



Health Insurance for Children: Analysis

Programs already in place have the potential to virtually eliminate uninsurance among low-income children. Although many factors in children's physical and social environments influence their health and well-being, health insurance is an important tool that helps children get the health care services they need. By reducing the financial risks uninsured families face, insurance coverage for children also helps reduce stress and improve a family's quality of life.

Our nation has a long history of supporting public health insurance programs for vulnerable children. Medicaid was enacted in 1965 to provide access to health care for families who were receiving welfare (as well as other vulnerable populations) and was later expanded to cover other low-income children. In 1997, the State Children's Health Insurance Program (SCHIP) was enacted to provide insurance for children in low-income working families whose incomes were too high to qualify for Medicaid, but who did not have private coverage. Although most children are insured through coverage offered by their parents' employers, Medicaid and SCHIP covered about 23% of all children in 2001.

The past decade has brought significant progress in expanding coverage for children. Thanks to a period of strong economic growth, and the development and expansion of public health insurance programs for children, the number of uninsured children declined by over 1.6 million between 1998 and 2001. Facilitating this decline, states strengthened their outreach efforts and simplified their procedures for enrollment and renewal in public insurance programs, which offer better preventive and ancillary care benefits than most private plans.

With the current economic downturn, however, state and federal budget deficits are threatening to undo

recent gains precisely when demand for the programs is increasing. Reform is needed in how these programs are financed to assure that currently enrolled children keep their coverage and that the programs continue to grow.

Despite the progress of the past decade, as many as 8.5 million children (11.7% of all children) still lack health insurance. The key to reducing the number of uninsured children is to increase participation in Medicaid and SCHIP, as 76% of uninsured children are eligible for these programs. A continued focus on simple and convenient enrollment and renewal systems, as well as proactive outreach and education efforts, will be essential to reaching these children, with special efforts targeted to groups over-represented among the uninsured such as Latino and other minority children, children in immigrant families, and adolescents

Although Medicaid and SCHIP have made substantial progress in filling the gaps in health coverage for children, some vulnerable children are still ineligible. For example, undocumented low-income immigrant children account for about 6% of the uninsured. Also, children in families with incomes under 300% of the federal poverty level often fall through the cracks between public and private health insurance programs; they account for another 5% of the uninsured. In addition to enrolling all currently eligible children, expanding programs to serve these two groups would leave only about 13% of currently uninsured children—or about 2% to 3% of all children—without health insurance.

Medicaid and SCHIP have provided a blueprint for successfully insuring low-income children. If states and policymakers build on this success, these programs could virtually eradicate uninsurance among low-income children in the United States.

Recommendations

1 – Counter-Cyclical Financing

State and federal governments should create a financing system which increases funds for Medicaid and SCHIP to meet the increased demand for public health insurance during economic downturns.

2 – SCHIP Funding

The federal government and states should work together to resolve the funding problems in SCHIP to ensure stable and adequate federal funding for SCHIP in all states.

3 – Federal Matching Rates

The federal government should raise the federal Medicaid matching rate for children to the same level as the SCHIP matching rate to encourage states to enroll more children in Medicaid, to provide states with fiscal relief, and to simplify administration.

4 – Coordination with Private Coverage

States and the federal government should cooperate in developing cost-effective health coverage for low-income children and their families by coordinating public health insurance programs with private, employer-sponsored coverage.

5 – Streamlined Procedures

States should make application, enrollment and renewal procedures for Medicaid and SCHIP as easy as possible and should ensure that rules designed to maintain program integrity do not deter participation by eligible children.

6 – Coordination with Other Programs

States should coordinate enrollment in public health insurance programs with enrollment in other public benefit programs that target low-income children (such as school lunch and food stamps) to increase children's coverage.

7 – Outreach and Education

States and the federal government should maintain outreach and public education as a priority and should work with community-based organizations to target children who are disproportionately uninsured, such as adolescents, minority children, and children in immigrant and newly unemployed families.

8 – Children with Special Health Care Needs

States should monitor how well their Medicaid and SCHIP programs are serving children with special health care needs in the areas of enrollment, scope of benefits, access to providers, and coordination of care, and take appropriate action to improve performance.

9 – Adolescents

States should experiment with special outreach efforts to increase adolescent participation in Medicaid and SCHIP and should closely monitor how well these programs are meeting adolescents' needs.

10 – Legal Immigrant Children

The federal government should restore its funding for public health insurance programs for legal immigrant children who lost coverage following the enactment of welfare reform in 1996.

11 – Undocumented Children

States and the federal government should expand Medicaid and SCHIP coverage to all low-income children regardless of immigration status and should provide linguistically and culturally appropriate services to ensure that all children can benefit from the expanded coverage.

12 – Income Eligibility Levels

All states should increase eligibility under SCHIP to include all children in families with incomes up to 200% of the federal poverty level, as intended in the SCHIP statute, and, as funds become available, experiment with expanding coverage to children in families with incomes up to 300% of the federal poverty level.

Article Summaries

Historical Overview of Children's Health Care Coverage

Cindy Mann, Diane Rowland, and Rachel Garfield

America's commitment to assuring health care for its poorest children has a long history. This article provides an overview of the evolution of publicly sponsored coverage for low-income children over the past four decades through Medicaid and, most recently, the State Children's Health Insurance Program (SCHIP). According to the authors, reaching children who are eligible for assistance but remain uninsured, extending coverage to their families, and maintaining meaningful coverage for children and families who are enrolled are the most significant future coverage challenges.

Which Children Are Still Uninsured and Why

John Holahan, Lisa Dubay, and Genevieve M. Kenney

The late 1990s saw an unprecedented federal and state commitment to reducing uninsurance among children, culminating in 1997 with enactment of SCHIP. Despite this commitment, and an unparalleled economic boom, 9.2 million children—12% of all children nationwide—were uninsured in 2000. This article sheds light on why so many children remain uninsured in spite of Medicaid and SCHIP. The authors identify several reasons eligible children are not enrolled, including lack of information, administrative hassles, parents not wanting to participate, and inadvertent loss of coverage.

Enrolling Eligible Children and Keeping Them Enrolled

Donna Cohen Ross and Ian T. Hill

Although Medicaid and SCHIP can provide low-income children with a vital link to health care, states have found that expanding eligibility and marketing new health insurance programs are not sufficient to reduce the number of uninsured children. This article reviews the strategies states have pursued to achieve strong participation in SCHIP and Medicaid, including simplifying enrollment, reaching out to families, and making it easier for families to renew their children's health coverage.

Assuring Access to Health Care for Special Populations

The articles in this section focus on the particular challenges of providing health coverage to three groups of children: immigrant children, adolescents, and children with special health care needs. By providing some insight into the challenges involved with providing health coverage for these uniquely vulnerable children, the authors underscore the necessity of designing public programs that provide health coverage for children who require health services most, but sometimes encounter greater obstacles to receiving them.

► Gaps in Coverage for Children in Immigrant Families

Gabrielle Lessard and Leighton Ku

► The Unique Health Care Needs of Adolescents

Claire D. Brindis, Madlyn C. Morreale, and Abigail English

► Care of Children with Special Health Care Needs

Peter G. Szilagyi

Reducing Health Disparities among Children: The Role of Insurance Expansions

Dana C. Hughes and Sandy Ng

Over the past 15 years, federal and state initiatives have significantly expanded health insurance for low-income children with the goal of increasing their access to care and ultimately improving their health status. Yet, low-income children still lag behind their more affluent peers in terms of health and well-being. This article discusses key factors that influence children's health, how health insurance can and cannot affect these factors, and why health insurance expansions are necessary, but not sufficient, to reduce health disparities between high- and low-income children.

Program Design and Marketing

States have been experimenting with how to design and market health insurance for children under Medicaid and SCHIP. The articles in this section provide some insight into how and why states structured, promoted, and prioritized competing objectives as these programs evolved.

► **How Public Health Insurance Programs for Children Work**

Kirsten Wyses, Cynthia Pernice, and Trish Riley

► **Promoting Public Health Insurance Programs for Children**

Michael J. Perry

► **Balancing Efficiency and Equity in the Design of Coverage Expansions for Children**

Linda J. Blumberg

Creative Solutions to Increasing Children's Health Insurance Coverage

A variety of shortcomings hinder current efforts to provide public health coverage to low-income children. The strategies highlighted in this section illustrate some of the different ways states and local governments are striving to overcome program limitations.

► **Premium Assistance**

Richard E. Curtis and Edward Neuschler

► **Express Lane Eligibility**

Dawn Horner, Wendy Lazarus, and Beth Morrow

► **Presumptive Eligibility**

Rachel Klein

► **Universal Health Care for Children: Two Local Initiatives**

Liane A. Wong

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