

Photo by Chuck Cheney, Chicago Tribune

Lack of Health Care: *A Root Cause of Homelessness*

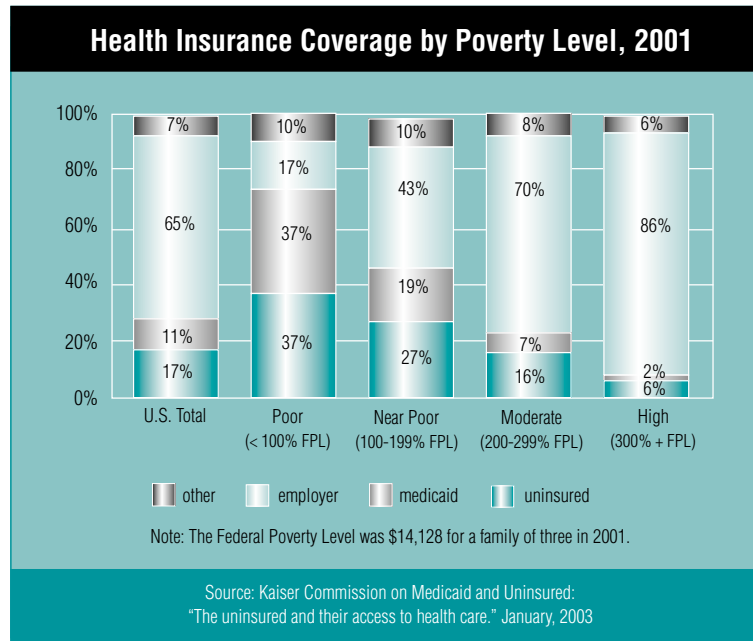
By Maura McCauley

Close to 41.2 million people in the United States lacked health insurance for all of 2001.ⁱ Extensive research exists on the effects of homelessness on health, but the high costs of health care as a cause of homelessness for low-income individuals have not been visibly examined. The loss and lack of health insurance places millions of adults and children in the position of being one accident or illness away from homelessness. A Commonwealth Fund study of loss of health insurance found that 40 percent of uninsured respondents had difficulty paying for basic necessities such as food, rent, and utilities as a result of high medical bills.ⁱⁱ

Who are the uninsured?

According to the Illinois Hospital Association, 1.7 million people in Illinois are uninsured. The Kaiser Commission on Medicaid and the Uninsured reported that the population most impacted by the reduction in employer-based health insurance was low-income people with incomes less than 200 percent of the poverty level. The reduction in employer-based insurance has been attributed to the fact that many employers can no longer, because of the recession, afford to pay for benefits. The report estimated that an additional 1.3 million low-income people became uninsured between 2000 and 2001.

A common misconception is that the uninsured are not employed. In reality, more than 80 percent of uninsured children and adults under



the age of 65 live in working families. These individuals tend to work in the service industry, employed as homecare aids, restaurant servers, and grocery baggers. Such jobs often do not provide insurance, and the low wages make accessing coverage difficult even when an employer does offer it. As the current economic recession continues, thousands of low-income workers will be laid off and will join the category of the uninsured.

A new group of the uninsured emerged with the federal welfare-to-work movement. Though welfare caseloads have significantly dropped since the program's debut in 1997, many who have moved from welfare to work hold jobs that pay below the poverty line and do not include health benefits. When eligible for Temporary Assistance For Needy Families (TANF), these families receive Medicaid, but they often lose it

in the transition from welfare to work. Welfare leavers remain eligible for Medicaid as they transition into employment through Medicaid's Transitional Medical Assistance (TMA), yet the National Coalition for the Homeless reported that 675,000 people lost health insurance in 1997 as a result of the welfare reform legislation.ⁱⁱⁱ As many as 400,000 of that group were children.

TANF recipients who obtain employment are often cut off of Medicaid despite their continued eligibility. A 2000 Chicago Coalition for the Homeless study on homeless families and welfare reform found that 55 percent of those who lost TANF cash assistance lost Medicaid as well. Whether they lost their cash assistance because of earned income or other reasons, they should have remained eligible for health

benefits. Another significant finding was that 43 percent of working parents interviewed had a physical health problem, compared to 21 percent who were still on TANF. This could indicate that decreased access to health benefits as a result of transitioning to work can produce more untreated physical health problems.^{iv}

Current legislation does not ensure that the nation's poor will even receive Medicaid. Nearly 25 percent of the nation's uninsured earn incomes at or below the poverty line.^v According to the United States Census Bureau, Medicaid insured 13.1 million low-income people, but an additional 10.1 million poor people were uninsured for all of 2001.

Lack of healthcare: Impacts on homelessness

According to the National Health Care for the Homeless Council, over half of surveyed homeless adults and two-thirds of homeless adults with children have no health insurance. Studies prove that individuals without insurance, including homeless people, do not seek preventative care and do not receive high-quality care in cases of illness or emergency. For example, the uninsured tend to be hospitalized for illnesses, such as pneumonia or diabetes, that could have been prevented or controlled.^{vi} In addition, homeless and uninsured

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people are more likely to suffer from chronic health problems, because receiving consistent, uninterrupted treatment is difficult. Inadequate use of medical care leads to poor health, which affects the ability to work or go to school. Lower productivity and inadequate education reduce earnings and put individuals at risk for homelessness.^{vii} Additionally, the financial impact of being uninsured is great: 44 percent of the uninsured reported having a serious problem paying medical bills in 2002, and collection agencies are now contacting many of them.^{viii} This leaves many having to choose between paying for housing or for their medical bills.

Financial burden on the state

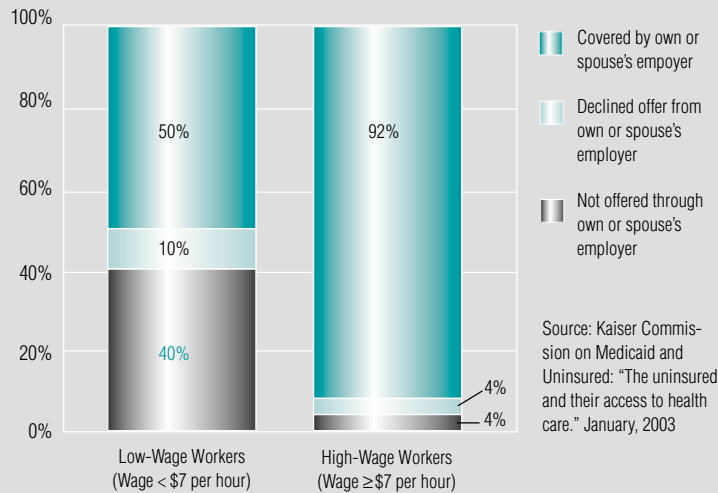
The lack of a healthcare safety net comes at a high cost to Illinois healthcare providers. Every year, Illinois hospitals provide \$1.8 billion in uncompensated care to those lacking health insurance. County government resources are also tapped to provide healthcare to those experiencing homelessness: lack of preventative care compels many low-income individuals to access costly emergency care at county hospitals.

Unfortunately, the current economic crises with which federal, state, and local governments grapple today are causing many states to face the option of eliminating benefits entirely, rather than expanding benefits and eligibility. While Medicaid is funded jointly by federal and state governments, the Bush administration, dealing with its own fiscal problems, is resisting any increases in spending for the federal contribution.^{ix} Without new federal funding, states are left to make difficult decisions on coverage.

Recommendations

1. We must advocate for employment and income supports that offer stability to workers who may earn lower wages. By including health insurance as an income support, we can decrease low-income workers' risks of losing their housing as a result of high medical bills.
2. As TANF is up for reauthorization in Congress, the Transitional Medical Assistance program must be included in the new welfare reform package. We must also work at local levels to educate TANF recipients about their right to receive medicaid for up to 12 months after obtaining employment, and local offices must learn the policies they are charged with executing.
3. Pregnant women and infants at or below 185 percent of the federal poverty line and children under age 18 who fall under 200 percent of the federal poverty line are eligible for basic healthcare services provided by Illinois' KidCare program. Over 200,000 children and pregnant women currently receive KidCare benefits in Illinois. Many more Illinois children are eligible for such benefits. Illinois must streamline the process for enrollment and combine it with enrollment in other programs.
4. Another program that would assist many low-income parents is Family Care. Family Care expands the existing KidCare program to cover parents or guardians of

Access to Employer-Based Coverage for Low- and High-Wage Families, 1998



children enrolled. The Illinois Department of Public Aid estimates that an additional 196,000 low-income adults could be covered under Family Care. As of November 2002, they had signed up 11,000 people; further expansion of eligibility for the program is necessary to reach the goal of full coverage.^x Furthermore, the federal government matches KidCare and Family Care, thereby covering 65 percent of the associated costs, providing Illinois with a cost-effective solution to the healthcare needs of many low-income Illinois families. Illinois must maximize enrollment to keep federal funding.

5. With states in fiscal crisis, the federal government must bear some of the responsibility of insuring low-income individuals. Policy should focus on shifting the funding that is used for payment of medical bills for the uninsured to increasing public health coverage.

Summary

Ultimately, health insurance and healthcare are human rights. The recession has shown us that employer-sponsored health insurance cannot always be protected when the economy suffers and premiums rise dramatically. Workers who earn low wages are increasingly at risk of losing housing and jobs when this occurs. It is imperative that we create a system that offers an affordable healthcare safety net that is available to all individuals.

ⁱ Robert Wood Johnson Foundation, Covering the Uninsured project.
ⁱⁱ Commonwealth Fund, *Commonwealth Fund 2001 National Survey of Health Insurance*, (2001).
ⁱⁱⁱ National Coalition for the Homeless, *Why Are People Homeless?* (2003).
^{iv} Chicago Coalition for the Homeless, *Families Hardest Hit: Effects of Welfare Reform on Homeless Families* (2000).
^v United States Census Bureau, 2002.
^{vi} Kaiser Commission on Medicaid and the Uninsured, *Key Facts* (2003).
^{vii} Kaiser Foundation
^{viii} Kaiser Commission (2003).
^{ix} R. Pear, "Most states cutting back on Medicaid, survey finds," *New York Times*, 13 January 2003.
^x National Center for Poverty Law.