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CAP ISSUE PAPER

The Uninsured in Oklahoma: Who are they and why don't they have insurance?

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Executive Summary

Over 600,000 of Oklahoma's 3.3 million residents have no health insurance. State policymakers over the years have acknowledged that the size of the uninsured population is of serious concern, and have debated what to do about it. This year has been no different. After years of inaction, however, Oklahoma may be poised to implement a potentially sweeping policy designed to benefit a large number of the state's uninsured population. With this issue paper we offer an analysis of the latest data on the size of Oklahoma's uninsured population, its composition, and the reasons why people lack health insurance. By bringing these issues into focus, we hope to clarify which populations would best be targeted by health insurance expansion policies *and* which obstacles to securing health insurance state policy can help minimize.

For at least the past six years, the percentage of Oklahomans without insurance has remained above the national average. The most recent data show that 610,200 Oklahomans have no health insurance. Of the nonelderly uninsured, 64% are considered low-income, 79% are adults, and 84% of them either work full- or part-time or live in a household where someone works. Despite the fact that most of the uninsured work hard, many of them are caught between lacking access to employer-sponsored private insurance plans and failing to qualify for public programs such as Medicaid and Medicare.

The reasons why workers do not have insurance through their employers vary. Some work for a firm that does not offer insurance; some are ineligible to participate in an employer plan, either because they work part-time or they have not worked for the employer long enough, or for some other reason; and some simply cannot afford to pay the premiums. Low-wage workers are most likely to face any or all of these obstacles, as are employees of small firms. In a low-wage, small-firm state like Oklahoma, workers may feel like they start out with two strikes against them when it comes to securing health insurance for themselves and their families. Indeed, only 54% of Oklahoma's population is covered by employer-sponsored insurance, putting Oklahoma 39th in a state ranking.

Another group to keep in mind is the small, but not insignificant, number of self-employed individuals who are among the ranks of the uninsured. Like their employed counterparts, they may find themselves ineligible for private individual insurance plans or unable to afford the premiums.

Public insurance, at least in Oklahoma, does not fill the insurance gap into which any of these workers fall unless they are pregnant or disabled. Medicaid, the nation's health insurance program for the poor, covers *children* up to 185% of the federal poverty level in Oklahoma, but for most nonelderly adults Medicaid remains inaccessible. In FY '03, for example, the average monthly Medicaid enrollment of adults between the ages of 18 and 64 was 137,000, compared to over 301,000 children under age 18.

Proposals to address the problem of the uninsured, then, could bring about the most benefit if they focus on assisting low-income, working adults, particularly, but not necessarily exclusively,

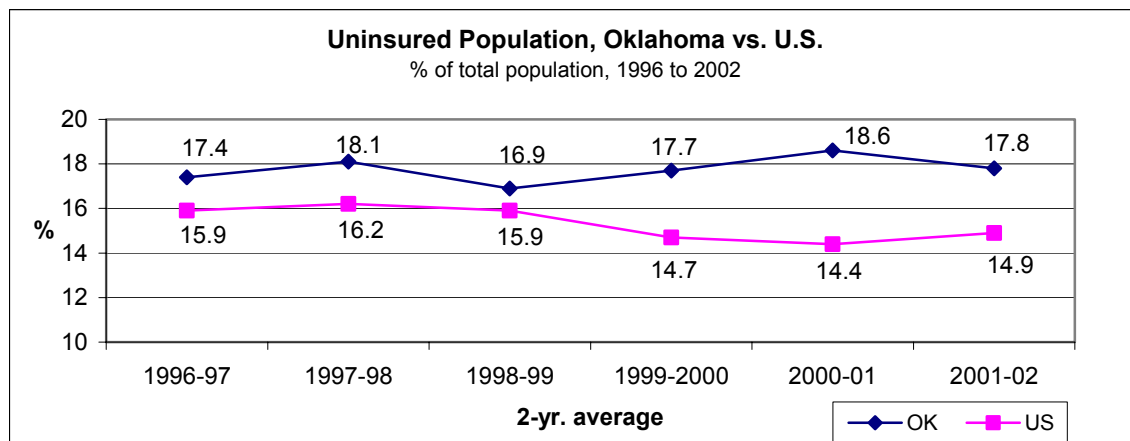
those working in small firms. Self-employed workers could also benefit from improved access to the health insurance market. Finally, there likely is a role for Medicaid to play as well, to catch those who will continue to fall through the cracks of the private health insurance system.

The Number of Uninsured in Oklahoma

We look first at the size of the state’s uninsured population. For the 2001-2002 period, an average of 610,200 Oklahomans, or 17.8% of the population, lacked health insurance.¹ This percentage outpaces the national average, as seen in Figure 1. Indeed, Figure 1 shows Oklahoma’s uninsurance rate has consistently measured higher than the national average. The percentage of Oklahomans without insurance has varied since the mid-1990’s, from a low of 16.9% in 1998-99 to a high of 18.6 in 2000-01. The national uninsurance rate, on the other hand, never rose above 16.2% in the time period considered.²

Since most seniors are covered under Medicare, insurance expansion policies focus on what’s called the “nonelderly” population, or those under age 65. Within this narrower universe, 20.5% lack health insurance in Oklahoma. In absolute terms, the number is 608,750 individuals.³

Figure 1



Source: Current Population Surveys, Bureau of the Census, 1998 to 2002. Accessed via <http://www.census.gov/hhes/hlthins/>

The presence of a sizeable Native American population complicates the picture a bit more. Most Native Americans are eligible for care under the Indian Health Service (IHS) system or through tribal systems. Since 1998, the Census Bureau has counted Native Americans who rely only on IHS as uninsured. According to health policy expert Michael Lapolla, this “misclassification” overstates Oklahoma’s nonelderly uninsured population by 1.2 percentage points, or roughly 34,000

¹ This is the most recent period for which data are available. The figure is a two-year average, a commonly-used measurement that smoothes out sampling error in any given year. Kaiser Family Foundation *State Health Facts Online*, <http://www.statehealthfacts.org>.

² This time period was chosen because data are readily available from the Current Population Survey (CPS) online archives. Each year’s CPS reports two two-year averages. Data in Figure 1 reflect the most possible hindsight. For example, the March 2000 CPS reports uninsured for 1999-2000 and 1998-1999. This report, then, furnishes data for 1998-1999. The 1999-2000 data point comes from the March 2001 CPS.

³ Kaiser Family Foundation “Health Insurance Coverage in America 2002 Data Update,” The Kaiser Commission on Medicaid and the Uninsured, Dec. 2003.

people.⁴ Adjusting for this fact reduces the percentage of Oklahoma’s civilian nonelderly population that is uninsured from 20.5% to 19.3%.

Oklahoma clearly has a health insurance gap. But before a solution can be implemented, we need to know what the uninsured population looks like, and we need to understand why they lack insurance.

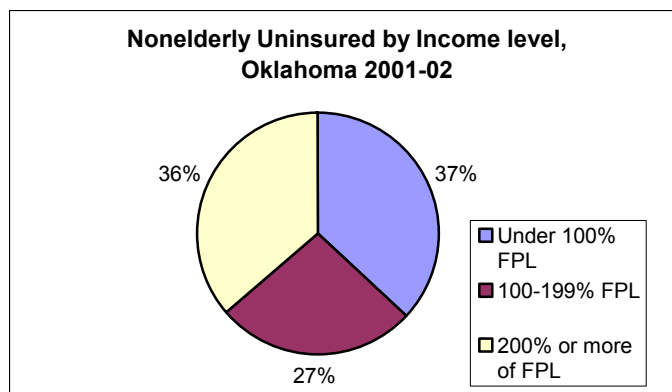
Who are the Uninsured in Oklahoma?

There are several ways to identify “the uninsured.” One way starts with the uninsured population itself and asks which characteristics are shared within that population. Another way begins with population categories – such as adults and children, or working and unemployed – and asks what percentage of people within each category does not have insurance. This section employs both methods, considering trends in Oklahoma and in the nation as a whole, as the data allow.

► Low-Income

The main characteristics of Oklahoma’s uninsured population are that they are low-income, they are adults, and they work. Figures 2 through 4 present data bearing this out. First, as seen in Figure 2, a majority of Oklahoma’s uninsured population is classified as “low-income,” which is defined as less than 200% of the federal poverty level (FPL).⁵ 37% of the uninsured in Oklahoma, or 224,480 people, live below 100% of FPL. Another 27%, or 162,803 people, live between 100% and 200% of FPL. In total, then, 64% of Oklahoma’s uninsured population is considered low-income. Given that only 38% of the state’s total population is low-income, it is clear that low-income individuals are highly overrepresented among the uninsured.

Figure 2



Source: Kaiser Family Foundation *State Health Facts Online*, <http://www.statehealthfacts.kff.org>.

Looking at it from another angle, low-income families are more likely to go without health insurance than wealthier families. Oklahoma’s low-income families are in fact three times more likely to lack health insurance than families with incomes greater than 200% of FPL. The rate at which nonelderly adults over 200% of FPL are uninsured is only 12%. By contrast, 35% of families under 200% of FPL lack health insurance. Oklahoma has the 10th highest uninsurance rate for low-

⁴ “1997 Sources of Health Insurance,” a Health & Medicine Issue Paper of the Center for Health Policy Research, Sept. 1999. In Anderson, Steve, “Will the Governor’s Plan Improve Health Care in OK?” an Oklahoma Council of Public Affairs paper, this issue was recognized, but the adjustment Anderson made overcorrected by assuming – without any evidence – that two-thirds of Oklahoma’s Native Americans depend on IHS for health care. Anderson concludes, falsely, that Oklahoma’s true uninsurance rate is 13%, “well below the national average” of 14.7%.

⁵ The federal poverty level in 2002 was \$15,020 for a family of three and \$18,100 for a family of four.

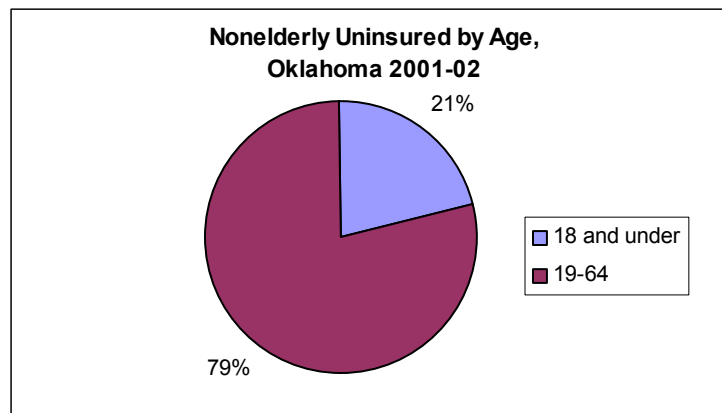
income people in the nation.⁶ The national average is 32%. The bottom line is, health insurance is a much bigger problem for the low- and moderate-income families than it is for higher-income families.

► Adults

Health insurance is also a bigger problem for adults than for children, as seen in Figure 3. Nonelderly adults are in fact disproportionately represented among the ranks of the uninsured, accounting for 79% of Oklahoma’s uninsured population but only 60% of the total population. Children, on the other hand, have benefited from federal and state policies aimed at providing them coverage. The most prominent of these efforts is the State Children’s Health Insurance Program (SCHIP), a program offering higher federal matching rates to cover previously uninsured children.⁷ As more children have become eligible for public programs, the gap between the uninsurance rates of low-income parents and their children nationwide has grown from 6.9 percentage points in 1994 to 10.9 percentage points in 2000.⁸

In Oklahoma, children are now under-represented among the uninsured; they represent 21% of the state’s uninsured population and 27% of the state’s total population. What is even more striking is that at 24%, the poverty rate is higher for children than for adults in Oklahoma. This points to the fact that public programs have succeeded in providing health insurance for low-income children. Despite this, Oklahoma unfortunately continues to have a relatively high proportion of uninsured children compared to other states.⁹

Figure 3



Source: Kaiser Family Foundation *State Health Facts Online*, <http://www.statehealthfacts.kff.org>.

► Employed

The third trait shared by most uninsured people is that they are either employed or are in a household where someone is employed. Figure 4 shows that 84% of our state’s nonelderly uninsured population has some connection to the world of work. This represents 434,326 people. The overwhelming majority, 71%, either work full-time or are a member of a household where someone works full-time. Another 13% work part-time. Compared to other states, Oklahoma does

⁶ Data from, <http://www.statehealthfacts.kff.org>.

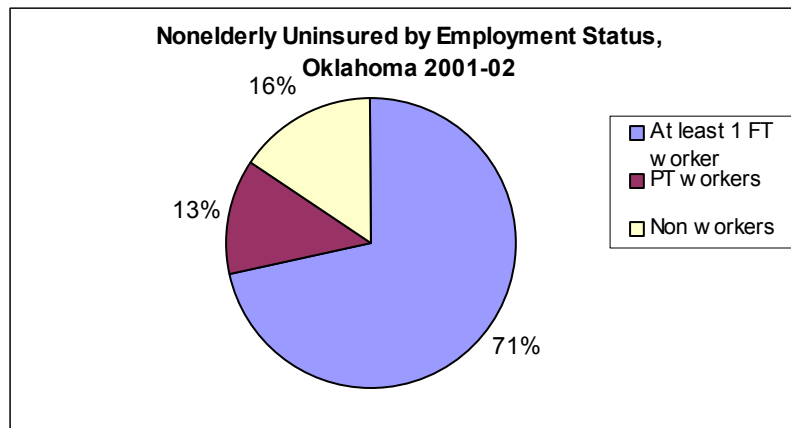
⁷ The state in 1997 expanded Medicaid eligibility to 185% of FPL for children and pregnant women. With the subsequent enactment of SCHIP, Oklahoma has been able to cover this new population with the higher match.

⁸ Dubay, Lisa, and Genevieve Kenney, “Addressing Coverage Gaps for Low-Income Parents,” *Health Affairs*, 2004 (23:2), p. 225-234.

⁹ Oklahoma ranks 7th highest in the nation on the uninsurance rate of children. 14% of the state’s children are uninsured, compared the national average of 12%. Kaiser Family Foundation *State Health Facts Online*.

a poor job of insuring its workers. 18% of the state's *full-time* workers lack health insurance, putting Oklahoma in a tie for the 3rd highest uninsured rate in the nation. The national average is 15%. Of Oklahomans working *part-time*, 40% have no health insurance, compared to a national average of 31%. Finally, 31% of the state's *non-workers* lack insurance, which is about equal to the national average of 30%.¹⁰

Figure 4



Source: Kaiser Family Foundation *State Health Facts Online*, <http://www.statehealthfacts.kff.org>.

► Other Observations

There are two final observations about the uninsured. First, while we do not have state-level data about the percentage of the uninsured who are both low-income *and* employed, national data do show that 37.3% of all low-income workers are uninsured, and that this population represents nearly 50% of the nonelderly uninsured.¹¹ Low-income workers, then, are a good target population for insurance-expansion policies.

Second, there is also a small but important number of uninsured that are self-employed. Their only access to insurance is through the private market, which may be neither accessible nor affordable to them. For example, in 2002 a healthy 25-year old Oklahoman would have spent \$2,592 for a typical standard individual policy while a 55-year old would have spent \$5,784. Costs increase significantly if the person has any kind of health problem or risk factor, and often, health problems result in denial of coverage regardless of one's ability to pay.¹² About 9% of Oklahoma's civilian labor force is self-employed.¹³ Detailed data on the insurance status of this sub-group are not available. We do know that 5% of Oklahoma's population holds individual private insurance, but it is not likely that all of them are self-employed.

Why are so many Oklahomans Uninsured?

The previous section described the typical uninsured person as low-income, as an adult, and as employed. Oklahoma is not unique in the make-up of its uninsured population, but it does stand

¹⁰ Kaiser Family Foundation *State Health Facts Online*.

¹¹ Data for 1999. Bovbjerg, Randall R., Jack Hadley, Mary Beth Pohl, and Marc Rockmore, "Medicaid Coverage for the Working Uninsured: The Role of State Policy," *Health Affairs*, 2004 (21:6), p. 231-243

¹² "Who's Uninsured in Oklahoma and Why?" Families USA, Nov. 2003, available at http://www.familiesusa.org/site/DocServer/Oklahoma_uninsured.pdf?docID=2397.

¹³ The Small Business Association estimated that in 2000 Oklahoma had 153,757 self-employed individuals. Data presented in Fronstin (2003) show that the percentage of U.S. workers who are self-employed has fluctuated between 9% and 10% between 1994 and 2002. The percentage of self-employed workers without insurance is not reported.

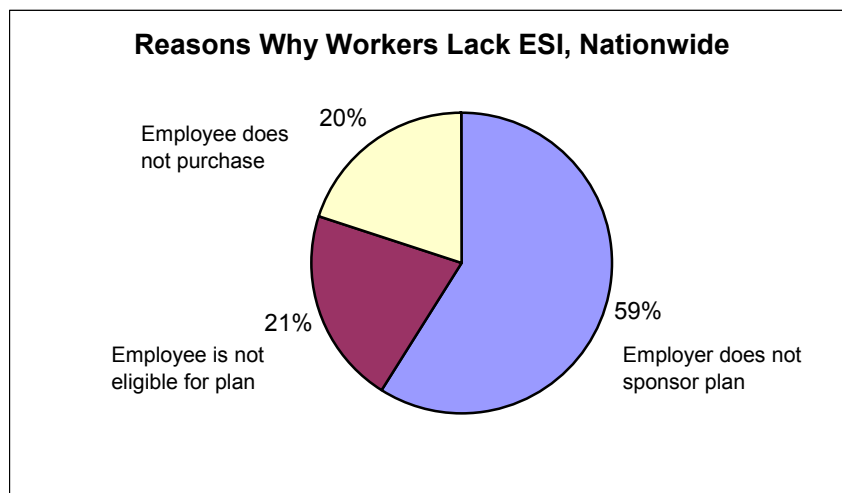
out in the percentage of its population that goes without health insurance. Why is it that Oklahoma is one of the worst performing states when it comes to insuring its residents? The answer has two components. First, while most people access private health insurance through their employers, firms in Oklahoma tend to have characteristics associated with higher private market barriers. Second, access to public insurance is limited because Oklahoma has restrictive Medicaid eligibility, especially for adults. When people lack access to affordable employer-sponsored health insurance and they do not qualify for public assistance, most will go without health insurance altogether.

Obstacles to the Private Market

By a slim margin, most Oklahomans (54%), have employer-sponsored insurance (ESI). This is lower than the national average of 57%.¹⁴ Three main obstacles prevent workers from securing ESI:

- the employer may not offer an insurance plan;
- the employee may not be eligible for a plan even if one is offered; and
- the employee may not participate in a plan even if he or she is eligible.

Figure 5



Source: Garrett, Nichols, and Greenman (2001).

Figure 5 shows that nationwide, 59% of uninsured workers work for employers that do not sponsor health insurance plans. Another 21% of uninsured workers are not eligible for the plan their employer offers, either because they do not work full-time, or there may be a “waiting period,” or for some other reason. *Only 20% of uninsured workers simply decline to participate in an employer-sponsored plan for which they are eligible.* While some individuals within this 20% choose not to spend money on insurance premiums, the real problem is that for many of these workers, insurance is not affordable.

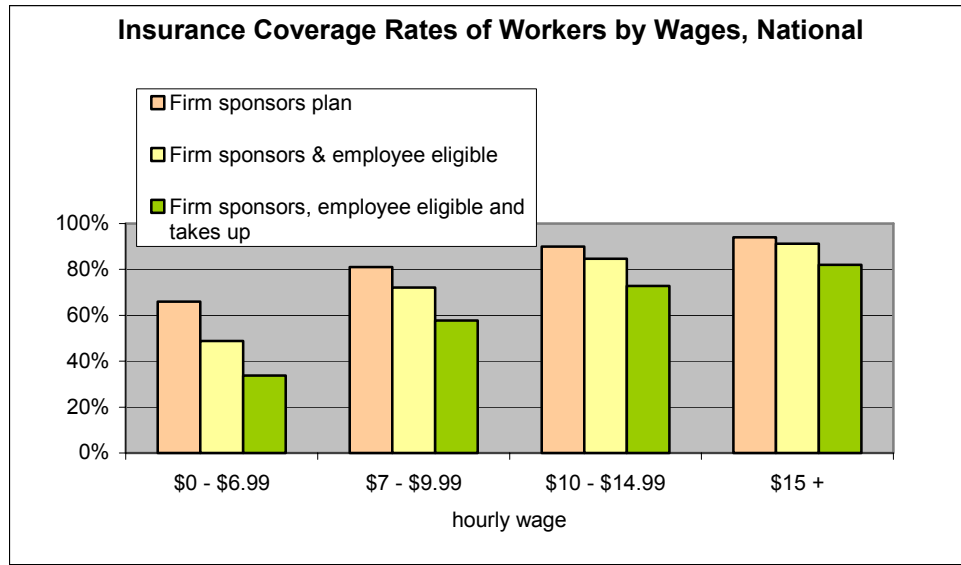
► **Low-Wage Workers**

It is not surprising that low-wage workers are much less likely to have ESI than higher-wage workers. Figure 6 shows that as one moves up the wage scale, the likelihood of working for an employer offering health insurance in the first place increases, as does the likelihood that the worker will be eligible for the insurance, and the likelihood that the employee will take up, or buy into, the insurance.¹⁵

¹⁴ Kaiser Family Foundation *State Health Facts Online*. State data for 2001-2002, U.S. data for 2002.

¹⁵ For the detailed table, see Table 5 in Garrett, Bowen, Len M. Nichols, and Emily K. Greenman, “Workers Without Health Insurance: Who Are They and How Can Policy Reach Them?” The Urban Institute, 2001.

Figure 6:



Source: Garrett, Nichols, and Greenman (2001).

Consider workers earning less than \$7 per hour. Only 66% of this group works for an employer that sponsors health insurance. Of those 66%, 74% are eligible to participate in the insurance plan. Multiplying these two figures, we see that only 48% of workers earning less than \$7 per hour overcome both obstacles of having a plan available for which they are eligible. Of that 48%, 69% do in fact take up the insurance. The remaining 31% chooses not to purchase the insurance. By multiplying 48% by 69% we find that overall, only 33% of all workers earning less than \$7 per hour overcome all three obstacles for securing health insurance through their own employer.

It is difficult to determine whether it is “reasonable” to expect low-wage workers to be able to afford health insurance premiums. According to one estimate, health care spending averaged about \$15,000 per household in 2003, with a little less than half of that in out-of-pocket costs.¹⁶ Premiums cost employees an average in 2003 of \$42 a month for single coverage and \$210 a month in family coverage. This represented 16% of the total premium cost for single coverage and 27% of the total cost of family coverage.¹⁷ A parent earning less than 185% of FPL would be able to enroll his or her children in Medicaid. For the parent, however, that monthly premium cost may simply remain out of reach, especially if covering his or her spouse requires purchasing family coverage.¹⁸ Even if the premium costs could be covered in a given year, the steep rise in health care premiums could easily lift health insurance out of reach in subsequent years. Between 2000 and 2001 premium costs grew by 10.9%, followed by another 12.9% increase between 2001 and 2002, and an additional

¹⁶ Steuerle, Gene, “When Are Health Costs Excessive if \$15,000 is Average?” *Tax Notes – Economic Perspective*, Sept. 29, 2003.

¹⁷ Trends and Indicators in the Changing Health Care Marketplace, 2004 Update, by the Kaiser Family Foundation, accessible at <http://www.kff.org/insurance/7031.index.cfm>.

¹⁸ For an illuminating report on the real difficulties low-income families have in fitting health care into their monthly budgets, see Williams, Claudia, and James Rosen, “Challenges and Tradeoffs in Low-Income Family Budgets: Implications for Health Coverage,” The Kaiser Commission on Medicaid and the Uninsured, April, 2004.

13.9% increase between 2002 and 2003. Workers' earnings, on the other hand, grew by approximately 4%, 3%, and 3% in each of these years.¹⁹

Workers earning between \$10 and \$14.99 per hour fare better than their lower-wage counterparts, with 73% having their own ESI. Fully 90% of this group works for employers offering health insurance, and of those 90%, 94% are eligible for the plan. So 85% of this higher wage group overcomes the obstacles of having a plan available for which they are eligible. Of that 85%, 86% takes up the insurance, resulting in ESI coverage for 73%. Among workers making over \$15 an hour, the highest rates of sponsorship, eligibility, and take-up result in 82% of these workers with their own ESI.

We can conclude, then, that workers at higher wage levels are more likely to work for an employer that offers a health plan, and low-wage workers are the least likely to work for such an employer. Oklahoma is a low-wage state. Table 1 shows that Oklahoma's per capita income is 84% of the national average. The average weekly wage in Oklahoma is also 30% less than the national average.²⁰ Table 2 shows that the average annual wage earned by Oklahoma workers is less than the national average for both small and large firms. The first obstacle for securing ESI – working for an employer that offers insurance – is therefore more problematic in low-wage states like Oklahoma than in other states.

Table 1 Per Capita Income and Weekly Wage, OK vs. U.S.

	Per capita personal income, 2002	Weekly wage, private industry, 2002
Oklahoma	\$25,936	\$542
U.S. average	\$30,906	\$703

Source: Bureau of Economic Analysis at www.bea.gov/nea/rels.htm and Bureau of Labor Statistics at <http://www.bls.gov/cew/ew02table5.pdf>.

► Workers in Small Firms

Another variable affecting a firm's likelihood of sponsoring health insurance is its size. It is more difficult for small firms than for large firms to offer health insurance plans to employees for several reasons. First, the administrative costs to run a plan are largely fixed. Since there are fewer employees over which to spread these costs, it becomes more expensive per beneficiary in a small firm. Second, health risks at a small firm are spread across a smaller employee base. In a firm with 10 or 25 employees, a large claim by one individual will have large effects for the other employees.²¹ Not surprisingly, then, only a small proportion of small firms in Oklahoma offer health insurance. Of the Oklahoma firms with fewer than 50 employees, only 37.6% offer health insurance, compared to 96.8% of firms with 50 or more employees.²²

Small firms are less likely to offer insurance than large firms, and Oklahoma workers are more likely than their counterparts in other states to work for a small firm. Table 2 shows that 12.5% of workers in Oklahoma work in firms with less than ten employees, compared to 10.7% nationwide. Small firms also account for a larger share of total payroll in Oklahoma than nationally.

¹⁹ "Employer Health Benefits: 2003 Summary of Findings," The Kaiser Family Foundation and Health Research and Educational Trust, available at <http://www.kff.org/insurance/chbs2003-abstract.cfm>.

²⁰ The Bureau of Labor Statistics collects wage data on workers covered under the Unemployment Insurance program. For those in private industry, Oklahoma's average weekly wage translates to \$13.55 per hour. The national weekly average translates to \$17.58 per hour.

²¹ Testimony of Linda J. Blumberg to the Small Business Committee Subcommittee on Workforce, Empowerment and Government Programs, U.S. House of Representatives

²² Kaiser Family Foundation, *State Health Facts Online*.

Conversely, a smaller proportion of Oklahoma’s workers are employed in firms with more than 99 employees, and these large firms account for a smaller percentage of total payroll than the national average. Simply as a result of working in this state, Oklahoma workers are more likely than others to find themselves employed by a firm that is less likely to offer health insurance.

Table 2 Distribution of Employees and Payroll by Firm Size, OK vs. U.S.

	OKLAHOMA	U.S.
Small Firms (< 10 employees)		
% of all employees	12.5	10.7
% of all payroll	10.8	9.2
average pay rate	\$23,788	\$29,744
Large Firms (> 99 employees)		
% of all employees	60.6	64.4
% of all payroll	65.7	69.2
average pay rate	\$29,888	\$37,265

Source: Statistics of U.S. Businesses, Bureau of the Census, <http://www.census.gov/csd/susb/susb.htm>

National data bear out the fact that the larger the firm, the more likely employees are to have their own ESI. 36% of workers in firms with 10 employees or less have their own ESI. This increases to 50% of workers at firms with between 10 and 24 employees; 62% of workers at firms with between 25 and 99 employees; and 75% of workers at firms with 100 or more employees.²³

► **Interaction of Wage and Firm Size**

Wage levels and firm size have independent effects on insurance rates, but they also interact. The smallest firms paying the lowest wages are the least likely of all firm size-wage rate combinations to offer ESI. Workers at these firms are also the least likely to have ESI; indeed, only 19% of workers earning less than \$7 per hour at firms with less than 10 employees have ESI. Small-firm workers earning at least \$15 per hour are 2.8 times more likely than their low-wage counterparts to have their own ESI coverage.²⁴ Low-wage workers at large firms are more likely to have their own ESI than low-wage workers at small firms but they are less likely to have their own ESI than high wage workers in small firms. Table 3 compares the percentage of workers with their own ESI coverage at the lowest and highest wage brackets and for the smallest and largest firms. While the relationship between wage and firm size is complicated, an employee appears to be better off securing a higher wage than moving to a larger firm.

Table 3 Percentage of Employees with their own ESI coverage, by hourly wage and firm size

		WAGE		At higher wage, worker is...
		< \$6.99 / hr.	\$15 / hr. +	
FIRM SIZE	< 10 employees	19%	53%	2.8 times more likely to have ESI
	100 + employees	40%	87%	2.2 times more likely to have ESI
At larger firm, worker is...		2.1 times more likely to have ESI	1.6 times more likely to have ESI	

Source: Adapted from Garrett, Nichols, and Greenman (2001).

²³ Garrett, Nichols, Greenman (2001).

²⁴ Calculated using data presented in *Ibid.*

One explanation for this interactive effect is that small firms tend to offer lower pay than large firms. Table 2 showed Oklahoma's average annual wage in large firms as \$29,888, or 25% greater than the small firm average wage of \$23,788. Small-firm workers thus face the dual obstacle of working for the size of firm least likely to offer insurance, and being part of an income group least likely to be able to afford insurance.

If most adults with insurance access it through their employers, and if Oklahoma has a disproportionate share of firms that are least likely to sponsor insurance plans – that is, low-wage firms and small firms – then it is not surprising that Oklahoma ranks 39th in the percentage of its population covered by ESI. But can't those left out of private plans access public health insurance programs?

Obstacles to Public Insurance

Public insurance serves different population categories. For the uninsured to access public insurance plans, they would have to fit into one of the following categories (listed with the appropriate program):

- Senior citizens – eligible for Medicare
- Native Americans – eligible for Indian Health Services
- The military – eligible for military insurance²⁵
- The blind and disabled – eligible for Medicare.
- Children to age 19, up to 185% of FPL – eligible for Medicaid
- Pregnant women, up to 185% of FPL – eligible for Medicaid
- Parents of a dependent child, up to 37% of FPL – eligible for Medicaid
- Single parents transitioning from welfare to work – eligible for Medicaid
- Aged, blind, and disabled up to 100% of FPL – eligible for Medicaid²⁶

As is clear from the list, public health insurance programs, as operated in Oklahoma, exist to protect the most vulnerable – the elderly, the disabled, and poor children. Native Americans receive special consideration, but as noted earlier, they do not represent a very sizeable portion of the uninsured population.

Most adults, even if they are very poor, simply do not qualify for public health insurance in Oklahoma. Oklahoma policymakers have chosen to restrict Medicaid eligibility to a small pool of adults. A nonelderly adult can qualify for Medicaid only if she is disabled, pregnant, or a very low-income parent of a dependent child. Childless (non-disabled) adults can never qualify for Medicaid in Oklahoma, regardless of their income or their lack of access to other forms of insurance. As a result of these strict eligibility requirements, only 122,648 of the 478,600 uninsured nonelderly adults

²⁵ Military insurance is important only in a handful of states, including Oklahoma. The March 2003 Current Population Survey (CPS) shows that in 2002, 5.9% of Oklahoma's population was covered by military insurance. The Kaiser *State Health Facts Online* data count military insurance as employer insurance. Because of the way data are pooled, however, one should not simply subtract the 5.9% from the 54% reported as "employer insured" in Oklahoma in the Kaiser data set. For the CPS data see http://ferret.bls.census.gov/macro/032003/health/h05_000.htm.

²⁶ Aged, Blind, and Disabled (ABDs) are eligible for Medicaid assistance on their Medicare expenses and also for certain waiver-based long-term care. For details, see the Medicaid section of "The Social Safety Net: A Handbook of Major Social Assistance Programs for Oklahoma," available at http://www.captc.org/pubpol/SafetyNet/Safety_Net_Handbook.pdf.

were enrolled in Medicaid in an average month in FY '02.²⁷ Overall, Medicaid covers only 11% of Oklahoma's population.²⁸

Oklahoma could expand Medicaid eligibility to include low-income adults with or without children through a waiver process. Using a Section 1931 waiver, states may cover more low-income parents by implementing less restrictive methodologies for counting income and resources in determining eligibility. Connecticut, California, Maine, and Ohio have Section 1931 waivers to expand their programs in this way. States may use another type of waiver, authorized under Section 1115 of the Social Security Act, to launch research and demonstration projects under certain conditions. Section 1115 waivers have been used most often to move recipients into managed care and use the cost savings to expand the eligible population. Arizona, Delaware, Hawaii, and Massachusetts all use waivers to cover children and parents up to 200% of FPL. Minnesota, New Jersey, and Tennessee have even higher ceilings for parents and children, and Connecticut, New York, Rhode Island, Vermont, and Washington have higher ceilings for children. Eleven states provide coverage for childless adults, from up to 100% of FPL to up to 400% of FPL.²⁹ Of course, it is easier for states to offer Medicaid to a new population if the size of that population is not too large, if the state contains a relatively large share of high-income people whose taxes can fund the expansion, and if the political will exists to push the proposal through.³⁰ On these three factors, conditions in Oklahoma are not favorable.

Given the obstacles for low-income working adults in securing private health insurance coverage, and given the limited eligibility of nonelderly adults for Medicaid, it becomes easier to understand why so many Oklahomans lack health insurance.

Conclusion

While it may be easy to minimize the plight of the uninsured by accusing them of insufficiently valuing health insurance, such attitudes do a real disservice to the hundreds of thousands of people in this state alone without available and affordable health insurance. As this paper shows, those *most likely* to lack insurance are low-wage, working adults, many of whom struggle just to make ends meet. They face a variety of obstacles, from being unlucky enough to work for an employer that cannot or does not offer health insurance, to being ineligible for a plan that is offered, to being unable to afford the monthly premiums. Different, but no less daunting, problems plague self-employed individuals.

Unfortunately, Oklahoma is a state with a higher-than-average share of firms that have characteristics associated with low rates of employees enjoying employer-sponsored insurance. Nor had Oklahoma shown much inclination to use waivers to allow low-income working adults access to Medicaid. As a result, Oklahoma holds the dubious distinction of one of the highest uninsurance rates in the nation.

Policies designed to assist uninsured individuals and their families can work through either the private health insurance market or the public system or both. The bottom line is assisting these families in accessing health insurance is simply good public policy.

²⁷ The number of nonelderly uninsured adults, which includes those aged 19 to 64, is from Kaiser *State Health Facts Online*. Medicaid enrollment includes ages 18 to 64, and is from the Oklahoma Department of Human Services Annual Report, FY '02.

²⁸ Kaiser Family Foundation *State Health Facts Online*.

²⁹ Coverage for childless adults in some states is paid for entirely with state funds. Holahan, John, and Mary Beth Pohl, "States as Innovators in Low-Income Health Coverage," Urban Institute, June 2002.

³⁰ Bovbjerg, Randall, Jack Hadley, Mary Beth Pohl, and Marc Rockmore, "Medicaid Coverage for the Working Uninsured: The Role of State Policy," *Health Affairs*, 2002 (21:6), p. 231 – 243.

The Community Action Project (CAP) is a comprehensive anti-poverty agency whose mission is to help individuals and families in need achieve economic self-sufficiency. CAP's public policy department aims to promote policies that will benefit low-income Oklahomans through research, education, and advocacy. Our efforts are generously supported by the Annie E. Casey Foundation and the Stoneman Family Foundation.

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