Universal Health Insurance Coverage for Children: Social Insurance With A Twist

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Health Insurance Status of Children, 2004
(millions)

- Insured (90%), 70.0
- Uninsured, Eligible, 6.0
- Uninsured, Ineligible, Lower Income, 0.9
- Uninsured, Ineligible, Higher Income, 1.2

Source: Dubay, et al., Health Affairs (2007); Lower income is below 300% FPL; Higher income is at or above 300% FPL
SCHIP Enrollment Fiscal Years 1998-2005 (in millions)

Source: CMS
States Continue to Expand SCHIP Eligibility:
Number of States with Eligibility Standard
(as % FPL)

Source: NASHP SCHIP Surveys
Insurance Coverage of Near-Poor (100-200% FPL) Children

Source: Cohen et al., NCHS; *2002 are partial year data
# The Polarizing Divide in Health Policy Debates

<table>
<thead>
<tr>
<th>PRIVATE</th>
<th>PUBLIC</th>
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<tbody>
<tr>
<td>• Meet individual needs</td>
<td>• One size fits all</td>
</tr>
<tr>
<td>• Nimble</td>
<td>• Lumbering</td>
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<tr>
<td>• Efficient</td>
<td>• Expensive &amp; unpredictable</td>
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<td>• Reward personal responsibility</td>
<td>• Encourage dependence</td>
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<tr>
<td>• People are careful with their own money</td>
<td>• Overly generous; can’t say no to anyone</td>
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The Polarizing Divide in Health Policy Debates

PUBLIC
• Comprehensive benefits
• Choice of provider
• Consumer protection
• Protect the sick
• Accountable & (potentially) transparent

PRIVATE
• Only what the insurers will give you
• Managed care
• Caveat emptor
• Gouge the sick
• Obscure & inaccessible
Covered Benefits

Before…

• Medicaid provides a very comprehensive benefit package
• Private plans are generally good, but subject to coverage and benefit limits

After…

• States now have options to use commercial benefit design in Medicaid & SCHIP
Covered Benefits

Before…
- A single, defined set of benefits for almost all Medicaid eligibility categories
- Private coverage varies widely and each employer tinkers to achieve affordability

After…
- States can define different benefit packages for different groups
- Florida goes further and provides defined cash benefit to enrollees and they purchase as much coverage as the benefit will pay for
- Purchasing pools seek to structure coverage options in private sector
Cost Sharing

Before…
• Medicaid prohibits premiums and tightly limits copayments
• A growing tool for cost savings in employer plans

After…
• States permitted to charge premiums and impose higher copayments in Medicaid & SCHIP
How Is Coverage Financed?

Before…
• Medicaid is an open-ended entitlement
• Employers scale back to reflect cost pressure

After…
• SCHIP financing is capped
• Periodic efforts to cap Medicaid financing as well
Relationship Between Public & Private Coverage

Before…

• Medicaid operates in its own world
• Concern when expanded to not “crowd out” private coverage
• Private coverage erodes anyway

After…

• Medicaid and SCHIP programs operate “premium assistance” plans to support private coverage
• Employers enlisted in efforts to enroll children eligible for public coverage
Movement Between Public and Private Coverage

Before…
• If you fail to apply for or renew public program eligibility you are invisible
• Employer enrollment is fairly automatic

After…
• Active pursuit of eligible but not enrolled
• “Administrative renewal”
A Universal Health Insurance for Children View of Social Insurance

Optional Supplements

Universal Floor

Public Front & Back End
What Might A Universal Coverage Proposal for Children Look Like?

• Comprehensive benefits with non-insurance supplements for certain groups & services
• Limited cost sharing; limited premiums
• Employer coverage must meet new standards, but is supplemented with subsidies & wrap-around benefits
• Expansion and simplification of public programs
• Simple anti crowd-out provisions
• Publicly administered front end for universality