 shows variations in Medi-Cal and other types of health insurance coverage for former welfare recipients grouped by time since last receipt of welfare.¹⁸

Medi-Cal coverage is nearly 16 percentage points lower among those who have been without aid for one year or more, compared to those in their first 6 months off welfare. However, the trend in Medi-Cal coverage is countered by changes in employer-sponsored insurance

Figure 2. Health Insurance Coverage among Former Welfare Recipients*



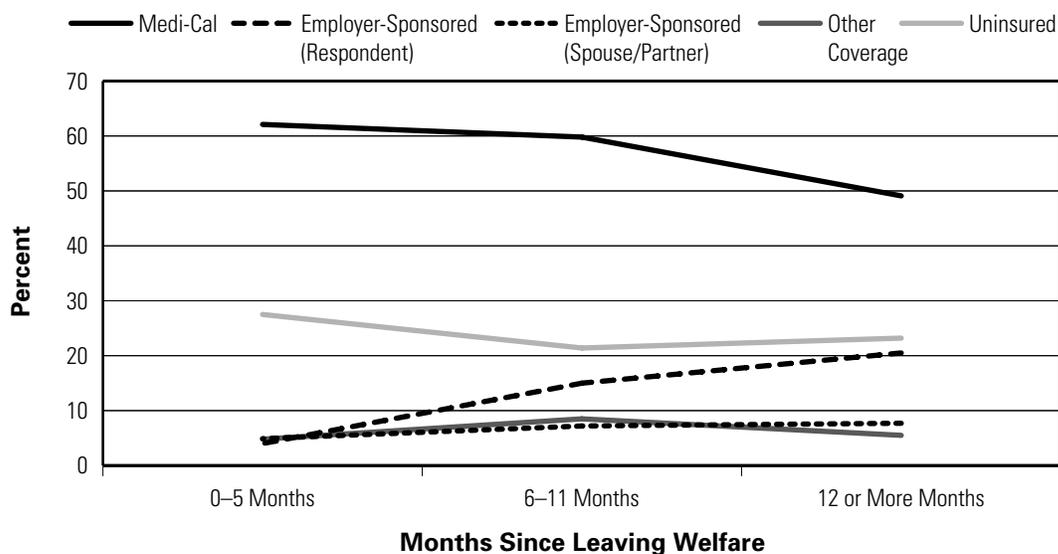
*Based on cross-sectional data. See endnote 18.

coverage, which is more than twice as high among individuals who have been off welfare for 12 or more months compared to those who have been off for less than 6 months. Overall, when looked at by time since last welfare receipt, the opposing trends result in a decreasing proportion of people who lack insurance. Among former welfare recipients, the percentage who are uninsured falls from 34 percent among those off welfare for less than 6 months to 32 percent among those off welfare for 6 to 11 months to 27 percent among those off welfare for 12 months or more.

Figure 3 tracks health insurance coverage among children in families who have left welfare by length of time since last welfare receipt. Some patterns are similar to those observed among respondents. For example, rates of Medi-Cal coverage continually decline with increased time away from welfare and are approximately 13 percentage points lower among children in families who have been off welfare for a year or more compared to those in families who recently left welfare (49 compared to 62 percent, respectively). In contrast, employer-sponsored insurance coverage among children increases with more time off welfare. Coverage jumps from 9 percent among those less than 6 months out to 22 percent among those 6 to 11 months out, and then to 28 percent among those with 12 or more months off of welfare.

However, the percentage of children who are uninsured is not consistently lower among children who have been away from welfare longer. The percentage of children who lack health insurance coverage falls from 28 percent among those less than 6 months out to 21 percent among those 6 to 11 months out, but then rises to 23 percent among children with more than a year away from welfare. The higher rate of children without insurance among those 12 or more months out compared to those 6 to 11 months out reflects a decline in Medi-Cal coverage that is not fully offset by growth in employer-sponsored insurance.

Figure 3. Health Insurance Coverage among Children of Former Welfare Recipients*

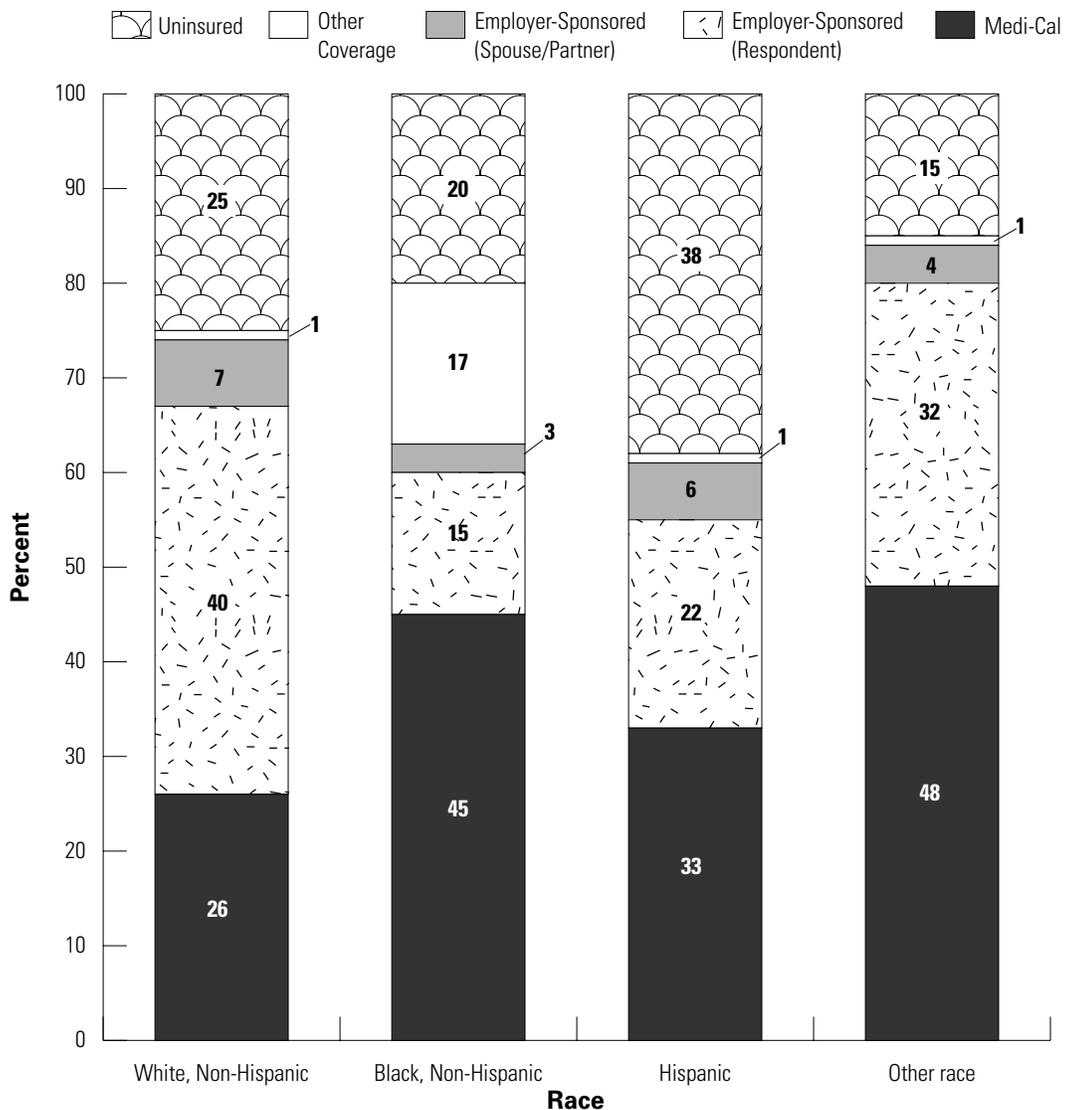


*Based on cross-sectional data. See endnote 18.

Health Insurance Profiles by Race

Past studies have also noted differences in health insurance outcomes by race. Figure 4 depicts the primary source of health insurance coverage by race among former welfare recipients who have been off of welfare for 12 months. A higher percentage of minorities have Medi-Cal as their primary source of health insurance coverage, with the highest rate among African Americans and other non-Hispanic minorities (45 percent and 48 percent, respectively). Hispanics are most likely to be uninsured (38 percent), reflecting a relatively low Medi-Cal enrollment rate compared to other minorities. Among whites, the low rate of Medi-Cal coverage (26 percent) is balanced by the highest rate of employer-sponsored insurance coverage (47 percent).¹⁹

Figure 4. Primary Source of Health Insurance Coverage Among Former Welfare Recipients by Race



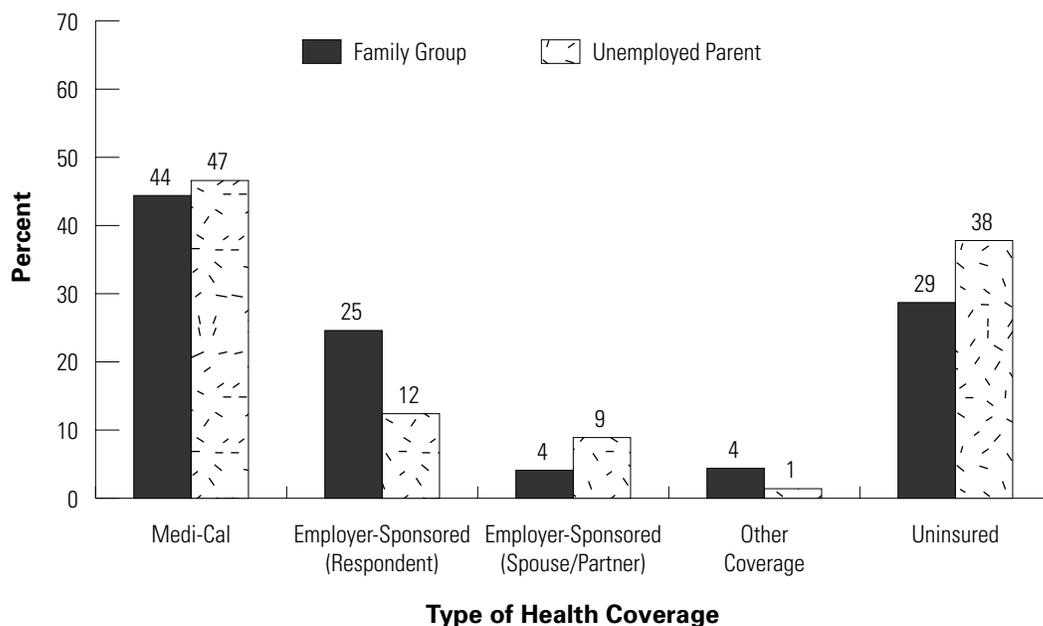
Hispanics can be further separated, based on language of interview, into those whose primary language is Spanish and those whose primary language is English. Medi-Cal is the primary source of health insurance coverage for 29 percent of English-speaking Hispanics, compared to 36 percent of Spanish-speaking Hispanics. The difference in employer-sponsored insurance coverage is more dramatic: 41 percent of primarily English-speaking Hispanics were covered by an employer-sponsored plan versus only 14 percent of primarily Spanish-speaking respondents. The difference in employer-sponsored coverage results in a significant difference in the proportion of Hispanic former welfare recipients who are without health insurance coverage: 48 percent of Spanish-speaking Hispanics and 29 percent of English-speaking Hispanics reported being uninsured.

Comparing Profiles of Former Family-Group and Unemployed-Parent Families

Families participating in welfare are usually eligible either as part of a “family group” (FG), which typically consists of one adult and children, or as part of a two-parent family with at least one “unemployed parent” (UP). Health insurance outcomes vary to some extent between FG and UP families.

Among both former welfare recipients and their children, those in FG families have a higher rate of employer-sponsored coverage. Figure 5 shows that while UP leavers are more likely than FG leavers to be covered by a health insurance plan sponsored by a spouse’s employer (reflecting that more UP than FG leavers have a spouse or partner), female caretakers in

Figure 5. Health Insurance Coverage among Former Welfare Recipients by Family Type



former FG families have double the rate of health insurance coverage from their own employer compared to former UP recipients. This fact stems in part from the fact that FG leavers are more likely to be working than UP leavers (74 compared to 64 percent, respectively). Similarly, the source of employer-sponsored insurance coverage is a key difference in health insurance outcomes for children in UP and FG families (data not shown).

Though employer-sponsored insurance coverage is higher among those in FG compared to UP families, those in FG families have a slightly lower rate of Medi-Cal insurance coverage. Overall, however, former welfare recipients and their children in FG families have a higher rate of health insurance coverage compared to UP families.

Factors Influencing Employer-Sponsored Insurance Coverage among Former Welfare Recipients

One of the goals of welfare reform was to move welfare recipients off of welfare and into work. Among former welfare recipients surveyed, nearly three-fourths were working. Yet, only about one in four former welfare recipients reported being covered by employer-sponsored insurance.

- What factors underlie employer-sponsored insurance coverage among former welfare recipients?
- Are individuals not offered insurance by their employers?
- Are they offered insurance but refuse it because of cost concerns?

Figures 6 and 7 probe further into factors that determine whether former welfare recipients are covered by insurance from their own employer.

To be covered, former welfare recipients must work, be offered insurance from their employer, and accept the offer. Nearly three-fourths of former welfare recipients had some form of employment in the 30 days prior to the survey interview. Among those working, slightly more than half were offered insurance. Thus, 37 percent of all former welfare recipients received an offer of employer-sponsored insurance. Not all of those who were offered insurance accepted (62 percent accepted). In total, 23 percent of former welfare recipients were covered by a health insurance plan sponsored by their employer.²⁰

Most former welfare recipients who were offered but chose not to take insurance from their employer were covered by Medi-Cal (60 percent) or by some other health insurance plan (10 percent). Among those who refused the offer of coverage and remained uninsured, the nearly universal reason cited was cost.

Other research has shown that the length of time an employee has worked for an employer, whether the employee works part time or full time, and the type and size of the employer are important factors in determining whether a worker receives an offer of insurance. Some

employers have a waiting period of several months or more before employees are eligible to participate in a health insurance plan; other employers offer health insurance coverage to full-time, but not part-time or temporary, employees; and smaller employers are less likely to offer health insurance coverage at all.²¹

Findings from the CHSSS provide some support for the given reasons for lack of employer-sponsored insurance. Among former welfare recipients who were working but who were not offered insurance, nearly half indicated that their employer did not offer insurance at all. One in three said they were not offered insurance because they worked too few hours, and a smaller percentage (13 percent) reported they were ineligible for employer-sponsored insurance because of their limited job tenure.

Figure 6. Provision and Utilization of Employer-Sponsored Insurance among Former Welfare Recipients

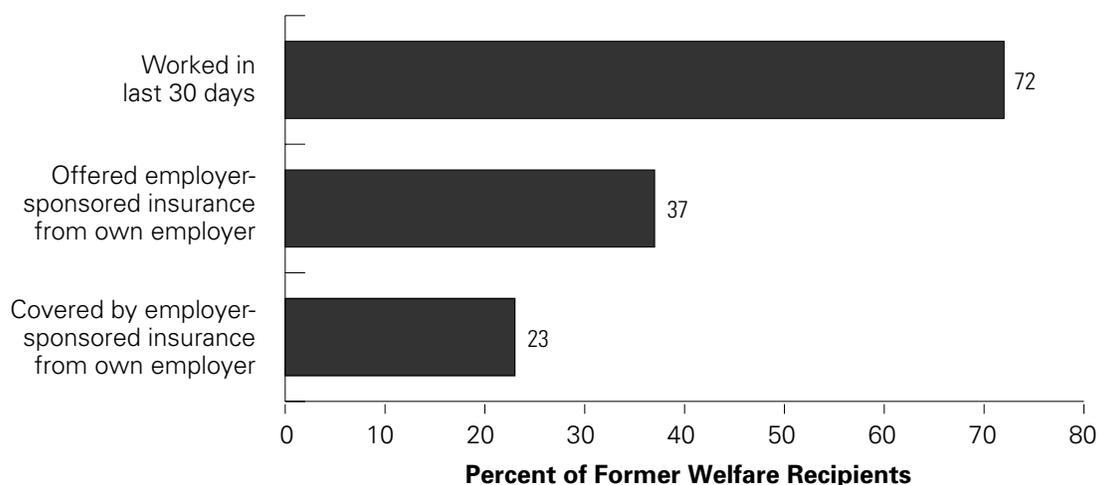


Figure 7 provides additional detail on the relationship between health insurance coverage and hours of work among former welfare recipients who work. Former recipients who are working full time are more than one and one-half times as likely to be offered health insurance from their employer compared to those working 20 to 35 hours per week (65 compared to 37 percent, respectively). Full-time workers are also twice as likely to participate in an employer-sponsored plan when offered, which may reflect differences in the generosity and cost of the coverage offered to full- versus part-time employees. As a result, only 12 percent of welfare respondents who work 20 to 35 hours, and very few respondents who work fewer hours per week, have insurance coverage from their employer, compared to 44 percent of full-time workers. Part-time work is the norm for a significant proportion of former welfare recipients (31 percent of those working work less than 35 hours per week), and thus a substantial share of former welfare recipients have limited access to employer-sponsored insurance.

Figure 7. Provision and Utilization of Employer-Sponsored Insurance among Former Welfare Recipients by Number of Hours Worked

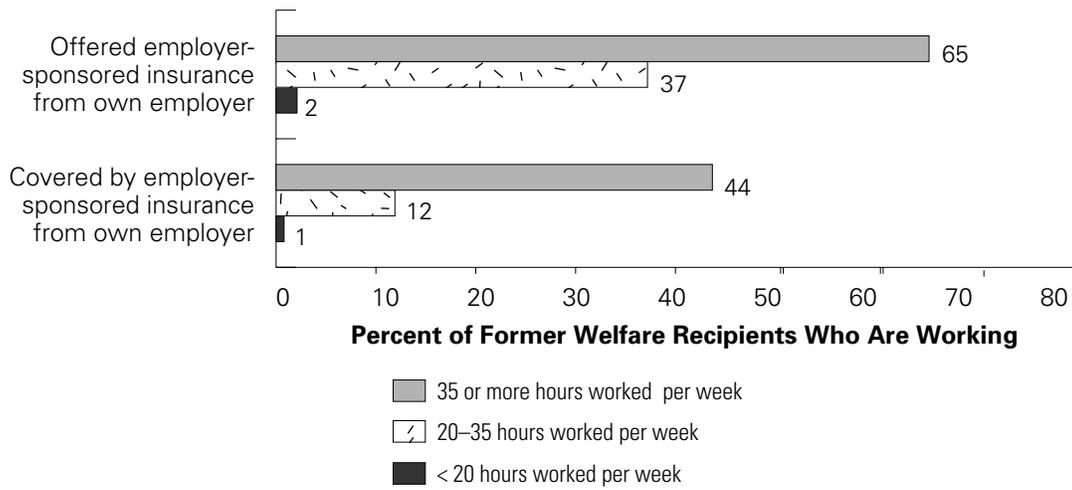
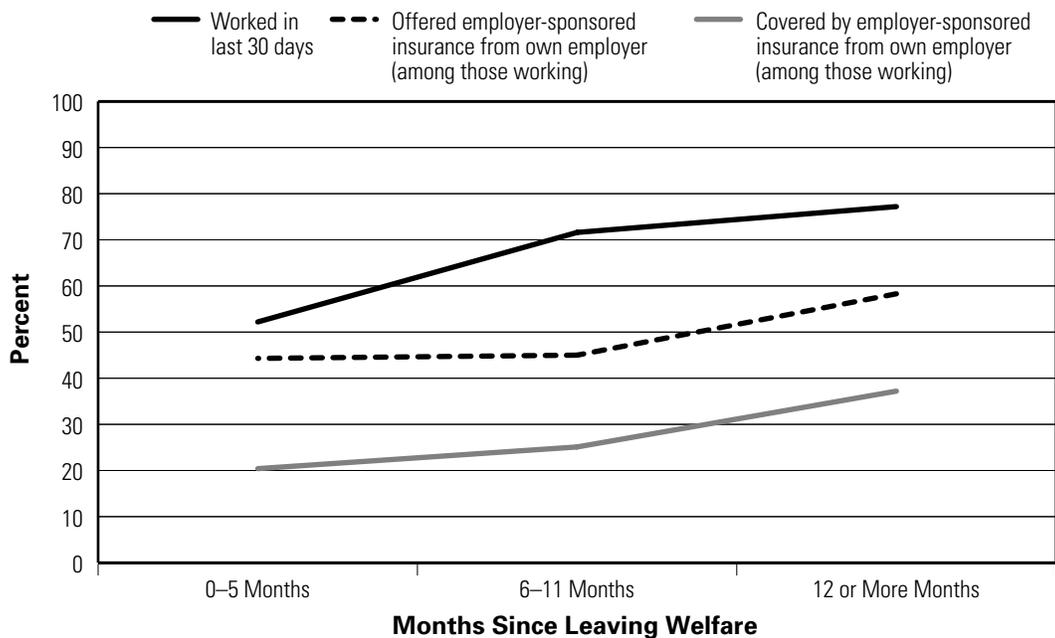


Figure 8 untangles factors influencing the higher rate of employer-sponsored insurance coverage among former welfare recipients with more time accrued since last welfare receipt. Individuals who have left welfare more recently are less likely to be working, to be offered insurance (given that they are working), and to accept coverage that is offered.

Figure 8. Provision and Utilization of Employer-Sponsored Insurance among Former Welfare Recipients by Time Away from Welfare



Eligibility of the Uninsured for Medi-Cal and Healthy Families

At least some of those former welfare recipients who are uninsured are likely to be eligible for but not participating in Medi-Cal. The numerous categories of eligibility for Medi-Cal—each with their own criteria—prevent definitive classification of uninsured individuals into those eligible or ineligible for Medi-Cal. However, two crucial factors affecting welfare eligibility are the number of months since last receipt of welfare and earned family income. Figure 9 describes uninsured former welfare recipients in terms of these two factors: 18 percent of former welfare recipients who report being uninsured are within 6 months of their last receipt of welfare; another 51 percent of the uninsured have incomes at or below FPL; and an additional 24 percent have incomes that are above FPL but which are still relatively low (less than 185 percent of FPL).

Figure 9. Family Income among Uninsured Former Welfare Recipients

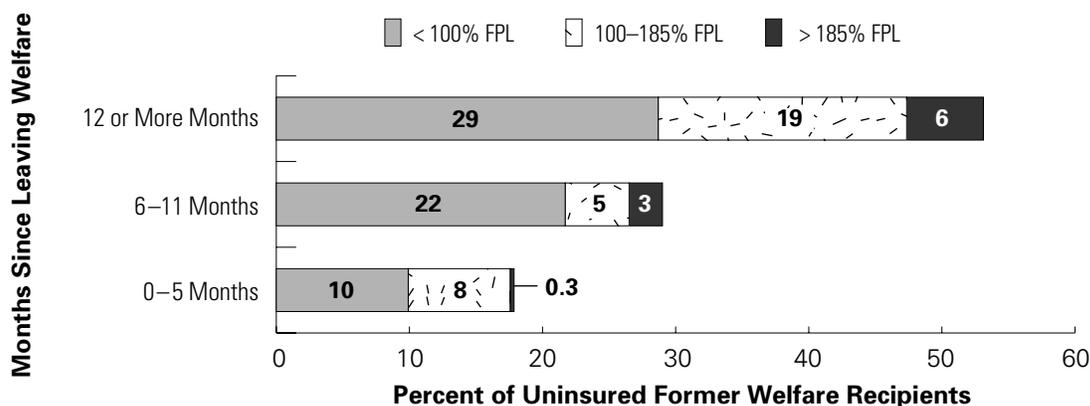
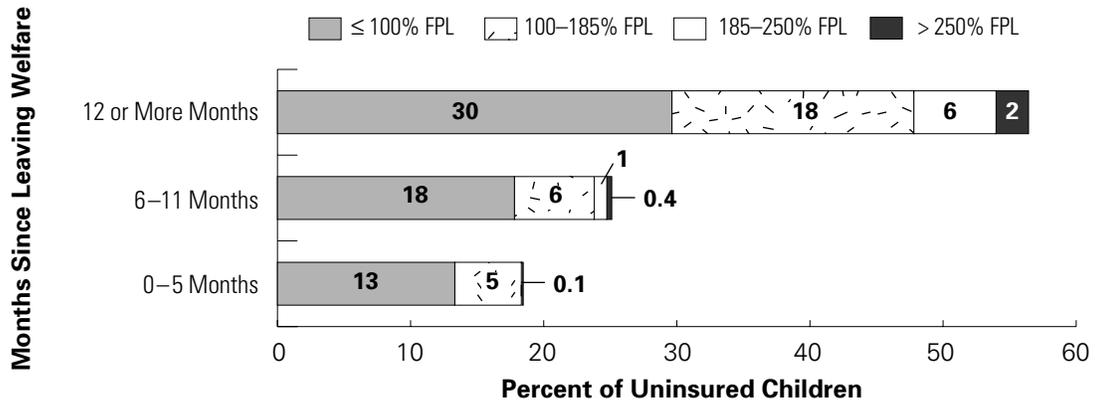


Figure 10 shows similar figures among uninsured children in families who have left welfare: 18 percent are within 6 months of their last receipt of welfare; another 48 percent are in families with earned incomes at or below FPL; and an additional 24 percent are in families with incomes between FPL and 185 percent of FPL. Altogether, 97 percent of uninsured children are in families with earned incomes of less than 250 percent of FPL, which is the threshold for Healthy Families.

Medi-Cal eligibility rules are complex and usually depend on more than earnings and time since last welfare receipt, but Transitional Medi-Cal (TMC) is generally available to former welfare recipients with less than 6 months since last receiving welfare, regardless of their earnings. TMC is also available for a longer period of time to individuals with relatively low incomes (less than 185 percent of FPL). The 1931(b) program extends Medi-Cal eligibility to former welfare recipients who would have qualified for welfare under pre-reform criteria; that is, individuals with earnings less than the Federal Poverty Level at least meet the income criteria for 1931(b) eligibility. Finally, California's Healthy Families program provides for children in families whose incomes are within 250 percent of FPL.²² Altogether, 92 percent of

Figure 10. Family Income among Uninsured Children of Former Welfare Recipients



former welfare recipients who are uninsured are either within 6 months of their last welfare receipt or have earnings of less than 185 percent of FPL; 97 percent of uninsured children in families who have left welfare have incomes below the Healthy Families threshold for eligibility. Thus, the findings suggest that many uninsured former welfare recipients and their children may be eligible for either Medi-Cal or Healthy Families.

Why might individuals who are eligible for Medi-Cal not enroll? Several factors may contribute. One factor is whether individuals know they are eligible for Medi-Cal. Evidence in this regard is conflicting. Survey respondents were asked whether eligibility for Medi-Cal continued after departure from welfare, and nearly all of those who had left welfare—and most of those who left welfare and were uninsured—were aware that Medi-Cal eligibility did continue (92 percent and 84 percent, respectively). However, whether or not those who leave welfare understand the full range of Medi-Cal benefits and eligibility is unclear. When survey respondents were asked about why they were uninsured, 43 percent cited cost as the main reason, and 33 percent of respondents referred to factors associated with lack of employer-sponsored insurance coverage (such as part-time work or job tenure), as opposed to explaining the absence of Medi-Cal coverage.

Second, some of those eligible for Medi-Cal may lack coverage because of confusion about, or difficulty with, the application process or the continuing requirements to maintain coverage. Forms can be long and difficult for many former welfare recipients to fill out. Formal or informal requirements to file them in person are sometimes inconsistent with the busy lives—including work and childrearing—and limited transportation options of former welfare recipients. Welfare offices and the welfare bureaucracy are often an unpleasant part of the welfare experience for many families and many former welfare recipients are happy to be totally free of that experience—so much so that the requirement to remain involved with the welfare bureaucracy in order to maintain Medi-Cal coverage is enough to cause them to choose not to enroll.²³ In the CHSSS, respondents who left welfare were asked if they needed help with Medi-Cal at the time of their transition. Most said they did, and two-thirds of those

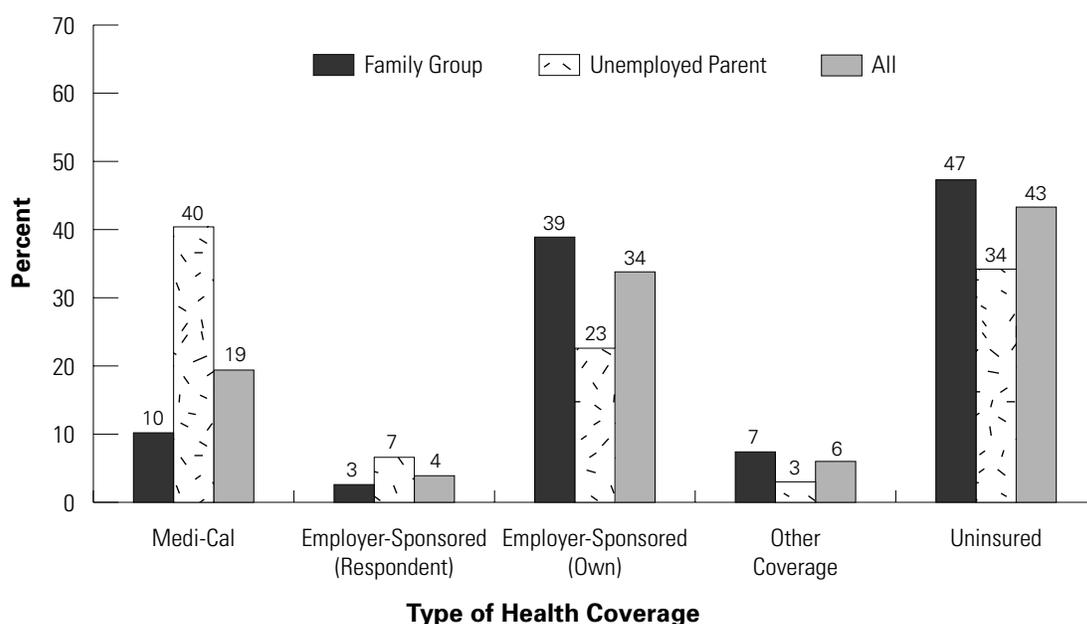
received assistance; however, one-third said there was no help provided, and some indicated that was the case even though they explicitly requested assistance. In addition, among former welfare recipients who reported being uninsured, approximately 15 percent indicated they had administrative problems with their Medi-Cal coverage or had trouble keeping up with the required paperwork.

Some individuals in families who leave welfare may lack insurance because they are not eligible for public health insurance and are either not offered employer-sponsored insurance or find it too costly. Eligibility becomes more of an issue with increased time away from welfare. For example, Transitional Medi-Cal benefits eventually expire. At the same time, earnings may rise with accrued experience and job tenure and ultimately place individuals above the income threshold for other categories of Medi-Cal eligibility.²⁴

Health Insurance among Spouses and Partners of Former Welfare Recipients

Overlooked in most prior studies has been the health insurance status of spouses and partners of former welfare recipients, including those who were part of the family during the period of welfare receipt (spouses/partners in UP families), and those in FG families, who usually have joined the family after the family’s transition off welfare.²⁵ Most UP leavers (82 percent) and a significant portion of FG leavers (29 percent) have a spouse or partner. Figure 11 provides a look at their health insurance coverage.

Figure 11. Health Insurance Coverage among Spouses/Partners of Former Welfare Recipients



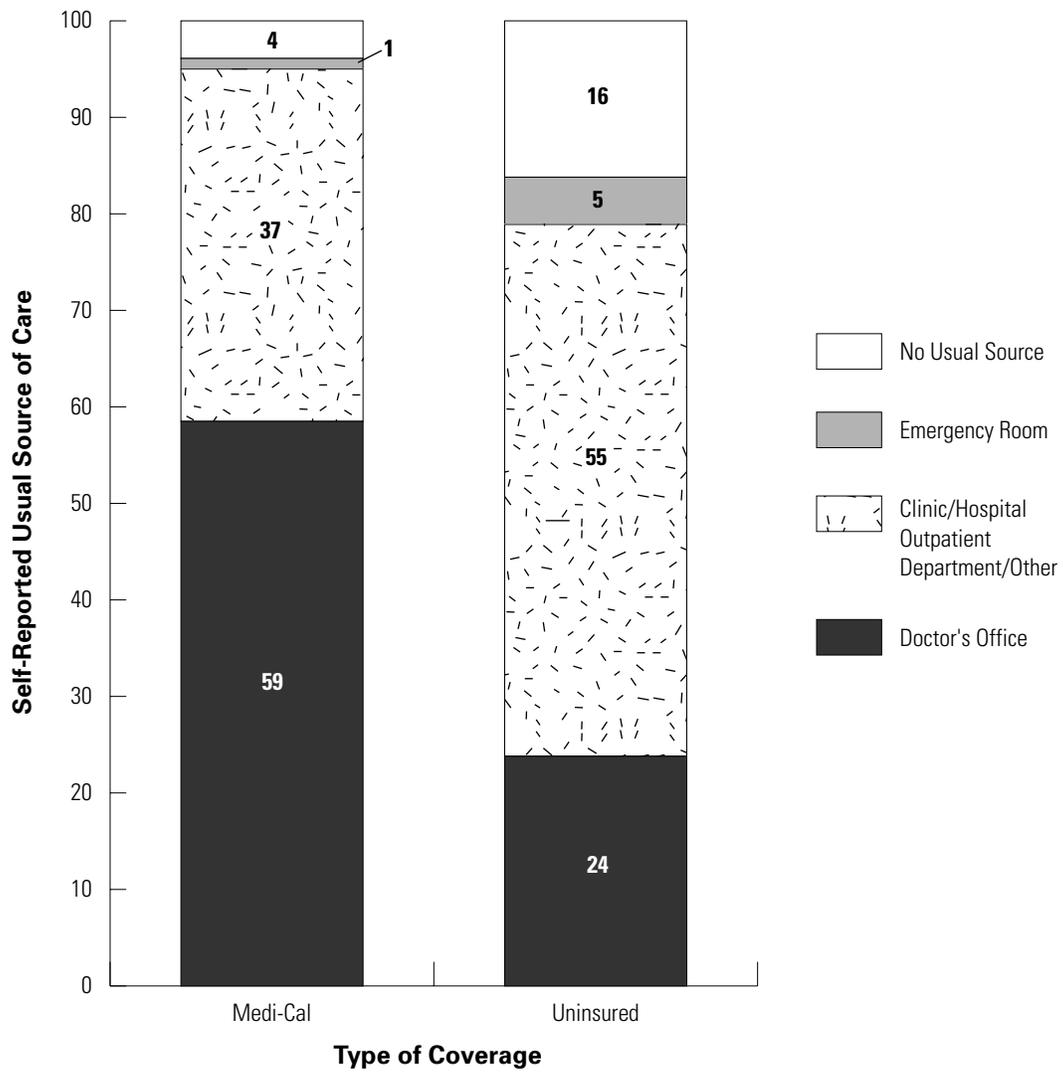
In considering these results, it is important to note that the regulations governing FG and UP spouses are very different. Spouses in former UP families are themselves former welfare recipients, and as such are potentially eligible for various Medi-Cal programs. Medi-Cal eligibility is more limited for spouses in former FG families, who were not themselves former welfare recipients.²⁶ Indeed, health insurance coverage varies dramatically for spouses and partners in FG versus UP families. While 40 percent of UP spouses are covered by Medi-Cal, the same is only true for approximately 10 percent of spouses or partners in FG families. But, spouses or partners in FG families are more likely than UP spouses or partners to have insurance from their own employer (39 compared to 23 percent, respectively). However, the higher rate of employer-sponsored insurance coverage among FG spouses/partners is not enough to make up for the lower rate of Medi-Cal coverage. All told, nearly half (47 percent) of FG spouses/partners are uninsured, compared to one-third (34 percent) of UP spouses/partners.

Thus, among all household members, spouses or partners of female caretakers in FG and UP families are the most at risk for being uninsured. Overall, approximately 43 percent of such individuals are uninsured—a rate considerably higher than that among children and respondents.

Impact of Coverage on Access to Health Care

One in four former welfare recipients and one in five children of welfare leavers are without insurance, and the lack of health insurance coverage can have serious implications for former welfare recipients' access to health care. The CHSSS data reveal that uninsured former welfare recipients are much less likely than insured leavers to have a usual place to obtain health care (84 percent of those uninsured compared to 96 percent of Medi-Cal enrollees). Among those who report having a usual source of care, uninsured individuals are much less likely to receive care from a doctor's office and much more likely to receive care in an emergency room, hospital outpatient department, or clinic compared to those with insurance coverage. For example, 59 percent of former welfare recipients with Medi-Cal coverage indicated that their usual source of care was a doctor's office compared to only 24 percent of uninsured former welfare recipients.

Figure 12. Former Welfare Recipients' Access to Health Care



III. Conclusions

Our findings highlight the important role that employer-sponsored insurance plays in ensuring that former welfare recipients have health care coverage. Enrollment in Medi-Cal is an important—but not the only—piece of the health care coverage puzzle. Indeed, 100 percent Medi-Cal coverage among eligible former welfare recipients and their children is not the yardstick by which to assess the effectiveness of Medi-Cal. Instead, the compelling policy issue for California policymakers and program officials is the percentage of former welfare recipients and their children who are uninsured and, even more specifically, the percentage of those who are uninsured and who are eligible for but not enrolled in Medi-Cal or Healthy Families. By these benchmarks, California has room to improve. One in four former welfare recipients and one in five of their children are uninsured, and nearly all of these parents and children appear to be eligible for either Medi-Cal or Healthy Families.

The picture of health insurance outcomes among welfare recipients and their families is not a static one; rather, it changes significantly as more months off welfare are accrued. For female caretakers, Medi-Cal coverage decreases and employer-sponsored insurance increases with more time off welfare. The rise in employer-sponsored insurance consistently outpaces the decline in Medi-Cal coverage, resulting in a shrinking percentage of uninsured individuals over time. Among children, as with female caretakers, Medi-Cal coverage decreases and employer-sponsored insurance increases with increased time off of welfare—although the trend in the rate of children with no insurance coverage is not consistently downward.

Strategies to improve enrollment in Medi-Cal and Healthy Families among the eligible have been discussed before and include more concerted efforts at outreach, improved dissemination of eligibility information, a more streamlined application process, and the lessening of burdensome redetermination requirements.²⁷ In particular, efforts must be made to enroll, or to

keep enrolled, individuals in families who are moving steadily along a trajectory of independence from welfare. At the same time, complementary strategies to improve the likelihood that employer-sponsored insurance is offered to former welfare recipients would improve health insurance outcomes, including initiatives such as tax incentives that would facilitate work among former welfare recipients or that would encourage employers to offer health insurance.

Notes

- ¹ Cox, Amy G., Jacob Alex Klerman, and Ingrid Aguirre Happoldt. "Medi-Cal After Welfare Reform: Enrollment Among Former Welfare Recipients." Medi-Cal Policy Institute. Issue Brief, Number 4. December 2001.
- ² Isaacs, Julia B. and Matthew R. Lyon. "A Cross-State Examination of Families Leaving Welfare: Findings from the ASPE-Funded Leavers Studies." Division of Data and Technical Analysis, Office of the Assistant Secretary for Planning and Evaluation, Department of Health and Human Services. November 6, 2000; Guyer, Jocelyn. "Health Care After Welfare: An Update of Findings From State-Level Leaver Studies." Center on Budget and Policy Priorities. August 16, 2000.
- ³ Kronebusch, Karl. "Medicaid for Children: Federal Mandates, Welfare Reform and Policy Backsliding." *Health Affairs*. Jan/Feb 2001. 20(1): 97-111; Garrett, Bowen and John Holahan. "Health Insurance Coverage After Welfare." *Health Affairs*. January/February 2000. 19(1): 175-184; Ku, Leighton and Bowen Garret. "How Welfare Reform and Economic Factors Affected Medicaid Participation: 1984-1996." Urban Institute. *Assessing the New Federalism Discussion Paper*. February 2000; Ku, Leighton and Brian Bruen. "The Continuing Decline in Medicaid Coverage." Urban Institute. *Assessing the New Federalism Series, No. A-37*. December 1999; Isaacs, Julia B. and Matthew R. Lyon. "A Cross-State Examination of Families Leaving Welfare: Findings from the ASPE-Funded Leavers Studies." Division of Data and Technical Analysis, Office of the Assistant Secretary for Planning and Evaluation, Department of Health and Human Services. November 6, 2000; Guyer, Jocelyn. "Health Care After Welfare: An Update of Findings From State-Level Leaver Studies." Center on Budget and Policy Priorities. August 16, 2000. Cox, Amy G., Jacob Alex Klerman, and Ingrid Aguirre Happoldt. "Medi-Cal After Welfare Reform: Enrollment Among Former Welfare Recipients." Medi-Cal Policy Institute. Issue Brief, Number 4. December 2001.
- ⁴ Swartz, Katherine. "Interpreting the Estimates from Four National Surveys of the Number of People Without Health Insurance." *Journal of Economic and Social Measurement*. 14(3). 1986: 233-242.
- ⁵ Ku and Bruen (1999) describe a 3 percent decline in Medicaid enrollment nationally from 1995 to 1997 and a 2.1 percent decline in Medi-Cal enrollees in California over the same period. Kronebusch (2001) calculates nationwide declines in Medicaid enrollment of 12 percentage points (from 81 to 68 percent) from 1995 to 1998 among children in families with no income and a decline in Medicaid enrollment from 61 to 53 percent among children in families with incomes at 50 percent of FPL.
- ⁶ Cox, Klerman, and Happoldt. (2001)
- ⁷ Garrett and Holahan. (2000) The remainder were covered by miscellaneous "other" forms of insurance, such as the Indian Health Insurance program, Medicare, or self-purchased plans.
- ⁸ Isaacs and Lyon. (2000)

- ⁹ For more information on the CHSSS, see Jacob Klerman, Joseph V. Hotz, Guido Imbens, Paul Steinberg, Elaine Reardon, Patricia A. Ebener, and Jennifer Hawes-Dawson. *Welfare Reform in California: Design of the Impact Analysis*. Santa Monica: CA. MR-1266.0-CDSS. July 2000.
- ¹⁰ County response rates were affected by length of time in the field, which ranged from approximately 5 months in Sacramento and Los Angeles to 10 months in Alameda and Butte Counties. Los Angeles and Sacramento Counties had shortened field time because of administrative problems with updating electronic records with information from paper case records. The delay meant less time was dedicated to locating and interviewing potential respondents in those counties.
- ¹¹ More detailed information on the design of the CHSSS can be found in Klerman, Hotz, et al. (2000)
- ¹² A small percentage of those insured (6 percent of former welfare recipients and 7 percent of children of former welfare recipients) had more than one source of insurance. These individuals were classified by their “primary” plan, which was determined according to the following hierarchy: respondent’s employer-sponsored plan, spouse/partner’s employer-sponsored plan, Medi-Cal, and “other” plan.
- ¹³ Garrett and Holahan. (2000); Isaacs and Lyon. (2000)
- ¹⁴ Respondents who are classified as having “other insurance” include those who report miscellaneous sources of health insurance coverage such as Medicare, Indian Health Insurance programs, and Healthy Families (the California State Children’s Health Insurance Program or SCHIP), as well as those who could not otherwise be classified because they reported the name of their health insurance plan as opposed to the source of that insurance. Percentages of former welfare recipients enrolled in Healthy Families are not separately reported. Healthy Families is not a particularly important source of health insurance coverage for very recent former welfare recipients because most are covered by transitional Medi-Cal, and as such, the percentages of respondents who report being enrolled in Healthy Families is very small.
- ¹⁵ Tabulations of Medical Eligibility Determination System (MEDS) data provided by Amy Cox.
- ¹⁶ Cox, Klerman, and Happoldt. (2001)
- ¹⁷ Ibid.
- ¹⁸ The analysis is based on cross-sectional data. It does not examine insurance coverage among a cohort of former welfare recipients at different points along their trajectory of time off aid, but rather uses snapshots of former welfare recipients at different points in their time off aid. As such, patterns in coverage observed may reflect factors specific to the particular cohort of leavers. For example, if those who left welfare first had the best job prospects, rates of employer-sponsored insurance among the group of individuals off of welfare for 12 or more months may be higher than what will be experienced by later leavers now off of welfare for 6 months.
- ¹⁹ Among children, patterns by race were similar, though white children were the most likely to be uninsured (28 percent). Hispanic children were most likely to be uninsured among minorities (26 percent).
- ²⁰ The percentage is 2 percentage points higher than that reported in Figure 1. In Figure 1, individuals who had missing values for employer-sponsored insurance were coded according to values reported for other types of insurance. Figures 6, 7, and 8 exclude individuals with missing values for employer-sponsored insurance from calculations.
- ²¹ Farber, Henry S. and Helen Levy. “Recent Trends in Employer-Sponsored Health Insurance Coverage: Are Bad Jobs Getting Worse?” *Journal of Health Economics*. January 2000. 19(1): 93-119; Swartz, Katherine. “Characteristics of Workers without Employer-Group Health Insurance.” in *Trends in Health Benefits*. (John P. Turner, William J. Wiatrowski, and Daniel J. Beller, eds.) Washington, D.C. U.S. Department of Labor, Pension and Welfare Benefits Administration. 1993.
- ²² Other categories of Medi-Cal may also be available to some recipients. For example, the Medically Needy program is designed for low-income individuals with high medical costs.
- ²³ Pavetti, et al. (2001)
- ²⁴ The higher income threshold of the Healthy Families program substantially diminishes the role eligibility for public health insurance has in explaining lack of health insurance among children.
- ²⁵ A spouse or partner must reside with the respondent half time or more to be included. Respondents were asked about the insurance coverage of their spouse or partner (as well as whether their spouse’s employer offered insurance). Thus, the data are somewhat less reliable compared to the health insurance information

provided by respondents about themselves. Missing data were excluded from reported statistics. Some 3.7 percent of respondents did not know whether their spouse had coverage from his employer, and 7.8 percent of respondents with working spouses did not know if their spouse had been offered insurance.

²⁶ A partner, without the benefit of marriage, will in general not qualify for any of the Medi-Cal programs.

²⁷ Maloy, Kathleen A. and Ingrid Aguirre-Happoldt. "Promises Fulfilled or Missed Opportunities? California Counties, Welfare Reform, and Medi-Cal." Medi-Cal Policy Institute. April 2001; Ellwood, Marilyn. "The Medicaid Eligibility Maze: Coverage Expands but Enrollment Problems Persist." Urban Institute. Occasional Paper Number 30. *Assessing the New Federalism*. December 1999.



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