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medicaid and the uninsured

THE HENRY J. KAISER FAMILY FOUNDATION

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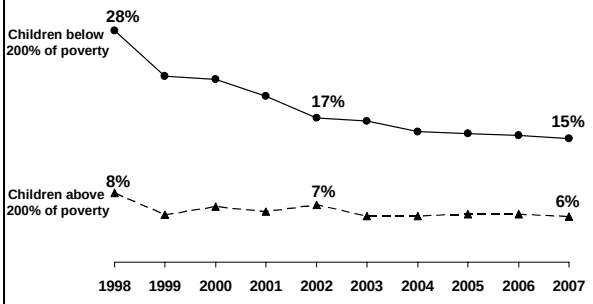
ENROLLING UNINSURED LOW-INCOME CHILDREN IN MEDICAID AND SCHIP

Together, Medicaid and the State Children's Health Insurance Program (SCHIP) provide health coverage for one in four of our nation's children. Currently, over 28 million children are enrolled in Medicaid, the nation's major source of health coverage for low-income people. SCHIP, which targets low-income uninsured children who do not qualify for Medicaid, covers 7 million children. Medicaid and SCHIP provide access to care for low-income children similar to that of private insurance, and help cushion families against the erosion of employer sponsored insurance. The percentage of uninsured low-income children has decreased by one-third over the last decade (Figure 1). But, 9 million children remain uninsured and the recession puts more children at risk.

Figure 1

Percentage of Children Without Health Insurance, By Poverty Level, 1998-2007



Children includes all individuals under age 19.
Source: KCMU analysis of National Health Interview Survey data

Federal Actions Constraining Enrollment. As SCHIP reauthorization approached in 2007, states were poised to move forward with efforts to cover more uninsured children. However, federal obstacles, including the implementation of the Medicaid citizenship requirements, the issuance of a CMS directive on August 17th 2007 limiting state eligibility expansions, and the failure to reauthorize SCHIP hampered state efforts. A temporary extension provided funds for SCHIP through March 31, 2009.

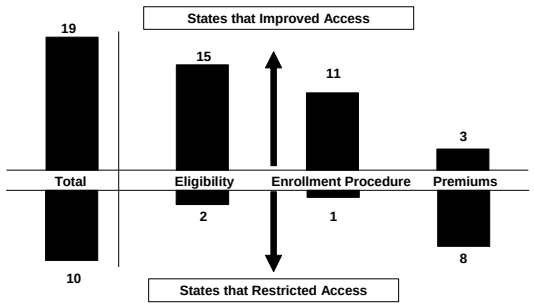
Implications of a Recession. When states adopted their budgets for the fiscal year starting July 1, 2008, many were able to include funding for children's coverage expansions. Later, as the severity of the unfolding fiscal crisis became clearer with 45 states expected to face state budget shortfalls for this year and/or next, states are facing mounting pressure to cut Medicaid and SCHIP just as demand increases as families lose jobs and their health coverage.

During the last economic downturn, states received federal fiscal relief in the form of a federal matching rate (FMAP) increase for Medicaid with the condition that states maintain Medicaid eligibility levels. This funding helped states to postpone additional Medicaid cuts and preserve eligibility; although nearly half of states did put in place enrollment procedures that made it more difficult for children to secure and retain health coverage.

States, to date, have continued to make progress on improving access to health coverage for children, but there are signs that progress is likely to be stalled. One-third of states (19) increased access to health coverage, while ten states enacted at least one measure to restrict coverage mostly by imposing new or higher premiums in SCHIP programs, but two states restricted eligibility and one state increased the frequency of renewal (Fig 2).

Figure 2

Number of States Taking Action Affecting Access to Health Care Coverage, Jan 08 – Jan 09

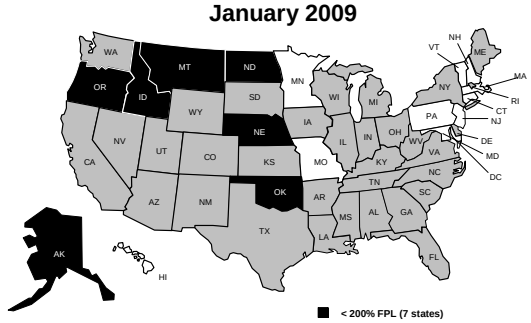


SOURCE: Based on a national survey conducted by the Center on Budget and Policy Priorities for KCMU, 2009.

Eligibility Levels. As of January 2009, 44 states including the District of Columbia have set their Medicaid and/or SCHIP income eligibility levels for children at or above 200% of federal poverty line (Figure 3). Several other states have authorized expansions to higher income eligibility levels, however, implementation has been stalled by the August 17th directive and as states wait for full SCHIP reauthorization.

Figure 3

Children's Eligibility for Medicaid/SCHIP by Income, January 2009



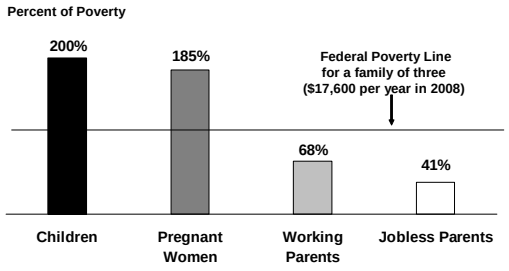
*The Federal Poverty Line (FPL) for a family of three in 2008 is $17,600 per year.
***IL uses state funds to cover children above 200% FPL.; MA uses state funds to cover children above 300% FPL; NY uses state funds to cover children from 250% to 400% FPL; WI uses state funds to cover children from 250% to 300% FPL.
SOURCE: Based on a national survey conducted by the Center on Budget and Policy Priorities for KCMU, 2009.

Uninsured children in low-income families often lack access to or can not afford employer sponsored insurance, and face financial barriers to care. Recent survey data confirms that these barriers to coverage and access apply to middle-income families with an uninsured child as well.

Parent Coverage. Research confirms that children's enrollment is facilitated when the whole family can obtain coverage. Unfortunately, in most states, parent eligibility levels are substantially lower than those for children, impeding family enrollment (Figure 4). In over half the states, a parent working full-time at the federal minimum wage ($1,092 per month) cannot qualify for Medicaid, even though employer-sponsored coverage may not be available or affordable. For jobless parents, the median income eligibility for Medicaid is just 41 percent of the federal poverty line, $601 per month for a family of three in 2008. For many individuals who have lost their jobs and also their health insurance, they may need to turn to public coverage programs for help. However, receipt of unemployment benefits often results in disqualifying jobless parents from coverage.

Figure 4

Median Medicaid/SCHIP Income Eligibility Thresholds for Children, Pregnant Women and Parents January 2009

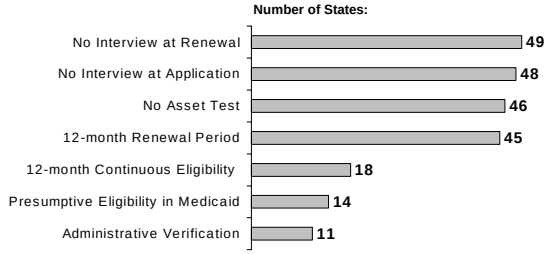


SOURCE: Based on a national survey conducted by the Center on Budget and Policy Priorities for KCMU, 2009.

Enrollment Procedures. States have adopted a variety of strategies to simplify the enrollment and renewal process. Nearly all states have eliminated face-to-face interview requirements (48 states) and the asset test for children (46 states) as well as reducing verification requirements (Fig 5).

Figure 5

Simplifying Enrollment and Renewal: Strategies States are Using in Children's Health Coverage Programs, Jan 09



SOURCE: Based on a national survey conducted by the Center on Budget and Policy Priorities for KCMU, 2009.

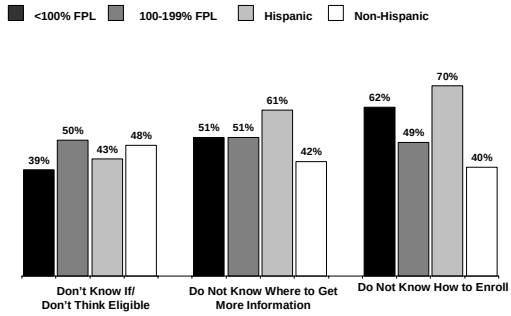
Additionally, about half the states are using technology to implement or develop online applications and to develop more efficient systems to conduct enrollment and renewal. However, the DRA, which requires U.S. citizens to present original proof of citizenship and identity when applying for or renewing Medicaid coverage runs counter to the progress states have made on streamlining enrollment and has resulted in denied applications of otherwise eligible applicants.

Premiums and Co-payments. As of January 2009, 35 states charged premiums or enrollment fees for children's coverage, and 25 charged co-payments for services, predominantly in SCHIP programs. Premiums and cost sharing can make coverage less affordable for low-income families, reduce participation in Medicaid/SCHIP and make it more difficult for children and families to retain stable coverage.

Reaching Uninsured Children. Nearly two-thirds of uninsured children are eligible for public coverage and a majority of eligible but uninsured children live in families with incomes below $35,200 for a family of three (200% FPL in 2008). Recent survey data suggest that public coverage programs are viewed favorably by low-income families with an uninsured child, but gaps in awareness and understanding of the programs, especially among Hispanic families, as well as burdensome enrollment procedures remain obstacles to participation (Figure 6).

Figure 6

Knowledge Gaps Among Low-Income Parents with an Uninsured Child



SOURCE: Kaiser Survey of Children's Health Coverage, 2007.

Outreach, including community-based assistance, is critical in a recession, when newly eligible families may be unfamiliar with public programs. Several states previously allocated funding for outreach activities, however, in light of budget shortfalls, many states' outreach budgets are now curtailed.

Next Steps. As the economic crisis deepens, states will be under major pressure to contain costs which could lead them to take steps to reverse prior coverage gains. SCHIP reauthorization and an economic recovery package that provides additional federal Medicaid matching funds could help states avert cuts and maintain coverage for low income families. These federal actions would also support state efforts to enroll more eligible, uninsured children thus helping to put Medicaid and SCHIP back on track as a building block for the larger task of enacting broad health care reform.

This fact sheet (#2177-06) is available on the Kaiser Family Foundation's website at www.kff.org.

The Kaiser Commission on Medicaid and the Uninsured provides information and analysis on health care coverage and access for the low-income population, with a special focus on Medicaid's role and coverage of the uninsured. Begun in 1991 and based in the Kaiser Family Foundation's Washington, DC office, the Commission is the largest operating program of the Foundation. The Commission's work is conducted by Foundation staff under the guidance of a bipartisan group of national leaders and experts in health care and public policy.