

## *Insurance Status of Parents by Age \**

*By Ed Neuschler and Rick Curtis  
Survey Data Analysis by Mark Merlis  
Institute for Health Policy Solutions*

*September 2001*

### **A. Introduction and Purpose**

Among adults, health care use and cost increase with age. As States consider expanding Medicaid and State Children's Health Insurance Programs (SCHIP) to cover parents in addition to children, the age distribution of potentially eligible parents is thus a relevant issue, because it will affect the likely cost of any expansion.

Regularly published survey data document that young adults are less likely to have employment-based health insurance and more likely to be uninsured than older adults.<sup>1</sup> Moreover, younger workers are less likely to be offered employment-based health insurance, and less likely to enroll when coverage is offered.<sup>2</sup> Thus, the age distribution of potentially eligible parents may affect how policy makers think about the interface between employment-based health insurance and expanded public coverage for parents.

In this very brief paper, we explore the age and income distribution of parents in California and nationally, focusing on uninsured parents in income ranges under consideration for public program expansion.

### **B. Data and Methods**

Our analysis uses the Census Bureau's March 2000 Current Population Survey (CPS), which measures income and insurance status during 1999. Family income includes all income received by every member of the "family insurance unit (FIU)," which includes all family members living together in the same household who could be covered under a single private insurance policy—typically, parents and their children under age 19. Family income is expressed as a percent of

---

<sup>1</sup> Paul Fronstin, "Sources of Health Insurance and Characteristics of the Uninsured: Analysis of the March 2000 Current Population Survey," *Employee Benefit Research Institute Issue Brief* Number 228, December 2000. Table 10.

<sup>2</sup> Philip F. Cooper and Barbara Steinberg Schone, "More Offers, Fewer Takers for Employment-Based Health Insurance: 1987 and 1996," *Health Affairs* (November/December 1997):142-149. Exhibit 2.

---

\* This analysis was supported by a grant from The California HealthCare Foundation. The California HealthCare Foundation, based in Oakland, California, is a non-profit philanthropic organization whose mission is to expand access to affordable, quality health care for underserved individuals and communities, and to promote fundamental improvements in the health status of the people of California.

the official federal poverty guidelines (FPG) issued and revised annually by the U.S. Department of Health and Human Services, based on the number of people in the FIU.<sup>3</sup>

“Parents” are individuals aged 19-64 who have children under age 19 who live with them in the same household. In order to maintain sufficient sample size, especially for the California analysis, parents were grouped into only three age ranges: 19-29 years, 30-44 and 45-64.

### C. Results

The pattern of insurance coverage by age for parents mirrors that for all adults. Younger parents are less likely to have employer coverage and much more likely to be uninsured, both in California and nationally (see Figure 1).

At 25.4%, the national uninsured rate for younger parents (those aged 19-29) is 70% higher than the 14.8% average rate for all parents (not shown). The 32.3% uninsured rate for younger parents in California is 57% above the 20.6% average uninsured rate for all California parents. In both California and nationally, parents under 30 are more than twice as likely to be uninsured as parents 45 and older.

The higher uninsured rate for younger parents is related to their lower income distribution. Figure 2 shows the family-income distribution of parents by age group for the United States and California. As can be seen, younger parents are much more likely to have incomes below 250% FPG than older parents. Nationally, 66% of parents aged 19-29 have incomes below that level, compared to 36% of parents aged 30-44 and 26% of parents aged 45-64. The comparable figures for California are 73%, 42% and 34%.

Figure 3 shows the uninsured rate for each of the 3 age groups by family income for the United States as a whole.<sup>4</sup> While younger parents have a slightly higher uninsured rate in each income category, the strong influence of income on the uninsured rate is evident.

The same data, using more aggregated income ranges, is shown for California and for the United States in Figure 4. Again, younger parents always have the highest uninsured rate, except in the 133%-249% FPG range in California, where the uninsured rate for the 30-44 age group is slightly higher.<sup>5</sup> But, overall, uninsured rates by age for parents in the same income range are very similar. This similarity is particularly striking in the 133%-249% FPG income range, which is the target income range for many proposed expansions.

Figure 5 shows the prevalence of employment-based health insurance for each of the 3 age groups by family income for the United States as a whole.<sup>4</sup> Again, the strong influence of income is evident. And, in this instance, younger parents are not always the least likely to have employer coverage. Employer coverage rates for the United States and California are compared

---

<sup>3</sup> The HHS-issued federal poverty guidelines are used for program eligibility purposes. These poverty guidelines are based on, but differ from, the “poverty thresholds” used by the Census Bureau.

<sup>4</sup> California sample sizes were too small to support presentation of 6 separate income ranges.

<sup>5</sup> Formal statistical significance testing was not conducted on these data. However, it is likely that the differences in the uninsured rate between age groups in the 133%-249% FPG income range are not statistically significant.

in Figure 6, using more aggregated income ranges. Again, the similarity of coverage rates by age within the 133%-249% FPG target income range is particularly striking.

Finally, Figure 7 compares the age distribution of parents with employer coverage and uninsured parents in the United States and California, respectively. Younger parents make up 29% of uninsured parents nationally, but only 13% of parents with employer coverage. In California, younger parents make up 28% of those with employer coverage, and 13% of the uninsured. In the 133%-249% FPG income range (not shown), younger parents make up slightly smaller percentages of the uninsured (26% nationally, 23% in California). In the lowest income group, less than 133% FPG (also not shown), younger parents make up even larger percentages of the uninsured (37% nationally, 36% in California).

#### **D. Conclusion and Policy Implications**

Younger parents—those aged 19-29—constitute a disproportionate share of uninsured parents, both nationally and in California. This fact is largely due to their lower family incomes. Within income groups, observed differences between age groups in employer-coverage and uninsured rates are greatly reduced. Below 133% FPG and above 250% of FPG, younger parents remain less likely to have employer coverage and more likely to be uninsured than older parents. But, in the target income range for pending expansions, 133%-249% FPG, age differences among parents in employer-coverage and uninsured rates are much narrower.

The target uninsured-parent population has a somewhat younger age profile than does the parent population that currently has employment-based coverage. Thus, the age-rated cost of covering these parents should be slightly lower than the costs of those who already have employer coverage. The implications of this fact for the cost of expanding employment-based coverage for these uninsured working parents depend on whether or not their employers currently offer health benefits.

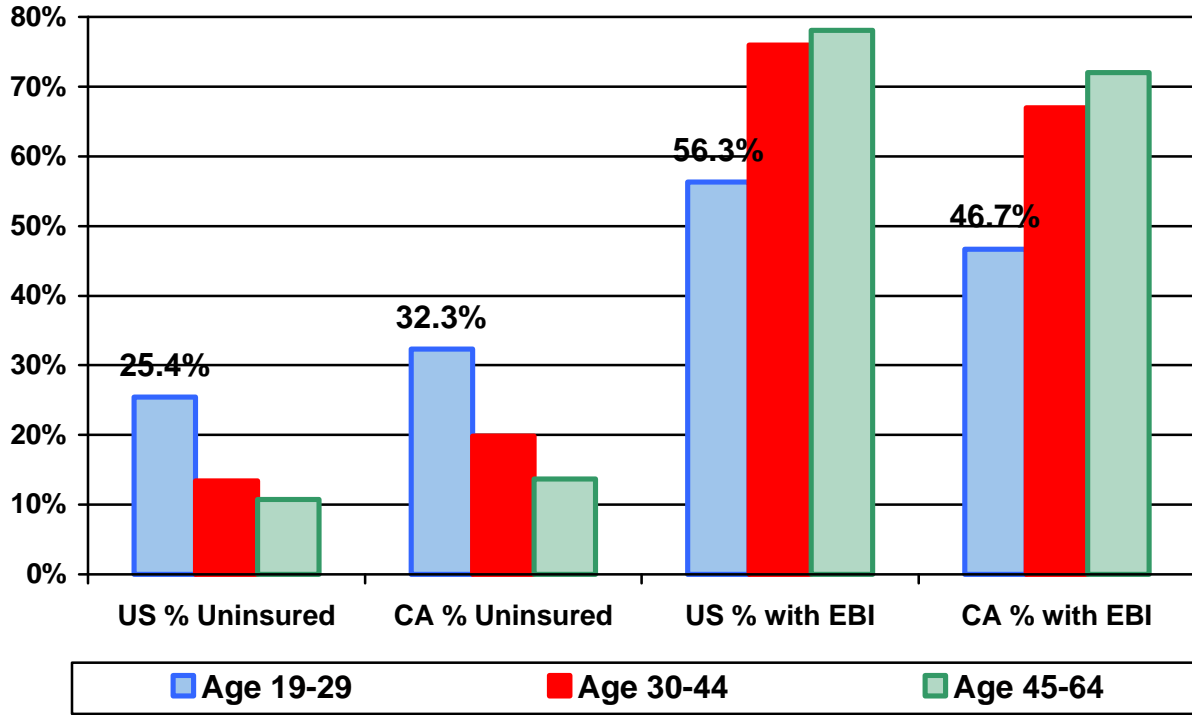
Where policy makers are considering subsidies aimed at inducing previously uninsured employers to offer and workers to accept coverage, the implications are fairly clear cut. On average, uninsured working parents in such firms are very likely to be younger and less expensive to insure than workers in other firms who already have employment-based coverage.

Where policy makers want to induce uninsured working parents to accept coverage that their employers already offer (by paying some or all of the worker's required contribution), the situation is more ambiguous. Here, the size of the public subsidy required has less to do with the age and cost of the workers who will be newly covered, and more to do with the age and cost of the workers already covered by each employer and with how much of that cost each employer pays.<sup>6</sup> But, so long as the employer makes some meaningful contribution toward family coverage, the net cost to the public of subsidizing workers' participation in the employer's plan will most often be a cost-effective alternative to providing direct public coverage for the family.

---

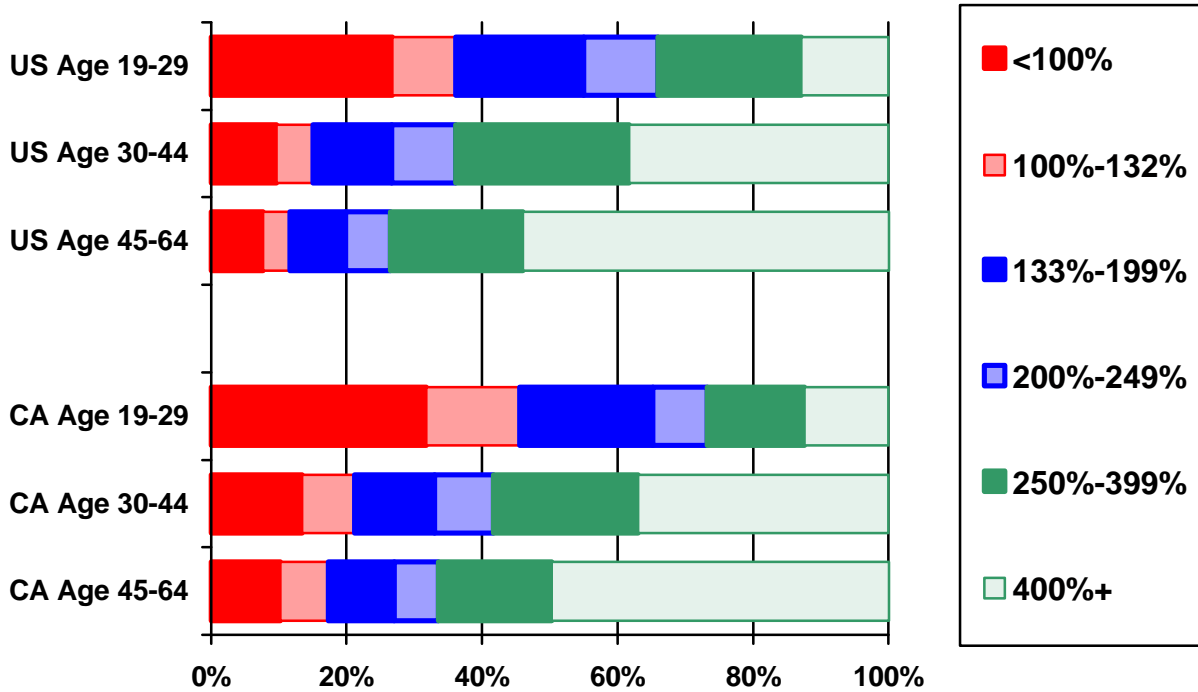
<sup>6</sup> Where a small employer offers worker choice of health coverage through a program like PacAdvantage, the premium is based on the individual worker's age, so the age profile of already insured workers would be irrelevant.

**Figure 1: Percent of Parents Who Are Uninsured and Who Have Employment-Based Insurance (EBI), by Age Group, United States and California, 1999**



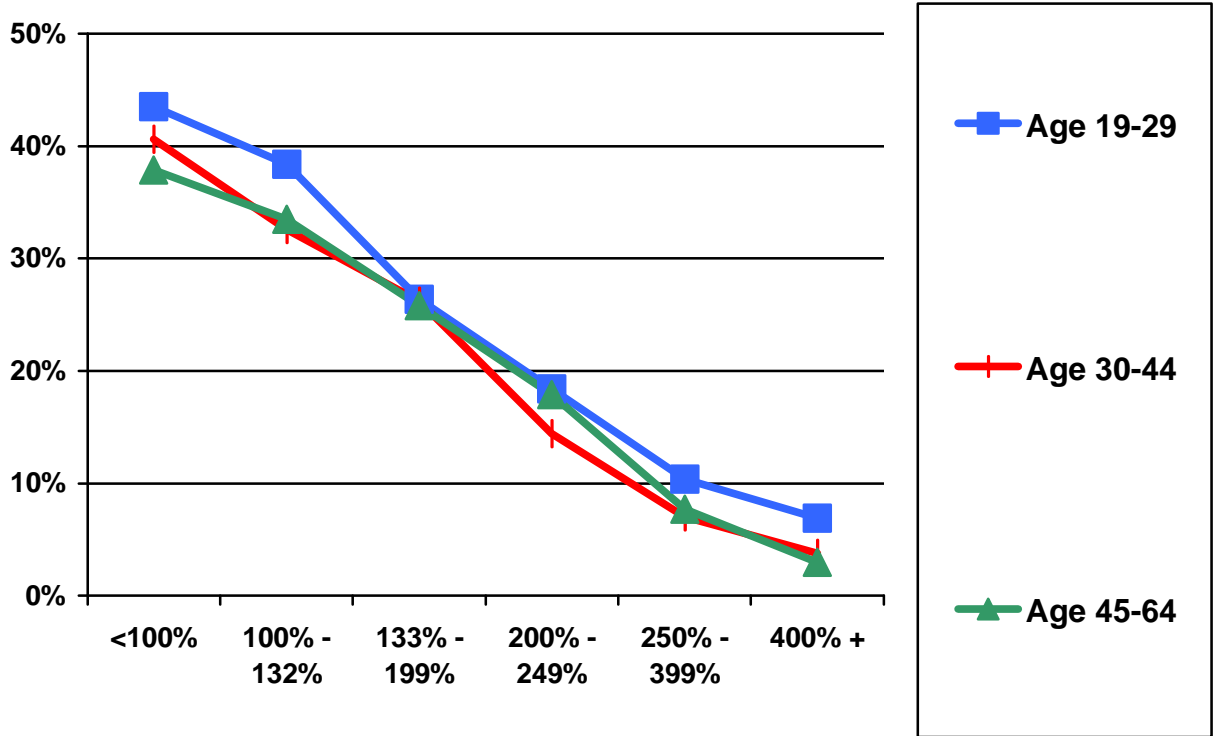
Source: IHPS analysis of the March 2000 Current Population Survey

**Figure 2: Percent Distribution of Parents by Family Income as a Percent of the Federal Poverty Guidelines (% FPG), within Age Groups, United States and California, 1999**



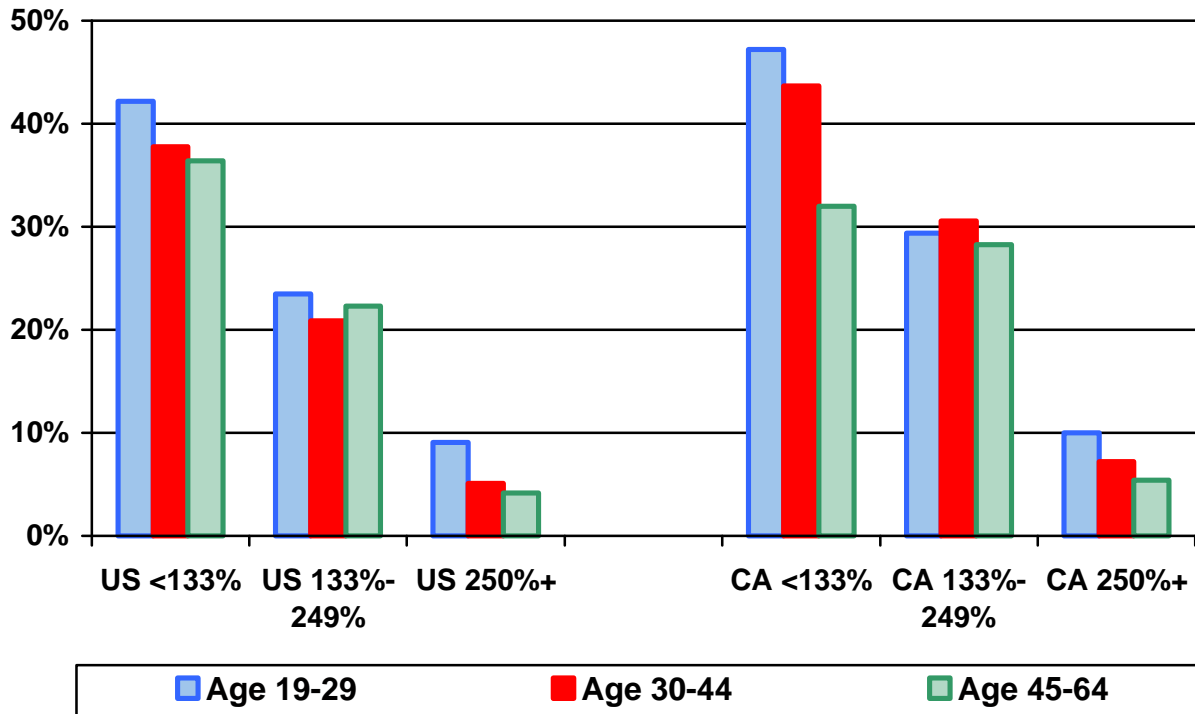
Source: IHPS analysis of the March 2000 Current Population Survey

**Figure 3: Percent of Parents Who Are Uninsured, by Age Group and by Family Income as a Percent of the Federal Poverty Guidelines (% FPG), United States, 1999**



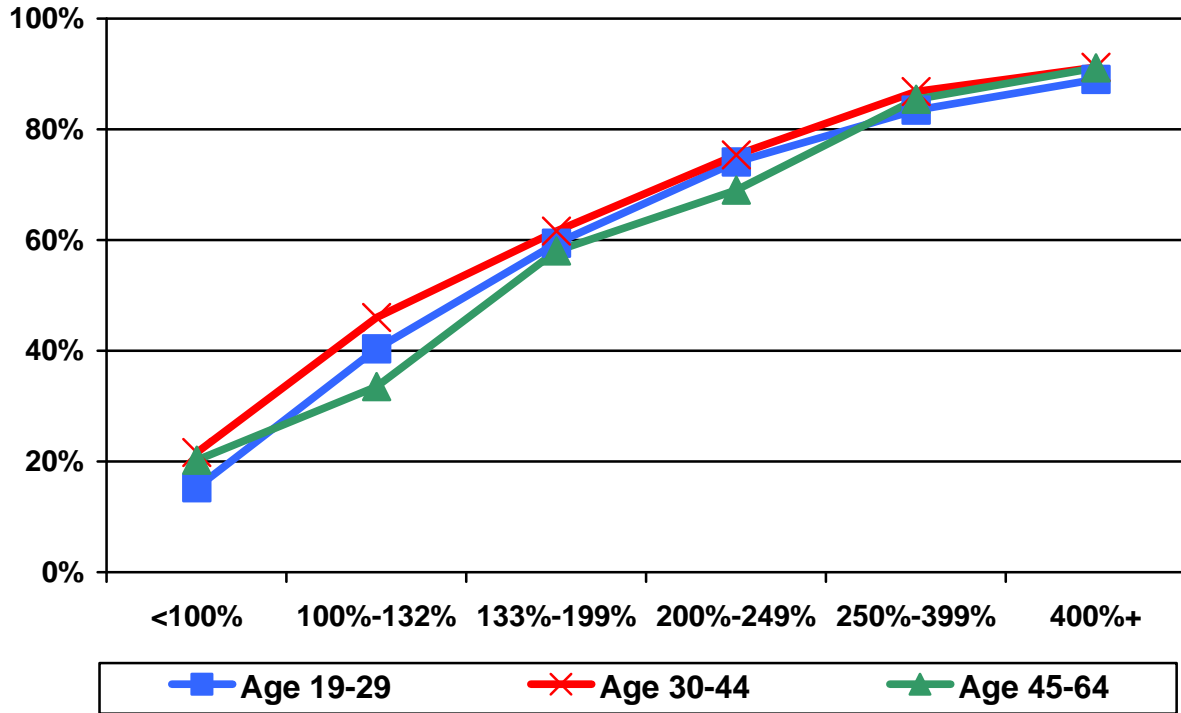
Source: IHPS analysis of the March 2000 Current Population Survey

**Figure 4: Percent of Parents Who Are Uninsured, by Age Group and by Family Income as a Percent of the Federal Poverty Guidelines (% FPG), United States and California, 1999**



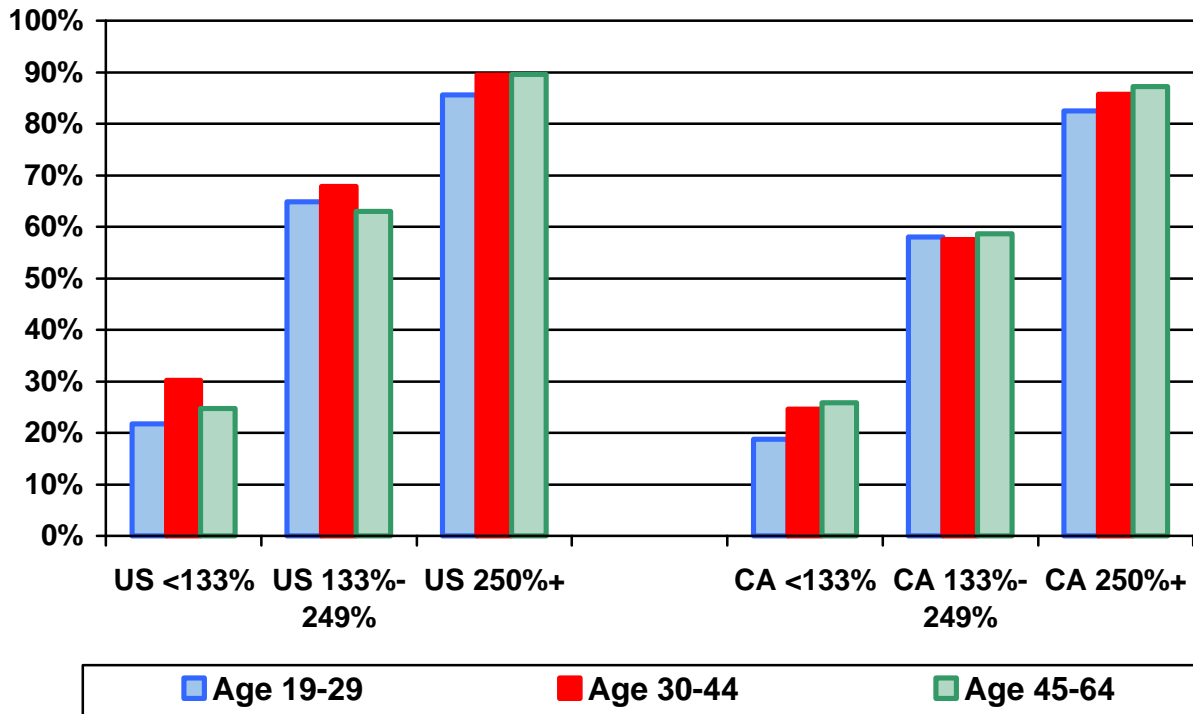
Source: IHPS analysis of the March 2000 Current Population Survey

**Figure 5: Percent of Parents with Employment-Based Insurance (EBI), by Age Group and by Family Income as a Percent of the Federal Poverty Guidelines (% FPG), United States, 1999**



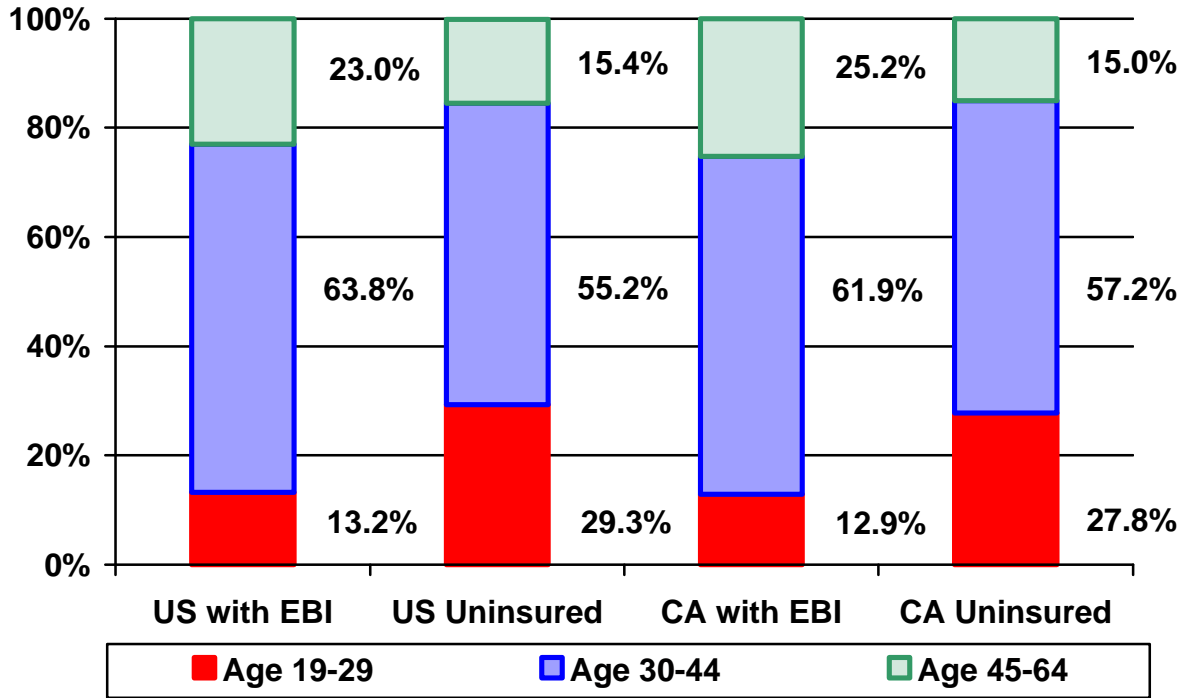
Source: IHPS analysis of the March 2000 Current Population Survey

**Figure 6: Percent of Parents with Employment-Based Insurance (EBI), by Age Group and by Family Income as a Percent of the Federal Poverty Guidelines (% FPG), United States and California, 1999**



Source: IHPS analysis of the March 2000 Current Population Survey

**Figure 7: Age Distribution of Parents With Employment-Based Insurance (EBI) and Uninsured, United States and California, 1999**



Source: IHPS analysis of the March 2000 Current Population Survey