

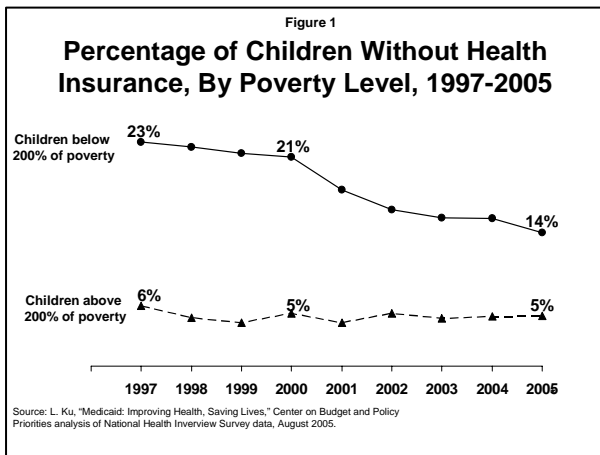
**IMPACTS OF MEDICAID AND SCHIP ON LOW-INCOME CHILDREN'S HEALTH**

Today, one-quarter of children in the U.S. and half of all low-income children receive their health coverage through Medicaid or the State Children's Health Insurance Program (SCHIP), the nation's major public coverage programs for low-income people. Medicaid covers 28 million poor and near-poor children and SCHIP covers 6 million additional low-income children.

Still, 9 million children remain uninsured; most of these children are eligible for Medicaid or SCHIP but not enrolled. Against the backdrop of the current debate surrounding the reauthorization of SCHIP and the growing number of state initiatives to insure more children, this fact sheet examines the impact of Medicaid and SCHIP on coverage, access to care, and health for the nation's low-income children.

**Higher Rates of Health Coverage**

Medicaid and SCHIP have played a vital role in expanding health coverage among low-income uninsured children. Due to coverage through Medicaid and SCHIP, the uninsured rate among low-income children fell by more than one-third over 1997-2005, from 23% to 14% (Fig. 1).

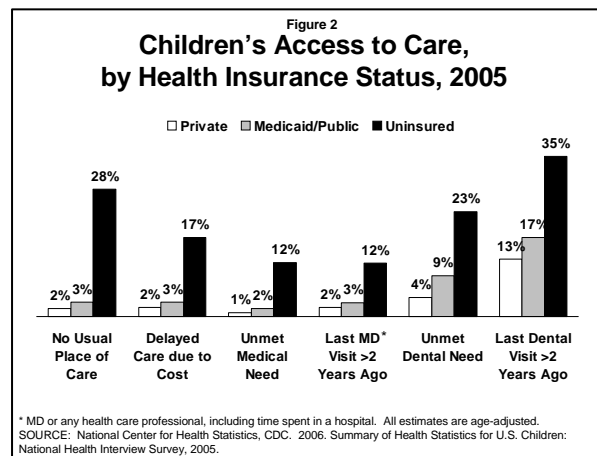


During 2000-2004, while the number and rate of uninsured adults mounted steadily due to eroding employer-sponsored insurance (ESI), enrollment in Medicaid and SCHIP offset ESI losses among low-income children; the number and rate of uninsured children actually fell. However, in 2005, enrollment in Medicaid and SCHIP did not rise, and lacking other sources of coverage, more children as well as adults became uninsured.

**Improved Access to Care**

Children covered by Medicaid and SCHIP have far better access to preventive and primary health care than uninsured children (Fig. 2). They are much more likely than children who lack coverage (97% versus 72%) to have a usual source of care, which is a fundamental building block of quality care. They are also significantly more likely than uninsured children to have seen a doctor or other health professional, had at least one well-child visit, and received dental care in the last year.

Children with Medicaid and SCHIP report access to preventive and primary care at levels roughly equivalent to those for children with private health insurance.



Children's access to care is affected by the coverage status of their parents. Programs that provide eligibility to low-income parents along with their children promote increased enrollment of children. Also, children whose parents are covered have more stable coverage and better access to care, and are more likely to use preventive services.

**Reduced unmet health needs.** Consistent with their better access, children with Medicaid and SCHIP report lower rates of unmet need for doctor (including specialist) care, prescription drugs, dental, and hospital care than uninsured children. Studies investigating the impact of Medicaid and SCHIP show significant decreases in unmet needs in the year following the enrollment of uninsured children in these two programs, providing additional evidence that the programs are associated with improvements in access and utilization.

**Comprehensive services support children with special health care needs.** Nearly 4 in 10 children with special needs are covered by Medicaid. These children often lack access to other health coverage or require care that private insurance limits or excludes. Under the Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) benefit, children in Medicaid are entitled to a comprehensive range of services and supports. SCHIP benefits are often more limited.

Among insured children – whether their coverage is public or private – those with special health care needs report more unmet health needs than others. However, levels of unmet need are similar between special needs children with Medicaid or SCHIP and the privately insured, suggesting that public and private coverage provide comparable access to care for these children.<sup>21 22</sup>

**But access challenges remain.** Children’s access to preventive and primary care in Medicaid and SCHIP tracks closely with private access to this care. However, underuse of recommended preventive and primary health services, regardless of income and insurance status, suggests that the need to improve access to this care is a broader systemic issue.<sup>23 24</sup>

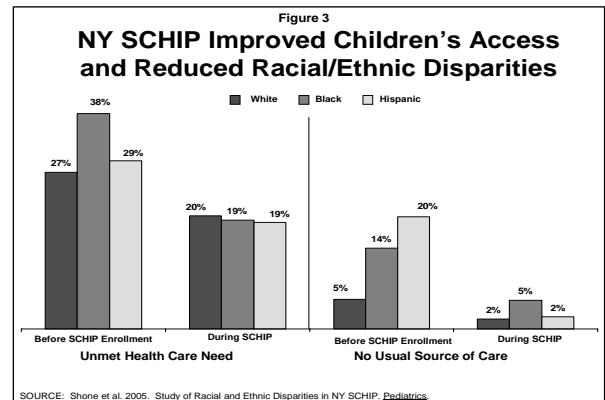
In the area of oral health, critical inadequacies in access have emerged. Although uninsured children who gain Medicaid or SCHIP coverage experience significant improvements in their access to dental care, less than 30% of children in Medicaid obtain dental care in a year and only 25% receive preventive care – half the corresponding rates for privately insured children.<sup>25 26 27</sup> Low dentist participation in Medicaid heightens the impact of the national shortage of pediatric dentists. Some states have succeeded in improving children’s access to dental care by boosting payment rates for dental services and streamlining administrative and billing processes.

Although the program covers many children with the most extensive health needs in the nation, children in Medicaid who need specialist care, including mental health care, sometimes have difficulty obtaining the services that they need. Historically, low provider payment rates and heavy administrative burdens in Medicaid have discouraged pediatric specialists and sub-specialists, who are in short supply generally, from participating in the program. As a result, children’s access to specialist care is lacking in Medicaid.

### Narrowed Racial/Ethnic Disparities

Medicaid and SCHIP are responsible for gains in both coverage and access for children in all racial and ethnic

groups and have helped to narrow racial/ethnic disparities in access to care among low-income children. For example, in New York, following the enrollment of uninsured children in SCHIP, the rates of unmet needs fell among children overall and previous racial/ethnic disparities in unmet needs largely disappeared (Fig. 3).<sup>28</sup>



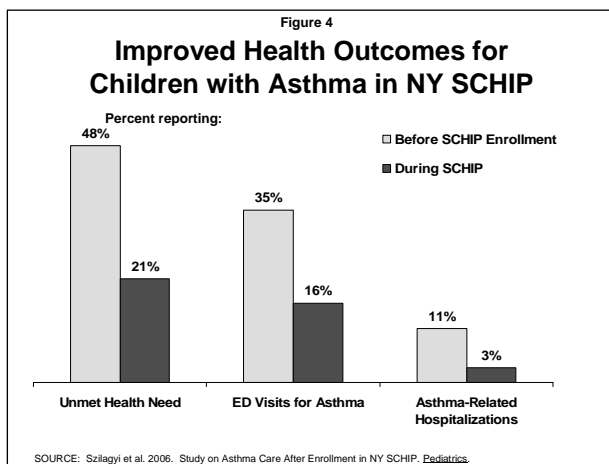
### Improved Quality of Care and Better Health

**Better quality.** Enrollment in public coverage is associated with improvements in the quality of care that previously uninsured children receive. For example, a study of one state’s SCHIP program found that, following their enrollment in SCHIP, children received a greater proportion of their health care visits at their usual source of care.<sup>29</sup> Also, children with asthma received better asthma care following their enrollment; the largest improvements occurred among children who had previously been uninsured. The benefits of improved asthma care extended to parents as well, as fewer worried about their children’s health after enrollment.<sup>30</sup>

**Better health.** Many factors contribute to health outcomes, but research shows that, when other differences are controlled, people with insurance – whether private or public – have better health outcomes. Public coverage has played this role for millions of low-income children, resulting in critical gains in health.

The most dramatic impacts of Medicaid and SCHIP on health are in early childhood. Significant declines in infant mortality (8.5%) and childhood deaths (5.1%), as well as reductions in low birth weight (7.8%), have been attributed directly to expansions in eligibility for Medicaid and SCHIP.<sup>31 32</sup> State and national surveys of parents and caretakers that indicate children are in better health after one year of enrollment in Medicaid or SCHIP provide additional evidence of the programs’ impacts.<sup>33 34 35</sup>

An important test of the difference coverage makes is its impact on those with the greatest health needs. A study of children enrolled in California's SCHIP program found that those with the poorest health status who were enrolled for two years had dramatic and sustained improvements in both physical and social health outcomes. Chronically ill children, too, showed clinically significant improvements in both those domains of health.<sup>36</sup> Findings from the study of SCHIP in New York show that the program led to marked improvements in health outcomes among children with asthma – the most common childhood disease – including far fewer asthma attacks, reduced unmet health needs, and lowered rates of asthma-related emergency department visits and hospitalizations (Fig. 4).<sup>37</sup>



**Improved school performance.** Studies of SCHIP's impact have found an association between enrollment in the program and improved school performance among low-income children. Improvements include increased school attendance, greater ability to pay attention in class, and increased ability to participate in school and normal childhood activities.<sup>38 39</sup>

## Conclusion

A large body of evidence demonstrates that coverage matters and that low-income children enrolled in Medicaid and SCHIP benefit from increased access to needed care. A growing literature also indicates that coverage leads to better health outcomes. As federal and state actions to expand children's coverage move forward – via the reauthorization of SCHIP, efforts to enroll the large share of uninsured children who are eligible for Medicaid or SCHIP but not enrolled, and state initiatives to broaden coverage for children – Medicaid and SCHIP offer the potential to reduce the number of uninsured children and improve the care and health of millions of low-income children.

For additional copies of this publication (#7645), please visit [www.kff.org/kcmu](http://www.kff.org/kcmu).

<sup>1</sup> Summary of Health Statistics for U.S. Children: National Health Interview Survey, 2005. 2006. National Center for Health Statistics, CDC, USDHHS.

- <sup>2</sup> Wooldridge J et al. 2005. *Congressionally Mandated Evaluation of the State Children's Health Insurance Program: Final Report to Congress*, USDHHS.
- <sup>3</sup> Szilagyi P et al. 2004. "Improved Access and Quality of Care After Enrollment in the New York State Children's Health Insurance Program (SCHIP)," *Pediatrics*.
- <sup>4</sup> O'Brien E and C Mann. 2003. *Maintaining the Gains: The Importance of Preserving Coverage in Medicaid and SCHIP*.
- <sup>5</sup> Ku L. 2005. *Medicaid: Improving Health, Saving Lives*, Center on Budget and Policy Priorities.
- <sup>6</sup> Damiano P and M Tyler. 2005. *hawk-i: Impact on Access and Health Status Fifth Evaluation Report to the hawk-i Clinical Advisory Committee*, U. of Iowa.
- <sup>7</sup> Duderstadt K et al. 2006. "The Impact of Public Insurance Expansions on Children's Access and Use of Care," *Pediatrics*.
- <sup>8</sup> Dubay L and J Kenney. 2001. "Health Care Access and Use Among Low-Income Children: Who Fares Best?" *Health Affairs*.
- <sup>9</sup> Ku L and M Broaddus. 2006. *Coverage of Parents Helps Children Too*, Center on Budget and Policy Priorities.
- <sup>10</sup> Dubay L and G Kennedy. 2001. *Covering Parents through Medicaid and SCHIP: Potential Benefits to Low-Income Parents and Children*, Kaiser Commission on Medicaid and the Uninsured.
- <sup>11</sup> Aizer A and J Grogger. 2003. *Parental Medicaid Expansions and Health Insurance Coverage*, National Bureau of Economic Research.
- <sup>12</sup> Sommers B. 2006. "Insuring Children or Insuring Families: Do Parental and Sibling Coverage Lead to Improved Retention of Children in Medicaid and CHIP?" *Journal of Health Economics*.
- <sup>13</sup> Davidoff A et al. 2003. "The Effect of Parents' Insurance Coverage on Access to Care for Low-Income Children." *Inquiry*.
- <sup>14</sup> Gifford E et al. 2005. "Low-Income Children's Preventive Service Use: Implications of Parents' Medicaid Status," *Health Care Financing Review*.
- <sup>15</sup> Wooldridge et al. 2005.
- <sup>16</sup> Slifkin R et al. 2002. "Effect of North Carolina State Children's Health Insurance Program on Beneficiary Access to Care," *Archives of Pediatric and Adolescent Medicine*.
- <sup>17</sup> Damiano and Tyler. 2005.
- <sup>18</sup> Szilagyi et al. 2004.
- <sup>19</sup> Dick A et al. 2004. "SCHIP's Impact in Three States: How Do The Most Vulnerable Children Fare?" *Health Affairs*.
- <sup>20</sup> Kempe A et al. 2005. "Changes in Access, Utilization, and Quality of Care After Enrollment Into a State Child Health Insurance Plan," *Pediatrics*.
- <sup>21</sup> Tu H and P Cunningham. 2005. *Public Coverage Provides Vital Safety Net for Children with Special Health Care Needs*, Center for Studying Health System Change.
- <sup>22</sup> Jeffrey A and P Newacheck. 2006. "Role of Insurance for Children With Special Health Care Needs: A Synthesis of the Evidence," *Pediatrics*.
- <sup>23</sup> Duderstadt et al.
- <sup>24</sup> Ma J et al. 2005. "U.S. Adolescents Receive Suboptimal Preventive Counseling During Ambulatory Care," *Journal of Adolescent Health*.
- <sup>25</sup> Davidoff A et al. 2005. "Effects of the State Children's Health Insurance Program Expansions on Children With Chronic Health Conditions," *Pediatrics*.
- <sup>26</sup> Slifkin et al. 2002.
- <sup>27</sup> Testimony of Burton Edelstein, Children's Dental Health Project, in 3/27/07 Hearing before U.S. House Committee on Energy and Commerce, Health Subcommittee. Based on CMS data.
- <sup>28</sup> Shone L et al. 2005. "Reduction in Racial and Ethnic Disparities after Enrollment in the State Children's Health Insurance Program," *Pediatrics*.
- <sup>29</sup> Szilagyi et al. 2004.
- <sup>30</sup> Szilagyi P et al. 2006. "Improved Asthma Care After Enrollment in the State Children's Health Insurance Program in New York," *Pediatrics*.
- <sup>31</sup> Braveman E et al. 1993. "Access to Prenatal Care following Major Medicaid Eligibility Expansions." *JAMA*.
- <sup>32</sup> Currie J and J Gruber. 1996b. "Health Insurance Eligibility, Utilization of Medical Care, and Child Health," *Quarterly Journal of Economics*.
- <sup>33</sup> *Summary Health Statistics for US Children, 2005*.
- <sup>34</sup> Damiano and Tyler. 2005
- <sup>35</sup> *The Healthy Families Program: Health Status Assessment (PedsQL) Final Report*. 2004. Managed Risk Medical Insurance Board, California.
- <sup>36</sup> Davidoff et al. 2005.
- <sup>37</sup> Szilagyi et al. 2006.
- <sup>38</sup> *Evaluation of the Medicaid Section 1115 Waiver: Report of Findings*, for Missouri Department of Social Services. 2002. Behavioral Health Concepts.
- <sup>39</sup> *The Healthy Families Program: Health Status Assessment (PedsQL) Final Report*.