

# Medicaid and SCHIP: Critical for Latino\* Families Facing Financial Hardship

## Background

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Medicaid is an essential safety-net program for millions of Americans – including 9.6 million Hispanics in 2006<sup>†</sup> – who would otherwise go uninsured. Congress established Medicaid in 1965 as Title XIX of the Social Security Act to provide health coverage to certain vulnerable populations, such as poor children, the disabled, and the medically needy.<sup>1</sup> A federal-state partnership, Medicaid provides access to affordable services to Latino families who might otherwise delay seeking care until serious or chronic health problems develop or forgo care altogether.

Medicaid, along with the State Children's Health Insurance Program (SCHIP), is important to many Latinos, who are less likely than any other major racial/ethnic group to have access to traditional private coverage. In 2006, 34.1% of Hispanics were uninsured for the full year, compared to 10.8% of non-Hispanic Whites and 20.5% of non-Hispanic Blacks.<sup>2</sup> This disparity persists because, despite a robust presence in the workforce, Latinos are less likely to be offered employer-sponsored insurance (ESI) at work. In 2005, 65.9% of

Hispanics worked for an employer that offered ESI coverage to its employees, compared to 85.9% of Black and 87.7% of White workers.<sup>3</sup> Families without workplace coverage – Hispanics and non-Hispanics alike – often have trouble obtaining alternative private-sector insurance at a manageable price. Medicaid coverage fills much of this gap by making health care affordable and available to Latinos who otherwise cannot obtain coverage.

Medicaid is even more critical for Latinos during times of economic hardship. A recession appears imminent, and experts believe that more than 4.2 million Americans will lose coverage in a mild to moderate economic downturn.<sup>4</sup> Given the trends in Latinos' ability to access and retain workplace coverage, it is likely that a significant share of these losses will be among Latino workers.<sup>5</sup> It is essential that policymakers continue to make investments in Medicaid to ensure that Latino families have consistent access to affordable care at a time when Americans are feeling the financial strains of an economic slowdown.

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\* The terms "Hispanic" and "Latino" are used interchangeably by the U.S. Census Bureau and throughout this document to refer to persons of Mexican, Puerto Rican, Cuban, Central and South American, Dominican, Spanish, and other Hispanic descent; they may be of any race.

† For Medicaid statistics in this analysis, NCLR uses Census data because it provides detailed information about the Medicaid population. Medicaid Statistical Information Services (MSIS) has more accurate information about the number of eligible and enrolled Latinos. For the most recent year available, fiscal year 2004, about 12.8 million Hispanics were eligible for coverage through Medicaid or SCHIP and 10.8 million Hispanics were enrolled in these programs. Medicaid Statistical Information System State Summary, Fiscal Year 2004 National MSIS Tables. Washington, DC: Center for Medicaid and Medicare Services, June 2007. Available online at <http://www.cms.hhs.gov/MedicaidDataSourcesGenInfo/Downloads/msistables2004.pdf> (accessed March 10, 2008).

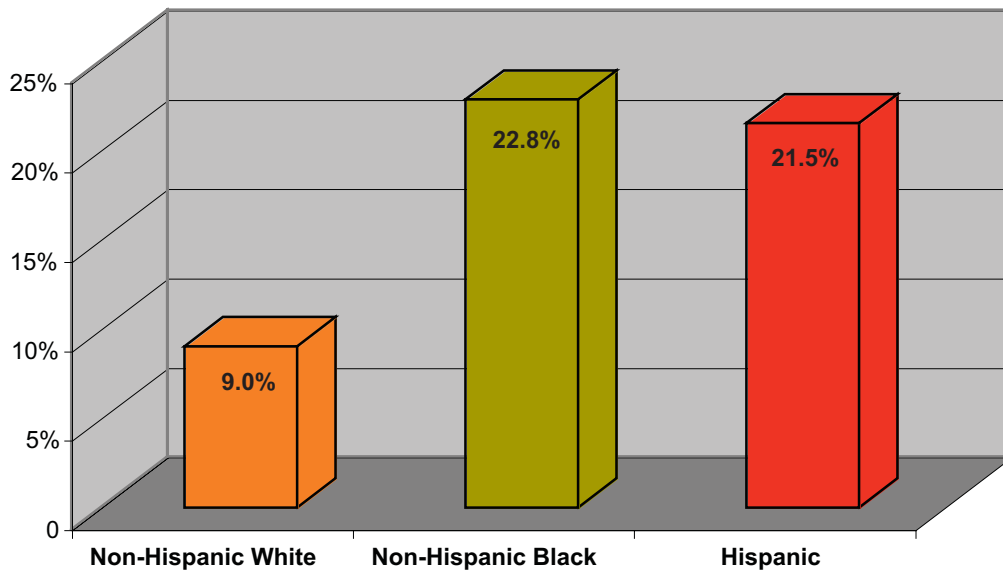
## Many Latino families rely on Medicaid and SCHIP.

- In 2006, about one-fifth (21.5%) of all Latinos had coverage through Medicaid or SCHIP, compared to about one-tenth (9%) of non-Hispanic Whites<sup>6</sup> (see Figure 1).

That year, 92.7% of Hispanics and 82.4% of non-Hispanic Whites with this coverage were in family households.<sup>7</sup>

Figure 1

Medicaid/SCHIP Coverage by Race/Ethnicity, 2006



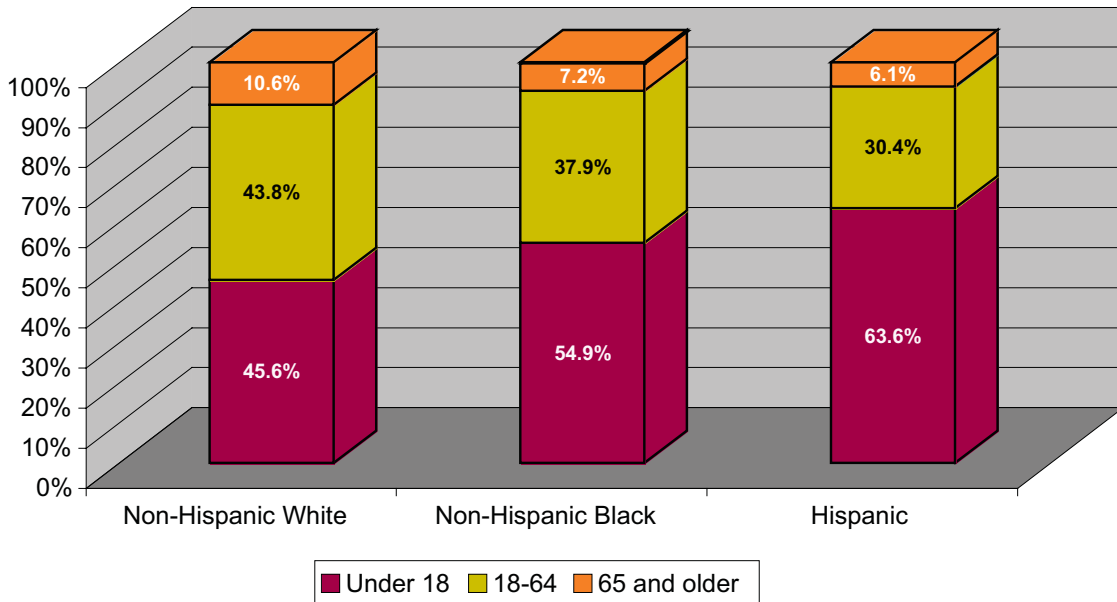
Source: NCLR calculation using U.S. Census Bureau, *2006 Annual Social and Economic Supplement*, Current Population Reports, Series P-60, No. 233. Washington, DC: Government Printing Office, 2007. See Detailed Table HI-01: Health Insurance Coverage Status and Type of Coverage by Selected Characteristics: 2006.

## Children make up the majority of Latinos enrolled in Medicaid or SCHIP.

- In 2006, nearly two-thirds (63.6%) of Hispanics with coverage through Medicaid or SCHIP were children under age 18. In comparison, 45.6% of non-Hispanic Whites and 54.9% of non-Hispanic Blacks with this coverage were children<sup>8</sup> (see Figure 2).
- In 2006, Hispanic children were twice as likely (40.3%) as non-Hispanic White children (19.1%) to have public coverage.<sup>9</sup>

Figure 2

Medicaid and SCHIP Coverage by Age Group and Race/Ethnicity, 2006



Source: NCLR calculation using U.S. Census Bureau, *2006 Annual Social and Economic Supplement*, Current Population Reports, Series P-60, No. 233. Washington, DC: Government Printing Office, 2007. See Detailed Table HI-01: Health Insurance Coverage Status and Type of Coverage by Selected Characteristics: 2006.

## Medicaid serves many of the families who qualify.

- Latinos are more likely than non-Hispanic Whites to be income-eligible for Medicaid. In 2006, 20.6% of Hispanics lived below the federal poverty level (FPL), nearly two and a half times the rate of non-Hispanic Whites (8.2%).<sup>10</sup> Moreover, half (50.9%) of all Hispanics lived in households with incomes under 200% of the FPL (the threshold that is the targeted income range for SCHIP or Medicaid), compared to 22.9% of non-Hispanic Whites.<sup>11</sup>
- Like non-Hispanics, most Latinos with Medicaid coverage have low incomes. Nearly four million (43.2%) of the 9.2 million Hispanics living in poverty in 2006 were covered by Medicaid or SCHIP<sup>12</sup> (see Table 1).

**TABLE 1**

**Medicaid/SCHIP Coverage for  
People Living in Poverty by Race/Ethnicity, 2006  
(in thousands)**

	Total	Covered by Medicaid/SCHIP (%)
All Races	36,460	15,409 (42.3%)
Non-Hispanic White	16,013	5,955 (37.2%)
Non Hispanic Black	9,048	4,637 (51.3%)
Hispanic	9,243	3,991 (43.2%)

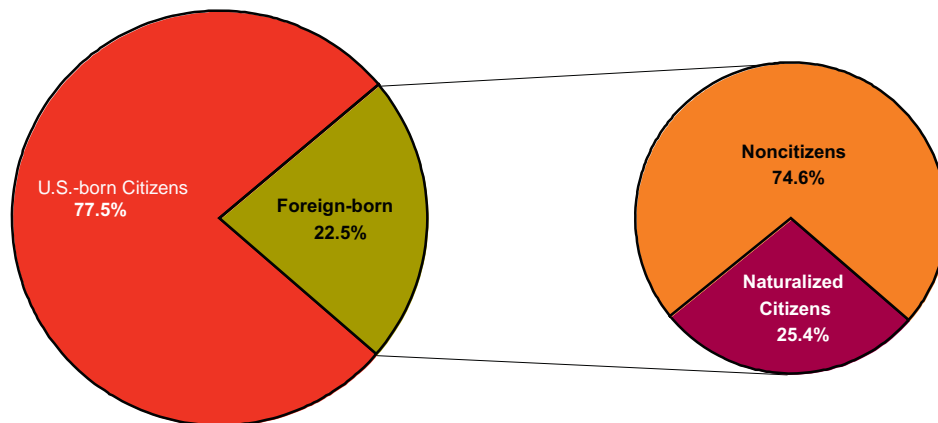
Source: NCLR calculation using data from U.S. Census Bureau, *2006 Annual Social and Economic Supplement*, Current Population Reports, Series P-60, No. 233. Washington, DC: Government Printing Office, 2007. See Detailed Table HI-03: Health Insurance Coverage Status and Type of Coverage by Selected Characteristics for Poor People in the Poverty Universe: 2006.

- Most Latinos using Medicaid are U.S. citizens. In 2006, 77.5% of Hispanics with Medicaid or SCHIP<sup>13</sup> were U.S.-born citizens and 22.5% were foreign-born<sup>14</sup> (see Figure 3).

There are significant restrictions to federal health coverage programs, such as Medicaid and SCHIP, for both legal and undocumented immigrants.

Figure 3

Hispanics with Medicaid/SCHIP Coverage by Nativity, 2006



Source: NCLR calculation using U.S. Census Bureau, *2006 Annual Social and Economic Supplement*, Current Population Reports, Series P-60, No. 233. Washington, DC: Government Printing Office, 2007. See Detailed Table HI-01: Health Insurance Coverage Status and Type of Coverage by Selected Characteristics: 2006.

## **Medicaid protects vulnerable populations.**

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- One 2001 study found that, following Medicaid expansions in the 1990s, uninsurance dropped dramatically among poor Hispanic children (from 46% in 1989 to 28% in 1995) as Medicaid enrollment for this group jumped sharply (from 25% to 48%). Controlling for other factors, the reduction in uninsurance rates was significantly larger for poor Hispanic children (-23%) than for poor non-Hispanic Black (-11%) and White (-3%) children.<sup>15</sup>
- Although the bulk of Hispanics covered by Medicaid and SCHIP are children, a small number of older Hispanics also rely on Medicaid to help with the high costs of medical services that are often associated with the aging community. According to Georgetown University's Center on an Aging Society, among aging adults with chronic illnesses, Medicaid pays for more than one-quarter (28%) of health care costs for Hispanics, 14% for non-Hispanic Blacks, and 4% for non-Hispanic Whites.<sup>16</sup>

## **Conclusion: Keep Medicaid and SCHIP strong.**

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In recent years, Latinos have made solid financial gains and have been moving into the middle class. However, Hispanics are less likely than non-Hispanics to be offered health coverage at work; support programs such as Medicaid and SCHIP have helped them to avoid the financial strain of increasingly expensive health care that is needed to stay healthy. Yet the looming nationwide recession threatens Latinos and other Americans who could lose their financial footholds. Half of all Latinos live in households

that are already low-income, and like all Americans they are struggling to move up the economic ladder. An economic downturn creates a greater need for affordable health care services so that families can maintain good health without their budgets being consumed by medical costs. It is important for policymakers to shore up Medicaid and SCHIP, avoid cuts to these programs, and ensure that Latinos and their families do not lose ground as they work to realize the American Dream.

## Endnotes

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1. Center for Medicaid and Medicare Services. U.S. Department of Health and Human Services. 2005. *Medicaid Program Information: Technical Summary*. Available online at [http://www.cms.hhs.gov/MedicaidGenInfo/03\\_TechnicalSummary.asp#TopOfPage](http://www.cms.hhs.gov/MedicaidGenInfo/03_TechnicalSummary.asp#TopOfPage) (accessed March 2008).
2. U.S. Census Bureau, *2006 Annual Social and Economic Supplement*, Current Population Reports, Series P-60, No. 233. Washington, DC: Government Printing Office, 2007. See Detailed Table HI-01: Health Insurance Coverage Status and Type of Coverage by Selected Characteristics: 2006. Available online at [http://pubdb3.census.gov/macro/032007/health/h01\\_000.htm](http://pubdb3.census.gov/macro/032007/health/h01_000.htm) (accessed March 2008).
3. Clemans-Cope, Lisa and Bowen Garrett, *Changes in Employer-Sponsored Health Insurance Sponsorship Eligibility, and Participation: 2001 to 2005*. Washington, DC: Kaiser Commission on Medicaid and the Uninsured, December 2006. Available online at [http://www.urban.org/UploadedPDF/411619\\_health\\_insurance.pdf](http://www.urban.org/UploadedPDF/411619_health_insurance.pdf) (accessed March 2008).
4. John Schmitt and Dean Baker, *What We're In For: Projected Economic Impact of the Next Recession*. Washington, DC: Center for Economic and Policy Research, January 2008. See Table 4, Projected Impact of Recession on Labor Market Outcomes, 2010-11. Available online at [http://www.cepr.net/documents/publications/JSDB\\_08recession.pdf](http://www.cepr.net/documents/publications/JSDB_08recession.pdf) (accessed March 2008).
5. *Changes in Employer-Sponsored Health Insurance Sponsorship Eligibility, and Participation: 2001 to 2005*. Between 2001 and 2005, Hispanic workers experienced a decline in employer coverage (-4.4%) that was more than twice the decline for White (-1.8%) and Black (-1.2%) workers. Several factors affected this overall decline. As a result of declines in sponsorship, eligibility and take-up between 2001 and 2005, the share of Hispanic workers with ESI coverage dropped by 6.4%, compared to -6.3% of Black workers and -2.6% of White workers. Changes in employer sponsorship resulted in -3.3% decrease in Hispanic workers' ESI coverage, a larger share than Black (-1.0%) and White (-1.4%) workers. Worker take-up explained most of the remaining change (-2.6%) in Hispanic workers' ESI coverage.
6. NCLR calculation using *2006 Annual Social and Economic Supplement*, Detailed Table HI-01.
7. Ibid.
8. Ibid.
9. Ibid.
10. Ibid.
11. NCLR calculation using *2006 Annual Social and Economic Supplement*, Detailed Table POV01: Age and Sex of All People, Family Members and Unrelated Individuals Iterated by Income-to-Poverty Ratio and Race.
12. NCLR calculation using *2006 Annual Social and Economic Supplement*, Detailed Table HI-01.
13. Not all poor families are eligible for public coverage. Undocumented immigrants are ineligible for traditional Medicaid benefits, but they may qualify for emergency Medicaid services if they would otherwise have met eligibility requirements. Although certain legal immigrants qualify for public coverage, federal law imposes additional eligibility barriers on this population. Legislation passed in 1996 (the Personal Responsibility and Work Opportunity Reconciliation Act) subjects recently-arrived immigrants to a five-year bar from date of entry before they may qualify for coverage through Medicaid or SCHIP.
14. NCLR calculation using *2006 Annual Social and Economic Supplement*, Detailed Table HI-01.
15. Andrew D. Racine, Robert Kaestner, Theodore J. Joyce, and Gregory J. Colman, "Differential Impact of Recent Medicaid Expansions by Race and Ethnicity," *Pediatrics* 108(5), November 2001: 1135-1142. Available online at <http://pediatrics.aappublications.org/cgi/content/full/108/5/1135> (accessed March 2008).
16. Center on an Aging Society, *Older Hispanic Americans. Data Profile*, No. 9. Washington, DC: Georgetown University, May 2003. Available online at <http://ihcrp.georgetown.edu/agingsociety/pubhtml/hispanics/hispanics.html> (accessed March 2008).