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# SOURCES OF INSURANCE COVERAGE AMONG CHILDREN OF RECENT WELFARE RECIPIENTS

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As welfare recipients continue to transition into the labor market, maintaining access to health insurance coverage for themselves and their children becomes an important policy concern. Although employment-based insurance (EBI) covers the majority of children in California (58%) and Los Angeles County (52%), children of recent welfare recipients have considerably lower rates of EBI coverage, with estimates ranging between 15 and 23 percent. (Brown, et al., 2002; Gresnez and Klerman, 2002). Medi-Cal is the primary source of coverage for these children, but does not entirely close the gap created by low EBI coverage rates leaving some children without health insurance. One recent study places the uninsurance rate among children of former welfare recipients in California at 23 percent compared to about 10 percent for all California's children (Gresnez and Klerman, 2002; Brown, et al., 2002).

Low-income children have greater access to public insurance programs than their parents do, which means that in many cases parents cannot enroll their entire family in one health plan. Likewise, parents often have access to EBI coverage for themselves but not their children. This issue brief analyzes the coverage sources of children of recent welfare recipients in Los Angeles County and examines the relationship between parents and children's sources of coverage by addressing three primary policy questions.<sup>1</sup>

## *1. How does the source of coverage of parents who were recent welfare recipients affect the source of coverage for their children?*

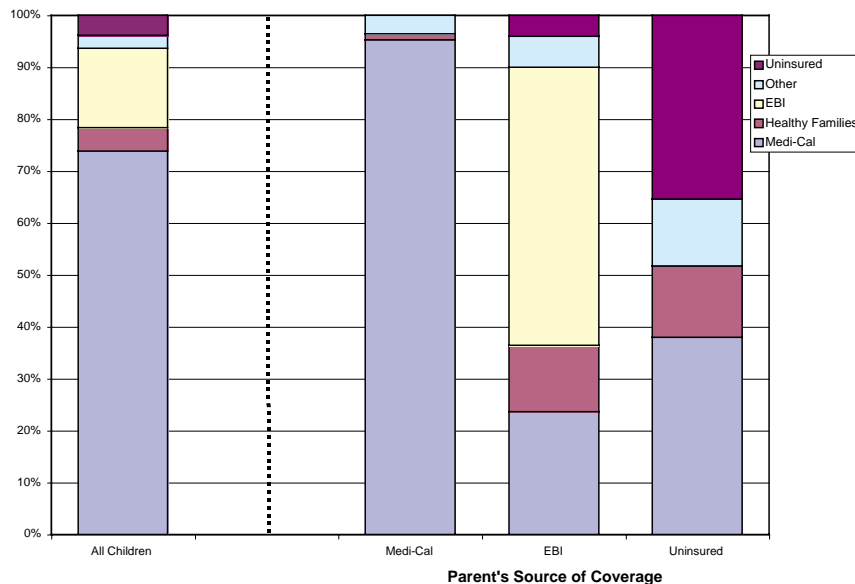
Figure 1 presents the coverage sources for children of recent welfare recipients and provides a breakdown of these by the source of coverage of the child's parent. The overwhelming majority of children in this study rely on public sources for their health insurance coverage. Nearly three-quarters had Medi-Cal coverage and another 5 percent were covered by Healthy Families. Only 15 percent of the children in this study are covered by EBI. At the time of the survey, only 4 percent of children reportedly did not have current health insurance coverage, although 21 percent did not have coverage at some point in the past year.<sup>2</sup>

Not surprisingly, recent welfare recipients who continue on Medi-Cal have children covered by Medi-Cal. Ninety-five percent of children with parents covered by Medi-Cal are themselves covered by Medi-Cal. The more interesting case, however, are children who have parents that either participate in EBI or are uninsured. Rates of children's coverage in EBI increase significantly when their parent, who was a recent welfare recipient, also participates in EBI. Nearly 55 percent of children who have a parent covered by EBI are themselves covered by EBI. Less than one-quarter of children whose parent has EBI coverage is on Medi-Cal. Healthy Families covers about 12 percent of children whose parent has EBI.

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**Figure 1: Children's Source of Insurance Coverage by Parent's Source of Insurance Coverage, Children of Recent Welfare Recipients, 2003 (N=1314)**



Children are most likely to be uninsured if their parent is uninsured. More than one-third of children with uninsured parents are themselves uninsured. Over 80 percent of these children should be eligible for public programs based on their age and family incomes. Many uninsured parents, however, do maintain coverage for their children through public insurance programs. Almost 40 percent of children with uninsured parents are covered by Medi-Cal and another 14 percent are covered by Healthy Families.

**2. Do parents who are off welfare and no longer covered by Medi-Cal maintain public insurance coverage for their children?**

Parents who remain covered by the Medi-Cal program also have children covered by Medi-Cal. However, parents who no longer participate in the Medi-Cal program may not want to continue their ties with the welfare system, despite potential eligibility of their children in public insurance programs. Figure 2 displays sources of insurance coverage for the children of parents no longer covered by Medi-Cal by their welfare status as of December 2001.<sup>3</sup> Many of those still 'on welfare' at the end of 2001 were likely no longer receiving cash assistance at the time of the survey because of time limits that restrict the length of time people can receive welfare cash assistance.<sup>4</sup>

Among children with parents not covered by Medi-Cal, nearly twice as many were covered by Medi-Cal (blue) if they were still receiving welfare at the end of 2001. EBI coverage rates (yellow) exhibit an opposite pattern with almost twice as many children who were off welfare covered by EBI. Healthy Families (maroon) provides coverage to 10 percent of children on welfare and 12 percent of those off welfare. About one in eight non-welfare children were uninsured (purple) compared to one in ten children still on welfare at the end of 2001.

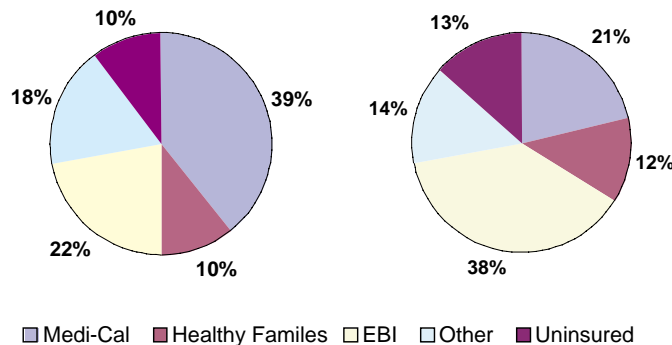
**3. How do combinations of coverage sources for recent welfare recipients and their children differ by recipient employment outcomes?**

Combinations of coverage sources among recent welfare recipients and their children are divided into five primary groups including:

- 1) both parent and children covered by Medi-Cal,
- 2) both parent and children covered by EBI,
- 3) both parent and children are uninsured,
- 4) parent covered by EBI, child covered by public insurance, and
- 5) parent uninsured, child covered by public insurance.

Families with combinations other than these five typically have children who receive coverage from their non-custodial parent, with one

**Figure 2: Children’s Sources of Insurance Coverage by Welfare and Medi-Cal Status of their Parents, Children of Recent Welfare Recipients Not on Medi-Cal, 2003**



of various coverage sources for the parent who was a recent welfare recipient.

Most recent welfare recipients and their children receive insurance coverage through Medi-Cal, with EBI family coverage the second most common combination. (Table 1.) Although nearly 15 percent of recent welfare recipients lack insurance coverage themselves, only 3 percent of families have no health insurance. More commonly, parents are uninsured and their children are covered by public insurance programs.

Employment outcomes of recent welfare recipients significantly affect the combination of coverage sources. Families with both parent and child covered by Medi-Cal have lower rates of full-time work. Three quarters of recent welfare recipients who participate in EBI family coverage earn more than \$10 an hour and nine in ten have been employed at their current job for one year or more. Less than 5 percent of recent welfare recipients who participate in EBI family coverage earn \$7.00 or less.

**Table 1: Combinations of Coverage Sources by Parent’s Most Recent Employment Experiences, Children of Recent Welfare Recipients, 2003 (N=1237)**

|  | Combination of Coverage |          |                |                                |                          |
|--|-------------------------|----------|----------------|--------------------------------|--------------------------|
|  | Both Medi-Cal           | Both EBI | Both Uninsured | Parent Uninsured, Child Public | Parent EBI, Child Public |
| <b>Weekly Hours, Current/Most Recent Job</b> |                         |          |                |                                |                          |
| Less than 20                                 | 9%                      | 0%       | 2%             | 10%                            | 0%                       |
| 20 – 39                                      | 42%                     | 31%      | 29%            | 25%                            | 30%                      |
| 40 or more                                   | 48%                     | 69%      | 67%            | 65%                            | 70%                      |
| <b>Hourly Wage, Current/Most Recent Job</b>  |                         |          |                |                                |                          |
| \$7 or less                                  | 35%                     | 5%       | 22%            | 34%                            | 7%                       |
| \$7.01 - \$10                                | 48%                     | 20%      | 27%            | 34%                            | 39%                      |
| Over \$10                                    | 17%                     | 75%      | 52%            | 32%                            | 54%                      |
| <b>Job Tenure, Current/Most Recent Job</b>   |                         |          |                |                                |                          |
| One year or more                             | 60%                     | 90%      | 71%            | 53%                            | 79%                      |
| Less than one year                           | 40%                     | 10%      | 29%            | 47%                            | 21%                      |
| N  | 861                     | 184      | 41             | 60                             | 91                       |

## *Conclusions*

Medi-Cal remains the primary source of coverage for children of recent welfare recipients, and in most cases parents maintain public insurance coverage for their children even if they are no longer covered by Medi-Cal. Children who have uninsured parents are at the greatest risk of being uninsured, despite the fact that most should be eligible for public insurance programs. As welfare recipients increase their attachment to the labor force and find better paying, full-time employment, EBI family coverage becomes more common. These findings suggest that recent welfare recipients and their families will have the opportunity to obtain insurance coverage through their employers, but to do so many will need to improve their employment outcomes.

## *References*

Brown, E. Richard, Ninez Ponce, Thomas Rice, and Shana Alex Lavarreda. 2002. *The State of Health Insurance in California: Findings from the 2001 California Health Interview Survey*. Los Angeles, CA: UCLA Center for Health Policy Research.

Gresenz, Carole and Jacob Klerman. 2002. "Beyond Medi-Cal: Health Insurance Coverage among Former Welfare Recipients." Oakland, CA: Medi-Cal Policy Institute.

McConville, Shannon and Paul Ong. 2003. "Access to Employment Based Insurance Among Recent Welfare Recipients: Offering, Eligibility, and Participation." Los Angeles, CA: UCLA Ralph and Goldy Lewis Center for Regional Policy Studies.

<sup>1</sup> The analysis of children in this study is based on a 2002/2003 survey of recent welfare recipients in Los Angeles County. Recent welfare recipients are single parents who received cash assistance at least one month between 1998 and 2000 and also had some level of employment in that time period. The final sample contained information on 760 recent welfare recipients who had a total of 1314 children. For more information about this study, please refer to the primary report "Access to Employment-based Insurance Among Recent Welfare Recipients: Offering, Eligibility, and Participation."

<sup>2</sup> Some of the differences can be attributed to slightly different populations of welfare recipients. This report includes both current and former welfare recipients, although the majority (60%) no longer received welfare as of December 2001. Even fewer would have received welfare at the time of the survey. Regardless some of the survey respondents remained on welfare, which would increase Medi-Cal coverage rates. Another possible reason for the discrepancy is the question phrasing. Other population-based surveys found considerably variation in health insurance coverage estimates based on the structure and phrasing of the survey questions.

<sup>3</sup> Administrative data sources provide information on welfare status up to December 2001. The 2002/3 survey of welfare recipients did not ask if the respondent was currently receiving public assistance in order to reduce the potential stigma and discomfort resulting from being identified as a welfare recipient. Medi-Cal status for parents is based on the 2002/3 survey.

<sup>4</sup> CalWORKs recipients are eligible for cash assistance up to 2 consecutive years in any given spell with a 5 year lifetime limit.