

SCHIP and Children's Health Coverage: Fitting the Pieces Together

The SCHIP program will expire in 2007 unless it is reauthorized by Congress. Reauthorization provides an opportunity to review how SCHIP works, examine what has been learned about children's health coverage in the last 10 years, and discuss what Congress

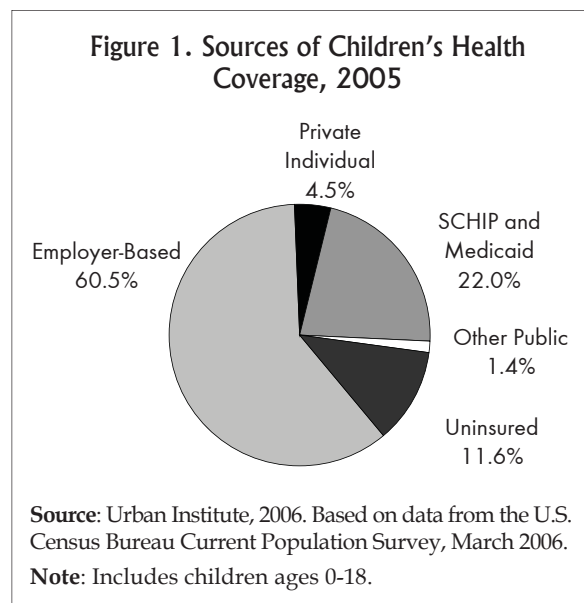
must do to continue the progress made in reducing the number of uninsured children. More information on children's health coverage through SCHIP and Medicaid is available on the Families USA Web site at <http://www.familiesusa.org/issues/medicaid/medicaid-action/>.

Significant Gains Have Been Made in Recent Years, but Many Children Are Still Uninsured

The creation of SCHIP in 1997 injected new energy into efforts to expand children's health coverage. States seized the opportunity and made great strides forward, covering more children than ever before. Still, of the nearly 78 million children in the United States, 8.3 million of them – more than 10 percent – lack health insurance today.

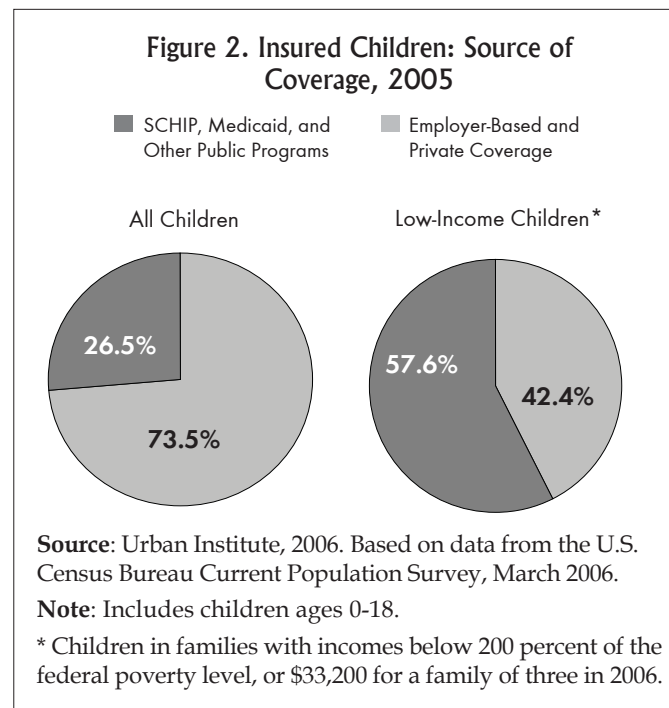
Children Who Have Health Insurance Get It from a Variety of Sources

Children who have health coverage get that coverage from a variety of sources (Figure 1). These sources include a parent's employer-based coverage, the State Children's Health Insurance Program (SCHIP), Medicaid, and private individual coverage. The majority of children have health coverage through a parent's job (employer-based coverage – 60.5 percent). The second most common source of children's coverage is public coverage through SCHIP or Medicaid (22.0 percent), followed by individual private coverage (4.5 percent) and other public coverage, including Medicare and military health coverage (1.4 percent). A significant portion of children remain uninsured and have no health coverage (11.6 percent). As Figure 1 illustrates, more than one-fifth of all children have health coverage through SCHIP or Medicaid.



SCHIP and Medicaid Play an Especially Important Role in Covering Low-Income Children

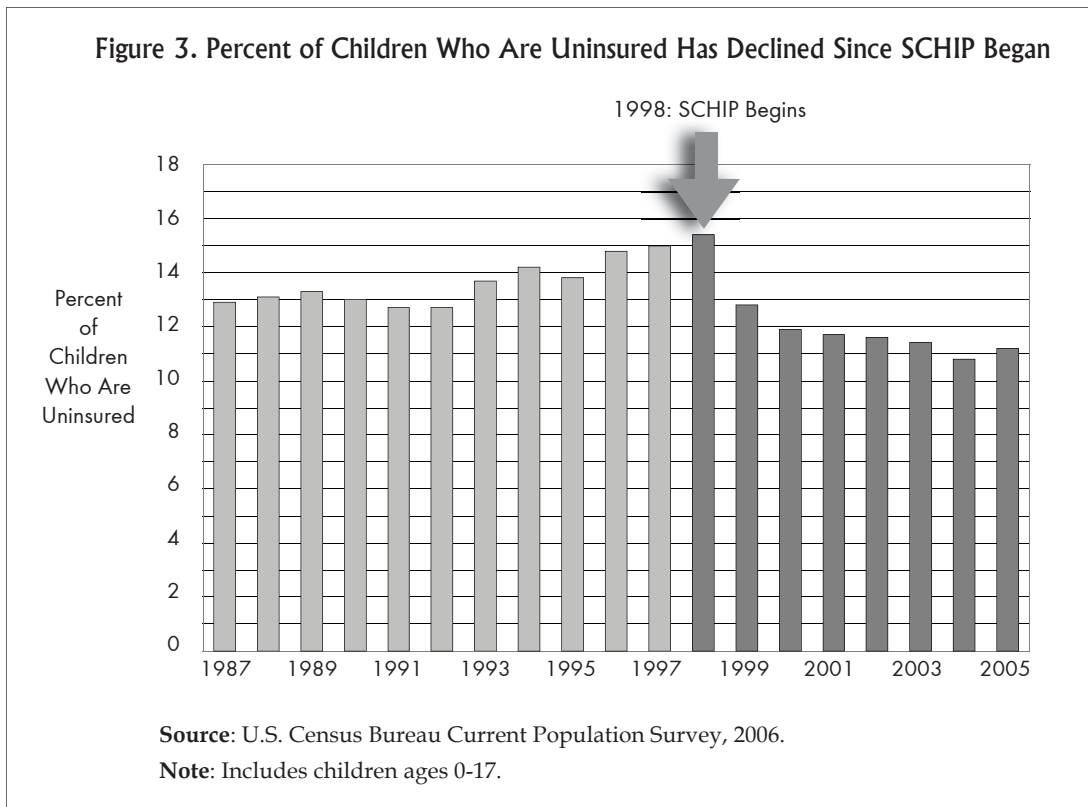
Among children with family incomes below twice the poverty level (\$34,340 for a family of three in 2007¹), SCHIP and Medicaid are even more important. The majority of low-income children with health coverage – 58 percent – receive coverage through SCHIP, Medicaid, or other public programs. Only about 42 percent of low-income children are covered through a parent's employer-based coverage or private individual coverage (Figure 2). Although most of these children live in families where at least one parent works, their parents often are not offered coverage by their employers, or they cannot afford the coverage when an employer does offer it. SCHIP and Medicaid provide the necessary health benefits to ensure that these children get preventive care, are screened for common physical and developmental health problems, and get the health care they need to grow into healthy, productive adults.



SCHIP and Medicaid Have Significantly Reduced the Proportion of Children Who Are Uninsured

Prior to the creation of SCHIP, far more children – about 15 percent of all children – were uninsured. SCHIP provided states with additional federal dollars to expand public coverage to children with family incomes that were higher than existing Medicaid eligibility levels. Some states used these funds to expand their Medicaid programs, while other states created new, separate programs (governed by different rules than Medicaid) to cover more children.

The period directly following the creation of SCHIP was an exciting time for children's health coverage. With national attention focused on the issue, states were eager to make progress toward covering more children through SCHIP and Medicaid. Outreach campaigns, efforts to simplify the application process, and other policies designed to make enrolling easier led to significant declines in the percent of uninsured children (Figure 3). Together, SCHIP and Medicaid account for the 30 percent decline in the number of uninsured children since 1998, even as employer-based coverage decreased and the overall rate of uninsured people grew.



Finishing the Job

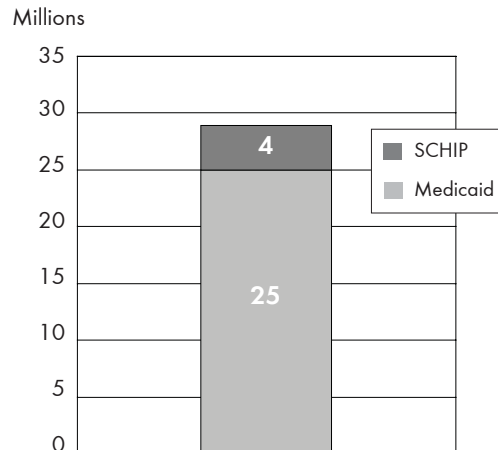
SCHIP and Medicaid have made tremendous progress in reducing the number of uninsured children, but the job is not yet done. More than 8 million children still lack health coverage. The good news is that over two-thirds of those uninsured children are currently eligible for either SCHIP or Medicaid.² As policy makers discuss SCHIP reauthorization, they should carefully consider building on the successful outreach and simplification efforts that states have undertaken to get even more children enrolled in health coverage.

SCHIP: Small but Mighty

SCHIP is a small but integral component of health insurance coverage for children. Today, it covers over 6 million children, the majority of whom would otherwise be uninsured.³ It builds on the strong foundation laid by Medicaid, providing affordable coverage for children in working families. Still, Medicaid covers more than four times as many children as SCHIP, with around 27 million children enrolled. SCHIP bridges the gap between Medicaid and private insurance, offering uninsured children in near-poor and moderate income families affordable health coverage.

Half of all children who are currently uninsured are eligible for Medicaid, while about one in five uninsured children is eligible for SCHIP.⁴ With continued support for both programs, up to 70 percent of currently uninsured children could be covered. However, it is important to note that the success of SCHIP and Medicaid comes from the way they complement each other. Policymakers should ensure that *both* programs are able to grow as they seek to increase children's coverage through SCHIP reauthorization. The future of SCHIP is inextricably linked to the future of Medicaid, and both programs will need support at the state and federal levels to ensure that they continue to provide high-quality, affordable health care for low-income children and grow to meet the needs of uninsured children as well.

Figure 4. Number of Children Covered by SCHIP and Medicaid, 2004



Source: *Health Coverage for Low-Income Populations: A Comparison of Medicaid and SCHIP*, Kaiser Commission on Medicaid and the Uninsured, April 2006.

¹ "U.S. Department of Health and Human Services: 2007 Federal Poverty Guidelines," *Federal Register* 72, no. 15 (January 24, 2007): 3,147-3,148.

² Lisa Dubay, John Holahan, and Allison Cook, "The Uninsured and the Affordability of Health Insurance Coverage," *Health Affairs* 26 (November 30, 2006): w22-w30.

³ Kaiser Commission on Medicaid and the Uninsured, *Health Coverage for Low-Income Populations: A Comparison of Medicaid and SCHIP* (Washington: Kaiser Commission on Medicaid and the Uninsured, April 2006).

⁴ Unpublished data presented by Lisa Dubay of the Urban Institute at the Georgetown Center for Children and Families conference, "Too Close to Turn Back: Strategies for Moving Forward on Children's Coverage," July 20-21, 2006. Data are based on economic modeling using the March 2005 Current Population Survey and July 2004 eligibility rules.

