

The State Children's Health Insurance Program

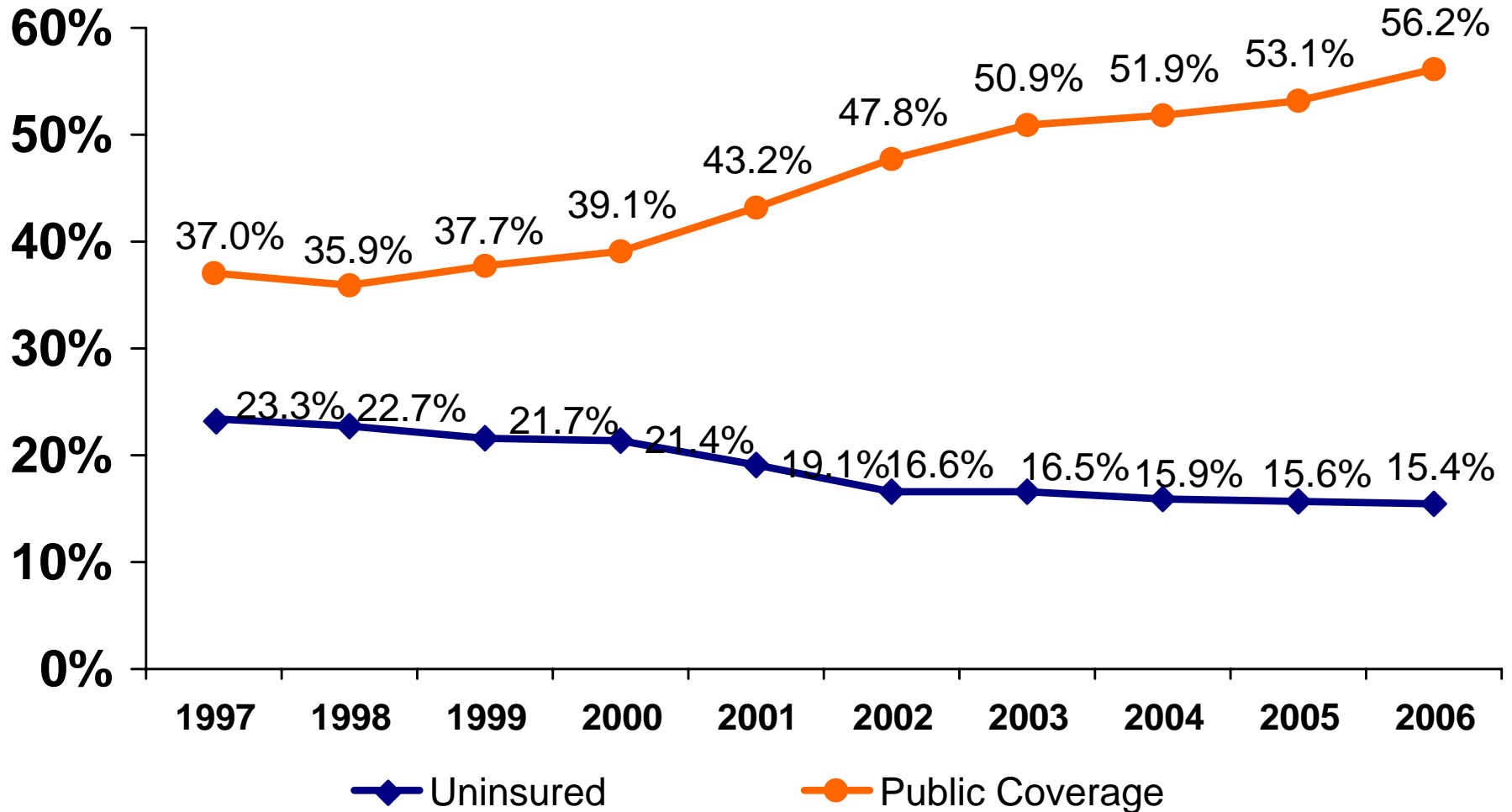
Cindy Mann
Center for Children and Families
Georgetown University Health Policy Institute
<http://ccf.georgetown.edu>

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January 30, 2009

SCHIP Today

- Block grant funding to states
- “Enhanced” match
 - Average state contribution is 30% compared to 43% for Medicaid
- Covers children with incomes too high to qualify for Medicaid
- No entitlement to children
- States have considerable discretion re: benefits & cost sharing

Trends in the Coverage Rate of Low-Income Children, 1997- 2006

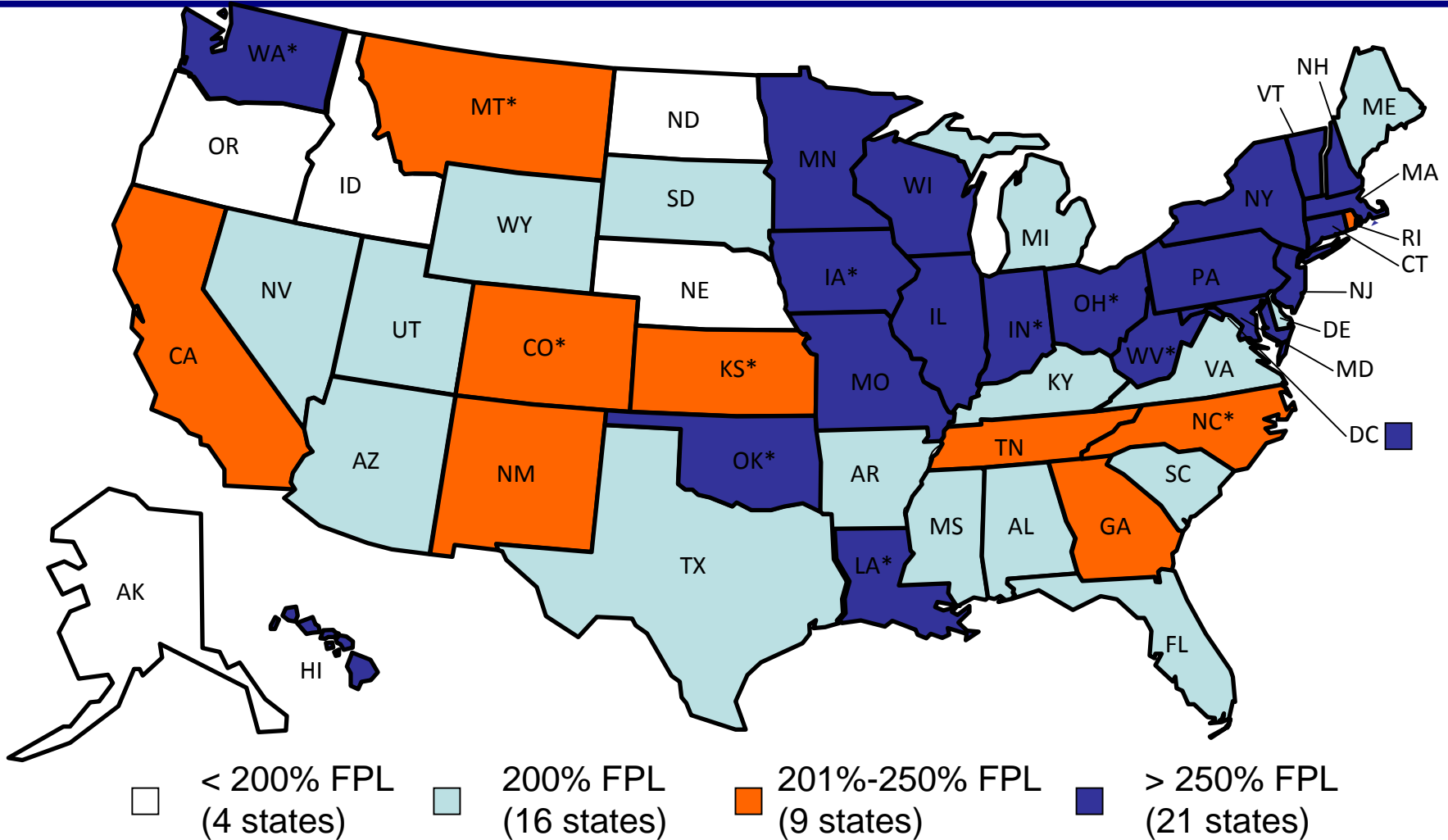


Since 2006, New Wave of Activity

- 22 states have enacted eligibility expansions in SCHIP/Medicaid
- Many have also adopted procedural changes to improve participation rates
- Activity slowed but did not stop in 2008.
- 2009 ?

Eligibility Levels

January 2009



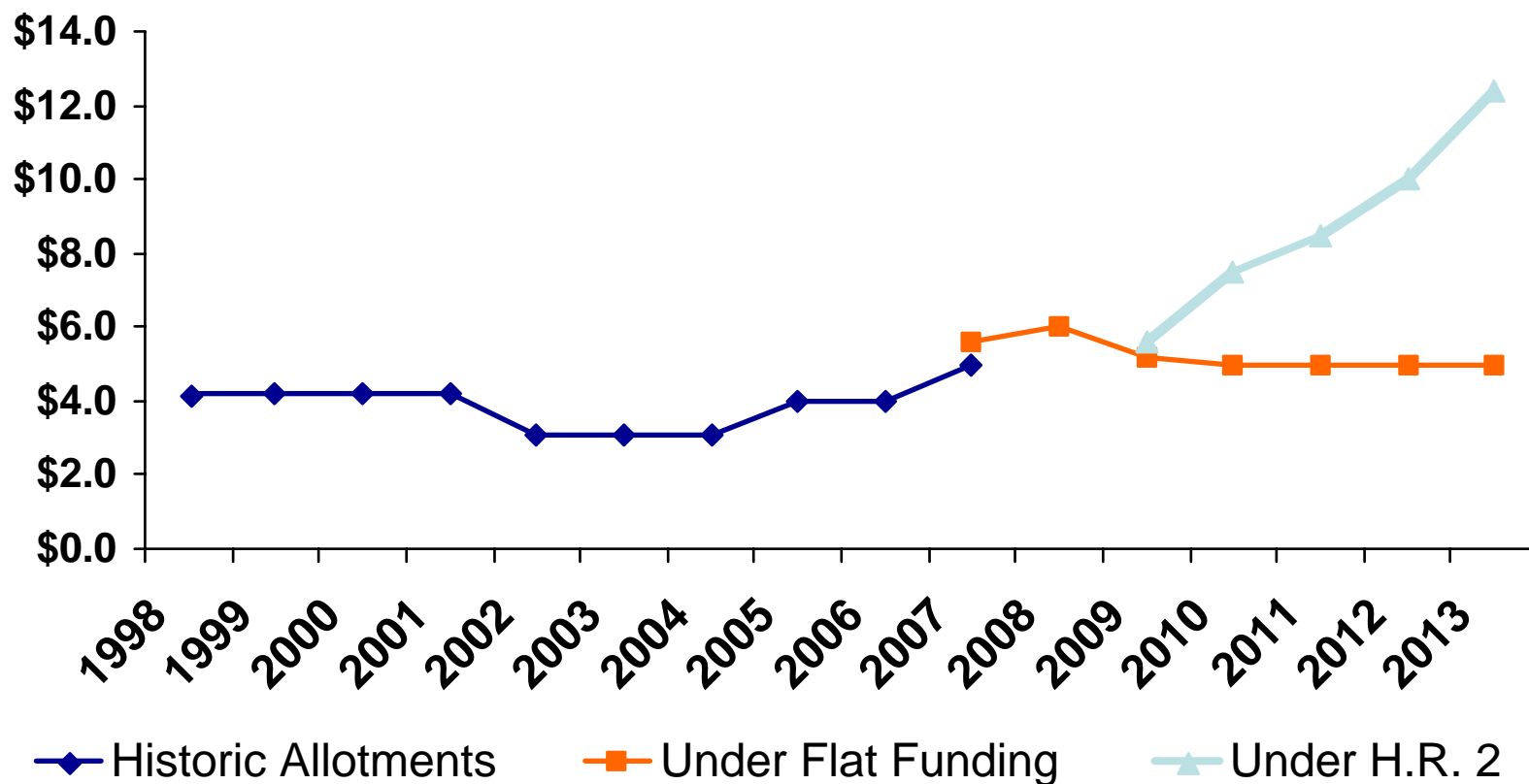
Source: D. Cohen Ross, A. Horn, & C. Marks, "Health Coverage for Children and Families in Medicaid and SCHIP: State Efforts Face New Hurdles," Kaiser Commission on Medicaid and the Uninsured (January 2008); updated by the Center for Children and Families.

Note: States with asterisks (*) have enacted, but not yet implemented to the levels shown.

SCHIP Reauthorization

- Passed in House 289-139 on January 14th (HR 2)
 - Four and a half-year reauthorization
 - Coverage for 4 million additional children
 - \$32.3 billion in new funding; new financing structure
 - New enrollment options and incentives
 - Improved quality and access to benefits
 - Allows states to cover legal immigrant children in country < 5 years
- Similar bill adopted in Committee in Senate

Allotments Over Time



Source: Congressional Budget Office, "CBO's Preliminary Estimate of the Effects on Direct Spending and Revenues of the Children's Health Insurance Program Reauthorization Act of 2009" (January 13, 2009); Congressional Budget Office, "Fact Sheet for CBO's March 2008 Baseline: State Children's Health Insurance Program" (March 12, 2008); and Center for Children and Families analysis of historic allotments as reported in the Federal Register.

Covering Moderate Income Children Boosts Participation of Low-income Children

STATE	Total New Enrollment	Previously Eligible
Illinois	244,700	165,600 (68%)
<i>Data from November 2005 - June 2008</i>		
Massachusetts	51,000	32,750 (64%)
<i>Data from June 2006 - June 2008</i>		
Pennsylvania	19,000	11,000 (59%)
<i>Data from February 2007 - June 2008</i>		
Wisconsin	49,108	40,881 (83%)
<i>Data from February 2008 - May 2008</i>		

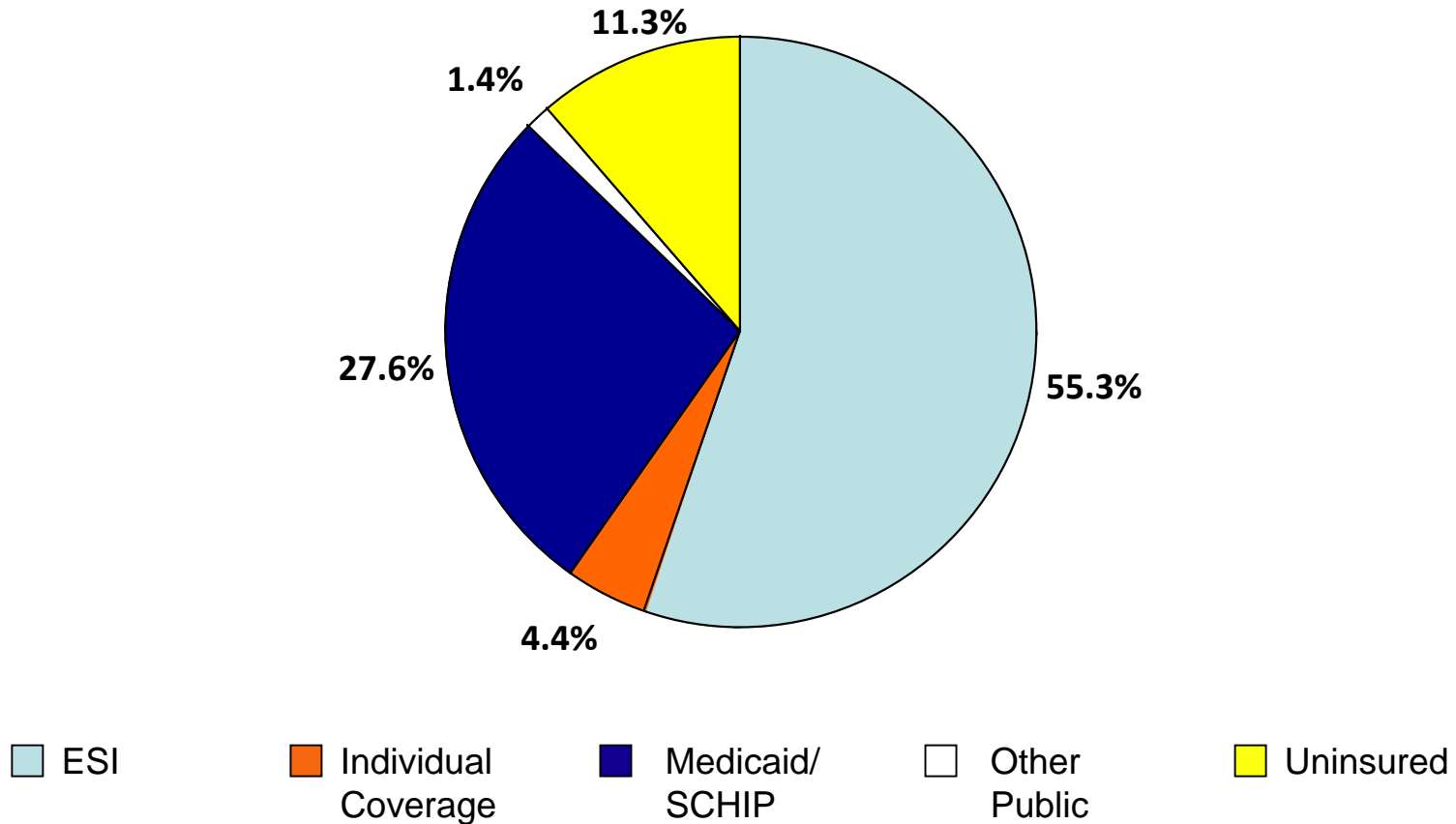
Source: Center for Children and Families, "Putting Out the Welcome Mat: Implications of Coverage Expansions for Already-Eligible Children" (September 9, 2008).

What Will Happen in Health Reform?



Sources of Coverage for Children

Children under 19



Source: Urban Institute and Kaiser Commission on Medicaid and the Uninsured estimates based on the Census Bureau's March 2007 and 2008 Current Population Survey.

Children Currently Eligible but Unenrolled

9 Million Uninsured Children



**4.4 Million are
Eligible for
Medicaid**

**1.7 Million
are Eligible
for SCHIP**

Should SCHIP be Retained?

Key Questions

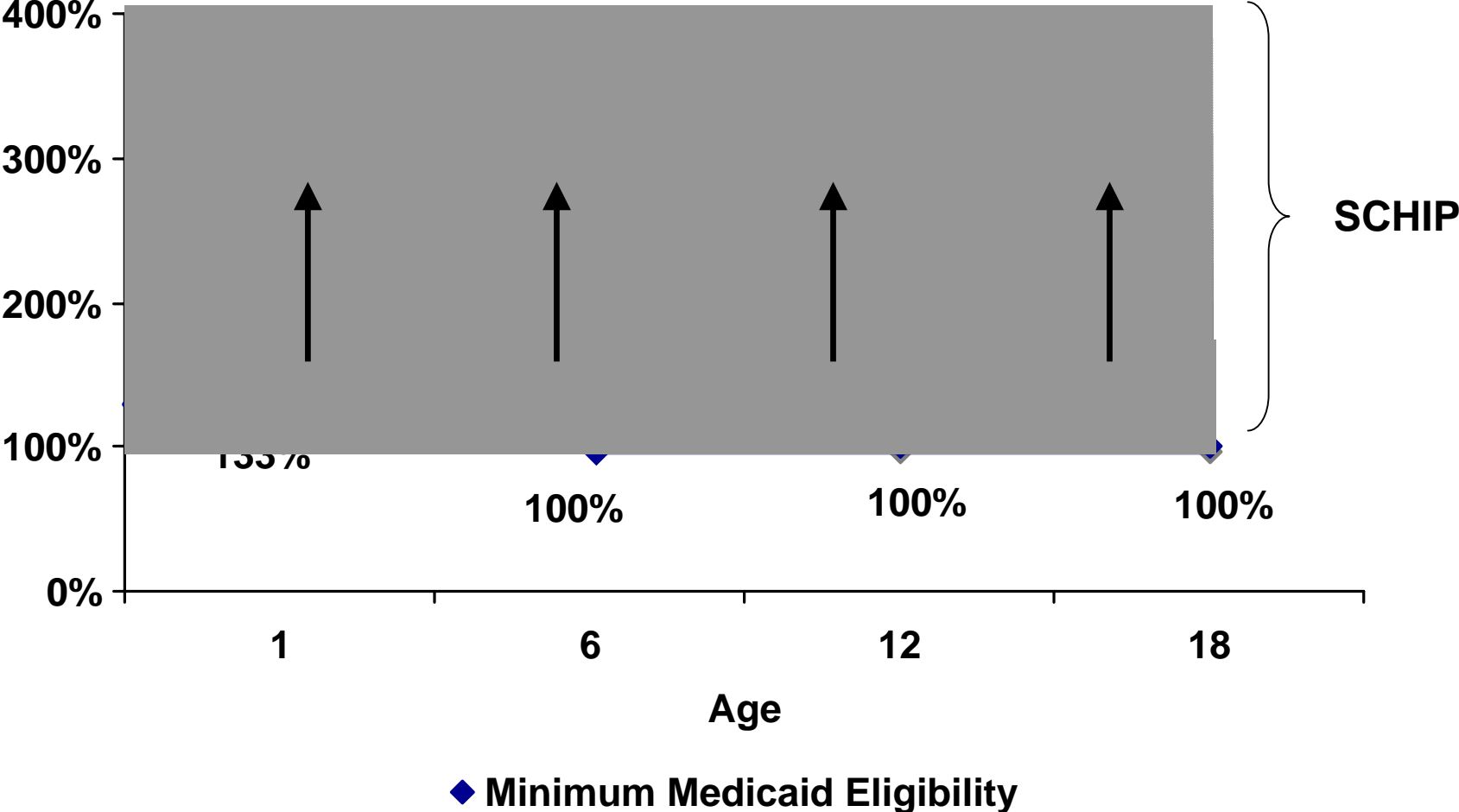
- Does it make sense to have a different subsidy mechanism for children and parents/others at moderate income levels?
- But what are the essential differences between SCHIP and a new publicly funded subsidy of private coverage?

Should SCHIP be Retained?

Key Questions

- If SCHIP is replaced by a federal subsidy, what happens to the state funding?
 - Under CBO projections for SCHIP reauthorization, states will spend \$9.7 billion for SCHIP coverage over next 5 years
- Given the variations and complexities, how do policymakers draw the line?

SCHIP Eligibility Build on Medicaid



Reality Not That Simple

- 41 states have Medicaid eligibility levels above the minimum standard for some or all children
 - 26 have Medicaid eligibility levels above minimums for children over age 1
- 33 states use some or all of their SCHIP funds in Medicaid
- 10 states cover parents of SCHIP-financed children in Medicaid

Don't Forget the Politics



Governor Huntsman (R-UT) celebrating the 10th Anniversary of SCHIP (August 21, 2008)

Key Issues to Address If SCHIP is Retained

- Financing
- Enrollment guarantee
- Integration with family coverage and private coverage (questions arise with or without SCHIP)
- Underinsured children
- Provider payments/access

Proposals

Obama plan maintains Medicaid and SCHIP, but no details.



Baucus plan maintains Medicaid and requires states to cover children in SCHIP up to 250% of FPL; higher levels permitted.

Key Issues for Children

- Financing needs to be guaranteed, predictable
- No barriers to enrollment/retention
- Coordination essential
 - Within families
 - As family circumstances change
- A benefit package designed for children and their unique developmental needs
- High quality care with access to needed providers