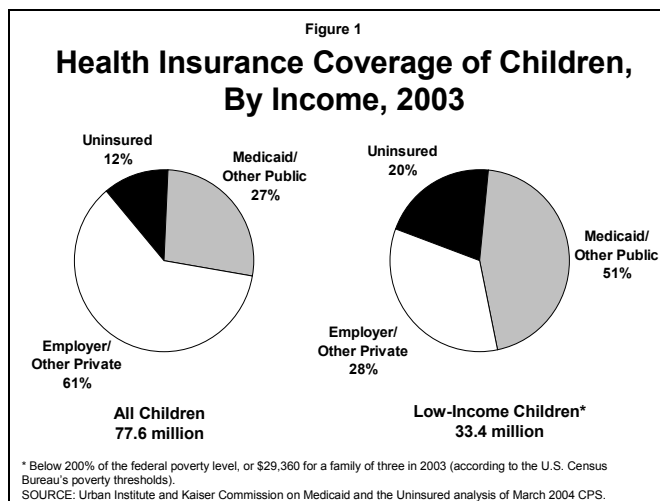


HEALTH COVERAGE FOR LOW-INCOME CHILDREN

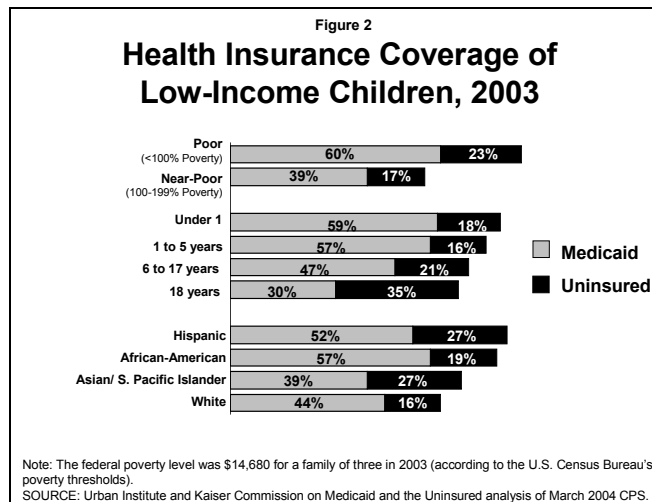
Health insurance coverage is critical to children's access to care and children's health. Nationally, over 60% of all children have private insurance (Figure 1). Medicaid covers more than one in four children in the U.S., and the State Children's Health Insurance Program (SCHIP) covers about 4 million children. Recent trends in coverage show that Medicaid and SCHIP have played a fundamental role in reducing the number of uninsured children. However, 20% of low-income children, (those from families with incomes below 200% of the federal poverty level), remain uninsured.



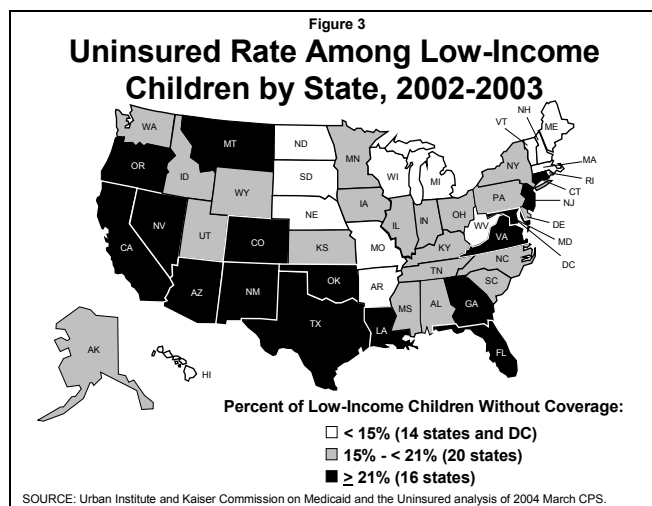
UNINSURED CHILDREN

Over 9 million children under age 19 are uninsured in America. Nearly three-quarters of uninsured children live in families with household incomes below 200% of the federal poverty level, (\$29,360 for a family of three in 2003), and most of these children are eligible for, but not enrolled in, Medicaid or SCHIP. Most uninsured children (67%) live in families with at least one full-time worker. The risk of being uninsured varies by income, age, and race and ethnicity (Figure 2).

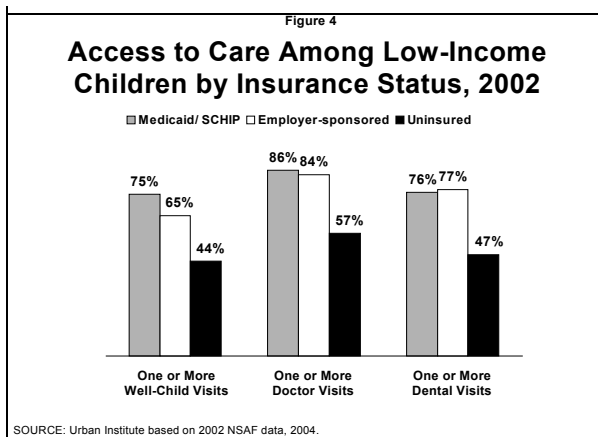
Despite the availability of Medicaid coverage, nearly one quarter of poor children are uninsured. While near-poor children are more likely to have access to private insurance, 17% remain uninsured. Adolescents are more likely than younger children to be uninsured, due in part to lower Medicaid income eligibility levels for older children in some states. Low-income Asian/ South Pacific Islander and Hispanic children are more likely to be uninsured than White or African-American children.



The risk of being uninsured also differs depending on where a child lives, as the share of low-income children who are uninsured varies widely across states (Figure 3). While in two states, (Rhode Island and Vermont), less than 10% percent of low-income children are uninsured, in two other states, (Nevada and Texas), over 30% of low-income children are uninsured.



The role of health insurance coverage in improving access to care is well documented. Low-income, uninsured children have markedly worse access to care than those with Medicaid or private insurance. Medicaid provides low-income children with a level of access to care that is comparable to the level of access experienced by low-income children with private insurance coverage (Figure 4).



MEDICAID AND SCHIP COVERAGE OF CHILDREN

The Medicaid program is a critical health care safety net for millions of low-income children. In 2003, over 25 million children were enrolled in Medicaid at a cost of nearly \$45 billion. Children represent nearly half of all Medicaid enrollees, but account for only 19% of total program spending. Per-capita costs for children (\$1,700) are the lowest of the groups eligible for Medicaid, compared to \$12,800 per elderly enrollee in 2003. Medicaid pays for a comprehensive set of services for children, including physician and hospital visits, screening and treatment (EPSDT), well-child care, vision care, and dental services, with no cost-sharing for low-income children.

As a result of eligibility expansions in the late 1980s and early 1990s, Medicaid is no longer a welfare program; rather, it now primarily assists children in working families. States are required to extend Medicaid eligibility to children ages 0-5 living in families with incomes at or below 133% of the federal poverty level, and to children ages 6-18 living in families with incomes at or below 100% of poverty. Many states have opted to further extend coverage to children living in families at higher income levels. States receive federal matching dollars to provide this coverage.

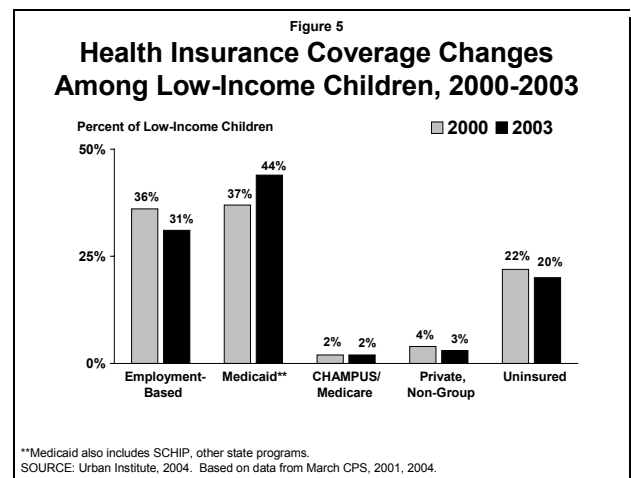
SCHIP targets low-income, uninsured children under age 19 who are not eligible for Medicaid or covered by private insurance. Enacted by Congress in 1997, SCHIP is a block grant program that provides an enhanced federal match and allocates \$40 billion in federal funds over 10 years. Each state receives an annual allotment of this funding. In 2003, about 4 million children were covered by SCHIP. Within SCHIP programs, states are permitted to charge premiums and co-payments and cover a more limited set of benefits as compared to Medicaid.

All states have relied extensively on Medicaid and SCHIP programs to expand health care coverage for children. Thirty-eight states and the District of Columbia now cover children in families with incomes of 200% of poverty or higher, making most low-income children eligible for Medicaid or SCHIP. In 2003, about 30 million children were enrolled in Medicaid or SCHIP at some point during the year. The percentage of low-income children covered by Medicaid or SCHIP varies across the states, ranging

from 27% in Nevada to 72% in Vermont. Low-income, recent immigrant children remain barred from federally-financed public coverage.

TRENDS AND ISSUES IN IMPROVING COVERAGE

Following the enactment of SCHIP, states invested heavily in outreach and improving eligibility and enrollment processes for both Medicaid and SCHIP. As a result, public coverage increased and offset declines in employer-sponsored coverage during the recent economic downturn. Although the number of uninsured Americans continued to rise between 2000 and 2003, and the number of children living in low-income families increased by 2 million, the number of uninsured children declined due to Medicaid and SCHIP coverage (Figure 5).



Despite the accomplishments of Medicaid and SCHIP in covering low-income children, recent state fiscal constraints have led to program cutbacks. Most states have curtailed mass outreach efforts and a number of states have implemented policies that make it more difficult for families to get enrolled and stay enrolled in Medicaid or SCHIP. Many states have also increased premiums and cost-sharing amounts, which can pose a struggle for families living on limited budgets. In addition, 8 states implemented freezes on SCHIP enrollment for at least a portion of the time period April 2003 to July 2004. As a result of these changes, SCHIP enrollment fell for the first time in the program's history during the second half of 2003, largely due to program reductions in Texas.

With over 80% of the nation's low-income, uninsured children eligible for Medicaid or SCHIP, effective outreach and streamlined enrollment and renewal are key to the success of both programs. States have made considerable progress in expanding children's coverage. If continued progress in reducing the number of uninsured children is to be achieved, adequate funding to support children's coverage is necessary. Efforts toward expanding and improving children's health coverage can serve as the foundation for broader, whole-family coverage.

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