



United States  
General Accounting Office  
Washington, D.C. 20548

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Health, Education and Human Services Division

B-260383

February 14, 1995

The Honorable Christopher J. Dodd  
Ranking Minority Member  
Subcommittee on Children and Families  
Committee on Labor and Human Resources  
United States Senate

Dear Senator Dodd:

As you have requested, we are conducting two studies relating to the health insurance status of children. Our first is a case study of state and local programs to provide health insurance for otherwise uninsured children. We will keep your staff apprised of our progress, and we plan to issue a report on this subject later this year.

In our second study we are analyzing the U.S. Bureau of the Census' March Supplement of the Current Population Surveys (CPS) for 1990 and 1994, which reports income and other information for 1989 and 1993 to compare characteristics of insured and uninsured children and their related families, including any changes during this time period. On February 6, 1995, we gave your staff a status report on our work to date. Based on that discussion, you asked for information on uninsured children and on children with Medicaid coverage for 1989 and 1993. Specifically, you asked for the number of such children, the percentage of all U.S. children they represented, their family income status, and their parents' work status. We also used CPS data to compare the insurance status of parents with the insurance status of children. Using the CPS, we linked files of children with their parents to develop this information. All numbers and percentages for children are for children who linked to an adult--99 percent of the sample. We will issue a more complete report on this analysis this spring.

SELECTED INFORMATION ON UNINSURED CHILDREN

In 1993, 13.5 percent of U.S. children did not have any type of health insurance for the entire previous year.<sup>1</sup> While the percentage of parents who were uninsured increased, the percentage of uninsured children was almost the same in 1989 and 1993. Most uninsured children lived in families with incomes at or below 200 percent of the federal poverty level<sup>2</sup> and had at least one parent who worked full time for the entire previous year. More details on this follow.

- In 1993, 9.3 million U.S. children--13.5 percent--lacked health insurance for the entire previous year. In 1989, 8.7 million children lacked health insurance--13.3 percent.
- The percentage of children who had employment-based insurance declined from 63.2 percent in 1989 to 57.6 percent in 1993--a 9-percent decrease in 4 years. (See fig. 1.) During the same time period, the percentage of parents aged 18 to 64 years with employment-based insurance declined 8 percent, from 65.1 percent in 1989 to 59.9 percent in 1993.
- The percentage of children who were uninsured was similar in both years. (See fig. 1.) In contrast, the percentage of parents who were uninsured increased 14 percent--from 14.0 percent in 1989 to 15.9 percent in 1993.
- Uninsured children were more likely to be poor or near poor than insured children.<sup>3</sup> In 1993, 56.8 percent of uninsured children lived in families with incomes at or below 150 percent of the federal poverty level,

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<sup>1</sup>These children were not insured at any time through employment-based insurance, Medicaid, Champus, or private/individual insurance.

<sup>2</sup>For July 1, 1992 through June 30, 1993 the federal poverty income for a family of 3 was an annual income of \$11,570 or less.

<sup>3</sup>For the purposes of this letter we define poor children as children living in families with incomes at or below 100 percent of the federal poverty level and near-poor children as children living in families with incomes at or below 150 percent of the federal poverty level.

compared to 61.8 percent in 1989. (See fig. 2.) In 1993, over 70 percent of uninsured children lived in families with incomes at or below 200 percent of the federal poverty level compared to 24.6 percent of children with employer-based insurance.

- In 1993, most uninsured children had at least one working parent (88.5 percent.) The percentage of uninsured children with at least one parent who worked full time the entire previous year was greater in 1993 than in 1989. (See fig. 3.)

SELECTED INFORMATION ON CHILDREN ON MEDICAID

Medicaid has become an increasingly important source of financing for children's health care. At the same time that employment-based insurance decreased for children, Medicaid enrollment increased. This may explain why, although employment-based insurance eroded for both adults and children, the percentage of uninsured rose only for adults.

The increased Medicaid enrollment of children is associated with the expansion of Medicaid coverage to low-income children. In 1989, states were required to cover infants in families with incomes at or below 100 percent of the federal poverty level and had the option to provide Medicaid coverage for infants in families with incomes at or below 185 percent of the federal poverty level. They also had the option to provide coverage for children up to age 8 in families with incomes at or below 100 percent of the federal poverty level. Under the Omnibus Budget Reconciliation Act of 1989, effective April 1990, states were required to cover children up to age 6 with family incomes at or below 133 percent of federal poverty. States are now also required to extend Medicaid eligibility to children in families with poverty-level incomes and born after September 30, 1983, until they reach age 19.

Medicaid has become a more important source of health insurance coverage for children in low-income working families. Comparing 1989 with 1993, more children with a working parent or parents and more children whose families did not depend on Aid to Families with Dependent Children (AFDC) were enrolled in the program. At least one fourth of uninsured children were income-eligible for the Medicaid program in 1993 but were not enrolled.

- The number of children on Medicaid rose substantially between 1989 and 1993. In 1989, 8.9 million children

(13.6 percent) were covered by Medicaid.<sup>4</sup> By 1993, 13.8 million children (19.9 percent) were covered by Medicaid--an increase of 54 percent in 4 years. The percentage of parents on Medicaid also increased, but not as much--from 11.2 percent to 14.6 percent.

- Most children on Medicaid are poor or near poor. In 1993, 89.8 percent of these children lived in families with incomes at or below 150 percent of the federal poverty level. In 1989, the percentage was a little higher--91.7 percent. However, the percentage of children in families with incomes at or below 100 percent of the federal poverty level decreased between 1989 and 1993, while the percentage in families with incomes between 101 percent and 150 percent of the federal poverty level increased. (See fig. 4.)
- The percentage of children on Medicaid with a working parent increased. (See fig. 5.) In 1989, 44.9 percent of the children on Medicaid had a working parent. By 1993, more than half (53.1 percent) had a working parent.
- The percentage of children on Medicaid with at least one parent who worked full time the entire previous year increased from 13.2 percent in 1989 to 20.1 percent in 1993.
- A smaller percentage of children on Medicaid now receive AFDC payments or other assistance. (See fig. 6.) In 1989, 64 percent of children on Medicaid received AFDC or other assistance (such as general assistance). By 1993, 53.1 percent of children on Medicaid received AFDC or other assistance.
- In 1993, 2.3 million uninsured children met the federal age and poverty income eligibility requirements for Medicaid. Over 1.4 million children from birth to age 5 and almost .9 million children aged 6 to 10 were income-eligible for Medicaid in 1993 but were uninsured for the entire year.

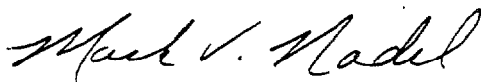
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<sup>4</sup>We define persons on Medicaid as persons who had Medicaid coverage at any time during the year and did not have any other insurance coverage at any time during the year.

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This information was prepared by Rose Martinez, Sheila Avruch, Ann White, Paula Bonin, and Frank Ullman. Should you have further questions regarding this information, please contact Sheila Avruch at (202) 512-7277.

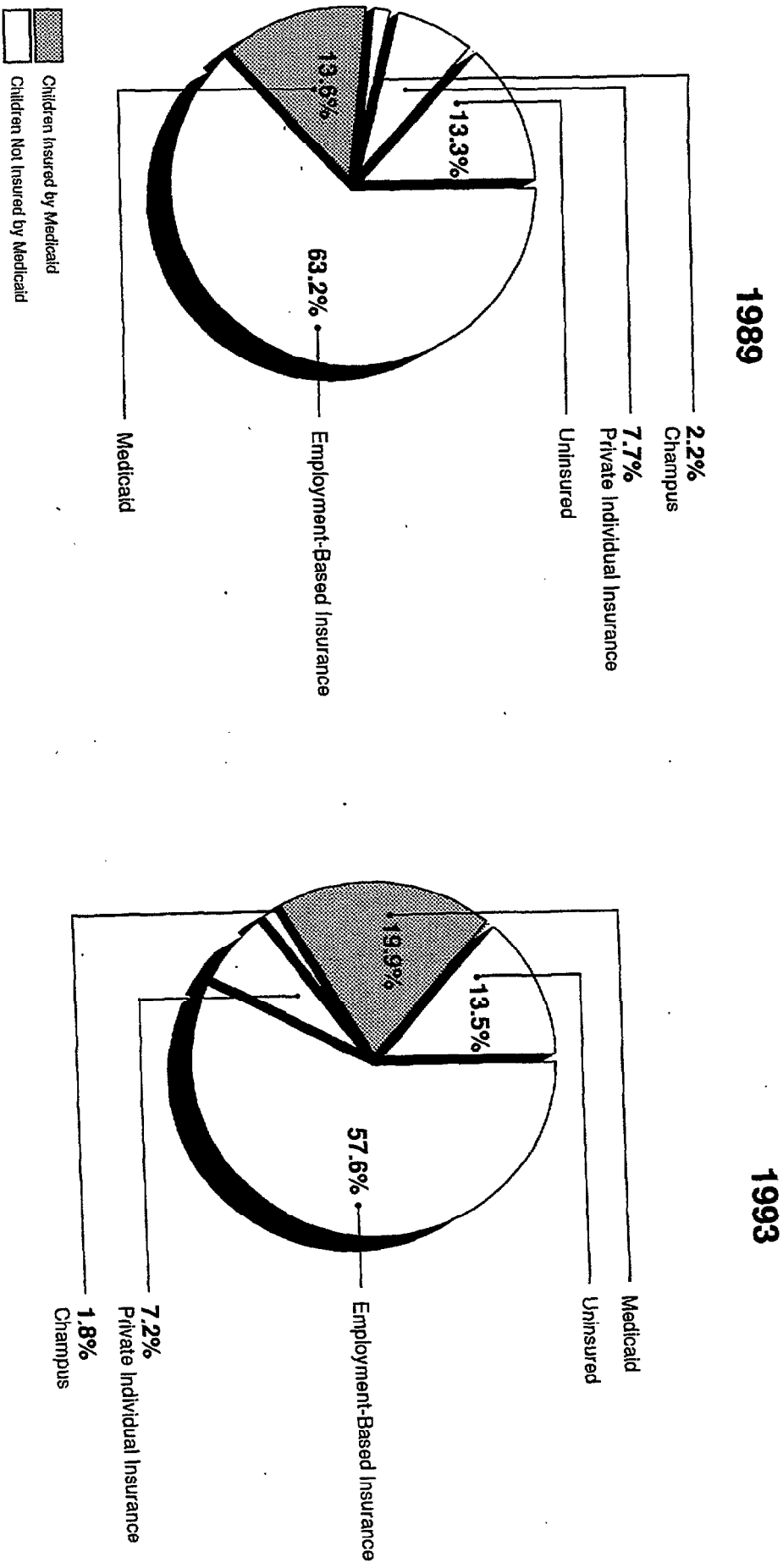
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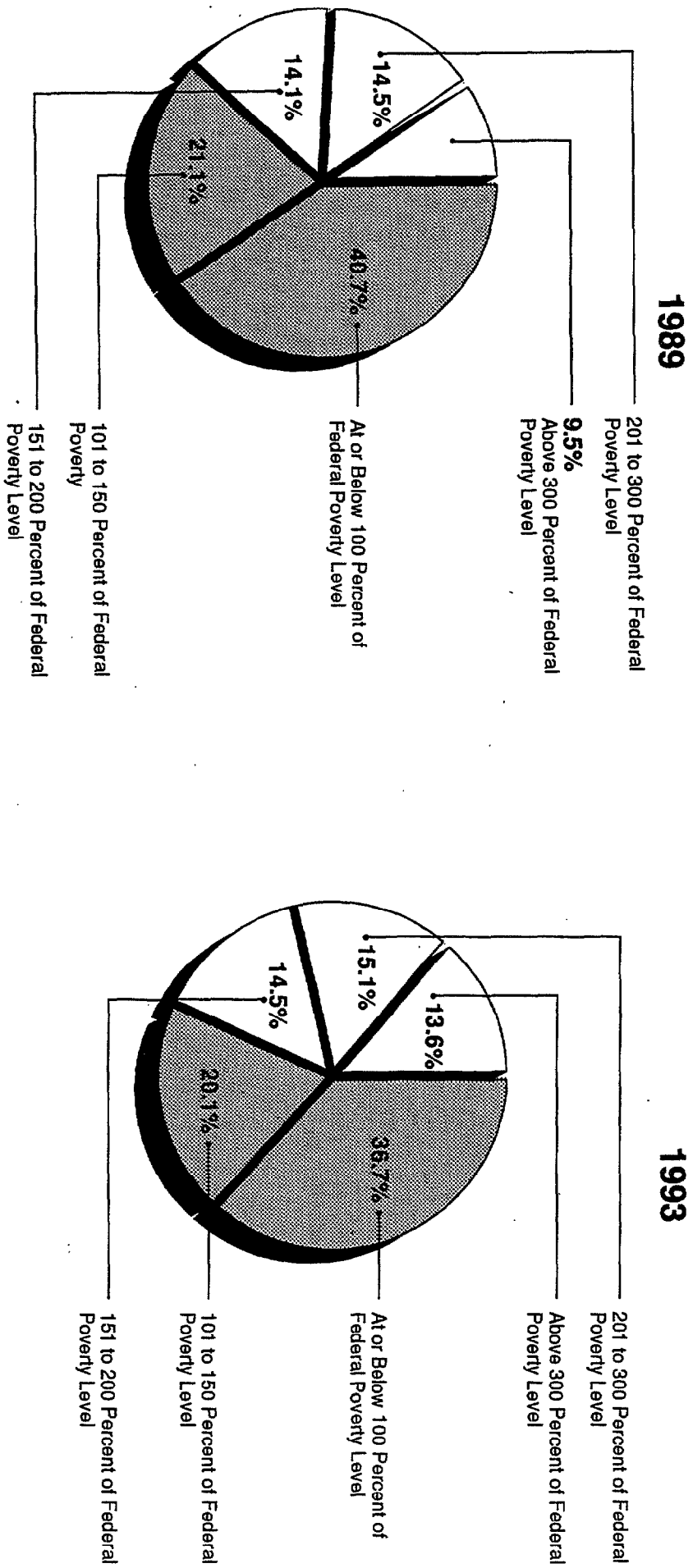
Mark V. Nadel  
Associate Director  
National and Public Health Issues

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**Figure 1:  
In 1993 Medicaid Insured One Fifth  
of U.S. Children**

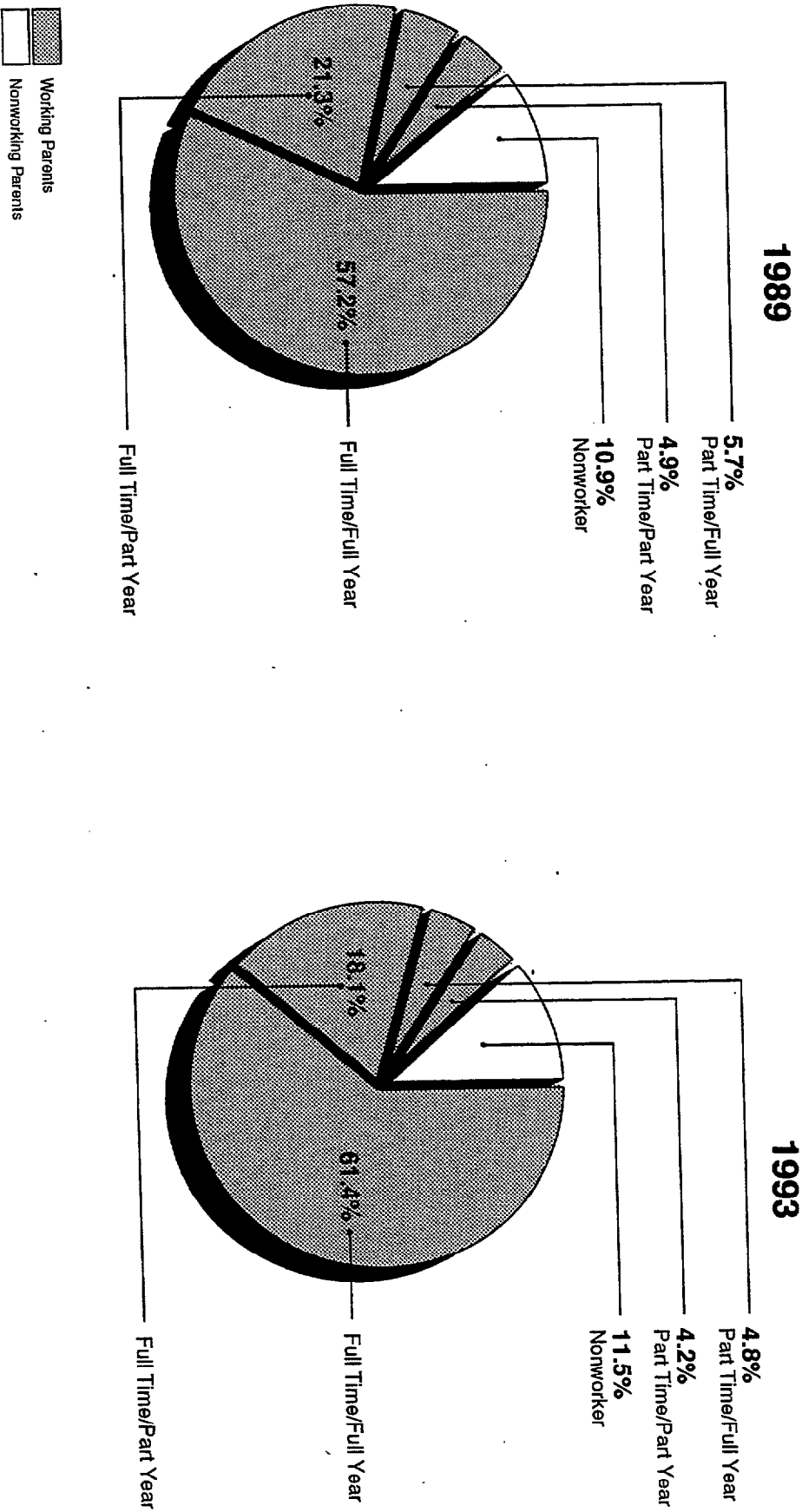


**Figure 2:  
In 1993 Many Uninsured Children  
Were Poor or Near Poor**



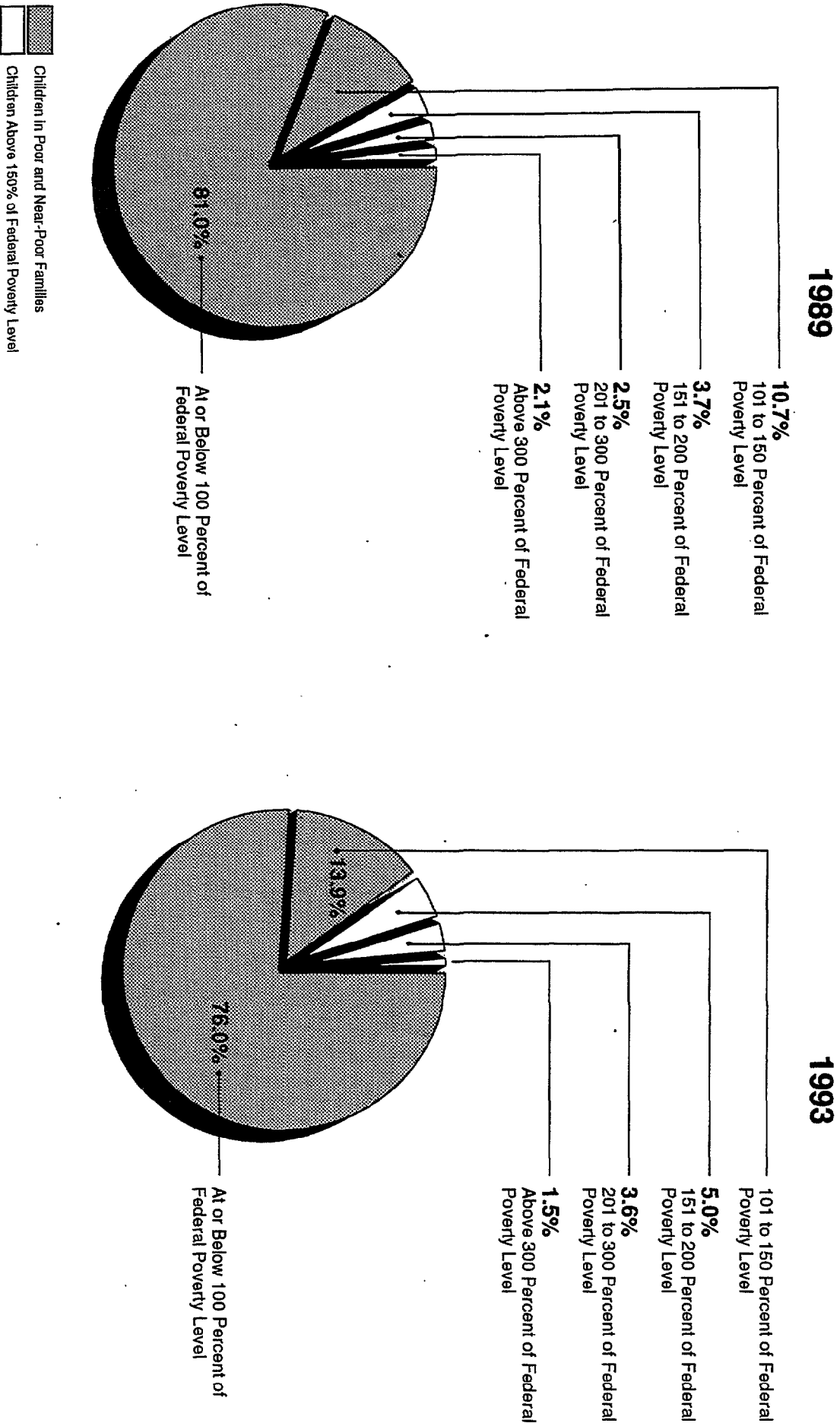
Percents may not equal 100 due to rounding.

**Figure 3:  
Most Uninsured Children Have At Least  
One Working Parent**

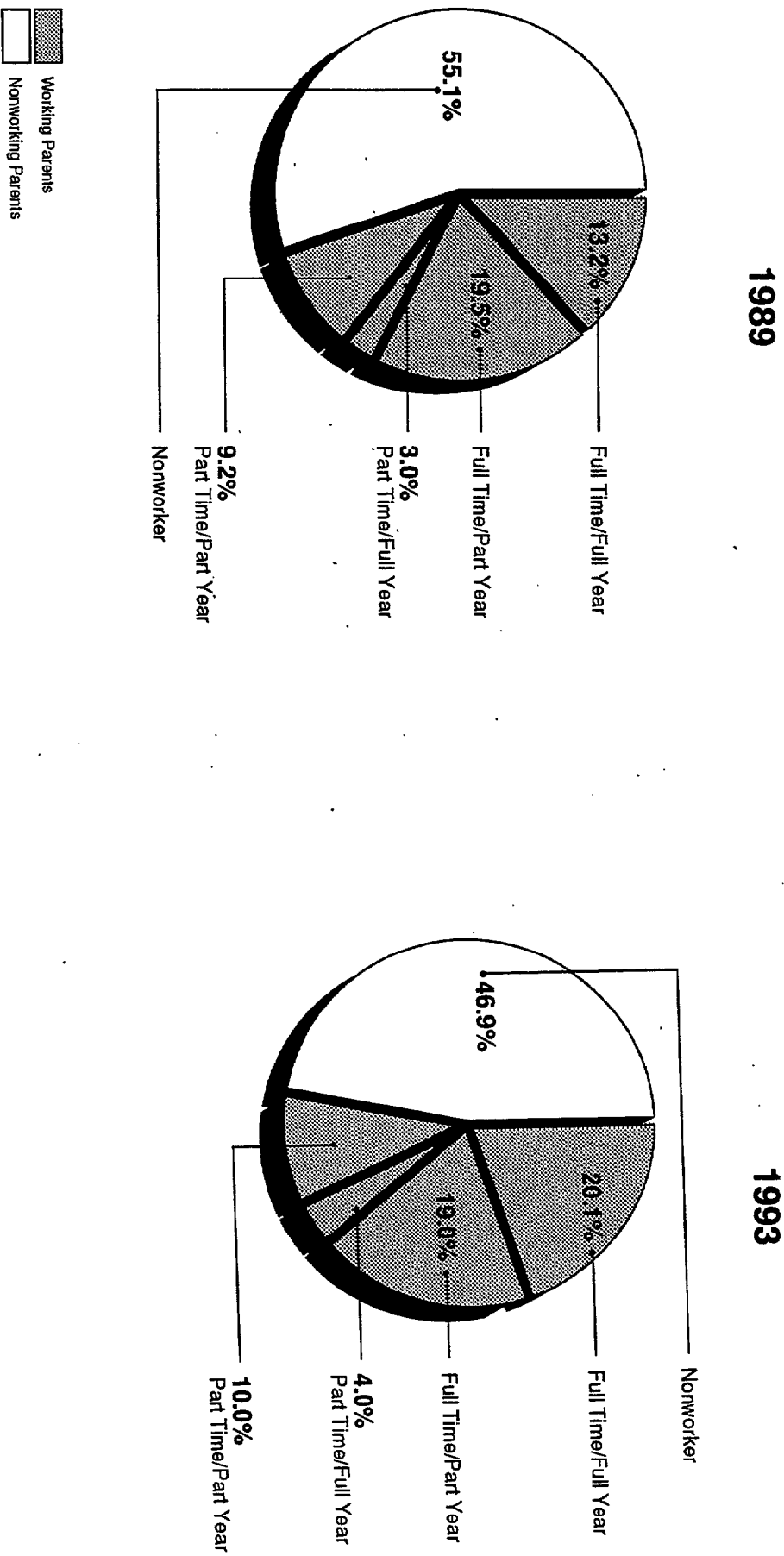




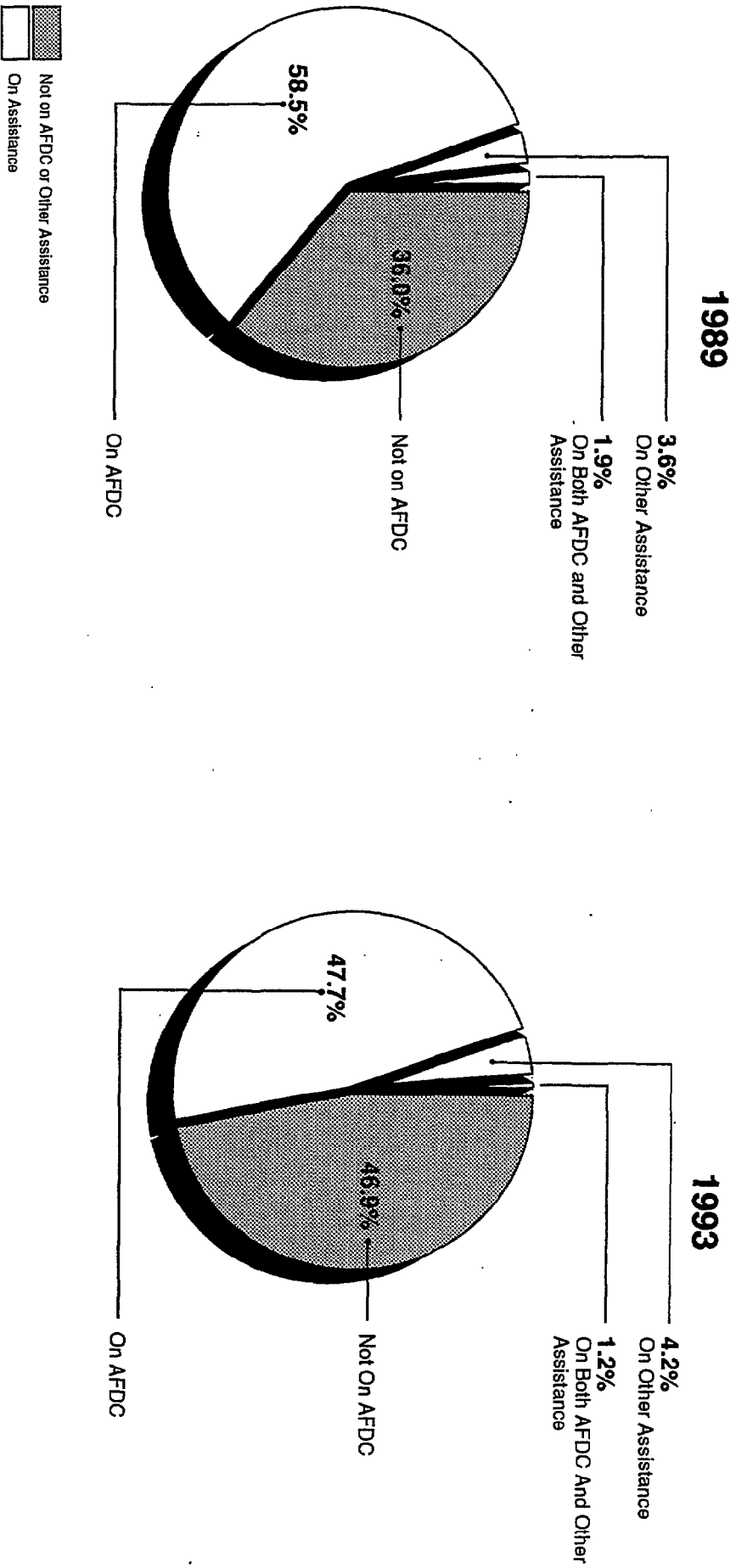
**Figure 4:  
In 1993 Most Medicaid Children  
Were Poor or Near Poor**



**Figure 5:  
By 1993 More Than Half of Medicaid Children  
Had Working Parents**



**Figure 6:  
Children Not on AFDC Are Becoming a Significant  
Proportion of Children on Medicaid**





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