



# ***Reducing the Number Of Uninsured People in Illinois***

*Models for Action*

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**The Access Project** is a national initiative of The Robert Wood Johnson Foundation, in partnership with Brandeis University's Heller Graduate School and the Collaborative for Community Health Development. It began its efforts in early 1998. The mission of The Access Project is to improve the health of our nation by assisting local communities in developing and sustaining efforts that improve healthcare access and promote universal coverage with a focus on people who are without health insurance.

If you have any additional questions, or would like to learn more about our work, please contact us.

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**United Power for Action and Justice** is an organization of 330 dues-paying member congregations, community organizations, unions, hospitals, and community health centers in Chicago and its suburbs. It is committed to citizen-initiated democracy and action for justice on common good issues affecting metropolitan Chicago. United Power's Gilead Campaign for the Uninsured is an initiative to build political will and find practical solutions to resolve the issue of the uninsured. United Power advocates the funding of a comprehensive enrollment campaign to register those eligible but not enrolled in existing health benefits programs; is asking the Cook County Board to include \$20 million in next year's budget to create a pilot program to expand primary care in Cook County; and has begun to advocate for the use of tobacco settlement moneys to be used to create expanded health care coverage for the uninsured.

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## INTRODUCTION

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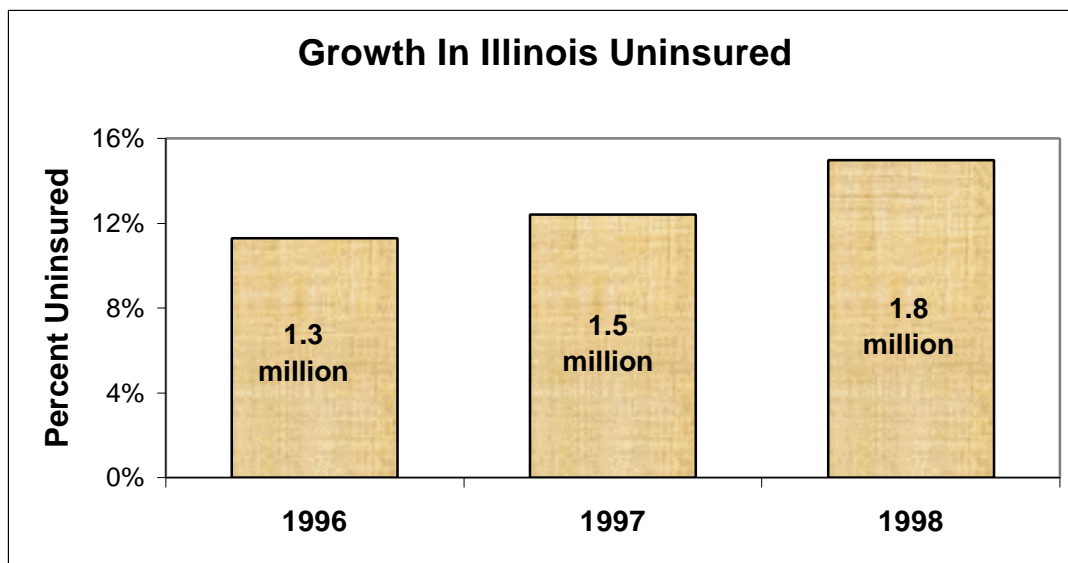
This report describes the growing number of people without health insurance in Illinois. It discusses trends within the state and characteristics of the fastest growing sub-groups among the uninsured. The rising number of the uninsured in Illinois harms overall health and well-being. A number of other states have begun or expanded innovative programs to cover the uninsured, which might serve as models for Illinois. These programs can have an impact in reducing the uninsurance rate, thereby improving the overall health of the state's residents. The national tobacco settlement is an important new financing source for coverage expansion, and several states have proposed devoting sizable portions of their settlement dollars to alleviating the significant societal effects of growing ranks of uninsured.

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## THE NUMBER OF UNINSURED IS GROWING IN ILLINOIS

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Historically, Illinois has had a smaller percentage of its residents without health insurance than the nation as a whole. In recent years, though, that has begun to change as the size of the uninsured population in Illinois has grown more rapidly than most other states and the United States overall. Data from the Census Bureau released in 1999 show that Illinois has experienced a dramatic upsurge in people without health insurance. The increase affects all segments of the population. The following chart illustrates the growth in the number of uninsured in Illinois in the past 3 years.



Source: Current Population Survey, U.S. Census Bureau

The state has responded to this trend with aggressive outreach efforts to identify and enroll eligible children in Illinois' KidCare and Medicaid programs. Nearly 90,000 children are now in KidCare, and most of them were not previously enrolled in Medicaid. In addition, the number of people

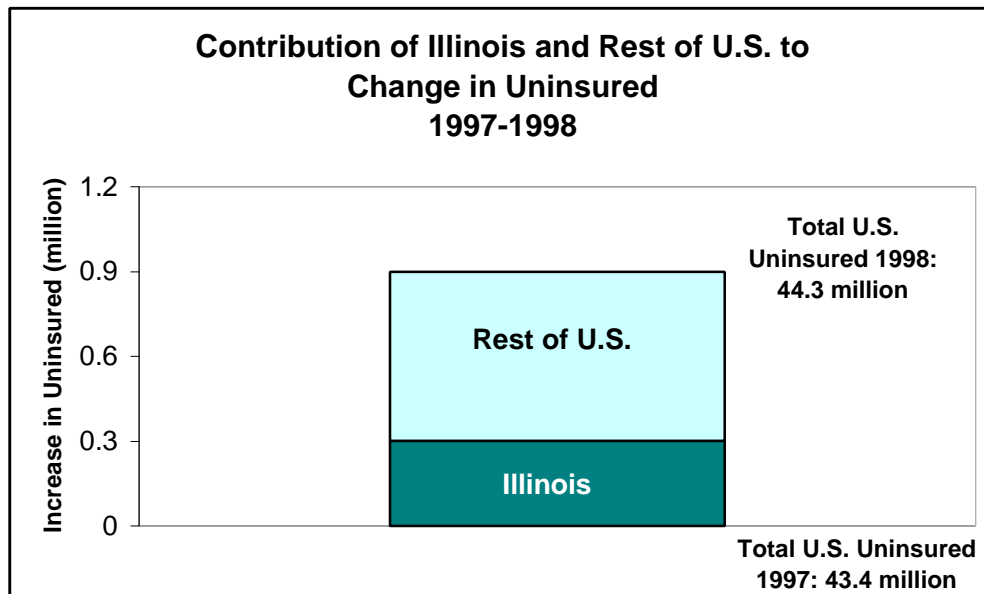
insured in the Illinois Medicaid program increased by 75,000 between July 1998 and December 1999.<sup>1</sup> The enrollment increases that occurred in 1999, and the corresponding impact on the number of uninsured people, are not yet reflected in the Census Bureau data presented here.

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## IN 1998, ILLINOIS ACCOUNTED FOR A THIRD OF THE OVERALL INCREASE IN THE UNINSURED NATIONWIDE

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From 1997 to 1998, the number of uninsured in the United States increased from 43.4 million to 44.3 million individuals. Over that same year, the uninsured in Illinois grew from about 1.5 million to 1.8 million. These data suggest that about one-third of the national increase in the uninsured – roughly 300,000 out of 900,000 – occurred in Illinois.



Source: Current Population Survey, U.S. Census Bureau

A large part of the increase in Illinois' uninsured over the last several years occurred among groups that are identifiable by their incomes and employment status.<sup>2</sup> First, though it is still true that lower income people are disproportionately represented among the uninsured, the *fastest growing* group recently has been people in moderate income families. The number of uninsured people in families with income between \$25,000 and \$50,000 has grown by 70 percent – from 368,000 to 624,000 – since the 1995-96 period, compared with 20 percent in families with incomes below \$25,000.

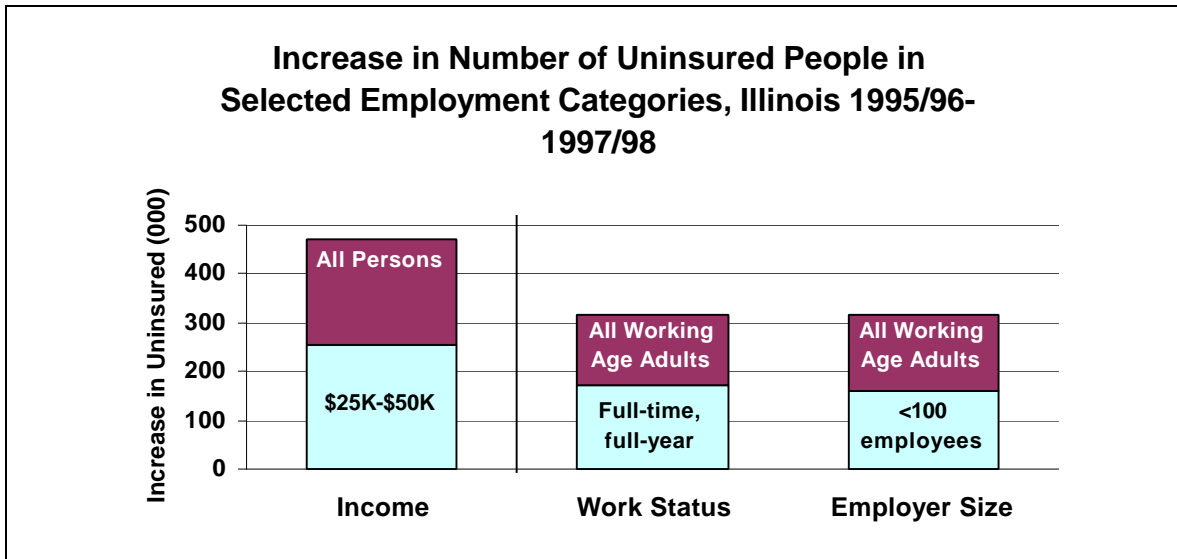
Most of the uninsured, in Illinois and nationally, are employed. Nearly one-half of uninsured, working age adults in Illinois work in full-time, year-round positions. The number of uninsured in

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<sup>1</sup> Illinois Department of Public Aid

<sup>2</sup> In order to reduce the error margins of estimates for subgroups of the uninsured, two years of survey data were merged and averaged, according to guidelines provided by the U.S. Census Bureau. The growths in uninsured rates presented here are statistically significant at the .05 level.

that group has grown substantially in the period 1995-96 to 1997-98: from 417,000 to 590,000, or 42 percent. Another fast growing group of employed uninsured are adults who work for small businesses – those with fewer than 100 employees. The uninsured in that group has grown 36 percent, to 600,000.



The top of each bar represents the *total increase* in the number of uninsured people – in the first bar, among all residents of Illinois, and in the second and third, among working-age adults – during the period 95/96 to 97/98.

Source: Current Population Survey, U.S. Census Bureau

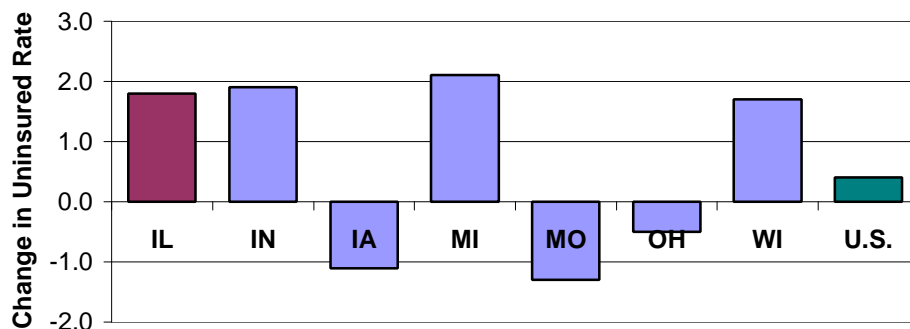
It is likely that many of the employed uninsured are people who were recently recipients of public aid and have now moved into the work force. As the number of people on welfare has decreased, so has the number of families receiving coverage through Medicaid. While families and children leaving welfare are still eligible for Medicaid during a transition period, many do not take advantage because they are not aware of their eligibility or it is inconvenient to enroll. Many of the jobs that former welfare recipients accept do not offer coverage. The number of Medicaid recipients in Illinois declined by about 130,000 from 1994 to 1998, and a national study in 1999 estimates that about half of those who lost Medicaid coverage from 1995 to 1997 became uninsured.<sup>3</sup> A more recent study found that this effect increases over time; rates of uninsurance among former welfare recipients increase with the length of time since leaving welfare.<sup>4</sup>

The phenomenon of large increases in the numbers of uninsured is common among Illinois' midwestern neighbors. Michigan, Indiana and Wisconsin have seen increases similar to Illinois. In contrast, Ohio, Missouri and Iowa have had declines in recent years.

<sup>3</sup> Families USA, *Losing Health Insurance: the Unintended Consequences of Welfare Reform*

<sup>4</sup> Bowen Garrett and John Holahan, "Health Insurance Coverage After Welfare," *Health Affairs* January/February 2000.

**Change in Uninsured Rate in Illinois, Midwestern States and U.S., 1996/97 to 1997/98**



Source: Current Population Survey, U.S. Census Bureau

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**OTHER STATES HAVE MADE SUBSTANTIAL PROGRESS IN RECENT YEARS IN CONTROLLING THE GROWTH OF THE UNINSURED**

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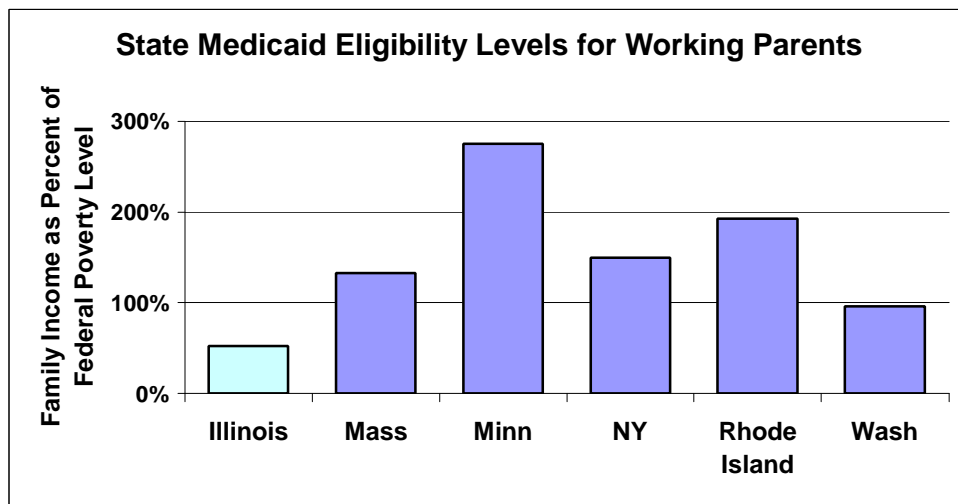
In the past several years, a number of states have begun innovative programs to cover the uninsured. These programs, typically funded by a mix of state and federal funds, have helped stem the growth of the uninsured in those states. Among these state programs are:

- **Massachusetts:** The MassHealth Family Assistance program uses a combination of private, federal, and state funding sources to cover low income working families below 200 percent of the federal poverty line (fpl). Under the program, subsidized employer-based coverage is extended to parents of children eligible under the state’s children’s health care program. The MassHealth program also expanded coverage for low-income parents and simplified Medicaid eligibility criteria and enrollment procedures.
- **Washington:** The Washington Basic Health Plan provides subsidized coverage to adults up to 200 percent fpl. The program is integrated with Medicaid, and for many low-income families, Medicaid covers the children while BHP covers the parents with a somewhat smaller benefit package. Eligibility is determined collaboratively between the programs. The state also combines the purchase of managed care plans for Medicaid and BHP beneficiaries with the purchase of health benefits for state workers.
- **Minnesota:** The MinnesotaCare program provides coverage to families with incomes up to 275 percent fpl who have been uninsured for more than four months. Sliding scale premiums are charged for enrollees with incomes over 150 percent fpl. Single adults and couples without children are eligible if their income is below 175 percent fpl. The program provides primary and preventive care, but limits hospital coverage, except for children. The state requires any managed care plan that covers state employees or Medicaid patients to accept MinnesotaCare members.

- Rhode Island:** The RItCare program relies on a Medicaid waiver to expand coverage to pregnant women and children up to 250 percent fpl. Parents of RItCare eligible children are covered up to 185 percent fpl. The benefits include an enhanced range of preventive services. Beneficiaries over 185 percent can choose either co-payments or a premium plan. The simplified enrollment procedure does not require any asset test.
- New York:** In December 1999, Governor George Pataki (R) signed into law the new Family Health Plus program, which expands Medicaid coverage for parents of children enrolled in the successful Child Health Plus program. The program will, when fully phased in, expand Medicaid coverage to parents up to 150 percent of the poverty level and to adults without children up to 100 percent fpl. The program uses managed care plans to provide coverage and a simplified enrollment process. It is too early to observe an impact on the number of uninsured in New York. The enactment of the program, though, reflects the recognition of the hospital interests, labor unions, consumers and elected officials whose efforts led to the legislation's passage that action was needed to slow the growth of the uninsured.

An analysis of all of the various state efforts to expand coverage concluded that “in order to provide coverage to significant members of the uninsured, benefits must be comprehensive and affordable, carefully marketed, and offered through a simplified, accessible, eligibility process.”<sup>5</sup>

All of these states, as well as Illinois, have expanded the eligibility standards for children’s coverage in their State Children’s Health Insurance Program (KidCare in Illinois) to at least 185 percent fpl and, in some cases, considerably higher. There is still wide variation, however, in the income thresholds that each state sets to determine Medicaid eligibility for parents.



Source: Guyer and Mann, *Employed But Not Insured*, Center on Budget and Policy Priorities, 1999. The figures are based on a 3-person family with one wage earner and assume that the family's only source of income is earnings. The level for New York reflects the new law passed in December 1999, and will be fully phased in on October 1, 2002.

<sup>5</sup> Riley and Yondorf, *Access for the Uninsured: Lessons from 25 Years of State Initiatives*, National Academy for State Health Policy, January 2000. The full summary and conclusions of the report can be found at [www.nashp.org/pubs/plcy0001.htm](http://www.nashp.org/pubs/plcy0001.htm).

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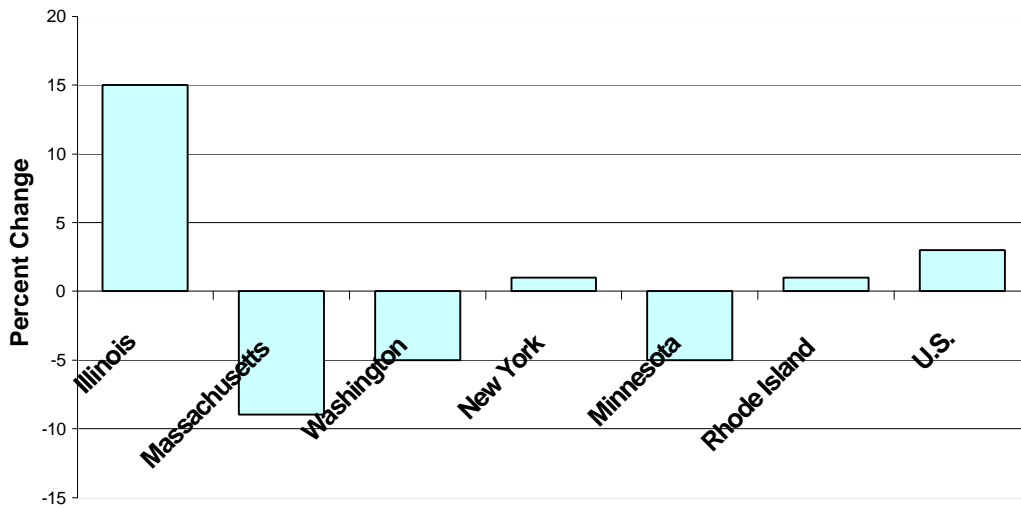
## THESE COVERAGE EXPANSION STATES HAVE EXPERIENCED EITHER STABLE OR DECLINING UNINSURANCE RATES IN RECENT YEARS

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The chart below compares changes in uninsurance rates in Illinois to those states listed previously which have enacted major health reforms. With the exception of New York, where a new expansion was just enacted, all of the states have smaller proportions of their population without insurance. And all of these states' uninsurance rates have recently been stable or declining, compared with the significant increase in Illinois.

The chart uses a two-year running average to compare rates, because the sample sizes in some of the smaller states are too small to use single-year data. It shows that Illinois' uninsurance rate increased by 15 percent, from 11.9 percent of the population uninsured to 13.7 percent. Over the same time, the other states experienced either a decrease or a small increase that is not statistically significant.

**Percent Change in Uninsurance Rate in Illinois, expansion states and U.S.  
between 1996-1997 average and 1997-1998 average**



Source: Current Population Survey, U.S. Census Bureau

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## ADDITIONAL STATES ARE NOW CONSIDERING EXPANSIONS OF COVERAGE FOR THE UNINSURED

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The governors of a number of other states have recently proposed expanding eligibility for state-subsidized insurance coverage to reduce the number of uninsured. In many cases, these governors are looking to their states' share of the tobacco settlement to finance the expansion.<sup>6</sup>

- **New Jersey:** In her annual budget address in January 2000, Governor Christine Todd Whitman (R) proposed using \$100 million of the annual settlement funds to extend coverage to the parents of children eligible for New Jersey's KidCare program. The new FamilyCare program will extend eligibility to working parents up to 200 percent of the federal poverty level. Families with income between 150 and 200 percent of fpl would be required to pay a monthly premium of \$25. The state estimates that 80,000 working parents would gain coverage through this program.
- **Pennsylvania:** Governor Tom Ridge's (R) recent budget proposal included a new Health Investment Plan, which focuses on reducing the number of uninsured in the state, as well as improving seniors' access to home health care. Specifically, Governor Ridge proposes using \$106 million of the tobacco settlement to provide coverage for adults up to 200 percent of fpl, and another \$25 million to extend Medical Assistance coverage to working individuals with disabilities and incomes up to 250 percent of fpl.
- **Iowa:** Governor Tom Vilsack (D) proposed in his State of the State address in January 2000 to dedicate \$55 million of the state's tobacco settlement to health-related purposes. Among the uses are expansion of coverage for children through Iowa's Hawk-I and Medicaid programs, and improved access to primary care.

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## ILLINOIS' HIGH RATES OF UNINSURANCE ARE ASSOCIATED WITH REDUCTIONS IN PUBLIC HEALTH

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Not having health insurance makes a substantial difference in the amount and kind of health care people are able to afford.

Research from the Kaiser Foundation found that the uninsured are less likely to have seen a doctor during the course of a year than those who have health coverage. Regardless of their health status, the uninsured are three to four times more likely to report having problems getting the health care they believe they need. This disparity is particularly pronounced among those in poor health.

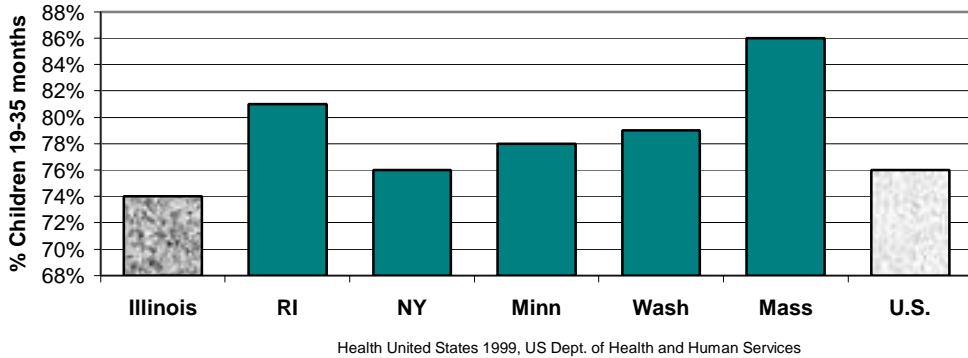
The differences in health outcomes between the insured and uninsured are particularly striking in diseases where early detection is critical. The uninsured are not as likely as those with insurance to seek preventive care. For example, only 37 percent of uninsured women nationally report having had a mammogram in the past year, compared to 59 percent of insured women. Consequently, uninsured women are more likely to be diagnosed at a more advanced stage of the disease and are nearly 50 percent more likely to die from breast cancer than privately insured women.

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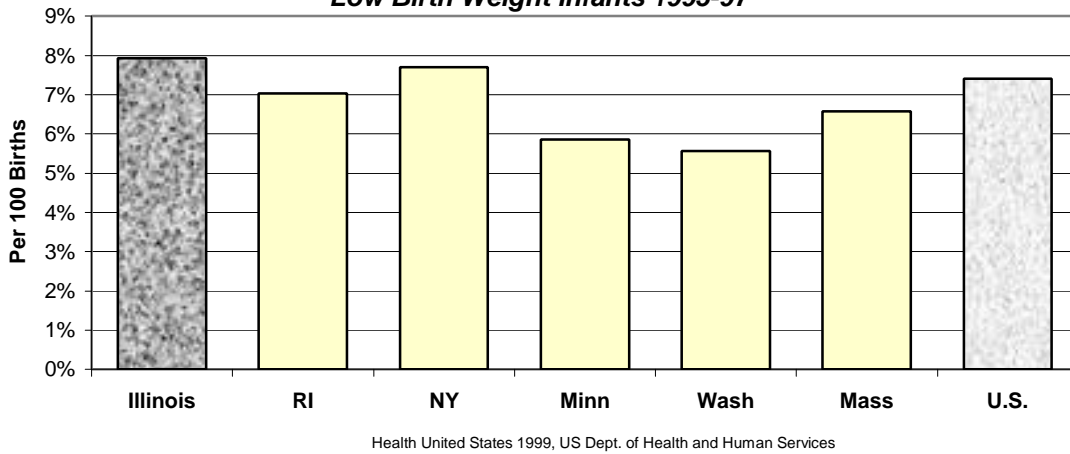
<sup>6</sup> The source of the following information is the Health Policy Tracking Service, National Conference of State Legislatures.

The charts below show how Illinois compares with the states with major coverage expansions on key public health measures:

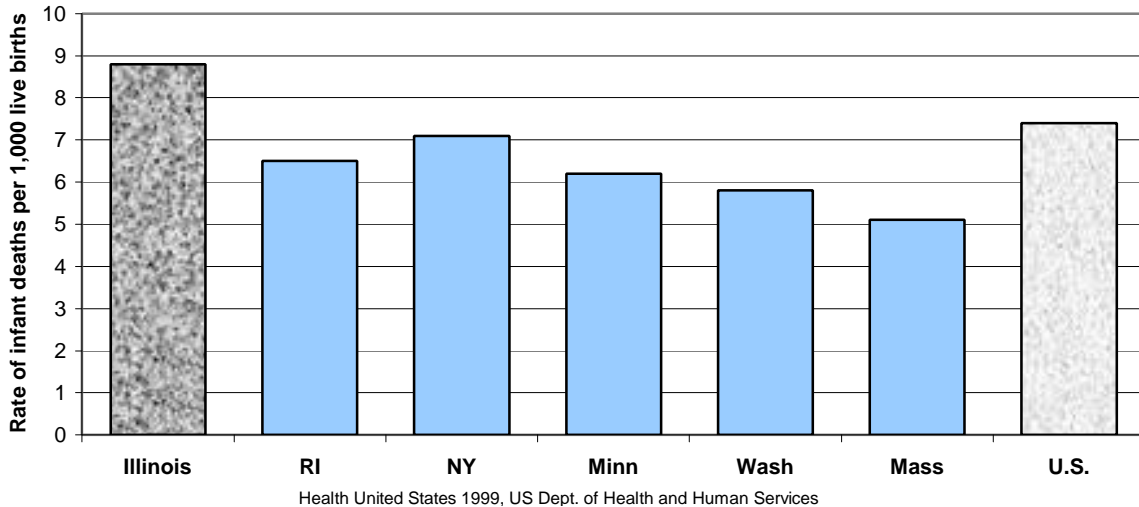
**HEALTH INDICATORS**  
**Illinois - Expansion States**  
**1997 Vaccination Coverage**



**HEALTH INDICATORS**  
**Illinois - Expansion States**  
**Low Birth Weight Infants 1995-97**



**HEALTH INDICATORS**  
**Illinois - Expansion States**  
**Infant Mortality Rates 1995-97**



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## CONCLUSION

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The number of uninsured in Illinois has grown rapidly in the past several years. The proportion of the state population who are uninsured, historically below the national level, now rivals it. The recent increases have been driven to a great extent by people who are employed full-time, work for small businesses, and have low or moderate incomes. Many of the new uninsured are likely to be people who have recently left welfare to enter the workforce and whose health coverage through Medicaid has not been replaced by private, employer-sponsored coverage.

The lack of health insurance affects both the health of people without insurance and society as a whole. A number of states have recognized the societal impact and taken aggressive public policy measures to reduce the problem. Massachusetts, Washington, New York, Minnesota and Rhode Island, and several other states as well, have innovative programs to cover the uninsured. The governors of New Jersey, Pennsylvania and Iowa have recently proposed coverage expansions for their states.

A new opportunity for financing coverage expansions is the large, continual flow of funds to states from the national tobacco settlement. Indeed, the new proposals just unveiled in New Jersey, Pennsylvania and Iowa all use a significant portion of the settlement to create new coverage programs for adults or to expand eligibility for existing programs for adults and children. As states deliberate over the distribution of tobacco funds, stemming further growth in the uninsured will be a compelling option for policy makers who want to devote the settlement to health improvements. This might be a particularly attractive option in states, such as Illinois, that have experienced dramatic growth of their uninsured populations.