OHCA
OFFICE OF HEALTH CARE ACCESS
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Who are the Uninsured?

Examining Insurance Coverage Among Children

Introduction

This is the fifth in a series of issue briefs examining the results of the 2001 Household Survey conducted by the University of Connecticut Center for Survey Research and Analysis (CSRA) on behalf of the Office of Health Care Access (OHCA). The survey explored respondents' health insurance coverage and their utilization of health care services.[1] It found that while most had health care coverage, 5.6 percent or approximately 185,200 Connecticut residents were uninsured.[2] Although the economy has continued to decline since the survey was conducted in Fall 2001, these results provide a useful baseline for measuring changes in insurance coverage. This brief focuses on children's health insurance coverage and their utilization of health care services.[3]

Health Insurance Coverage

Although nearly all of Connecticut's children (96 percent) had health insurance coverage, the survey found that four percent, or an estimated 34,000 children were uninsured.[4] Most children were covered through their parent or guardian's employer (Figure 1).

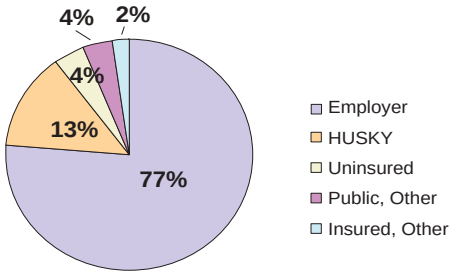

Figure 1: Type of Insurance Coverage for Children

More than three-quarters of Connecticut's children also had dental insurance, and most children's parents or guardians (82 percent) reported their employer offered health insurance coverage (Figure 2). Over 80 percent of all parents or guardians held permanent full-time positions, and as a result were likely to be eligible for their employers' coverage.

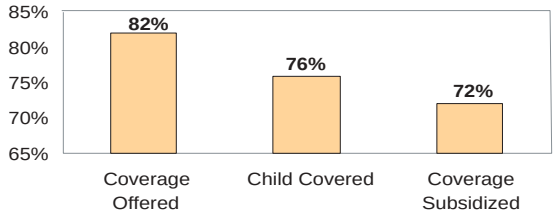

Figure 2: Parent/Guardian's Access to Employer Insurance

For three-quarters of all parents and guardians, their employer's plan covered their children and, for most, their employer also subsidized this coverage.

State Surveys and the CPS: Why Uninsured Estimates May Vary

The March 2002 Current Population Survey (CPS), a national study by the U.S. Census Bureau, estimated that 7.9 percent, or approximately 66,400 Connecticut children were uninsured. While CPS estimates are widely cited by the media and health professionals and used by state and federal governments to plan policy and allocate funds, they tend to provide higher estimates of the uninsured than those based on state survey data.[5]

Why have state surveys such as OHCA's 2001 Household Survey and CPS estimates of the uninsured differed? First, the CPS sample for Connecticut was 1.5 times larger than the OHCA survey. Second, the CPS combined in-person interviews with phone surveys while the 2001 Household Survey consisted exclusively of phone interviews. In-person interviews enable the CPS to include people without a phone, who are much more likely to be uninsured.[6] In-person interviews also permit non-English speakers or those with poor knowledge of English to be included; minorities and immigrants are less likely to be insured. (The 2001 Household Survey was conducted only in English.) Third, the CPS asked respondents to recall their insurance coverage for the prior calendar year, which began 14 to 15 months before the interview. The Household Survey questioned respondents only about the 12 months prior to the interview. It may be more difficult for respondents to recall coverage during the longer period that the CPS examined. Finally, in the case of Connecticut's results, the economy had continued to decline in the six months between the 2001 Household Survey and the March 2002 CPS.

Utilization of Health Care Services

According to the 2001 Household Survey, nearly all children had a regular source of primary care. Regular primary care contributes to long-term health and development while limiting serious illness and costly hospitalizations through early detection and treatment.[7] As shown below in Figure 3, few children did not receive needed health care in the past year for a non-medical illness or injury (two percent), or for a medical emergency (one percent).

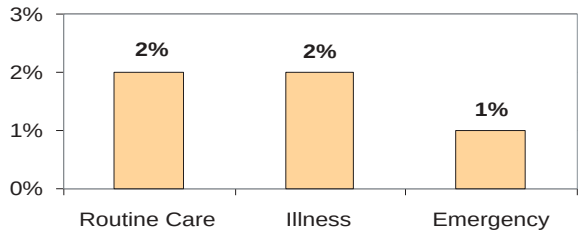

Figure 3: Percent of All Children Who Did Not Get Health Services

The overwhelming majority of children (91 percent) received their primary care in physician or HMO offices (Figure 4).

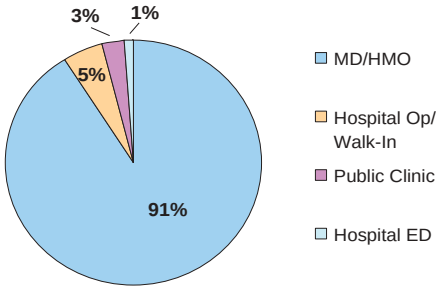

Figure 4: Children's Primary Care Provider

Receiving primary care in the same physician office contributes to continuity of care because children are more likely to be seen over time by the same physicians who are acquainted with their medical history. Hospital walk-in or outpatient centers served five percent and public health clinics were the source of primary care for three percent of children.

The hospital emergency department (ED) was the regular source of primary care for less than one percent of all children, which was far less than for adults (10 percent). This is significant not only from a children's health perspective, but also from a cost containment standpoint, since ED care is expensive and resource intensive.

SCHIP and HUSKY

In 1997, the U.S. Congress enacted the State Children's Health Insurance Program (SCHIP – Title XXI), a 10 year, $40 billion block grant to states. SCHIP allows states to expand their Medicaid programs to include children whose higher family incomes had previously made them ineligible. Since Title XXI's enactment, the national rate of uninsured children fell from 13.9 percent to 11.2 percent.[8] It also dropped from 23.3 percent to 17.5 percent for children with family incomes between 100 and 200 percent of the Federal Poverty Level, one of SCHIP's targets.[9] Nationally, SCHIP programs cover 3.5 million children.[10]

At the time of the Household Survey (Fall 2001), there were approximately 184,000 Connecticut children enrolled in HUSKY, Connecticut's combination Medicaid and SCHIP plan.[11] Since HUSKY's inception in 1998, the CPS estimate of uninsured children in Connecticut has fallen from 10 percent to eight percent. The Household Survey found HUSKY children accessed health care services at a rate comparable to children with other types of insurance coverage (Figure 5).

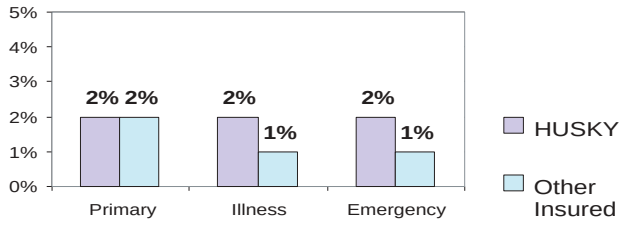

Figure 5: Percentage of Covered Children Who Did Not Access Health Care Services

The only difference was that fewer than 80 percent of HUSKY children received their primary care in a physician or HMO office, while 94 percent of children with other insurance did so. In comparison with children who had other types of

insurance, HUSKY children were more likely to receive their primary care in hospital outpatient and walk-in clinics (13 percent versus four percent) or a public clinic (nine percent versus two percent).

The Economic Downturn and Health Care Coverage

Like the rest of the country, Connecticut is experiencing economic difficulties. Since the time of the Household Survey, unemployment has increased from 3.6 percent to 4.6 percent, or from 62,000 to 80,000 people.[12] For many persons, the loss of employment threatens continued health care coverage for themselves as well as their families.

Nationally, the share of children with private employer-based coverage has declined while public insurance has increased.[13] From 2001 through the beginning of 2002, the availability of Medicaid and SCHIP helped an estimated two million children to remain insured. In Connecticut from the time of the survey to the present, HUSKY enrollment has increased from approximately 184,000 to 218,000 children (15 percent).[14] This increase may be attributed to a combination of factors, including increased outreach to eligible families and providers, a streamlined application process, efforts to help children remain enrolled, as well as current economic conditions.[15]

At a time when Medicaid and SCHIP are providing coverage to more people, states are faced with mounting budget deficits: an estimated $50 to $70 billion nationwide for FY 2003 and $60 to $80 billion for FY 2004.[16] Connecticut's projected budget deficit for the next fiscal year is significant.

Medicaid, the second largest expense item in most state budgets, accounts for an average of 20 percent of spending.[17] Nationally in FY 2002, Medicaid spending grew by 14 percent, the largest rate increase in a decade, resulting in program budget shortfalls in 40 states. In response, nearly every state has implemented or plans to implement cost containment measures including freezing or reducing provider reimbursements, limiting benefits, increasing participant co-pays, chronic disease management, enhanced requirements for prior authorization, and restricting or even rolling back eligibility.[18]

In Connecticut, Medicaid spending has grown by over 70 percent during the last decade and accounts for 21 percent of state spending.[19] In response to state fiscal difficulties, Medicaid enrollees' access to certain therapies has been limited.

The distressed economy, Medicaid reimbursement adjustments, and reduced state aid are expected to generate greater fiscal pressure on safety net providers such as public hospitals, public clinics, and other providers such as physicians and pharmacies.

Conclusion

OHCA's 2001 Household Survey found that most children obtained health insurance through a parent or guardian's employer. Consequently, nearly all children had a regular source of primary care and very few did not get needed medical care for illnesses or injuries. However, since the survey was conducted in Fall 2001, the economic situation has worsened. Unemployment has increased, threatening health insurance coverage for workers and their families. The number of children enrolled in HUSKY increased by 15 percent. At a time when more children and families are enrolled in HUSKY, the state's increasing budget deficit may prompt eligibility and benefit changes. It may also affect funds available for safety net providers such as school and other public clinics and the state's 30 non-profit general hospitals.

The next brief in this series on OHCA's 2001 Household Survey will focus on the estimated 153,600 "intermittently insured," people who had insurance coverage, but not for the entire year preceding the survey.

Notes

For technical/statistical questions on this issue brief, please contact Michael Sabados at (860) 418-7069 or michael.sabados@po.state.ct.us.

[1] The survey consisted of 3,985 phone interviews in Fall 2001.

[2] Unless specified otherwise, "uninsured" refers to anyone who reported he or she did not have health insurance coverage at the time of the survey, i.e., the "point in time" uninsured. This includes those who were continuously uninsured for the year preceding the survey and those who had insurance at some point during that time but did not have coverage at the time of the survey.

[3] "Children" refers to those under age 19.

[4] The small number of uninsured children surveyed (31) prohibits meaningful socio-demographic analysis. Although they were a small sample and generalizations would not be statistically valid, uninsured children were demographically similar to uninsured adults. See OHCA's second Issue Brief (September 2002), *Examining Insurance Coverage Among Working-Age Adults (19 to 64 years*).

[5] State Health Access Data Assistance Center (SHADAC), *State Health Insurance Coverage Estimates: Why State-Survey Estimates Differ from CPS* (July 2001) and *The Current Population Survey (CPS) and State Health Insurance Coverage Estimates* (March 2001).

[6] State Health Access Data Assistance Center (SHADAC), *State Health Insurance Coverage Estimates: Why State-Survey Estimates Differ from CPS* (July 2001).

[7] Institute of Medicine, *Health Insurance is a Family Matter,* The National Academies Press (2002).

[8] National Center for Health Statistics, *Health Insurance Coverage Improves for American Children* (February 2, 2002).

[9] Lisa Dubay, Ian Hill, and Genevieve Kenney, *Five Things Everyone Should Know About SCHIP*, The Urban Institute (October 2002).

[10] State Coverage Initiatives, *State of the States: Bridging the Health Coverage Gap* (January 2003).

[11] Connecticut Children's Health Council, *Husky Enrollment Update* (January 2002). The figure combines the number of children enrolled in HUSKY A (traditional Medicaid) and HUSKY B (health insurance purchased on sliding scale based on family income). All children under 19 living in Connecticut are eligible for HUSKY.

[12] Connecticut Department of Labor.

[13] Center On Budget and Policy Priorities, *New CDC Data Show the Importance of Sustaining Medicaid and SCHIP Coverage as Private Insurance Erodes in 2002* (*October 8, 2002).*

[14]Most recent figure (January 2003) from Connecticut Department of Social Services.

[15] Connecticut Children's Health Council, *HUSKY Enrollment Update* (January 2002) and *HUSKY A Enrollment: More Children are Keeping Health Coverage* (January 2003).

[16] National League of Cities, *Lifting the Voice for Cities in the Budget Battles Ahead* (*January 6, 2003);* Center on Budget and Policy Priorities, *State Budget Deficits Loom Larger than Previously Thought Signaling Deep Cuts in Health Insurance, Other Programs* (December 23, 2002); and McNeil Lehrer News Hour, *States Struggle in the Red* (January 3, 2003).

[17] State Coverage Initiatives, *State of the States: Bridging the Health Coverage Gap* (January 2003).

[18] Kaiser Commission on Medicaid and the Uninsured, *Medicaid Spending Growth: A 50-State Update for Fiscal Year 2003* (January 2003).

[19] Connecticut Health Policy Project, *Connecticut Medicaid Spending in Context* (November 2002).