



ILLINOIS FAMILIES STUDY

policy brief

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Welfare reform & health insurance

How parents lose out

Summary

The 1999-2000 Illinois Families Study survey of current and former welfare recipients found that many parents did not have health insurance (19%) or had experienced a gap in coverage during the past year (28%). Medicaid remained the most important source of insurance, while access to employer-based coverage was limited. Parents who met the goals of welfare reform through work, marriage, and decreased welfare dependence were less likely to be insured. These findings indicate that poor access to health insurance is an unintended consequence of welfare reform, and that current welfare and health policies are incompatible for many parents. Policies should be enacted that reward work, marriage, and decreased welfare dependence by providing greater access to health insurance for low-income parents.

Introduction

Several efforts, including the introduction of the State Children's Health Insurance Program (S-CHIP, or KidCare), have helped to expand access to insurance coverage for low-income children. Less attention has been paid to insurance coverage for their parents. This policy brief draws upon the results of a 1999-2000 survey of current and former welfare recipients in Illinois to: 1) describe the health insurance status of parents in transition from welfare to work, 2) assess the relationships between the goals of welfare reform (increased work and marriage, decreased welfare dependence) and health coverage outcomes, and 3) examine access to employer-based coverage for this population.

Health insurance characteristics

Most parents reported that they were receiving Medicaid at the time of the interview (73%), while 19% were uninsured. Few parents were relying on an

employer-based plan (8%) or coverage from a spouse or other partner (1%) (see Figure 1). About one-quarter of parents (28%) said they had experienced a gap in their health insurance coverage at some time over the past 12 months. Of these, 9% said the gap lasted less than one month, 40% said the gap lasted one to three months, and 51% experienced gaps of four months or longer ("long gap") (not shown).

Figure 1. **Parent's insurance coverage (n=1,383, 1999-2000)**

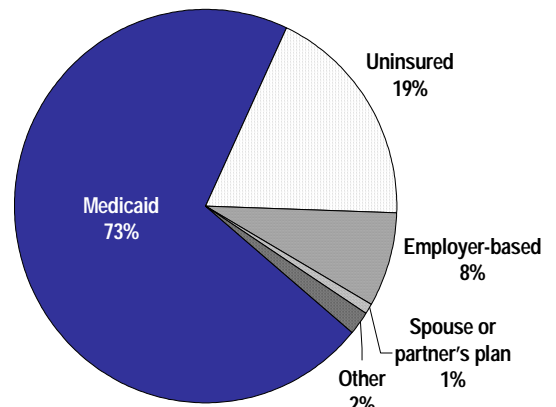


Figure 2. **Uninsured and gaps in coverage by current welfare status (1999-2000)**

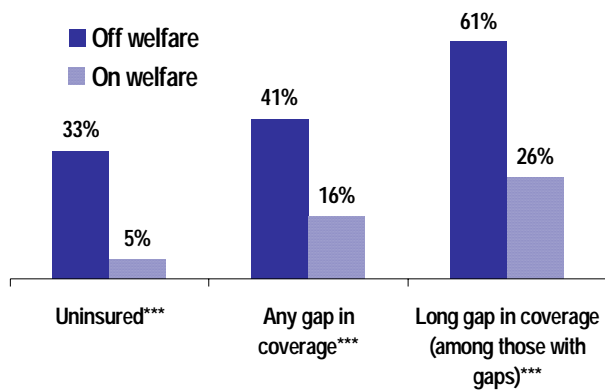


Figure 3. **Uninsured and gaps in coverage by current work status (1999-2000)**

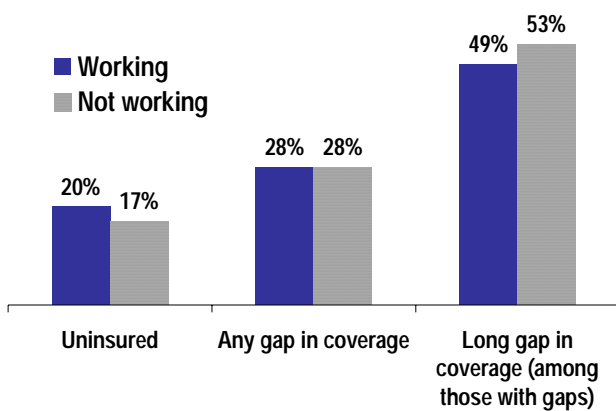
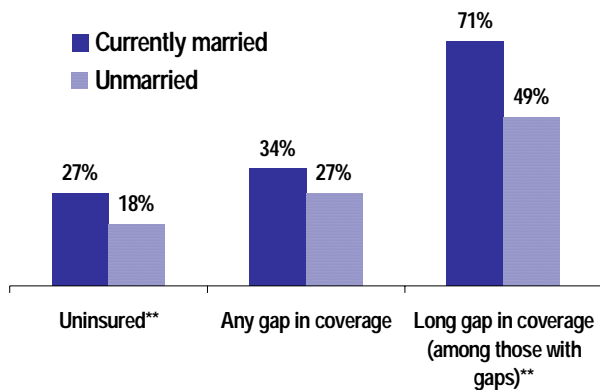


Figure 4. **Uninsured and gaps in coverage by current marital status (1999-2000)**



***= $p \leq .001$, **= $p \leq .01$

Welfare, work, and marriage

Three of the main goals of the welfare reform law of 1996 were to decrease welfare dependence and to promote work and marriage. At the time of the interview, about half of the parents (52%) were still receiving TANF (“welfare”) and half were working (50%). Only 11% were married.

Figures 2, 3, and 4 display the relationships between these three goals and health insurance coverage. Not surprisingly, welfare receipt is shown to be highly protective against being uninsured and having gaps in coverage. Fully one-third of those who were off welfare (33%) were uninsured and 41% had experienced a gap in coverage during the past year. All of these differences, as shown in Figure 2, were statistically significant. The differences in coverage for workers and non-workers were less striking. Parents who were working at the time of the interview (20%) were slightly more likely than non-workers to lack health insurance. Workers and non-workers were equally likely to have experienced a gap in coverage. Among those who had experienced a gap in coverage, non-workers were more likely to report a long gap (4+ months). None of these differences were statistically significant. Compared to unmarried parents, married parents were consistently more likely to lack coverage and experience unstable coverage. Over a quarter of married parents were uninsured (27%), compared to 18% of unmarried respondents. Similarly, 71% of married parents who had experienced a gap in coverage had a long gap, compared to only 49% of their unmarried counterparts. These differences were also statistically significant.

Figure 5 displays health insurance coverage for four different groups of respondents: those who were on welfare and not working (“welfare only”), combining work and welfare (“work + welfare”), working and not receiving welfare (“work only”), and neither working nor receiving welfare (“no work/ no welfare”). Once again, welfare receipt was protective against being uninsured and having gaps in coverage, while work alone was not rewarded with better access to health insurance. A quarter of those in the “work only” group (28%) were uninsured and 37% of this group had experienced a gap in coverage. The “no work/ no welfare” group fared the worst, however, with almost half (41%) reporting no insurance coverage.

Employer-based coverage

Fewer than half of the working parents (45%) said their employer offered insurance coverage, either immediately or after a waiting period (see Figure 6). Among those who were offered coverage through work, only 33% actually accepted this coverage (not shown).

Conclusions

Parents who meet the goals of welfare reform through work, marriage, and decreased welfare dependence are considerably less likely to have health insurance, suggesting that welfare reform and current health insurance options are often incompatible. With employer-based coverage out of reach for most of these parents, publicly-funded insurance programs appear to be the most viable source of coverage for this population.

Policy implications

Policies should be enacted that reward work, marriage, and leaving welfare by improving access to health insurance for low-income parents. Extending KidCare (S-CHIP) coverage to parents through the FamilyCare program is a step in the right direction in Illinois. Expanded access to Transitional Medicaid Assistance (TMA) beyond 6-12 months after TANF exit would also be helpful.

Figure 5. **Uninsured and gaps in coverage by work and welfare status (1999-2000)*****

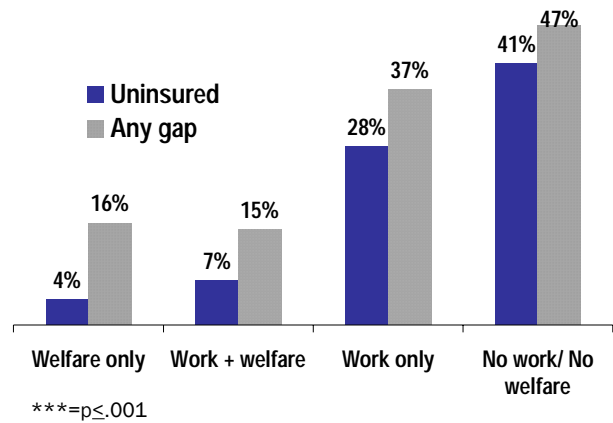
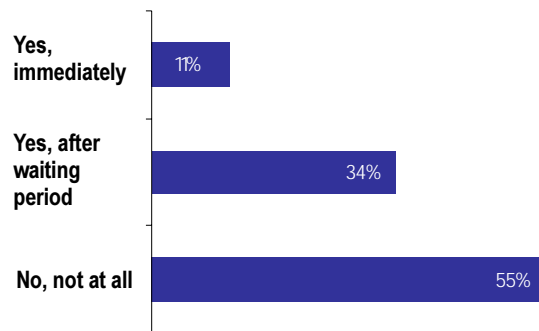


Figure 6. **Does your employer offer health insurance? (1999-2000)**



This policy brief summarizes selected findings from a paper by Jane Holl (Institute for Health Services Research and Policy Studies, Northwestern University), Amy Bush Stevens (Institute for Policy Research, Northwestern University), and Kristen Shook Slack (School of Social Work, University of Wisconsin at Madison).

The paper is available from the authors at: j-holl@northwestern.edu.

About this study

The goal of the Illinois Families Study (IFS) is to inform policymakers about how Illinois families have been faring since the implementation of welfare reform. The study is being conducted by a consortium of researchers from five Illinois universities: Northwestern University, Roosevelt University, Northern Illinois University, University of Illinois at Chicago, and the University of Chicago. The interviews are conducted by Metro Chicago Information Center (MCIC).

A total of 1,363 current and former welfare recipients from nine Illinois counties were interviewed at Wave 1 of the study (November 1999 - September 2000). The response rate was 72%. All analyses are weighted to adjust for regional stratification and non-response. The study will continue to follow these families for a total of six years.

For more information about the study:

www.northwestern.edu/ipr/research/IFS.html

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Welfare reform & health insurance

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