

An Overview of Recent Trends in Health Coverage for Low-Income Children and Families

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and

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Center on Budget and Policy Priorities

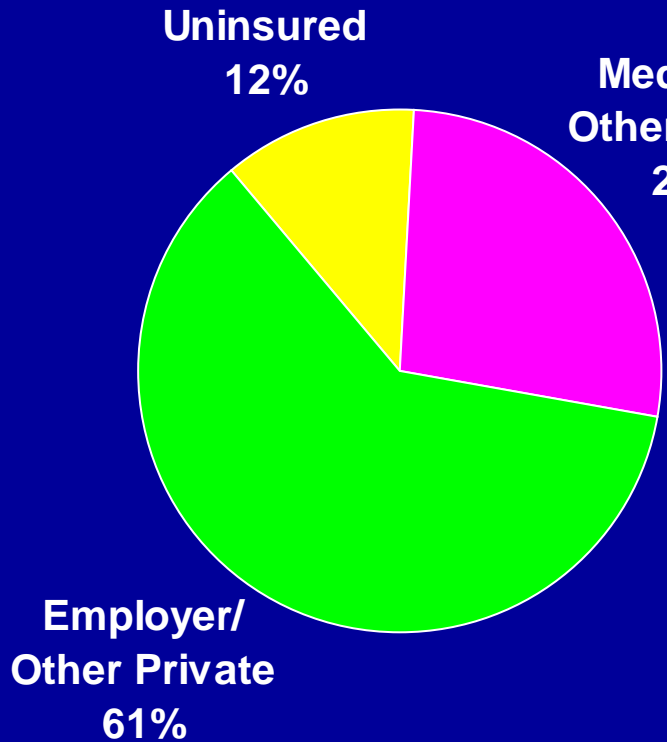
Secretary's Advisory Committee on Infant Mortality

Washington, DC

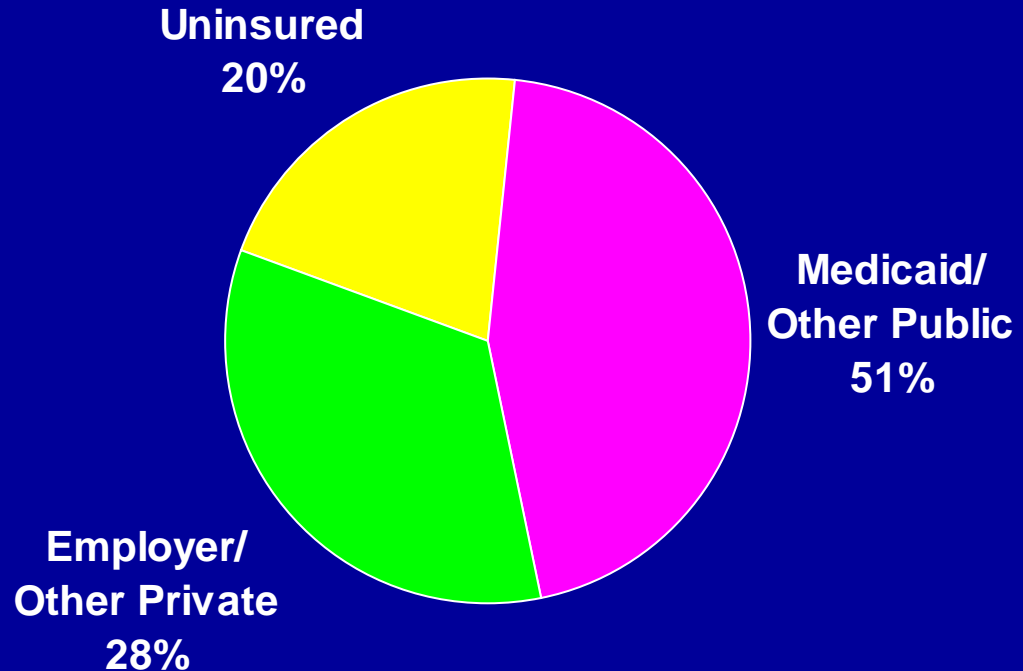
November 11, 2004

Figure 1

Health Insurance Coverage of Children, By Income, 2003



All Children
77.6 million



Low-Income Children*
33.4 million

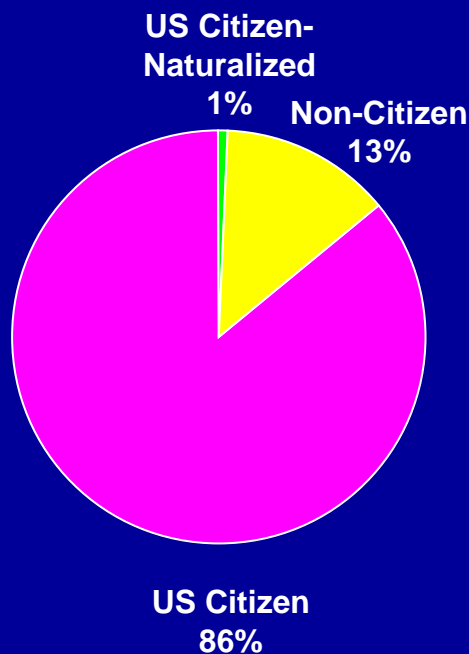
* Below 200% of the federal poverty level, or \$29,360 for a family of three in 2003 (according to the U.S. Census Bureau's poverty thresholds).

SOURCE: Urban Institute and Kaiser Commission on Medicaid and the Uninsured analysis of March 2004 CPS.

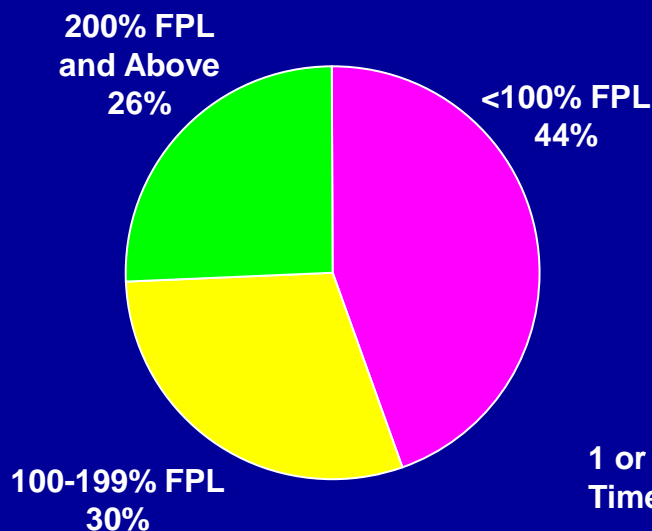
Figure 2

Characteristics of Uninsured Children, 2003

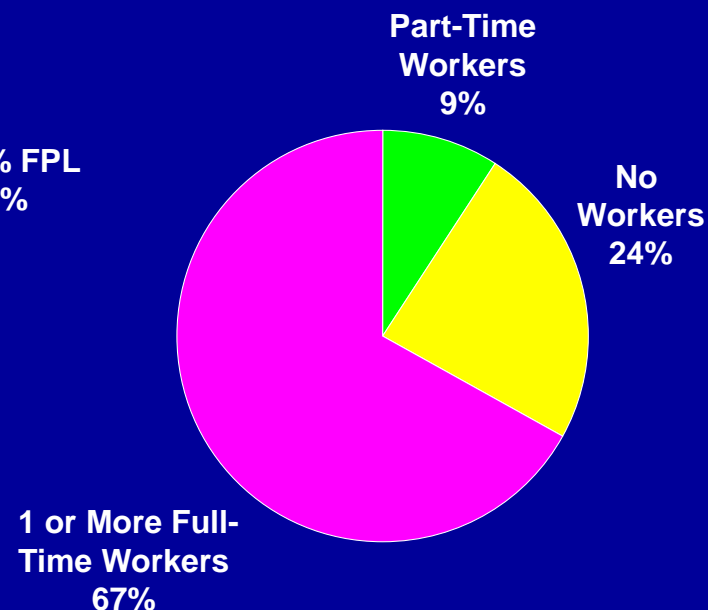
Citizenship



Income



Family Work Status

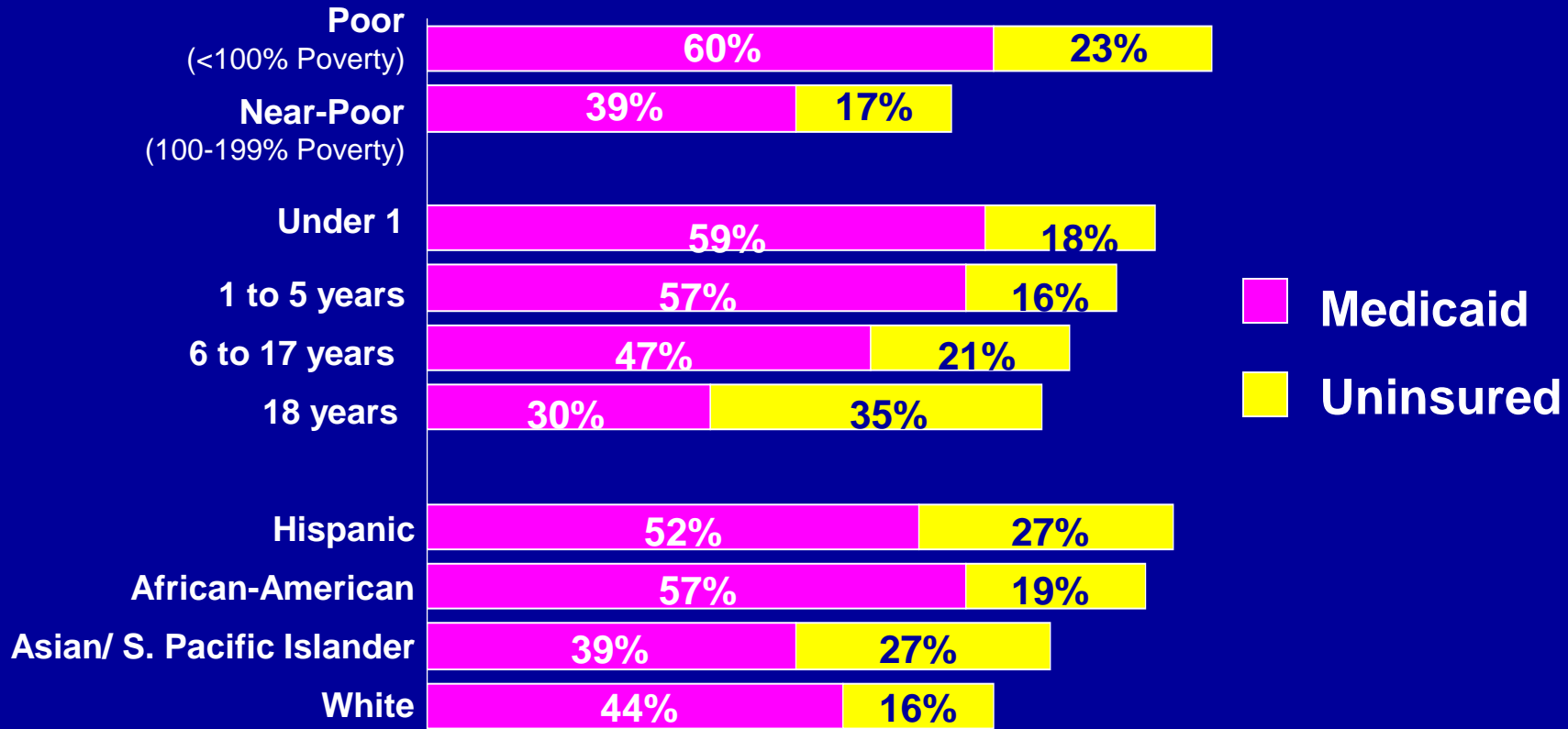


Total = 9.1 million uninsured

Note: The federal poverty was \$14,680 for a family of three in 2003.
SOURCE: KCMU and Urban Institute analysis of the March 2004 Current Population Survey.

Figure 3

Health Insurance Coverage of Low-Income Children, 2003

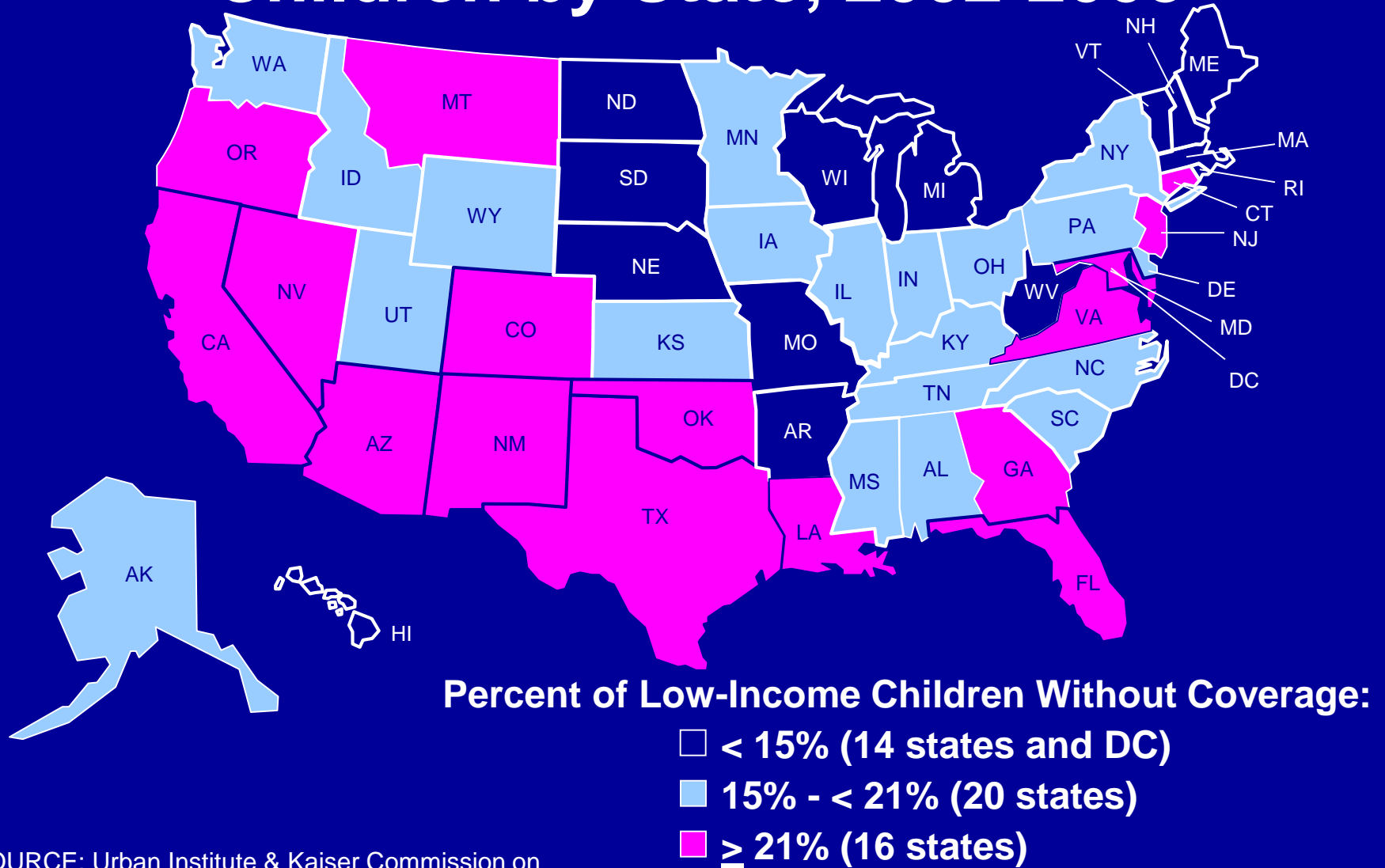


Note: The federal poverty level was \$14,680 for a family of three in 2003 (according to the U.S. Census Bureau's poverty thresholds).

SOURCE: Urban Institute and Kaiser Commission on Medicaid and the Uninsured analysis of March 2004 CPS.

Figure 4

Uninsured Rate Among Low-Income Children by State, 2002-2003

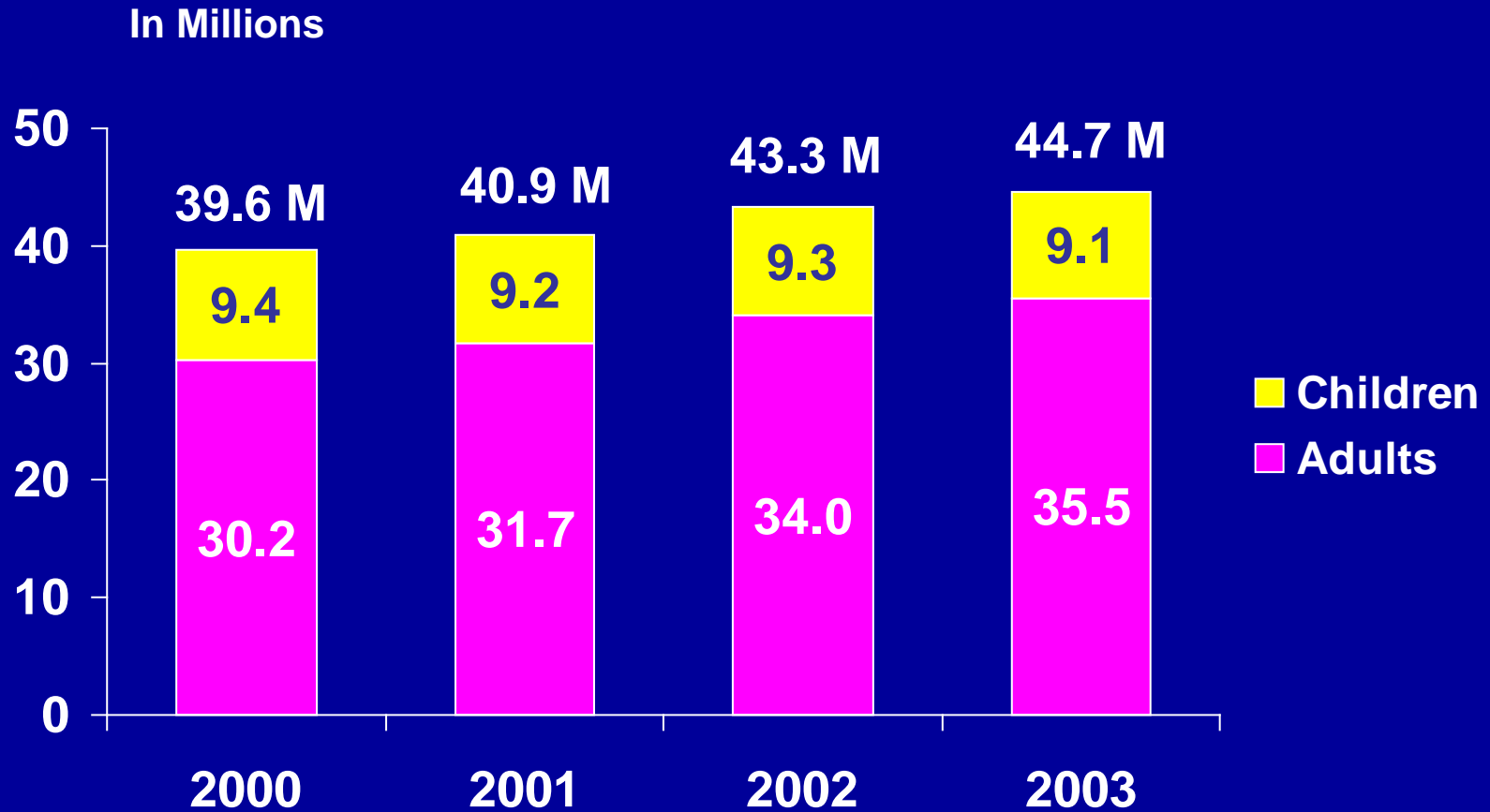


SOURCE: Urban Institute & Kaiser Commission on Medicaid & the Uninsured analysis of 2003-2004 CPS.

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Figure 5

Number of Uninsured Children and Adults, 2000-2003



Note: Sums may not equal totals due to rounding.

SOURCE: KCMU and Urban Institute estimates based on the March Current Population Surveys, 2001-2004.

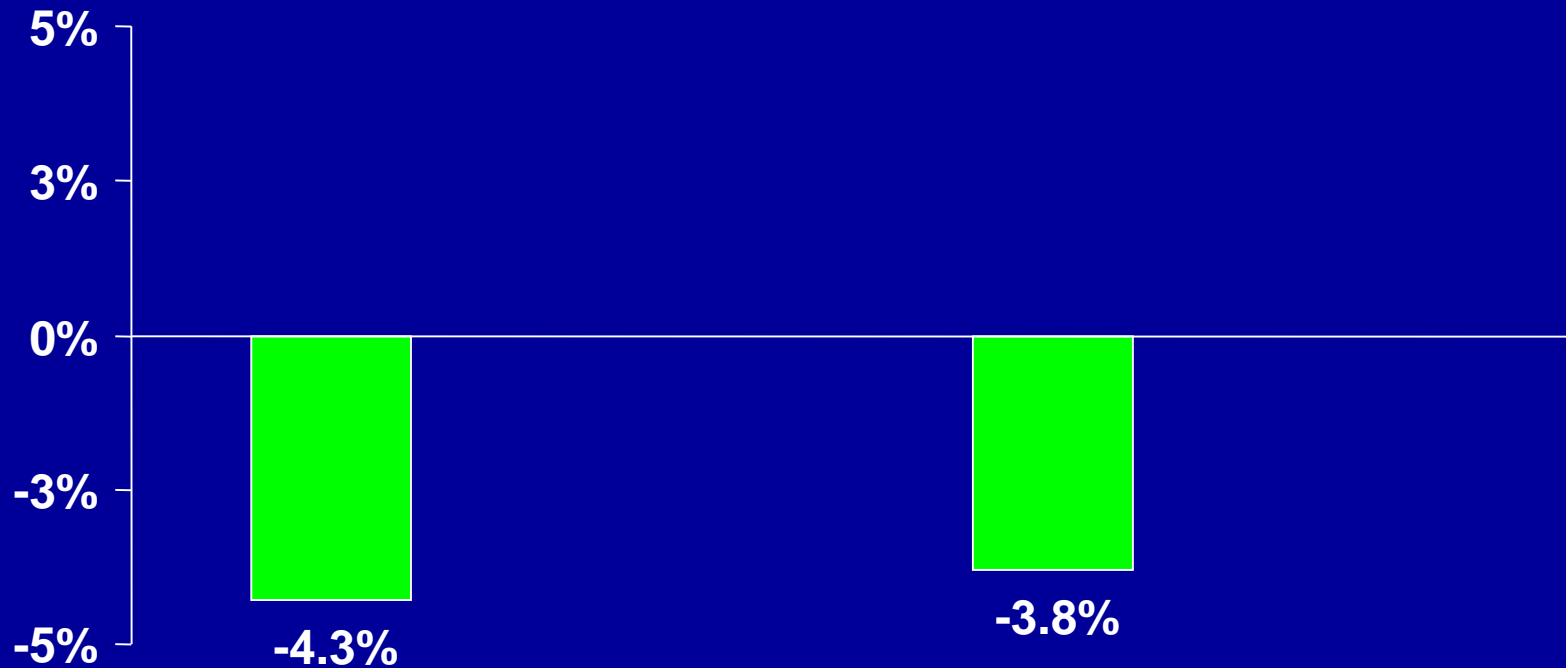
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Figure 6

Changes in Health Insurance Coverage, Children vs. Adults, 2000-2003

(Percentage Point Differences)

■ Employer



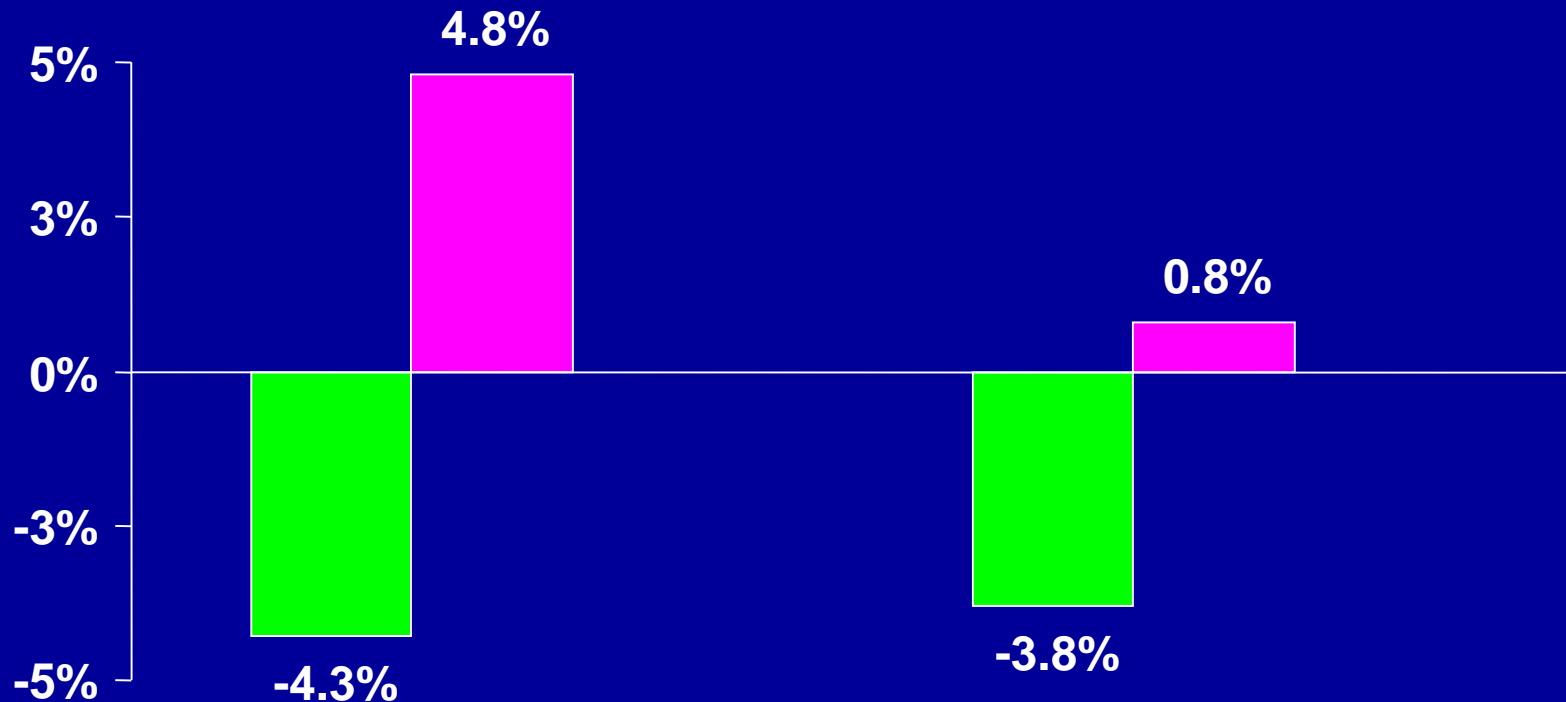
Notes: All differences are statistically significant ($p < .10$). Medicaid also includes SCHIP, other state programs, Medicare and military-related coverage.
SOURCE: KCMU and Urban Institute analysis of March Current Population Survey, 2001 and 2004.

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Changes in Health Insurance Coverage, Children vs. Adults, 2000-2003

(Percentage Point Differences)

Employer Medicaid



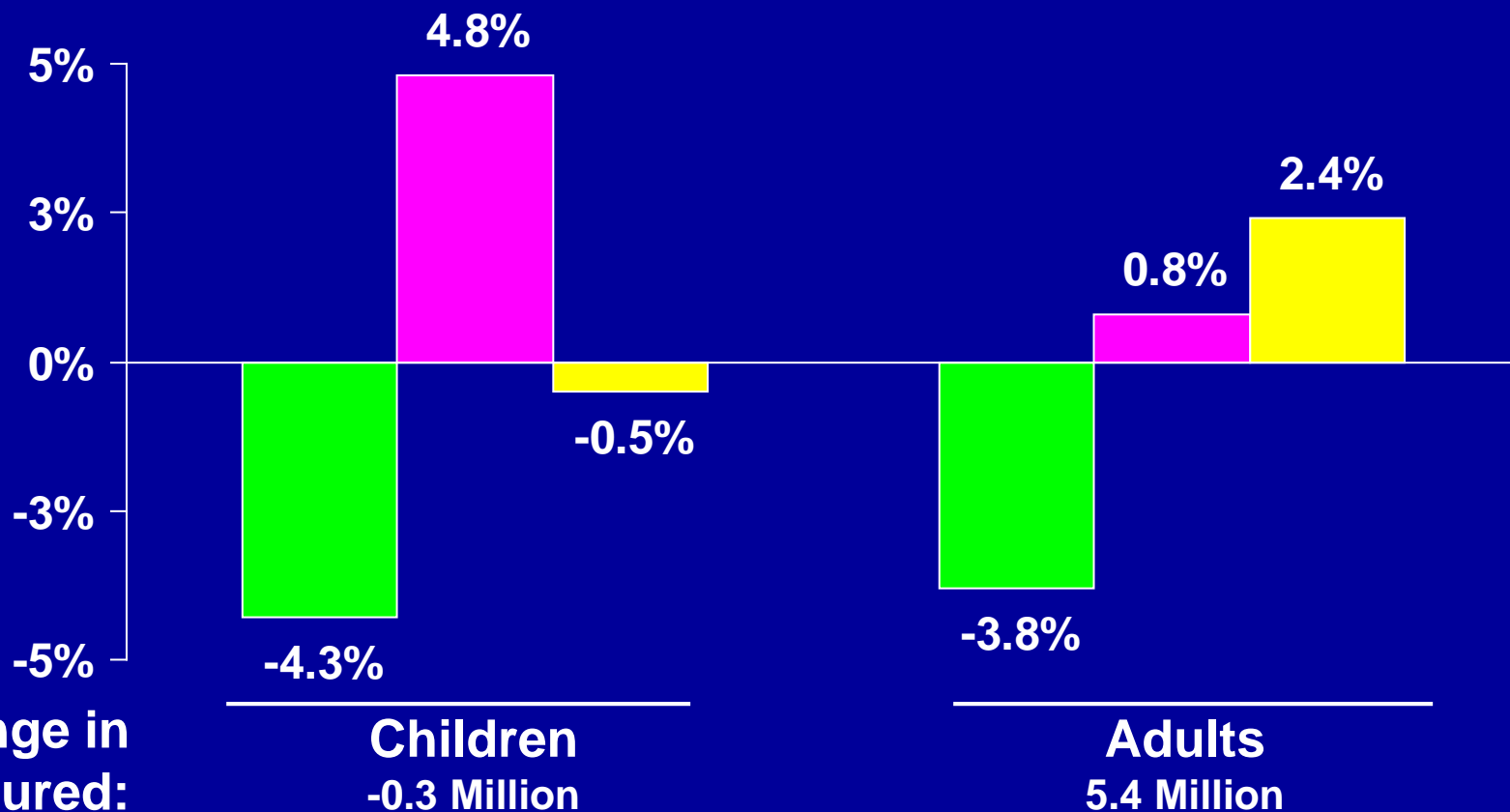
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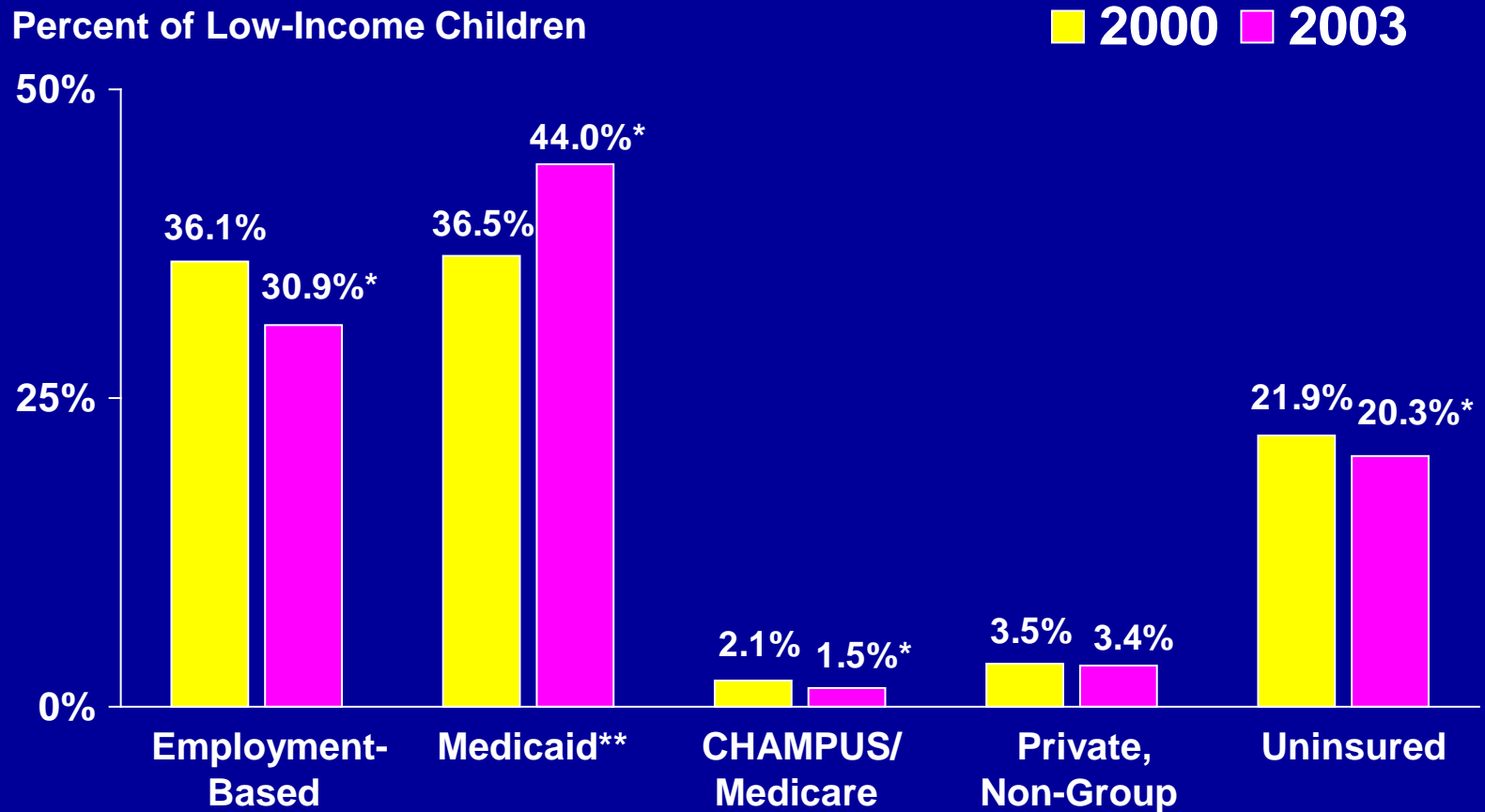
Employer Medicaid Uninsured



Notes: All differences are statistically significant ($p < .10$). Medicaid also includes SCHIP, other state programs, Medicare and military-related coverage.
SOURCE: KCMU and Urban Institute analysis of March Current Population Survey, 2001 and 2004.

Figure 7

Health Insurance Coverage Changes Among Low-Income Children, 2000-2003



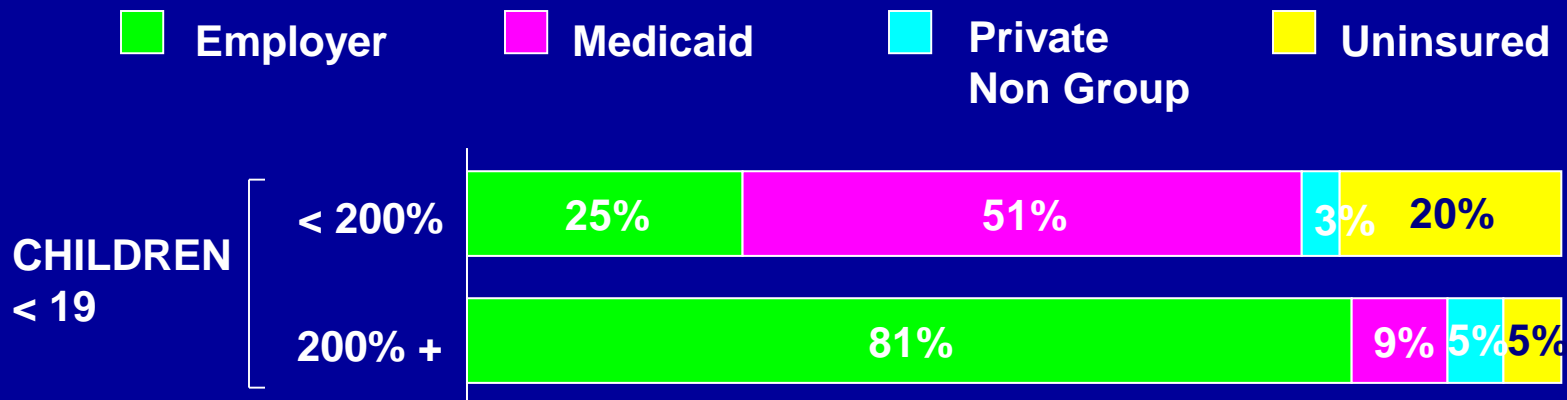
* Statistically significant change between 2000 and 2003 (at the 95% confidence interval).

**Medicaid also includes SCHIP, other state programs.

SOURCE: Urban Institute, 2004. Based on data from March CPS, 2001, 2004.

Figure 8

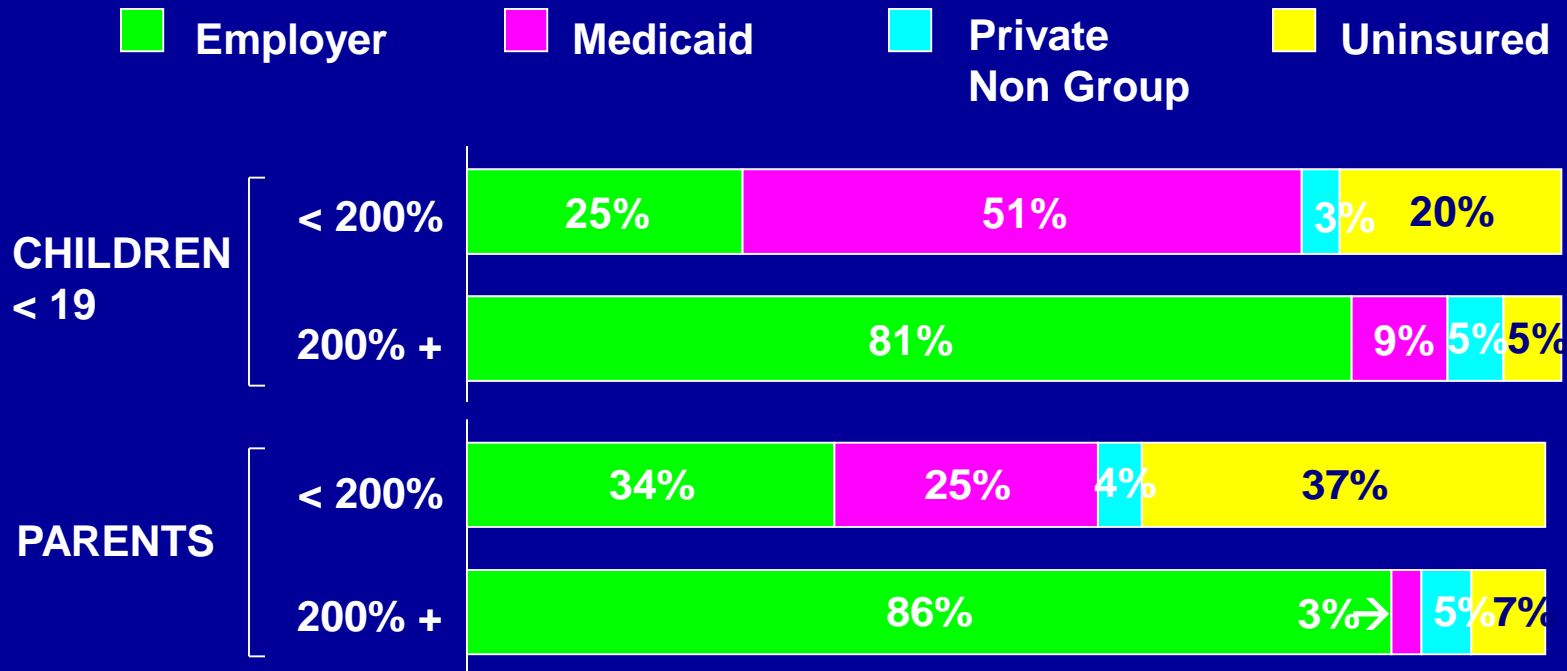
Health Insurance Coverage of Children and Nonelderly Adults, 2003



Medicaid also includes SCHIP, other state programs, Medicare, and military-related coverage. Adults without children includes childless adults and parents whose children are no longer dependents. Less than 200% of poverty level was \$29,360 for family of three in 2003. Data may not total 100% due to rounding.

Figure 8

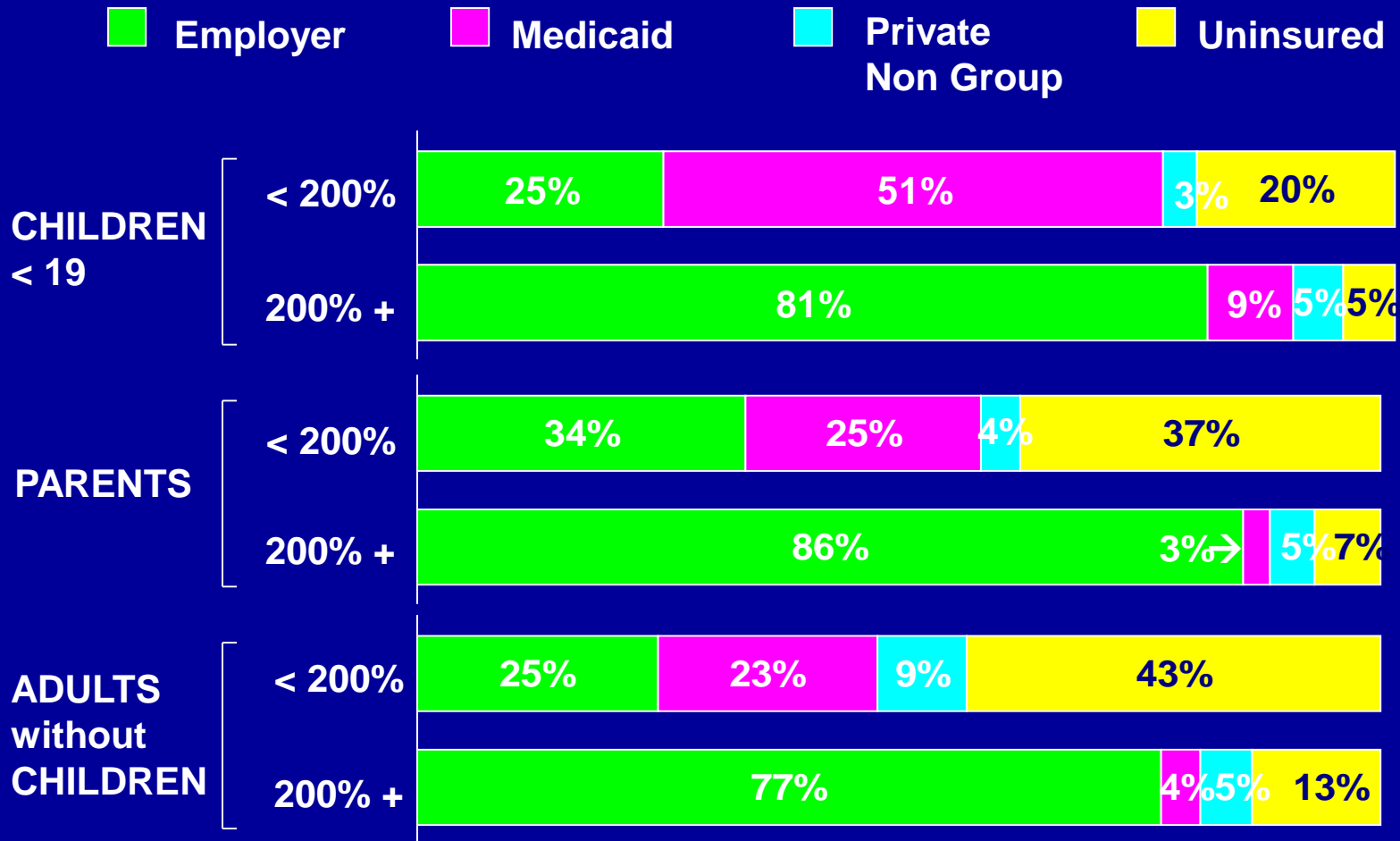
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Health Insurance Coverage of Children and Nonelderly Adults, 2003



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Medicaid and SCHIP's Role for Low-Income Children

- Medicaid provides comprehensive health coverage with no cost sharing for over 25 million low-income children at a cost of nearly \$45 billion in 2003.
- SCHIP provides a more limited set of benefits with premiums and cost sharing to roughly 4 million slightly higher income children who are not eligible for Medicaid and or are not covered by private insurance. Total SCHIP spending in 2003 was slightly more than \$6 billion.
- Together, these programs provide a critical health care safety net to roughly 25% of children in the U.S., covering more than half of all low-income children nationally.

Figure 10

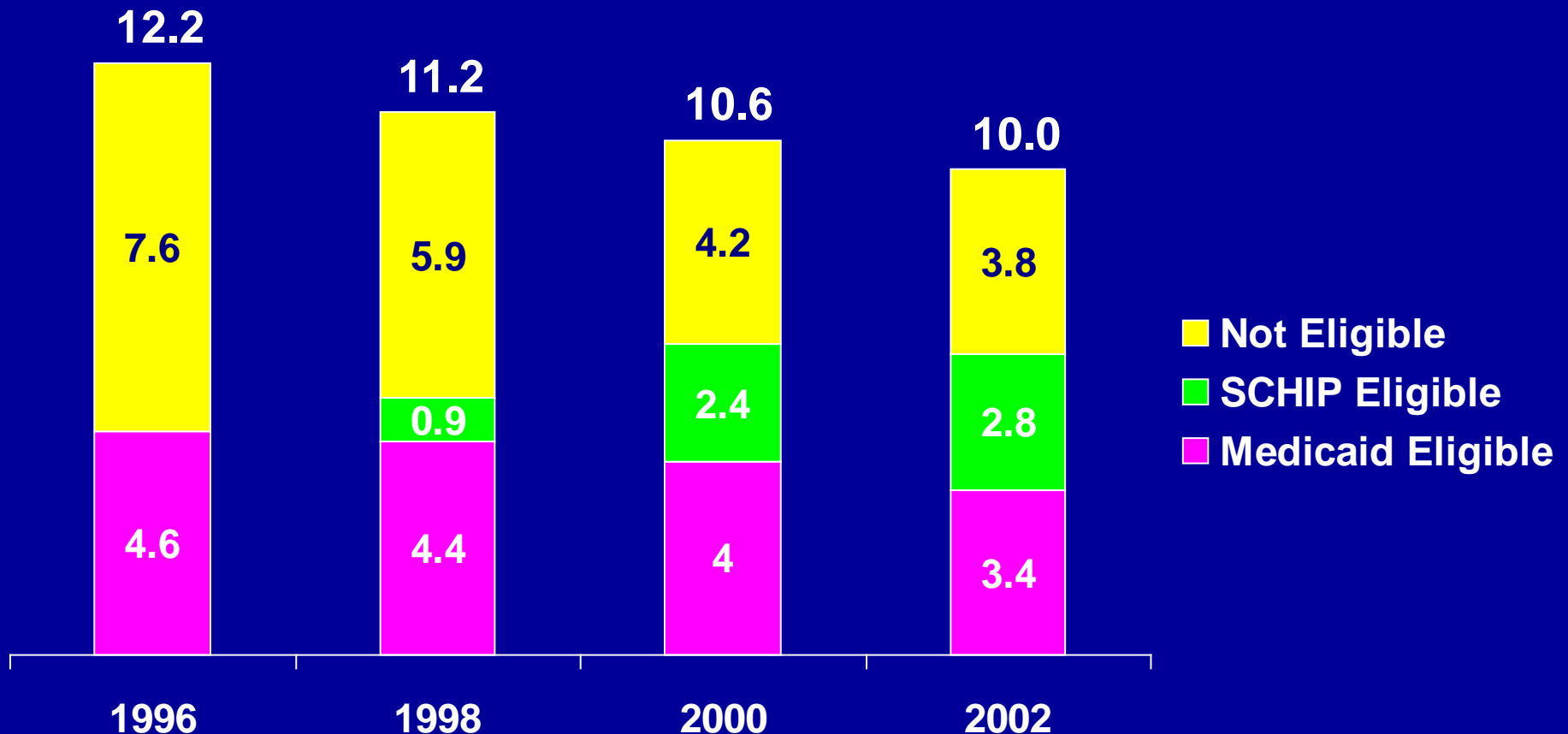
Medicaid and S-CHIP: What's the difference?

	Medicaid	S-CHIP
Financing	Open ended entitlement	Block grant
Number of Children	25 million	4 million
Costs	\$45 billion	\$6 billion
Scope of Coverage	Broad range of federally defined benefits, including dental, mental health, prevention, EPSDT	State-defined within broad federal requirements – large variation state to state
Cost-Sharing and premiums	Not permitted for children	Permitted

Figure 11

Trends in Uninsured Children by Eligibility Status, 1996-2002

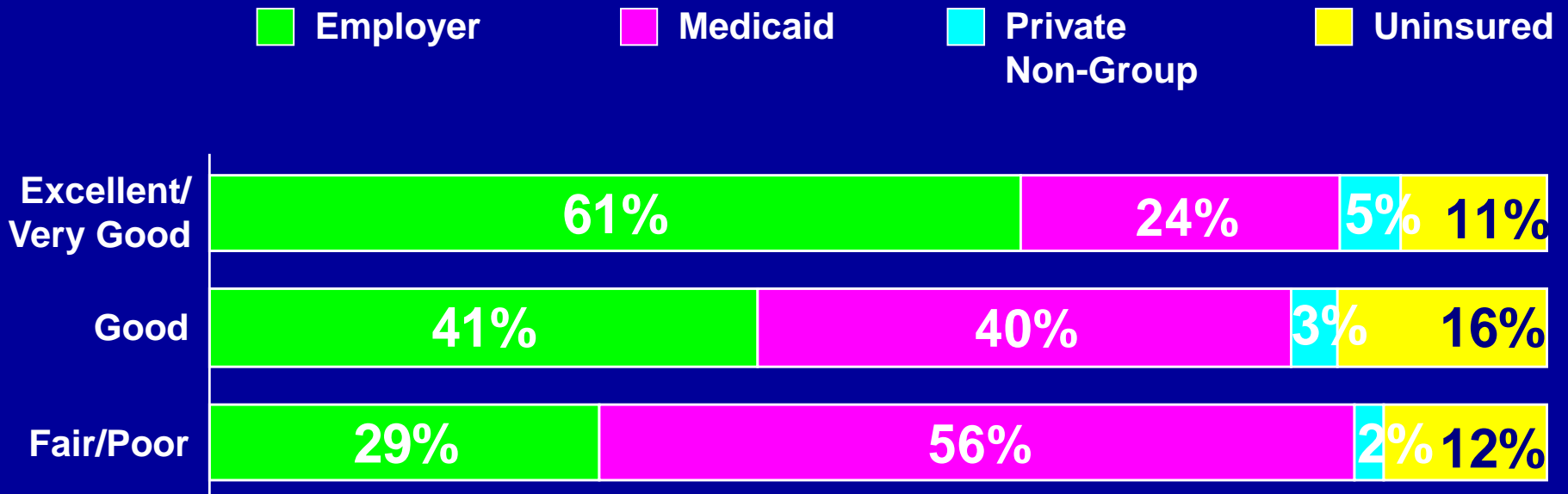
Millions of Uninsured Children



Source: Selden et al, "Tracking Changes in Eligibility and Coverage Among Children, 1996-2002." *Health Affairs*, Vol. 23(5), September/October 2005.

Figure 12

Health Insurance Coverage of Children, by Health Status, 2003



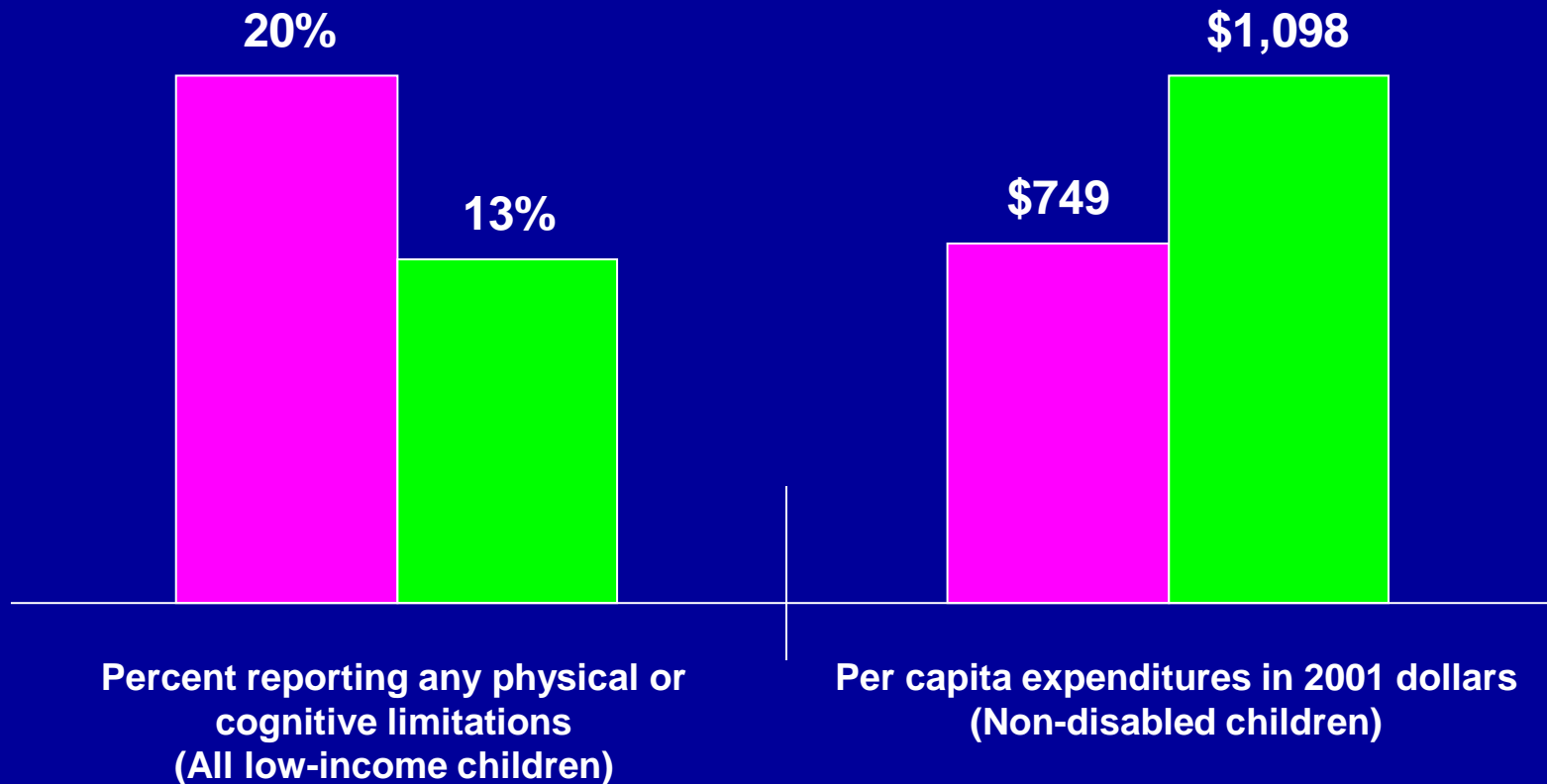
NOTE: Medicaid also includes SCHIP, other state programs, Medicare, and military-related coverage. Data may not total 100% due to rounding.

SOURCE: KCMU / Urban Institute, 2004

Figure 13

Physical and Cognitive Limitations and Per Capita Expenditures among Low-Income Children

■ Medicaid ■ Privately Insured



Note: "Low income" defined as those with incomes less than 200% of the Federal Poverty Level.

SOURCE: Analysis of MEPS data from 1996, 1997, 1998, and 1999; Hadley and Holahan, *Inquiry* 2004.

Figure 14

Access to Care Among Low-Income Children by Insurance Status, 2002

■ Medicaid ■ Employer-sponsored ■ Uninsured

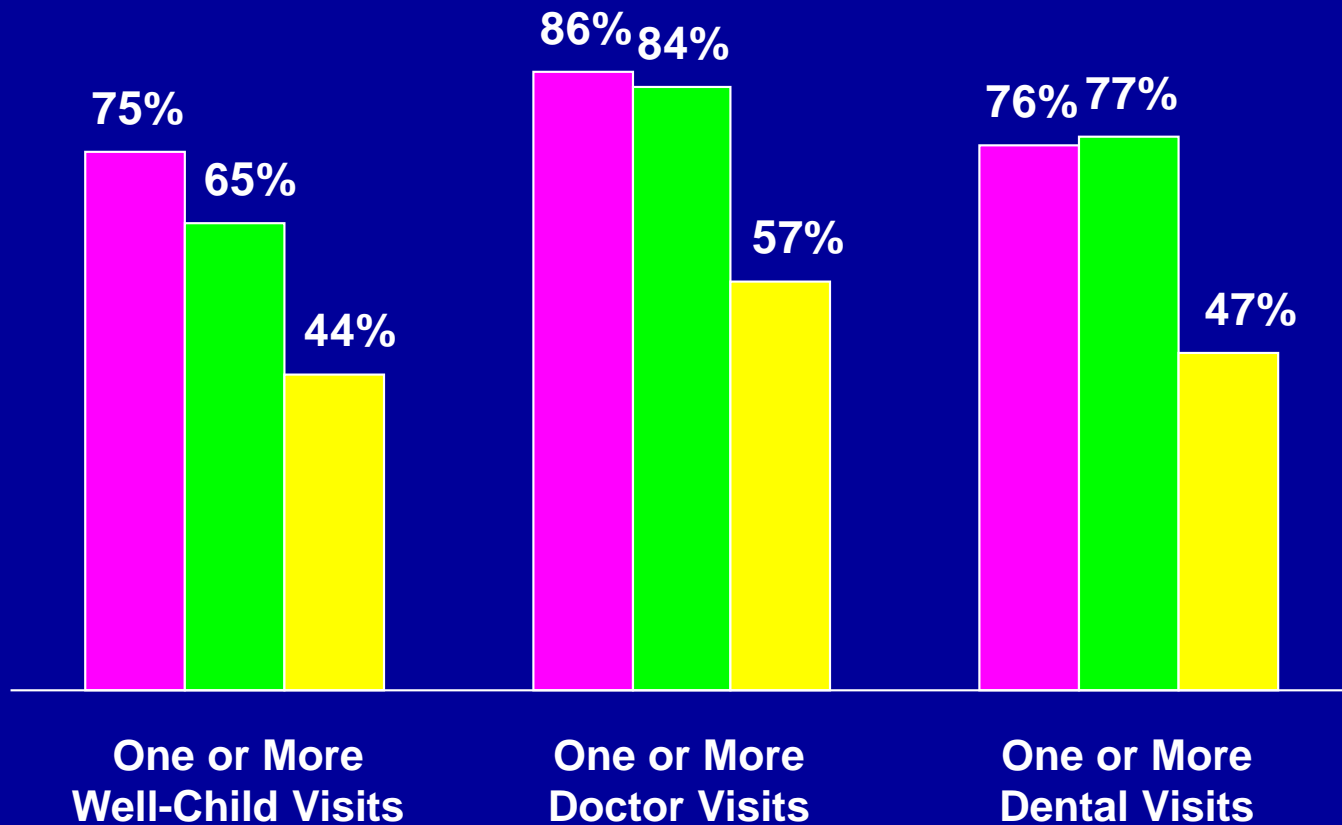
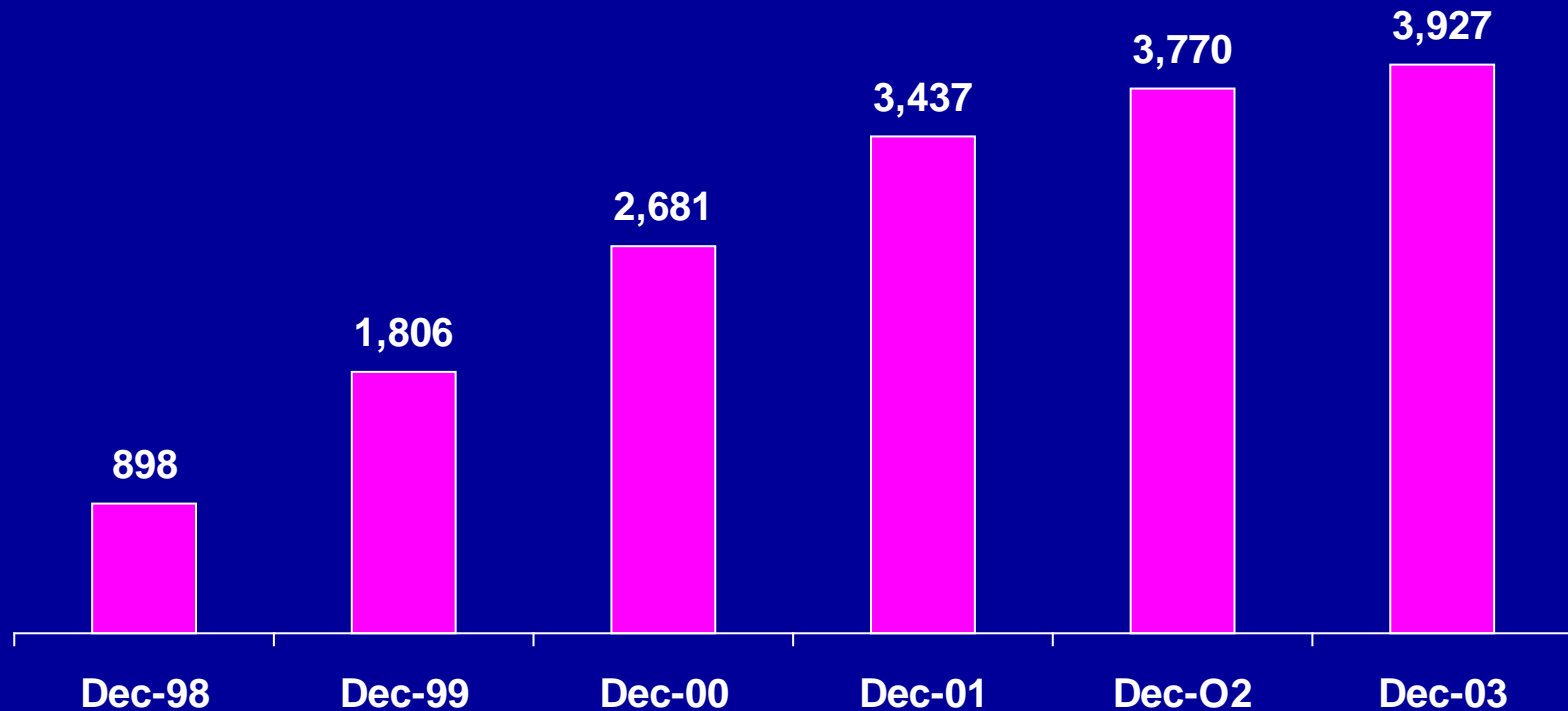


Figure 15

Total U.S. SCHIP Enrollment, 1998-2003 (Annual)

Monthly Enrollment in Thousands

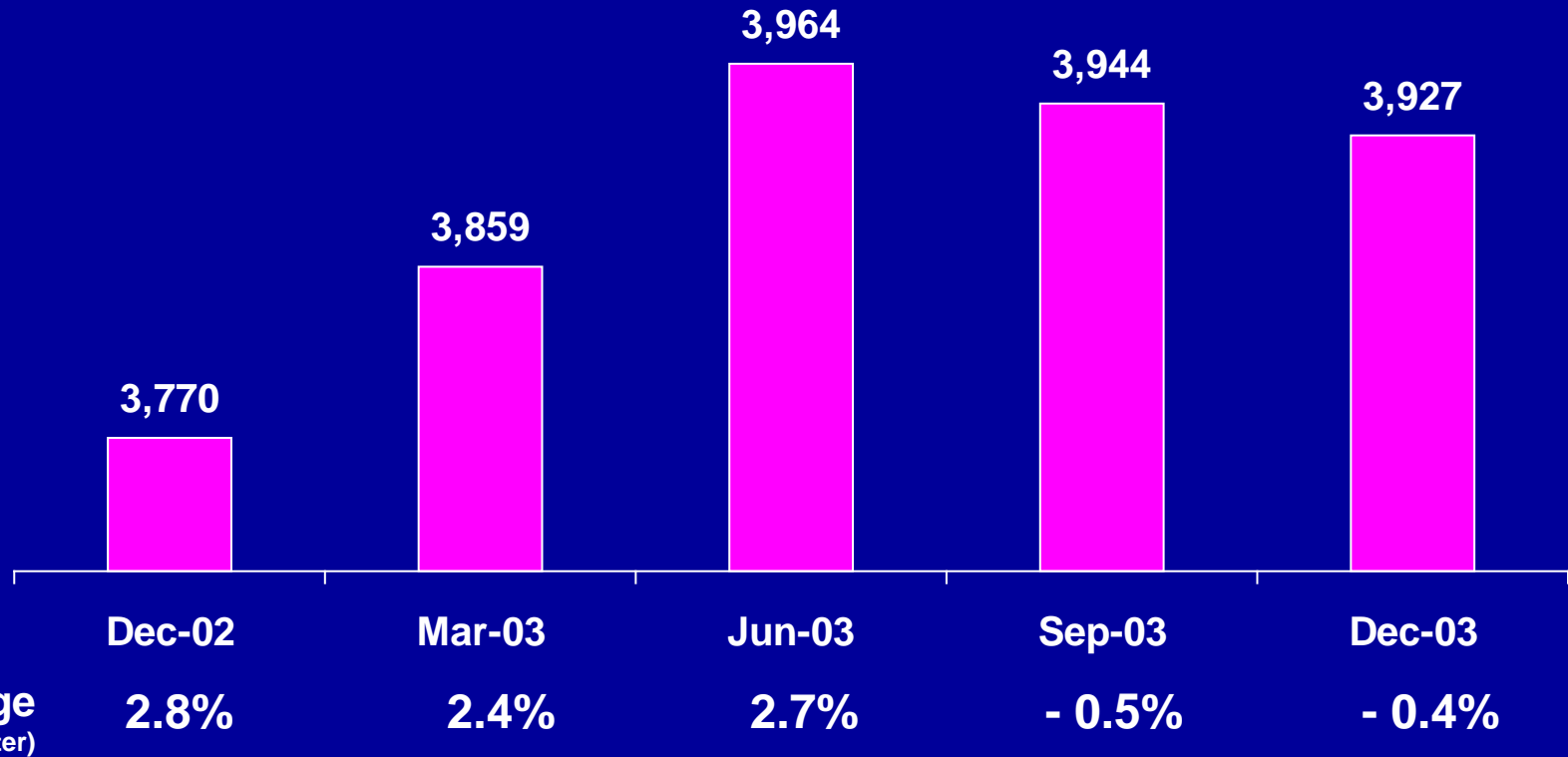


Source: Compiled by Health Management Associates from State enrollment reports for KCMU.

Figure 16

Total U.S. SCHIP Enrollment, 2002-2003 (Quarterly)

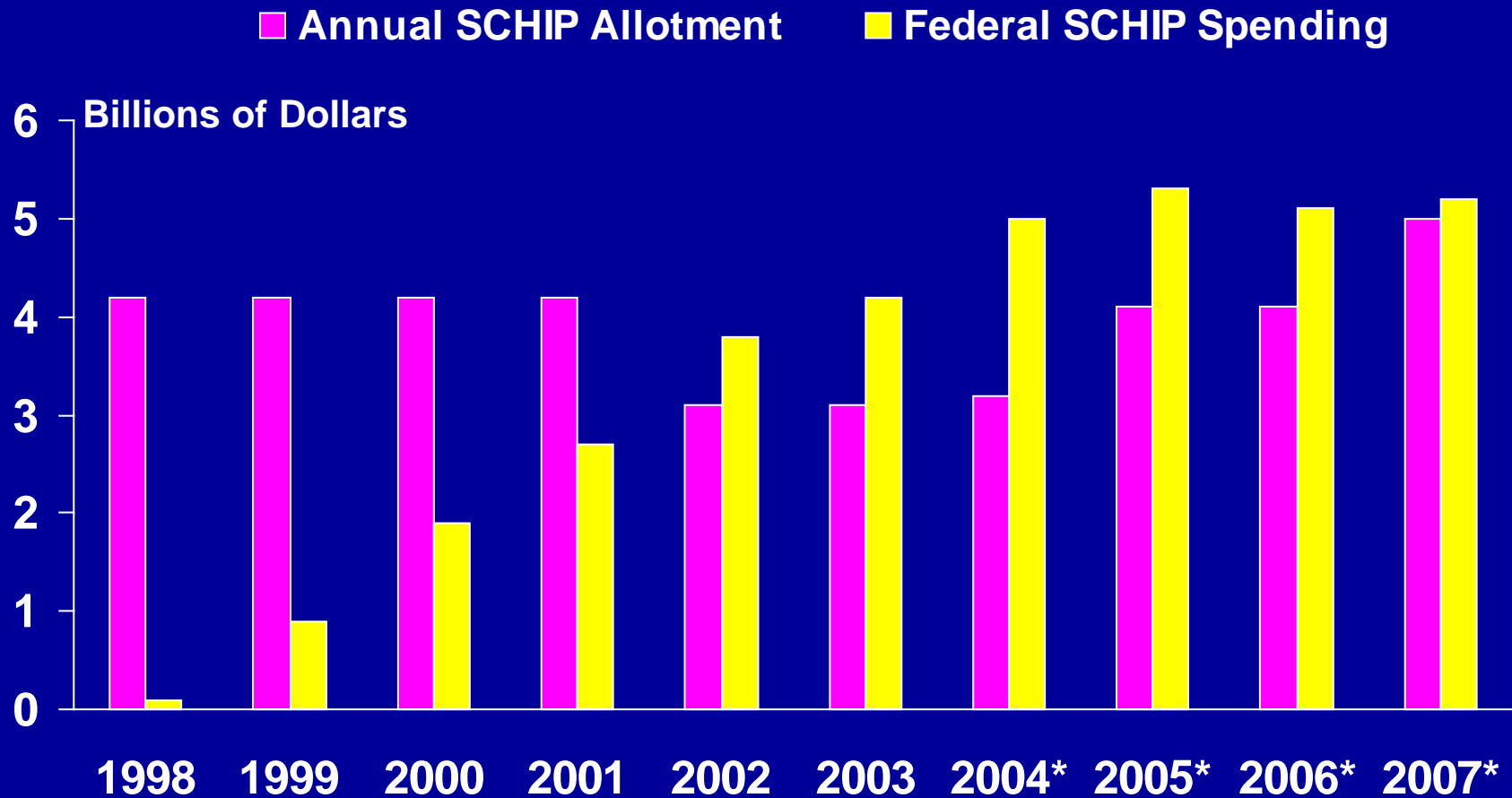
Monthly Enrollment in Thousands



Source: Compiled by Health Management Associates from State enrollment reports for KCMU.

Figure 17

Federal Spending for SCHIP Versus Annual Federal Allotments, 1998-2007

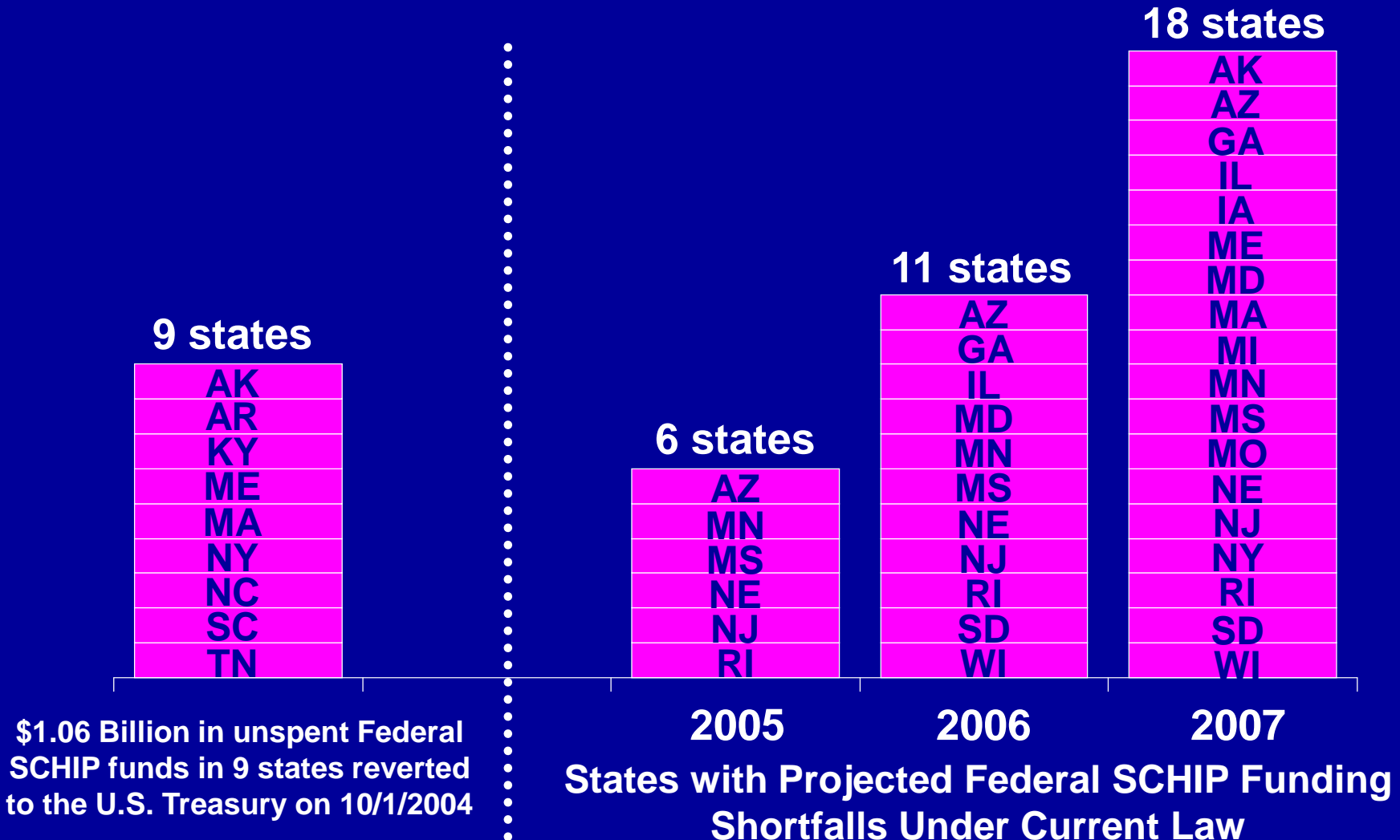


* Projected spending

SOURCE: Based on the Center on Budget and Policy Priorities SCHIP financing model, 2004.

Figure 18

States with Insufficient Federal SCHIP Funding, 2005-2007



SOURCE: Center on Budget and Policy Priorities, 2004.

Fiscal Setbacks

- Financial stress on state budgets and health coverage
- Federal fiscal relief averted some cuts
 - \$20 billion in fiscal relief, including \$10 billion Medicaid matching rate increase
 - Match increase provided immediate relief
- But, after steady progress, some states are moving backwards
 - Reductions in eligibility; rollbacks in parent coverage
 - Drops in SCHIP enrollment
- Federal fiscal relief expired June 30, 2004

Challenges for the Future

- **Threats to coverage continue to grow**
 - Employer erosion
 - Medicaid/SCHIP cutbacks
 - Continuing unemployment
- **Costs rising**
 - Increasing health costs
 - Rising premiums for private coverage
- **Public resources constrained**
 - Federal deficits
 - State budget crisis
 - Public coverage less able to absorb declines in employer sponsored insurance

Where We've Come From

- **A trio of effective strategies helped boost enrollment in Medicaid and SCHIP.**
 - Expanding eligibility
 - Simplifying enrollment and renewal procedures
 - Outreach
- **States were making steady progress since late 1990s.**
- **Signals that the trends may be reversing began to emerge last year.**
 - Parent coverage retracted
 - Some simplified procedures retracted

Changes in Eligibility, Enrollment and Renewal Procedures and Cost-Sharing in Medicaid and SCHIP for Children and Parents

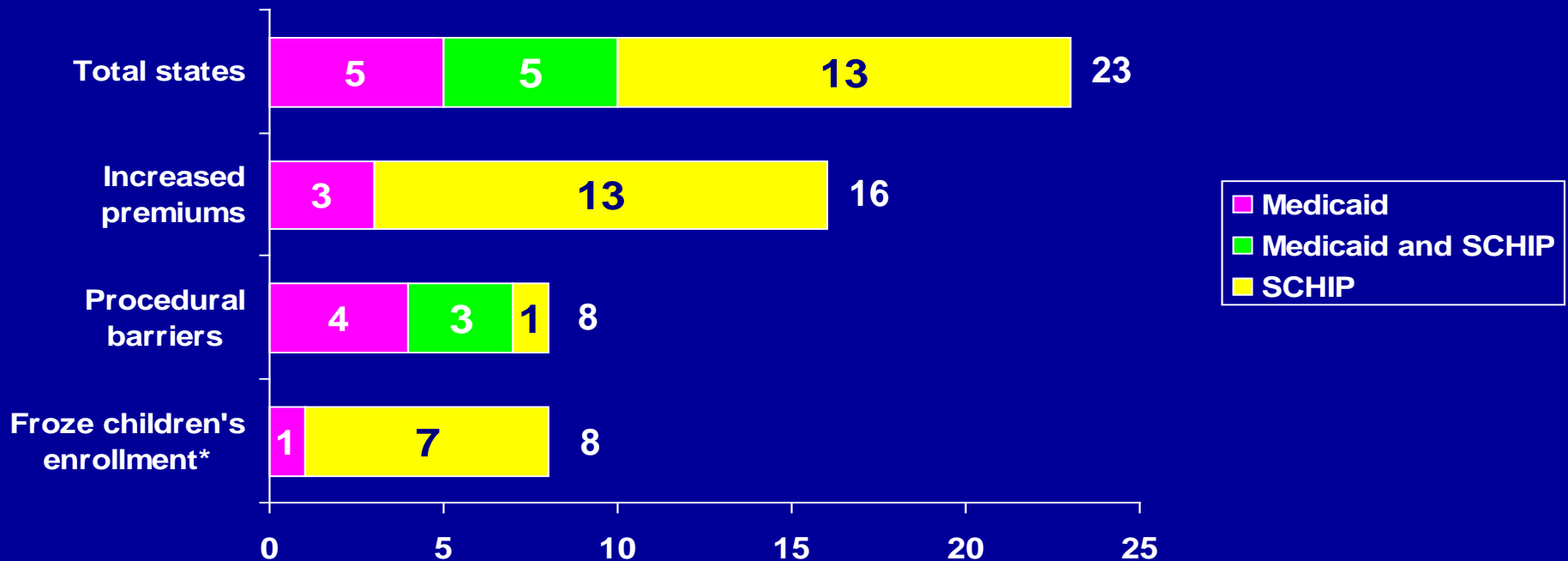
April 2003 – July 2004

- **On the surface:**
 - Income-eligibility remained stable, for the most part.
- **Beneath the surface:**
 - Nearly half the states (23) made it harder for eligible children and families to secure and retain coverage.
 - Imposed financial barriers (premiums)
 - Froze enrollment
 - Reinstated procedural barriers
- **Most of the changes were in SCHIP — Medicaid largely protected**
- **States began to see adverse effects on enrollment.**

Figure 23

Nearly Half the States Made it More Difficult to Secure and Retain Health Coverage for Children and Families, April 2003-July 2004

Number of States Imposing Enrollment Barriers in Medicaid or SCHIP

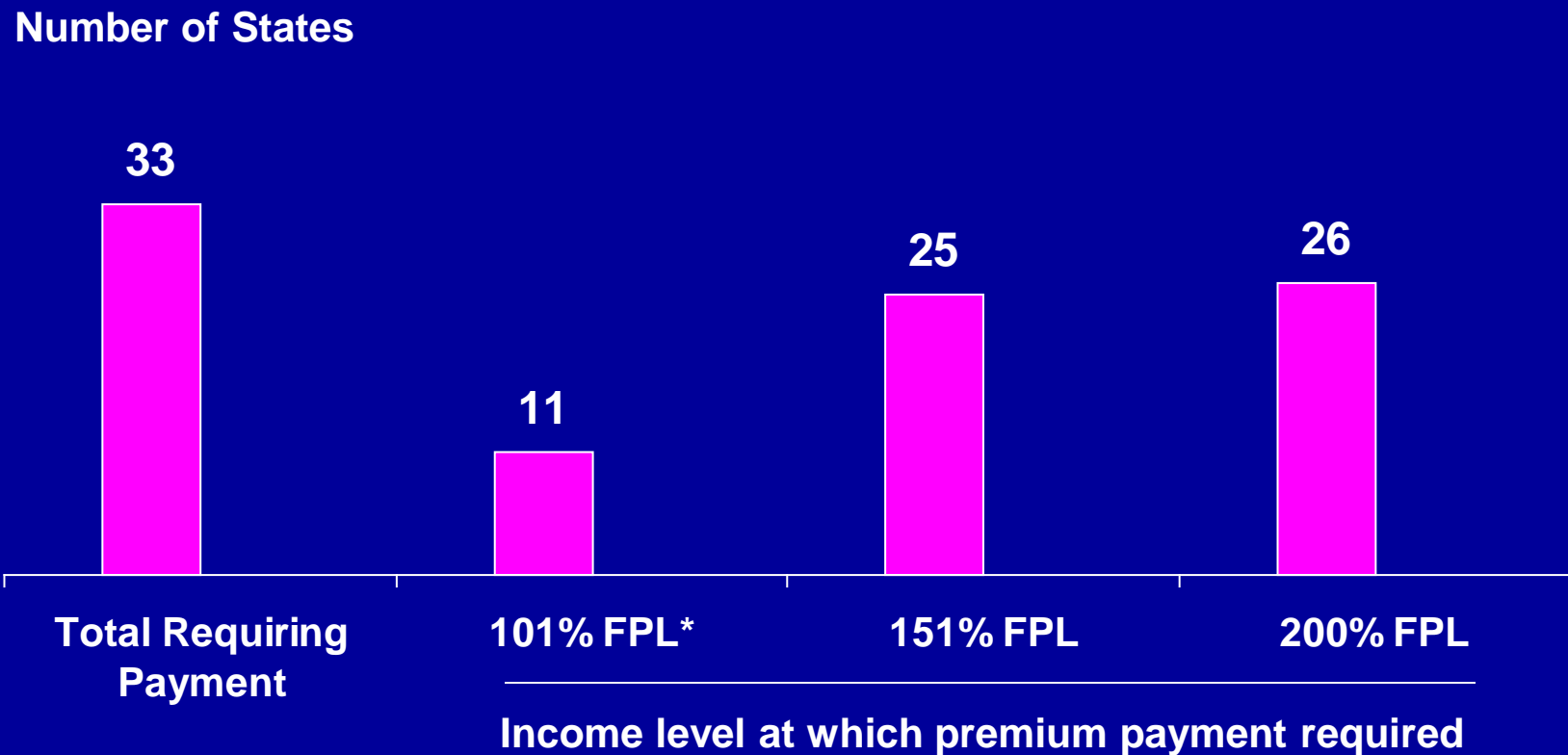


*Includes states that froze children's enrollment for at least a portion of the time period April 2003-July 2004. In addition, three states froze enrollment for parents under their Medicaid waiver programs.

SOURCE: Based on a national survey conducted by the Center on Budget and Policy Priorities for KCMU, 2004.

Figure 24

States with Premiums or Enrollment Fees in Children's Health Coverage Programs, July 2004

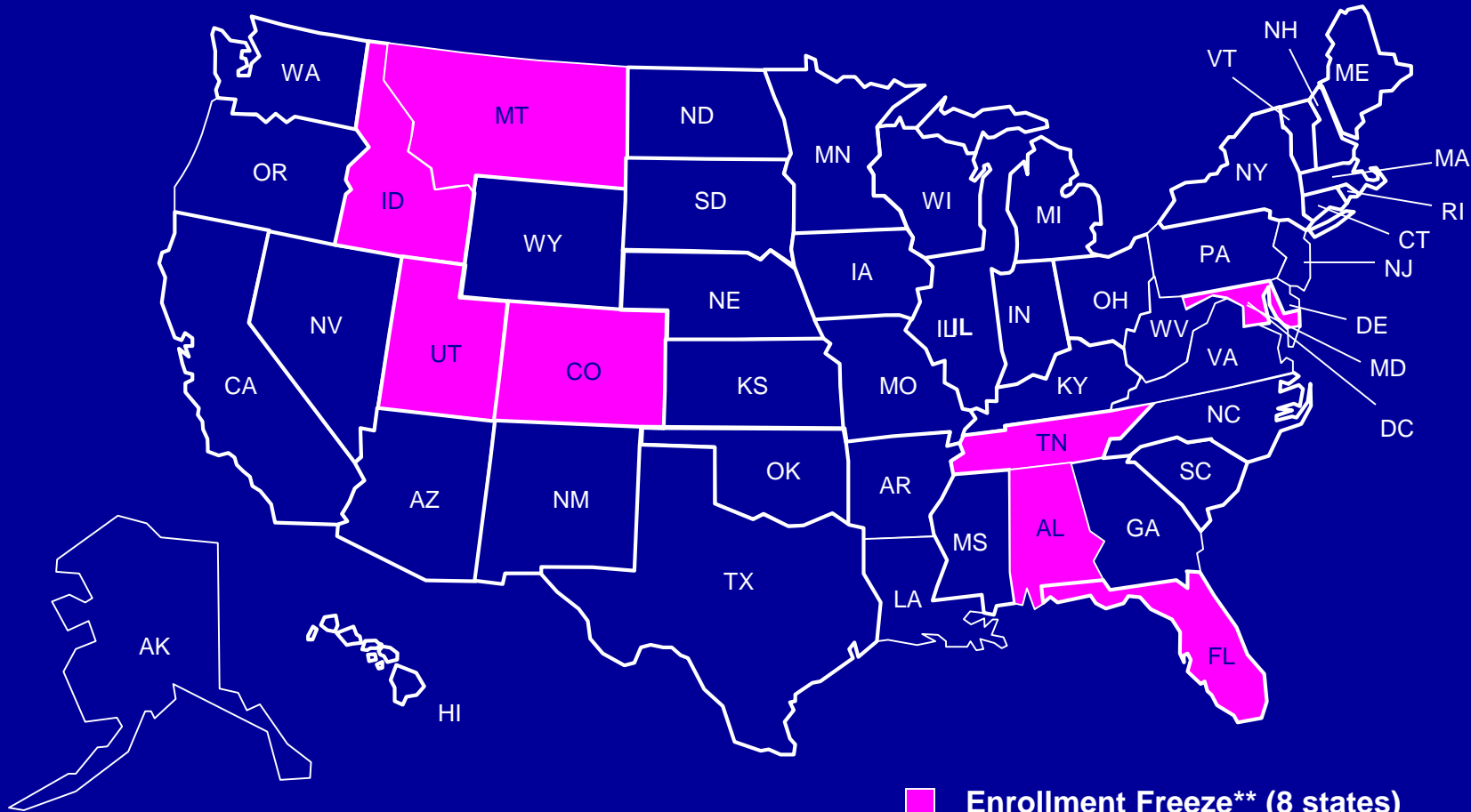


*The Federal Poverty Line (FPL) for a family of three in 2004 is \$15,670.

SOURCE: Based on a national survey conducted by the Center on Budget and Policy Priorities for KCMU, 2004.

Figure 25

States with Enrollment Freezes, April 2003 to July 2004



■ Enrollment Freeze (8 states)**
≥ 200% FPL* (AL, FL, MD, UT)
< 200% FPL* (CO, ID, MT, TN)

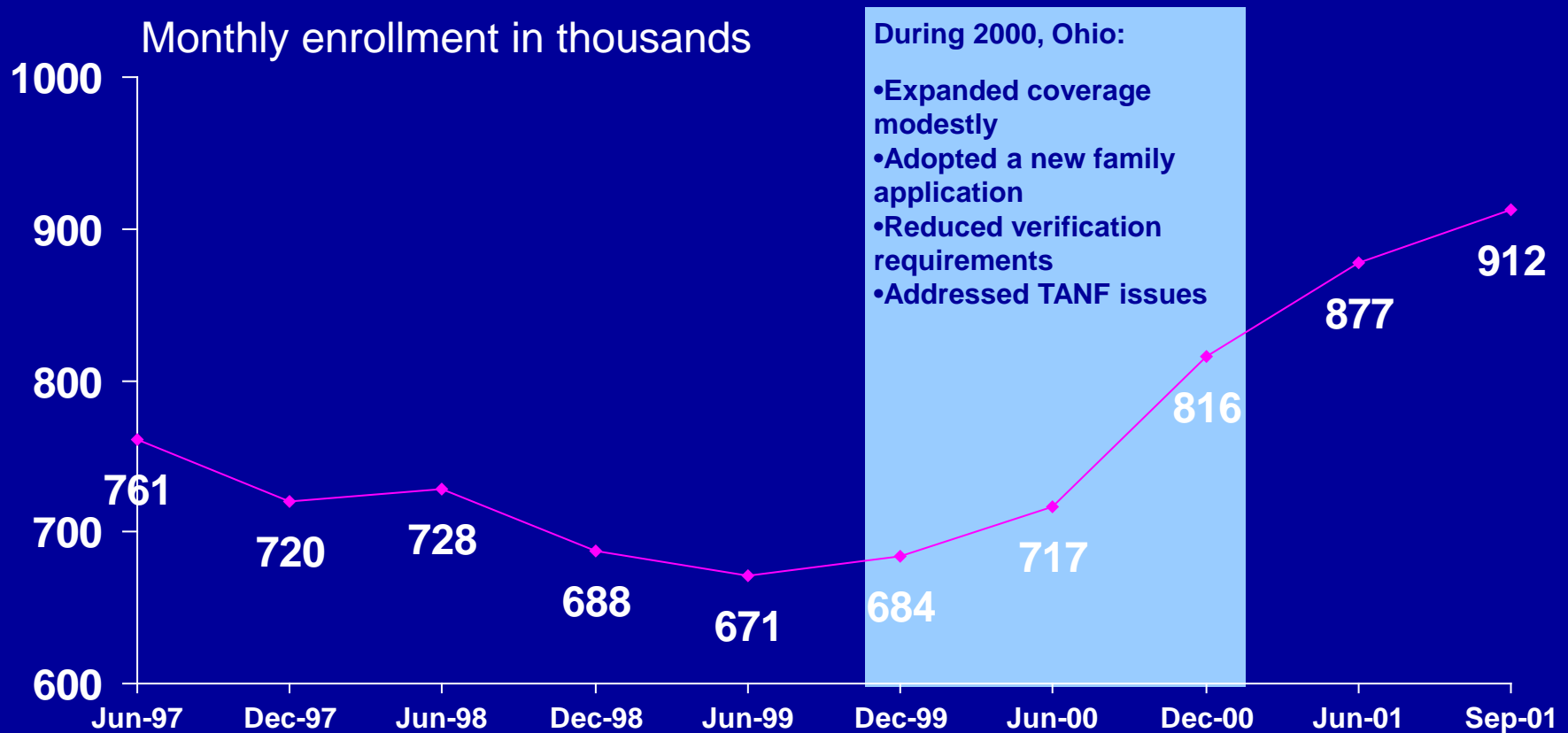
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**Includes states that froze children's enrollment for at least a portion of the time period April 2003-July 2004.

SOURCE: Based on a national survey conducted by the Center on Budget and Policy Priorities for KCMU, 2004.

Figure 26

Ohio's "Regular" Medicaid Enrollment for Children, Families, & Pregnant Women June 1997-June 2001

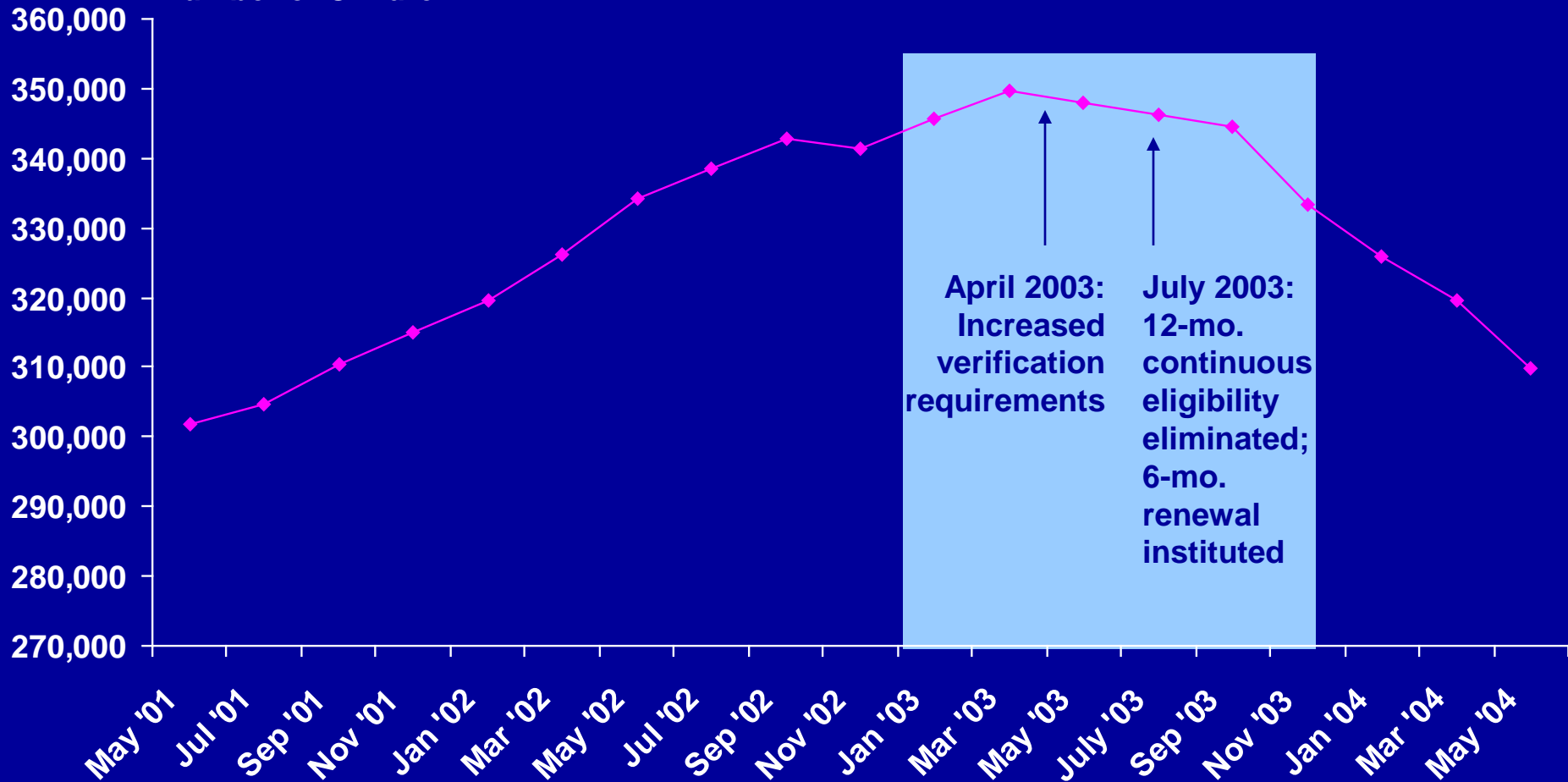


Source: KCMU analysis of data reported to Health Management Associates by State Medicaid agencies

Figure 27

Washington State Medicaid Enrollment of Low-Income Children*

Number of Children



April 2003:
Increased
verification
requirements

July 2003:
12-mo.
continuous
eligibility
eliminated;
6-mo.
renewal
instituted

*Children under 200% of the Federal Poverty Line (FPL) who are not eligible for TANF or SSI.

SOURCE: Data from Washington's Caseload Forecast Council website

Figure 28

States Reversing Previously Adopted Procedural Simplifications, 2001-2004

Number of States

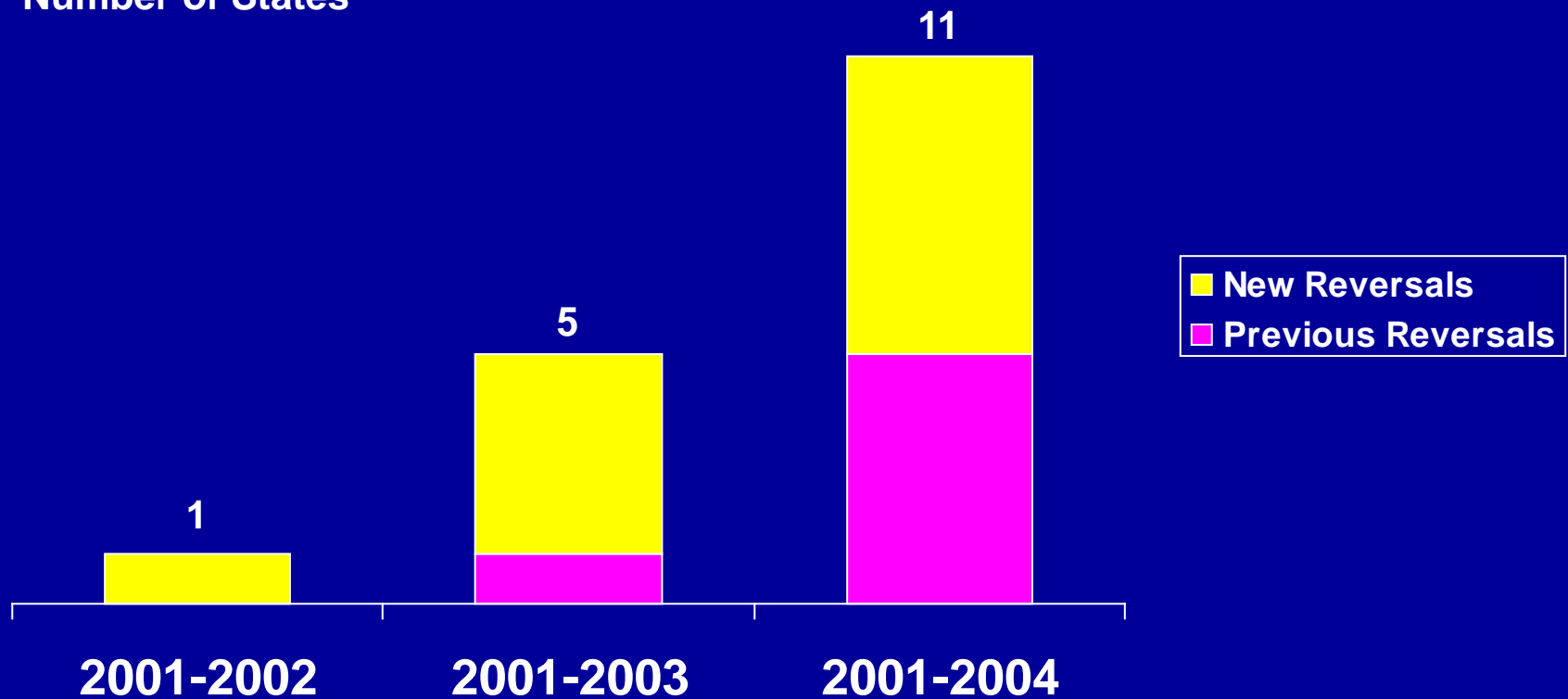
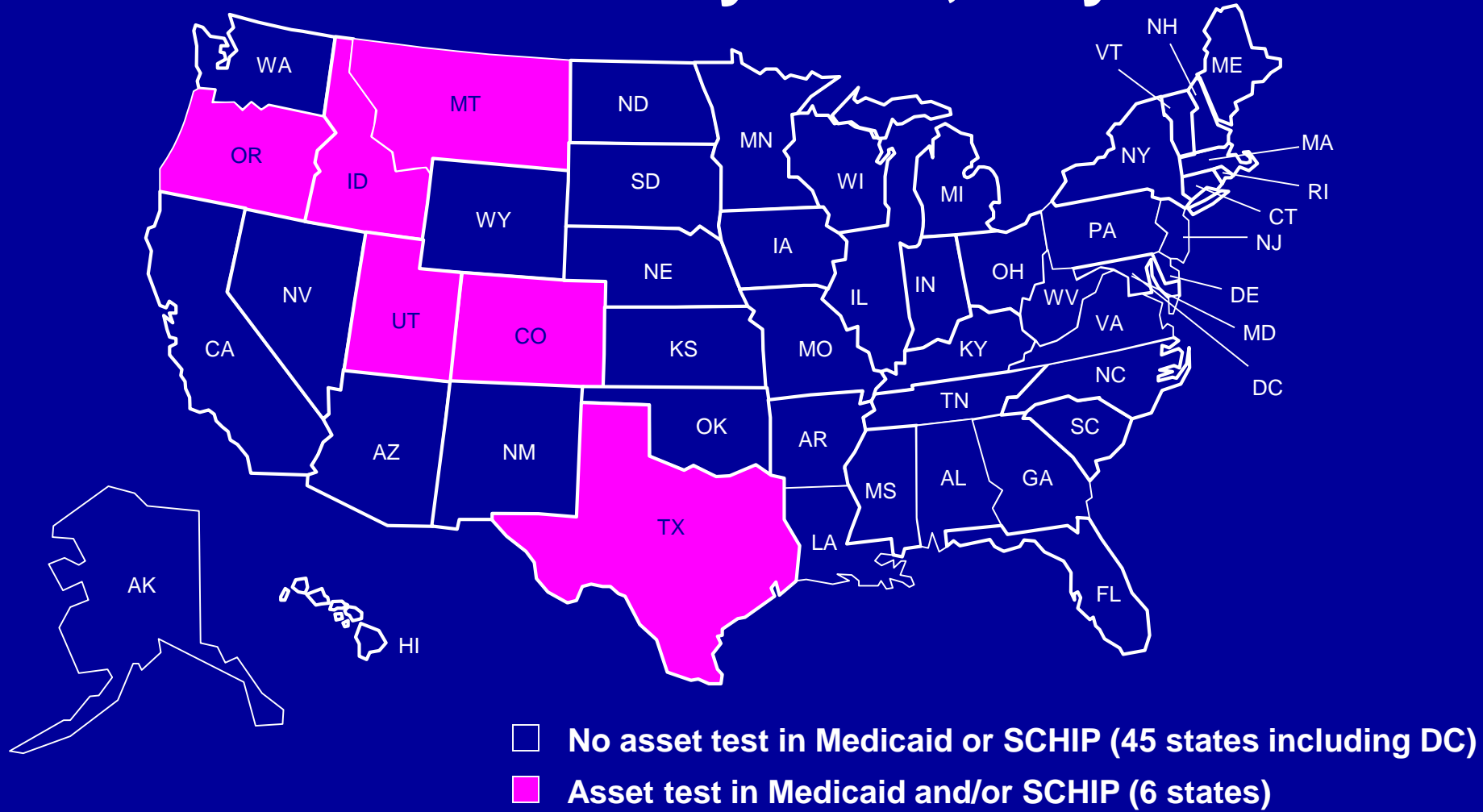


Figure 29

Asset Test Requirements for Children's Medicaid/SCHIP by State, July 2004

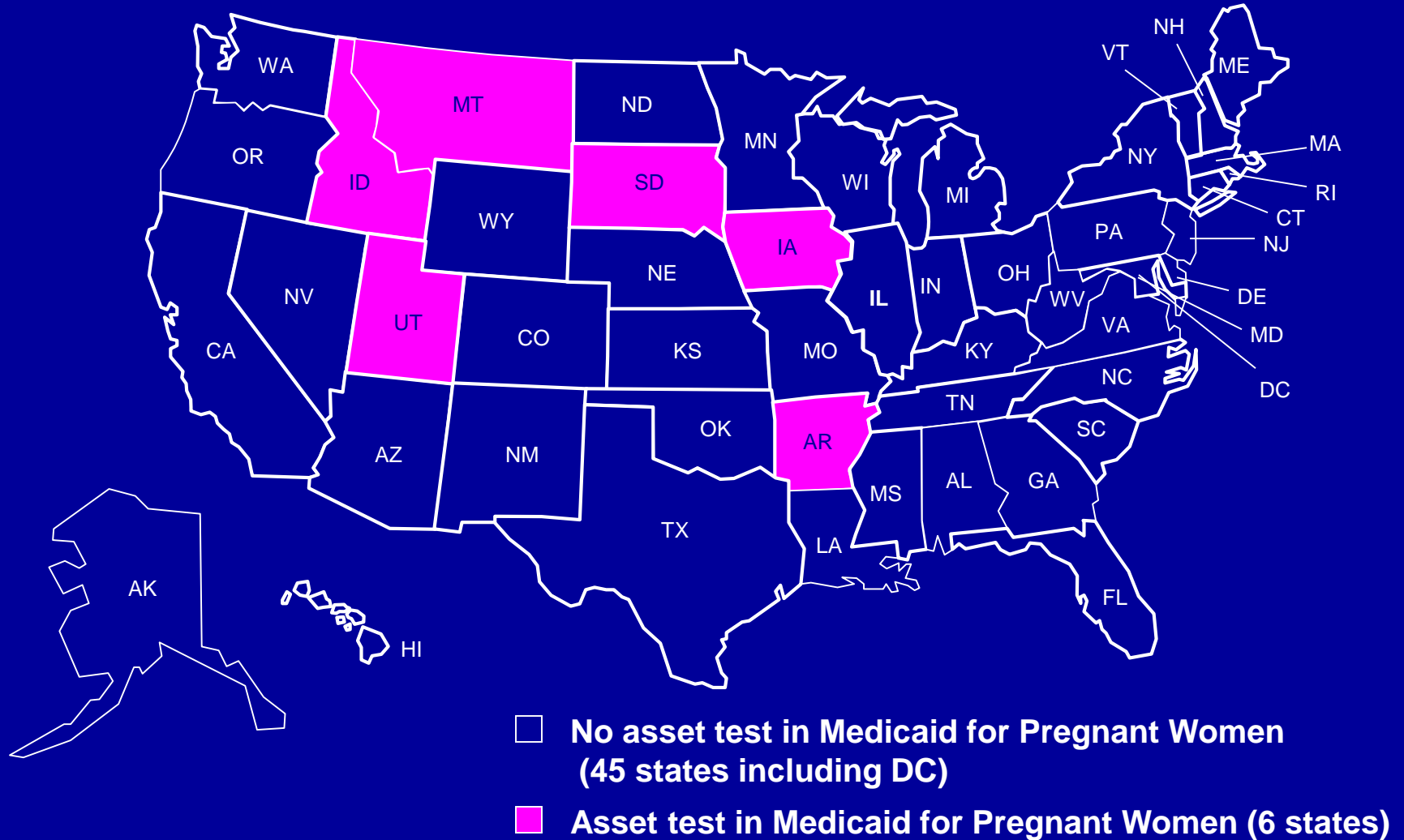


SOURCE: Based on a national survey conducted by the Center on Budget and Policy Priorities for KCMU, 2004.

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Figure 30

Medicaid Asset Test Requirements for Pregnant Women by State, July 2004

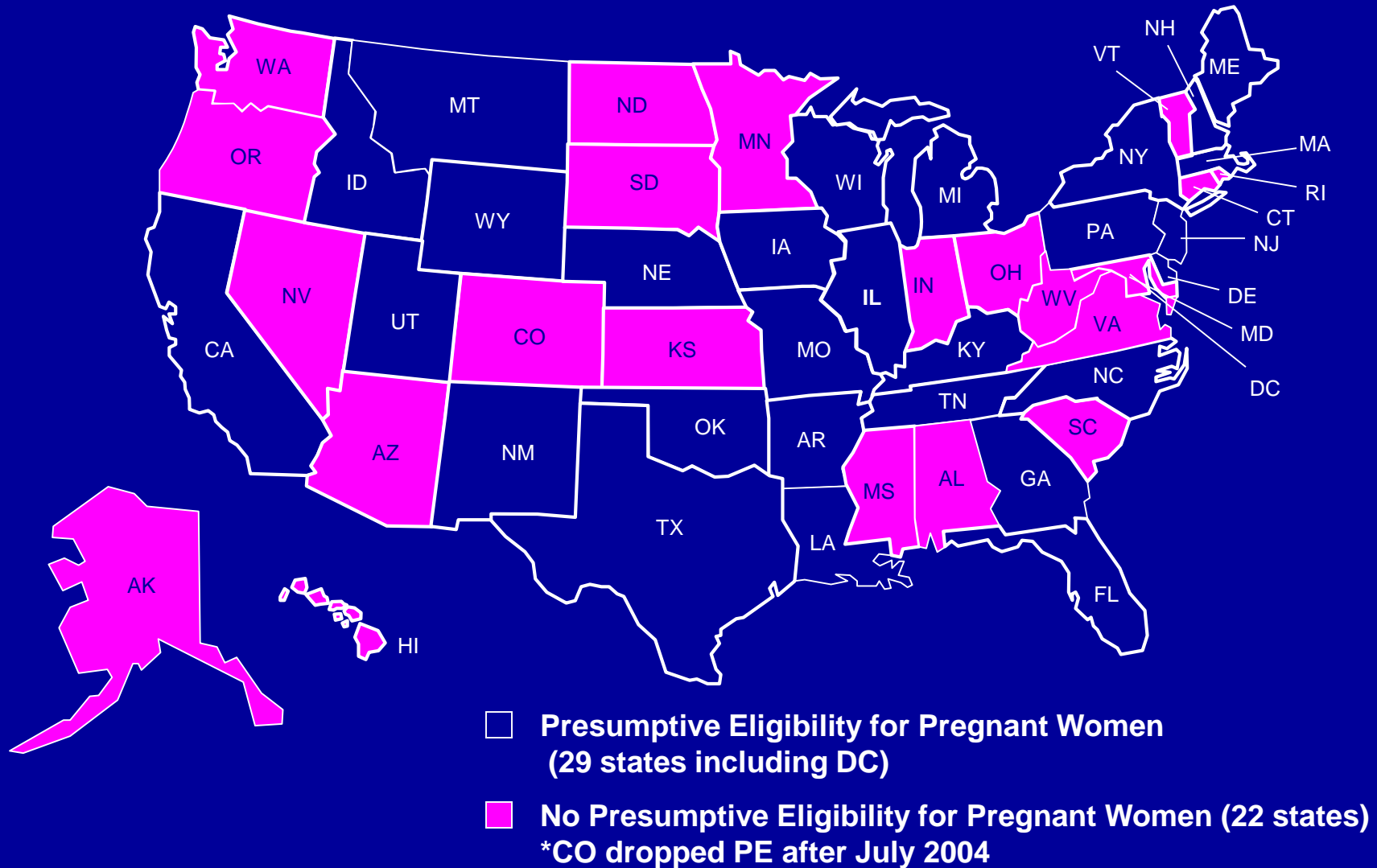


SOURCE: Based on a national survey conducted by the Center on Budget and Policy Priorities for KCMU, 2004.

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Figure 31

Medicaid Presumptive Eligibility for Pregnant Women by State, July 2004

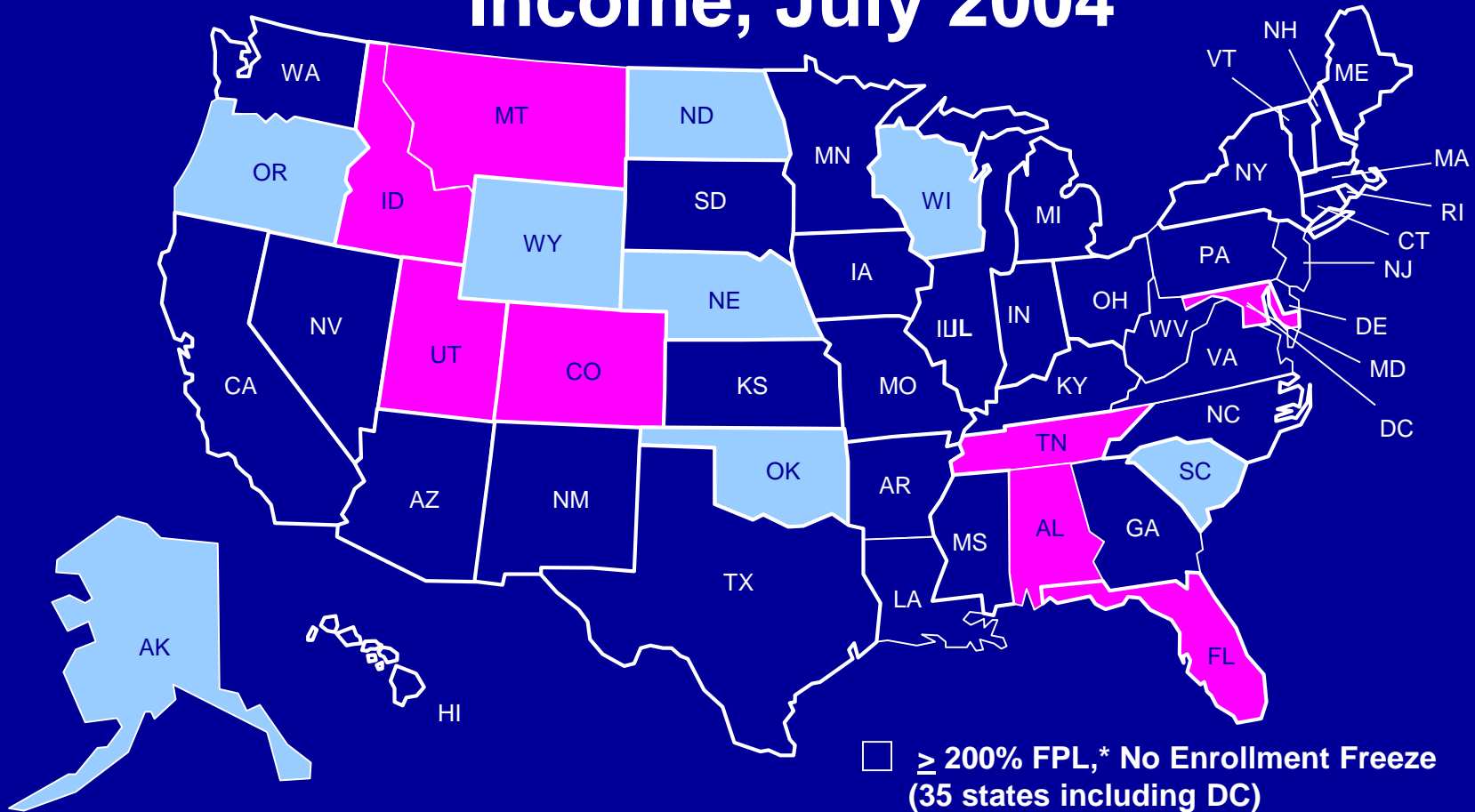


SOURCE: Based on a national survey conducted by the Center on Budget and Policy Priorities for KCMU, 2004.

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Figure 32

Children's Eligibility for Medicaid/SCHIP by Income, July 2004



□ $\geq 200\%$ FPL,* No Enrollment Freeze (35 states including DC)

■ $< 200\%$ FPL, No Enrollment Freeze (8 states)

■ Enrollment Freeze** (8 states)
 $\geq 200\%$ FPL (AL, FL, MD, UT)
 $< 200\%$ FPL (CO, ID, MT, TN)

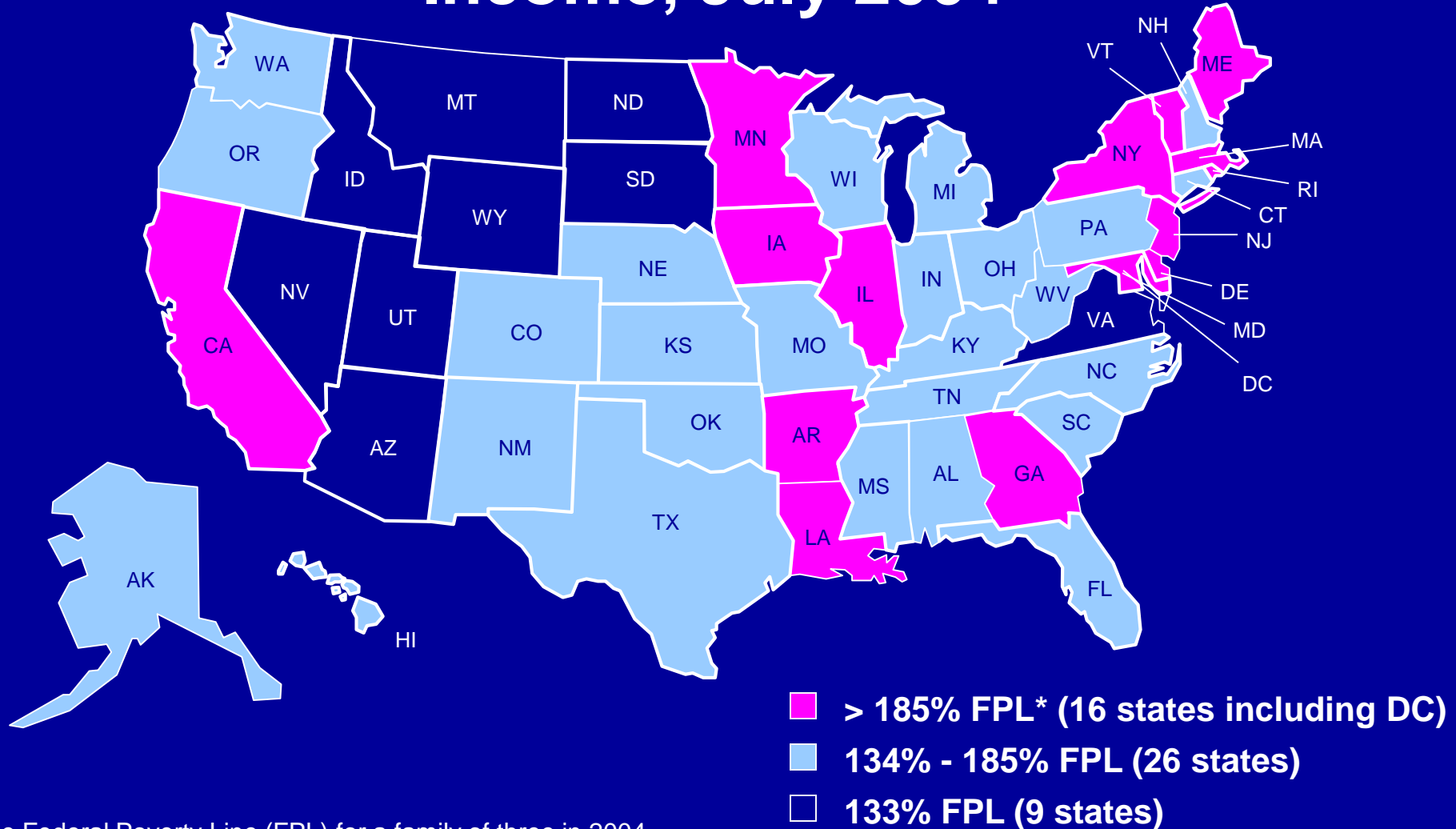
*The Federal Poverty Line (FPL) for a family of three in 2004 is \$15,670.

**Includes states that froze children's enrollment for at least a portion of the time period April 2003-July 2004.

SOURCE: Based on a national survey conducted by the Center on Budget and Policy Priorities for KCMU, 2004.

Figure 33

Medicaid Eligibility for Pregnant Women by Income, July 2004



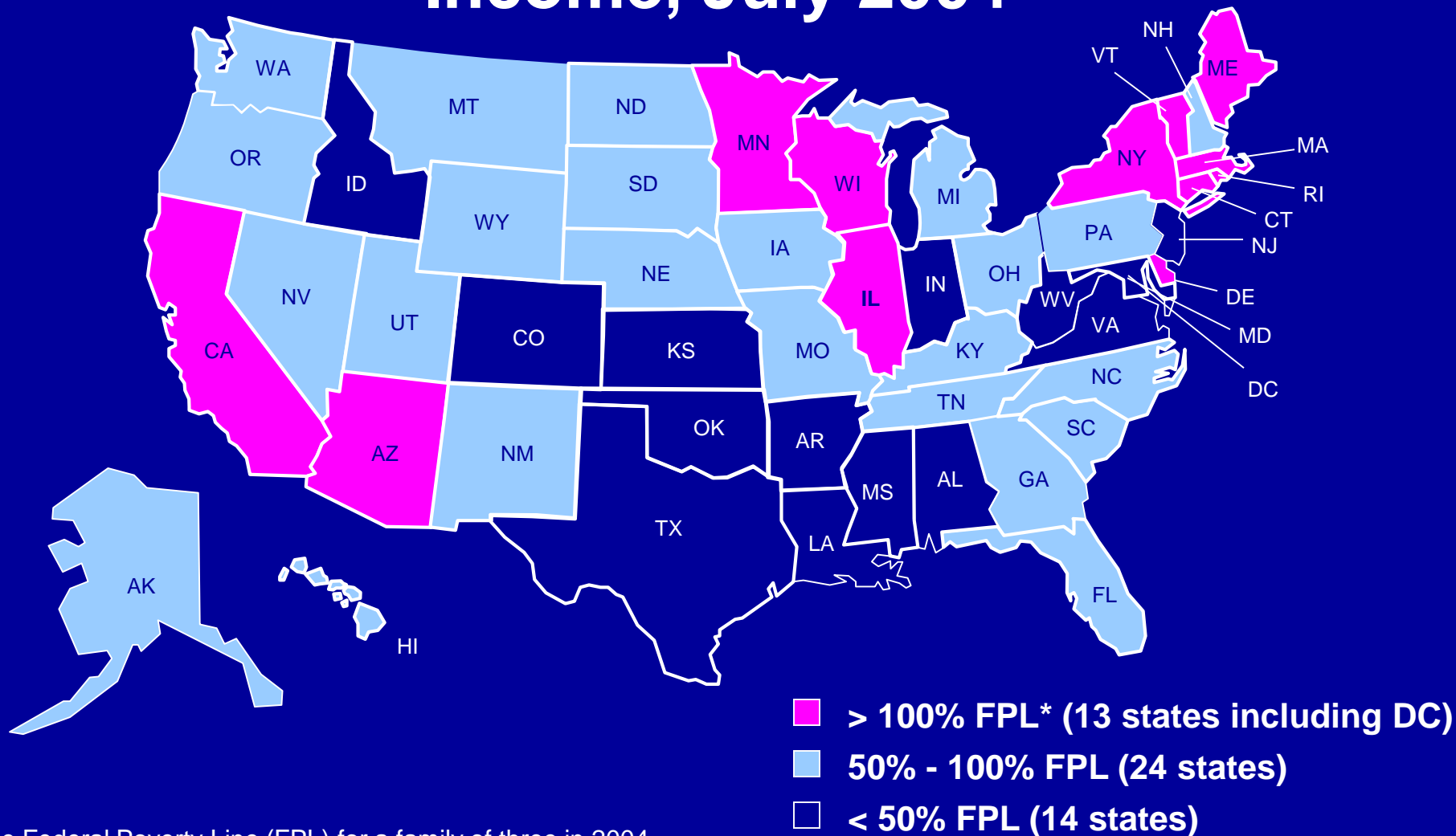
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SOURCE: Based on a national survey conducted by the Center on Budget and Policy Priorities for KCMU, 2004.

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Figure 34

Medicaid Eligibility for Working Parents by Income, July 2004



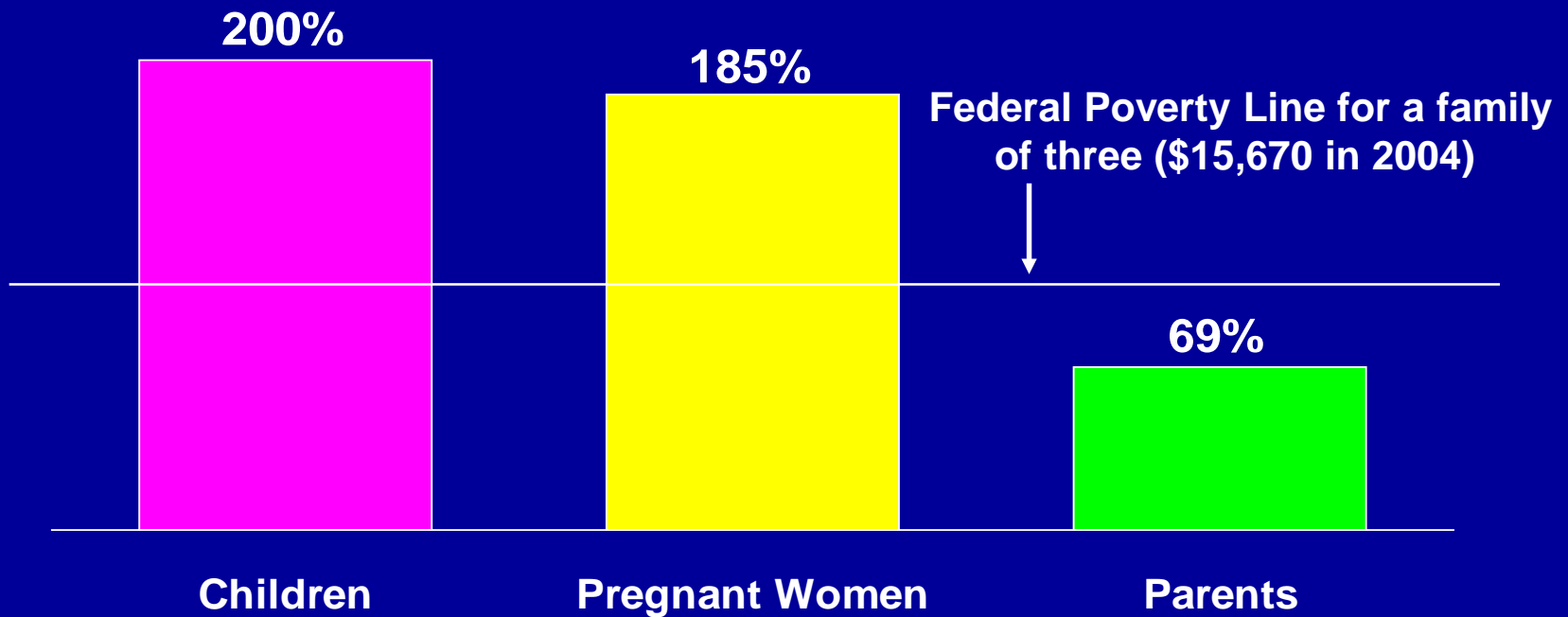
*The Federal Poverty Line (FPL) for a family of three in 2004 is \$15,670.

SOURCE: Based on a national survey conducted by the Center on Budget and Policy Priorities for KCMU, 2004.

Figure 35

Median Medicaid/SCHIP Income Eligibility Threshold for Children, Pregnant Women, and Parents, July 2004

Percent of Poverty

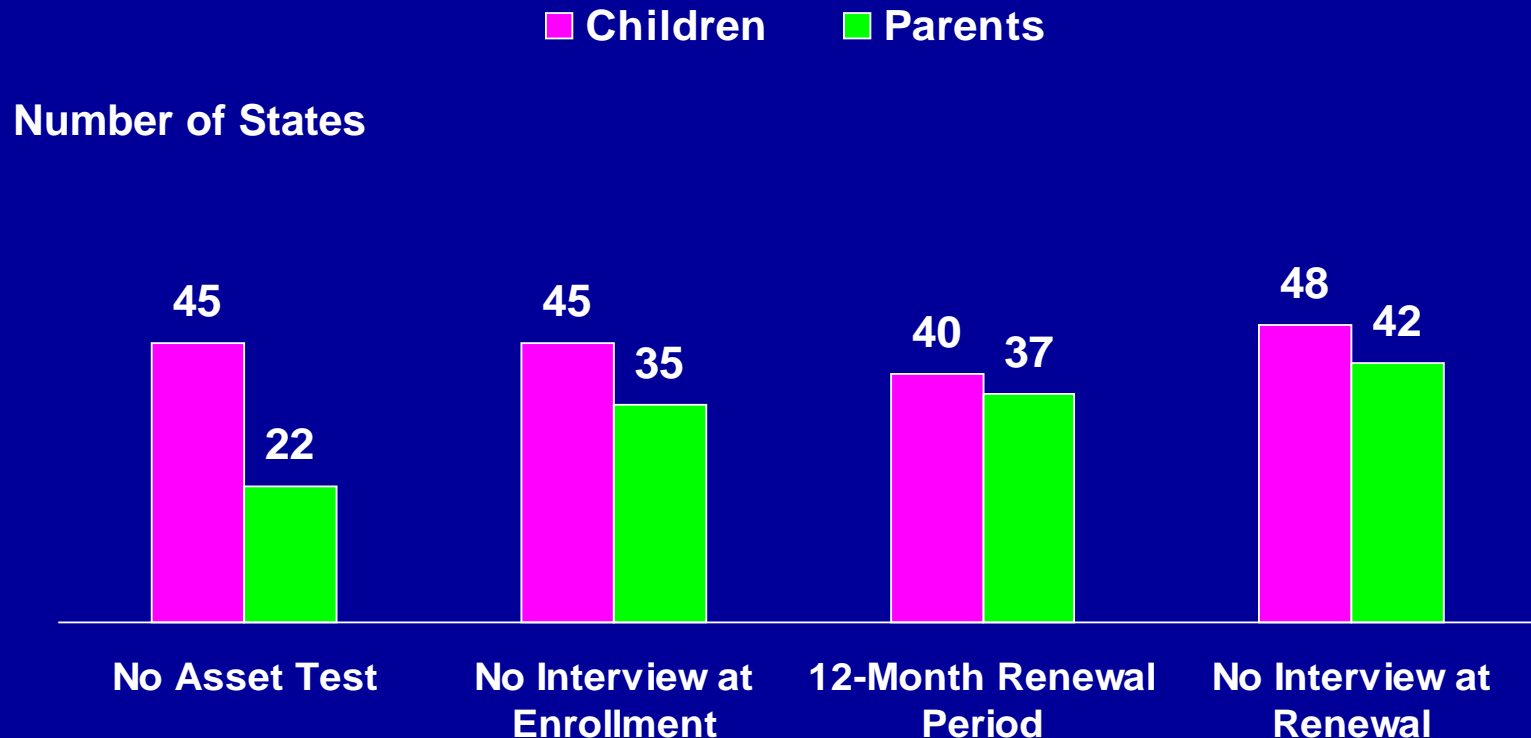


Note: Eligibility levels for parents based on the income threshold applied to a working parent in a family of three.

SOURCE: Based on a national survey conducted by the Center on Budget and Policy Priorities for KCMU, 2004.

Figure 36

States Have Not Simplified Health Coverage for Parents to the Extent They Have for Children, July 2004



SOURCE: Based on a national survey conducted by the Center on Budget and Policy Priorities for KCMU, 2004.

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Illinois Continued to Advance on Eligibility, Simplification and Outreach

- **Expanded eligibility**
 - Increased SCHIP from 185%FPL to 200%FPL
 - Increased parents coverage (in two stages) from 49%FPL to 133%FPL
- **Adopted new simplifications**
 - Reduced income verification requirements
 - Adopted presumptive eligibility for children
- **Outreach**
 - Continues to support and expand community-based enrollment assistance with payments to KidCare Application Agents (apps have 90% approval rate)
- **Enrollment increased between January 2003 and September 2004**
 - 104,000 children (Medicaid and SCHIP)
 - 72,000 parents

Conclusion

- Medicaid and SCHIP played an essential role in preventing an increase in the number of uninsured children over the last three years.
- Barriers to coverage — new and reinstated — are surfacing at a time when there is a need for public programs to be more, not less, accessible.
 - Majority of changes in SCHIP, Medicaid largely prohibited from imposing harmful barriers (i.e. burdensome cost-sharing; enrollment freezes)
- For continued progress on reducing the number of uninsured, sufficient funding — state and federal — is needed to support current caseloads and additional enrollment of eligible people.

