SNAPSHOTS3 of America's Families

Children's Insurance Coverage and Service Use Improve

by Genevieve Kenney, Jennifer Haley, and Alexandra Tebay *No. 1*

The number and percentage of children without health insurance declined dramatically between 1999 and 2002. The number declined by 1.8 million and the percentage fell by 2.6 percentage points. This improvement was concentrated among low-income children (those with incomes below 200 percent of the federal poverty thresholds), and was associated with increased coverage through Medicaid and the State Children's Health Insurance Program (SCHIP). Improvements in coverage were largest for Hispanic and black children, but occurred for white children as well. Increases in health services use were widespread. Despite these gains, millions of children eligible for Medicaid or SCHIP coverage remain uninsured.

This snapshot uses the National Survey of America's Families (NSAF) to examine changes in insurance coverage and service use among children age 18 and under between 1999 and 2002. The 1999 data reflect a very early point in the expansion of coverage for children under SCHIP and in the outreach and enrollment simplification efforts in both Medicaid and SCHIP (Cohen Ross and Cox 2000; Ellwood, Merrill, and Conroy 2003). The 2002 data reflect more established SCHIP programs and the most recent information available on children's insurance coverage and use of services.

DATA AT A GLANCE

BETWEEN 1999 AND 2002, THE NUMBER OF UNINSURED CHILDREN UNDER AGE 19 FELL FROM 9.6 TO 7.8 MILLION.

THE UNINSURANCE RATE AMONG LOW-INCOME CHILDREN DECLINED BY NEARLY SIX PERCENTAGE POINTS.

UNINSURANCE RATES AMONG BLACK AND HISPANIC CHILDREN DECLINED BY MORE THAN FOUR PERCENTAGE POINTS EACH.

RECEIPT OF WELL-CHILD CARE, OFFICE VISITS, AND DENTAL CARE BY LOW-INCOME CHILDREN INCREASED BY 3.5 PERCENTAGE POINTS, 4.5 PERCENTAGE POINTS, AND 2.1 PERCENTAGE POINTS, RESPECTIVELY.

MORE THAN 4 MILLION UNINSURED CHILDREN APPEAR ELIGIBLE FOR MEDICAID OR SCHIP.

Insurance Coverage

In 2002, 7.8 million children were uninsured, a decline of 1.8 million from 1999.[1] The share of uninsured children fell from 12.6 to 10.1 percent (table 1). Over the same period, an additional 4.8 million children were covered by Medicaid or SCHIP, bringing the total number covered by these programs to 17.4 million in 2002. More than 4 million of the 7.8 million uninsured children in 2002 appear eligible for Medicaid or SCHIP coverage.[2]

Nearly 80 percent of the decrease in uninsurance occurring among all children is due to declines in the uninsurance rate among low-income children.[3] The share of low-income children without coverage declined by 5.7 percentage points, but there was no statistically significant change for higher-income children. While the gap in coverage between low- and higher-income children narrowed over this period, low-income children were still almost three times as likely as higher-income children to be uninsured. Nearly one in five children living in poverty lacked insurance coverage in 2002.

The uninsurance rate decline among low-income children was driven by a large increase in Medicaid and SCHIP coverage of 12.4 percentage points. At the same time, low-income children experienced a 6.4 percentage point decline in employer-sponsored insurance (ESI) coverage. From these data alone, it is not possible to tell how much of this decline reflects a general erosion of ESI versus how much, if any, was due to Medicaid/SCHIP coverage substituting for ESI. While uninsurance rates declined for both poor and near-poor children, near-poor children experienced much greater changes in both Medicaid/SCHIP and ESI coverage than poor children.[4]

Declines in uninsurance were greater for black and Hispanic children than for white children (4.8 and 4.2 percentage points, respectively, compared to 2.0 percentage points) and were related to larger increases in public coverage among black and Hispanic children (9.2 and 10.8 percentage points, respectively) than white children (3.9 percentage points).[5] From 1999 to 2002, the number of black and Hispanic children covered by Medicaid or SCHIP increased by 1.2 and 1.7 million, respectively. By 2002, Medicaid and SCHIP were providing health insurance to 43.2 per-

cent of black children and 35.6 percent of Hispanic children.

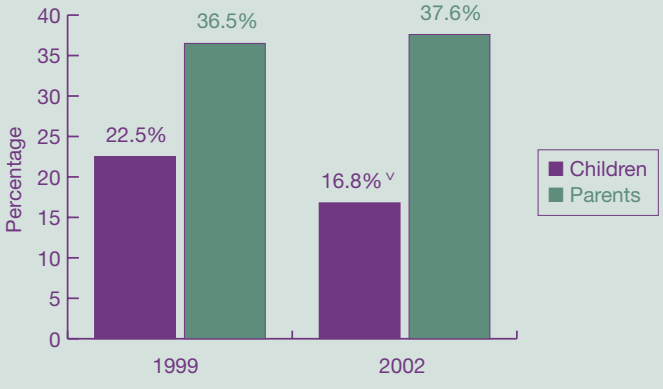
Racial and ethnic differences in uninsurance rates narrowed between 1999 and 2002, but large differentials persist. For example, the uninsurance rate for black children is now just 2.4 percentage points higher than for white children. However, Hispanic children remain nearly three times as likely to be uninsured as white children and over twice as likely to be uninsured as black children.

While uninsurance rates were falling for low-income children, parents in the same income group experienced no improvement in coverage (figure 1).[6] Uninsurance rates for low-income parents were 36.5 percent in 1999 and 37.6 percent in 2002. Over this period, the gap between uninsurance rates for low-income parents and children increased, and by 2002, low-income parents were more than twice as likely as low-income children to be uninsured.

Service Use

The proportion of children receiving basic health services increased between 1999 and 2002 (table 2). The proportion receiving well-child care rose from 65.2 to 68.6 percent; the proportion receiving office visits rose from 82.4 to 84.8 percent; and the proportion receiving dental care rose from 78.9 to 80.5 percent.[7] Receipt of office visits and dental care increased for low-income children but not higher-income children. However, the receipt of well-child care increased about 3 percentage points for both groups.

Figure 1. Uninsurance Rates for Low-Income Children and Parents, 1999 and 2002



Sources: 1999 and 2002 National Survey of America's Families
Note: V Indicates estimate for 2002 is significantly lower than estimate for 1999 at the 0.10 level.

Both poor and near-poor children experienced increases in receipt of care between 1999 and 2002, but improvements were larger for children living in near-poor families. The latter improvements could be related to the large increases in Medicaid and SCHIP coverage among near-poor children, shown in table 1.[8]

Children covered by Medicaid/SCHIP are about 1.5 times more likely than uninsured children to receive well-child care, office visits, and dental care.[9] The same patterns hold for black and Hispanic children covered by Medicaid/SCHIP, who are more than 1.3 times and about 1.5 times, respectively, more likely than their uninsured counterparts to receive basic health services. Uninsured children are more than three times as likely as those covered by Medicaid or SCHIP to lack a usual source of medical care and 1.5 times as likely to have an unmet medical, dental, or prescription drug need (data not shown).[10]

Discussion

Children, especially those in low-income families, experienced gains in insurance coverage between 1999 and 2002, in sharp contrast to their parents. The gains for children were driven by large increases in Medicaid and SCHIP coverage during a period when program eligibility expanded, states engaged in substantial outreach efforts, and families became more familiar with public programs (Dubay, Hill, and Kenney 2002; Kenney, Haley, and Tebay 2003). Medicaid and SCHIP now provide coverage for over a third of all black and Hispanic children. However, nearly 8 million children remained uninsured in 2002, and more than 4 million appear eligible for Medicaid or SCHIP coverage. These children would likely benefit a great deal from having coverage, given how many are not now receiving basic health services.

Preserving the gains documented here and covering eligible children who remain uninsured will likely hinge on maintaining Medicaid and SCHIP eligibility levels and continuing to improve outreach, enrollment, and retention. The budget woes facing states may make it difficult to build on the momentum established over the 1999 to 2002 period. While, to date, few states have made large-scale cutbacks in their programs for children, many states have slowed expansions for parents, reduced outreach activities, or erected more enrollment barriers—or plan to do so (Holahan et al. 2003; Howell, Hill, and Kapustka 2002). Retrenchment of public programs combined with the sluggish economy could stall progress and even reverse children's gains in coverage, which in turn would likely harm the health and well-being of America's children.

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Endnotes

[1] NSAF measures insurance coverage by inquiring about various sources of coverage and then asking a verification question that confirms lack of coverage for those not identified as having any type. Coverage was measured at the time of the survey and grouped into four categories: employer-sponsored insurance (including military coverage); Medicaid, separate SCHIP, or another state program; other (including coverage through Medicare, privately purchased coverage, and other coverage not classifiable elsewhere); and uninsurance/no coverage. Coverage is defined using a hierarchy; in cases where individuals had both employer-sponsored coverage and some other form of coverage, they were classified as having employer-sponsored coverage in the hierarchy. Similarly, those without employer-sponsored coverage but with Medicaid/SCHIP were classified as having Medicaid/SCHIP. No adjustment was made for the possible undercount of Medicaid/SCHIP coverage.

The 1999–2002 declines in overall uninsurance are consistent with data from the Current Population Survey (Dubay, Hill, Kenney 2002) and the more recent National Health Interview Survey (Cohen, Ni, and Hao 2003). For a discussion of shifts in insurance coverage between 1997 and 1999 for children under 18, see Kenney, Dubay, and Haley (2000).

[2] Children were estimated to be eligible for coverage under Medicaid or SCHIP if their family's income in the prior year was below the eligibility threshold for Medicaid/SCHIP in their state and they were US citizens (this included 3.95 million uninsured children). For the 0.99 million uninsured children who meet the income requirements for Medicaid/SCHIP but are not citizens, we imputed legal status, estimating that another 0.4 million uninsured children would be eligible. The remaining 2.77 million uninsured children have family incomes above the thresholds in their state, but some may be eligible for coverage

Table 1. Insurance Coverage of Children, by Income and Race/Ethnicity, 1999 and 2002

	Employer-Sponsored (percent)			Medicaid/SCHIP (percent)			Other Coverage (percent)			Uninsured (percent)			Number of Children in Group (millions)	
	'99	'02	Change	'99	'02	Change	'99	'02	Change	'99	'02	Change	'99	'02
All Children	66.5	63.0	-3.4 ˅	16.5	22.5	6.0 ˄	4.4	4.4	0.0	12.6	10.1	-2.6 ˅	76.2	77.2
Income[a]														
Low-income	38.5	32.0	-6.4 ˅	35.3	47.6	12.4 ˄	3.8	3.5	-0.3	22.5	16.8	-5.7 ˅	30.9	28.9
0-99% of poverty	21.6	19.3	-2.3	51.8	58.6	6.7 ˄	3.0	3.6	0.6	23.6	18.6	-5.1 ˅	13.8	12.8
100-200% of poverty	52.0	42.1	-9.9 ˅	22.0	39.0	17.0 ˄	4.4	3.4	-1.0 ˅	21.6	15.5	-6.1 ˅	17.2	16.1
Higher-income	85.6	81.6	-4.0 ˅	3.6	7.5	3.8 ˄	4.9	4.9	0.0	5.9	6.0	0.1	45.3	48.3
Race/Ethnicity[b]														
Non-Hispanic white	75.6	73.5	-2.1 ˅	10.1	14.1	3.9 ˄	5.1	5.3	0.2	9.1	7.1	-2.0 ˅	47.9	47.5
Non-Hispanic black	49.0	44.7	-4.3 ˅	34.0	43.2	9.2 ˄	2.7	2.6	-0.1	14.3	9.5	-4.8 ˅	11.9	12.1
Hispanic	46.4	40.4	-6.1 ˅	24.9	35.6	10.8 ˄	3.3	2.8	-0.5	25.4	21.2	-4.2 ˅	12.6	13.7

Sources: 1999 and 2002 National Survey of America's Families

Notes: Insurance coverage represents status at the time of the survey. Children are age 18 and younger. 1999 estimates use new weights based on the 2000 Census and may differ from previously published estimates based on the 1990 Census. The percentage point changes are calculated using unrounded estimates from each year.

[a] Low-income is defined as below 200 percent of the federal poverty thresholds and higher-income is defined as 200 percent of the federal poverty thresholds and above.

[b] The non-Hispanic other race group is not analyzed separately.

˄ Increase between 1999 and 2002 is significant at the 0.10 level.

˅ Decrease between 1999 and 2002 is significant at the 0.10 level.

Table 2. Health Care Use by Children, by Income and Insurance Coverage, 1999 and 2002 (percent)

	One or More Well-Child Visits[a]			One or More Doctor or Health Professional Visits			One or More Dental Visits[b]		
	'99	'02	Change	'99	'02	Change	'99	'02	Change
All Children	65.2	68.6	3.4^	82.4	84.8	2.4^	78.9	80.5	1.6^
Income									
Low-income	62.7	66.1	3.5^	75.6	80.1	4.5^	69.0	71.1	2.1^
0-99% of poverty	64.9	66.7	1.9	74.4	78.4	4.0^	68.3	68.8	0.5
100-200% of poverty	60.9	65.7	4.7^	76.5	81.4	4.9^	69.6	72.8	3.3^
Higher-income	67.0	70.1	3.1^	87.1	87.6	0.5	85.4	85.9	0.5
Insurance Coverage									
Employer-sponsored	67.0*	70.1*	3.1^	86.6*	88.6*	2.0^	84.8*	85.8*	1.0
Medicaid/SCHIP	74.3*	74.8*	0.6	84.1*	86.3*	2.2	75.1*	76.3*	1.2
Other	65.9*	64.3*	-1.6	83.8*	84.3*	0.5	85.8*	83.5*	-2.3
Uninsured	43.6	45.5	1.8	57.7	57.8	0.1	50.2	55.1	4.8^

Sources: 1999 and 2002 National Survey of America's Families

Notes: Children are those age 18 and younger. 1999 estimates use new weights based on the 2000 Census and may differ from previously published estimates based on the 1990 Census. The percentage point changes are calculated using unrounded estimates from each year.

[a] Applies only to children age 17 and under.

[b] Applies only to children 3 and older.

* Estimate for insurance group is significantly different from estimate for uninsured at the .10 level.

^ Increase between 1999 and 2002 is significant at the 0.10 level.

when income disregards have been applied. At least 1.7 million uninsured white children, 1.8 million uninsured Hispanic children, and 800,000 uninsured black children are estimated to be eligible for Medicaid/SCHIP.

[3] This estimate was derived by decomposing the 1.8 million decline in uninsured children into the component resulting from declines in uninsurance rates and the component resulting from changes in the share of children living in low-income families.

[4] Poor children are those with family incomes below 100 percent of the federal poverty thresholds in the prior year; near-poor children are those with family incomes between 100 and 200 percent of the federal poverty thresholds in the prior year.

[5] "White" and "black" children are non-Hispanic; "Hispanic" refers to Hispanics of all races. The non-Hispanic "other" race group was not analyzed separately.

[6] Parents are defined as adults 19 and older living in the household with their biological, step, or adoptive child under age 18.

[7] An office visit was defined as a visit to a doctor or other health professional. Service use in both 1999 and 2002 is defined using unimputed values—fewer than 1 percent of the cases were missing in each year.

[8] Receipt of well-child care and office visits increased for all three racial/ethnic groups between 1999 and 2002, and receipt of dental care increased for both white and Hispanic children (data not shown).

[9] Service use was measured for the 12 months prior to the survey, while insurance coverage represents status at the time of the survey.

[10] Black and Hispanic children who are uninsured are 3.5 times and 2.7 times, respectively, more likely than black and Hispanic children covered by Medicaid/SCHIP to lack a usual source of care.

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Snapshots of America's Families III, No. 1

SNAPSHOTS3 of America's Families

Snapshots III presents findings from the 1997, 1999, and 2002 rounds of the National Survey of America's Families (NSAF). Information on more than 100,000 people was gathered from approximately 40,000 representative households in each round. The NSAF is part of the *Assessing the New Federalism* project (ANF). Information on ANF and the NSAF can be obtained at http://www.urban.org/anf.

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