

Illinois' All Kids: A Step in the Right Direction

On October 6, 2005, Illinois Governor Rod Blagojevich unveiled a plan to offer universal health coverage to the state's children. This proposal came in the form of legislation known as "All Kids," sponsored by State Senate President Emil Jones and House Speaker Michael J. Madigan. Just a few weeks later, on October 27, the Democrat-controlled House (by a vote of 79-28) and Senate (by a vote of 32-23) passed All Kids. The plan was implemented on July 1, 2006, making Illinois the first state in the nation to offer health coverage to all children.

Illinois was already ahead of the game when it came to covering children. After Gov. Blagojevich came to office in 2002, he and the Illinois General Assembly expanded public health programs to cover 170,000 previously uninsured children. By 2005, its Medicaid and SCHIP eligibility levels were more generous than the federal minimum eligibility levels. For example, under its Medicaid program, Illinois covered infants with family incomes up to 200 percent of poverty (the federal minimum was 133 percent) and covered older children with family incomes up to 133 percent of poverty (the federal minimum was 100 percent). Still, there was room for improvement. The Governor and legislature created the new All Kids program to make sure that the remaining 381,000 uninsured children in Illinois were not left behind.¹

Who Will All Kids Cover?²

There are three basic requirements for enrollment in All Kids:

1. the enrollee must be a child aged 18 or younger,
2. the enrollee must live in Illinois, and
3. if the enrollee's family income is above 200 percent of poverty, the child must have been uninsured since January 1, 2006 (for enrollment in the first year, 2006). Beginning in 2007, children will have to have been uninsured for at least 12 months.

A child's immigration status does not affect his or her eligibility for the program.³

There are some exceptions to the third requirement listed above for children in families with incomes above 200 percent of poverty, as follows:

1. newborns;
2. children who lose their family's employer-sponsored health insurance due to a parent's job ending; and
3. children who have lost their eligibility for KidCare, the predecessor to All Kids, in the last 12 months.

In addition to the exceptions listed above, if a child is severely *underinsured*, he or she may still qualify for All Kids. For example, a parent's COBRA continuation coverage is not considered insurance due to its cost. A child could also be deemed underinsured, for example, if he or she had only very limited single condition coverage, such as vision care, dental care, or cancer care, as well as having only school-based health insurance.⁴ Also, if a child has exhausted the lifetime benefit limit of his or her health insurance,⁵ he or she may still qualify for All Kids.

Enrollment

Gov. Blagojevich expects 90,000 children to enroll in All Kids during the program's first year.⁶ All Kids will likely increase the number of children with health coverage in three ways.

1. First, it will increase the enrollment of children who were previously eligible for, but not enrolled in, KidCare, the state's public health insurance program for children. Of Illinois children under the age of 18 who are eligible for existing programs, more than 20 percent (more than 121,477) are not enrolled. Of children ages 12-18, more than 26 percent (more than 79,702) of those eligible are not enrolled.⁷ Raising awareness of existing public programs will likely increase the number of newly insured children who were eligible but not enrolled.
2. Second, All Kids will also give parents with higher incomes whose children are not eligible for the state's SCHIP or Medicaid programs an opportunity to buy All Kids health insurance coverage for their children. Parents will be asked to contribute to the cost of that coverage, and the state will supplement the amount that parents pay with state and federal Medicaid and SCHIP dollars.
3. Thirdly, children whose immigration status bars them from KidCare will be able to receive All Kids.

Benefits Package and Cost-Sharing⁸

All Kids will cover the following health services: immunizations, doctor visits, hospital stays, prescription drugs, vision care, and dental care, as well as medical devices such as eyeglasses and asthma inhalers.⁹

Premiums and out-of-pocket costs in the All Kids program will vary by monthly income and family size, with 10 different levels of out-of-pocket costs. However, families do not have copayments for regular checkups or immunizations, regardless of income.¹⁰ For detailed charts showing cost-sharing requirements according to family size for all income levels, please see Tables 1 and 2 on pages 6-7.

Program Financing

For the first year of operation, it is estimated that All Kids will cost about \$81 million (about \$44 million of which will come from the state and \$37 million from the federal government).¹¹

A significant portion of the state's costs will be offset by savings from implementing a "primary care case management system" and Disease Management program in Medicaid. Under these systems, the governor has proposed shifting 1.2 million children and parents enrolled in KidCare, FamilyCare, and traditional Medicaid to a managed care system.¹² This will ensure that they receive immunizations and regular checkups, which will help reduce the need for expensive hospitalizations and emergency room visits and save the state money.¹³ The primary care case management system is estimated to save \$56 million in the first year.¹⁴

Increased Business Activity and Job Earnings

By reinvesting the savings from the primary care case management program and disease management program in Medicaid and SCHIP, the state will continue to benefit from the Medicaid and SCHIP state-federal financial partnership and the positive economic impact that flows from the federal dollars the state receives as part of its federal match. States have significant flexibility in designing their Medicaid and SCHIP programs, and the federal government shares the bill with the states. To entice states to cover more people and/or services, the federal government "matches" every dollar that a state spends on health coverage. Matching rates differ from state to state. In Illinois, every dollar the state spends on Medicaid brings \$1.00 into the state, and every dollar Illinois spends on SCHIP brings in even more—the federal government provides \$1.86 in matching funds.

The federal matching dollars that flow into the state are a powerful stimulus to the entire Illinois economy. Just as visits by out-of-state tourists or the sale of manufactured products to customers outside Illinois bring dollars into the state and contribute to economic growth, expanding children's coverage through Medicaid and SCHIP brings in money in the form of federal matching dollars. These federal dollars pass from one person to another in successive rounds of spending, which economists call the "multiplier effect." Families USA was able to quantify this economic impact and calculate the economic activity that would be generated by the All Kids program in all economic sectors of the state.¹⁵ All Kids is expected to pull down \$37 million from the federal government to match what the state is projected to spend on Medicaid and SCHIP.¹⁶ As a result, the state's investment in All Kids will generate an estimated¹⁷ \$87,561,000 in business activity (measured in the output of goods and services) and \$30,769,000 in job earnings (measured in wages and salaries).

Reductions in the Cost of Premiums for the Insured

The benefits of All Kids will not be limited to uninsured children and their families: Reducing the number of uninsured in a state has been shown to directly correspond with a reduction in premiums for employer-based health insurance.¹⁸ Families USA has found that health insurance premiums for Illinois families who have insurance through their employers are, on average, \$1,059 higher due to the cost of health care for the uninsured.¹⁹ If Illinois acts to cover all children, it will reduce the number of uninsured in the state, which will in turn reduce premiums for employer-based insurance.

Conclusion

The All Kids Program offers benefits for everyone in Illinois. It will offer immediate help to children in the state who are uninsured today, and it will protect children in jeopardy of losing employer-based coverage. At the same time, reducing the number of uninsured in Illinois will reduce the premiums paid by workers lucky enough to have employer-based coverage now. And finally, All Kids will provide a valuable economic stimulus to the state's economy.

Endnotes

- ¹ Kaiser State Health Facts Online, "Illinois: Health Insurance Coverage of Children 0-18, states (2003-2004), U.S. (2004)," available online at <http://www.statehealthfacts.org/cgi-bin/healthfacts.cgi?action=profile&area=Illinois&category=Health+Coverage+%26+Uninsured+subcategory=Health+Insurance+Status+topic=Children+%280+%2d18%29>, accessed on August 22, 2006.
- ² *Answers to Your Questions about All Kids: Governor Blagojevich's All Kids Healthcare for All Kids* (IL: Illinois Department of Healthcare and Family Services), available online at http://www.allkidscovered.com/assets/060706_akbooklet.pdf.
- ³ *Answers to Your Questions about All Kids: Governor Blagojevich's All Kids Healthcare for All Kids*, op. cit.
- ⁴ Ibid.
- ⁵ *2006 Illinois Register*, "Rules of Governmental Agencies," Vol. 30, Issue 22 (Springfield, IL: Department of Healthcare and Family Services Notice of Emergency Rules, June 2, 2006), p. 294.
- ⁶ "Blagojevich Signs 'All Kids' Health Insurance Plan," *The Associated Press State and Local Wire*, November 15, 2006.
- ⁷ Gilead Outreach and Referral Center, *Real People Real Stories: A Summary of Illinois' Uninsured Population* (Washington: U.S. Census Bureau, commissioned by the Gilead Outreach and Referral Center and conducted by the University of Illinois at Chicago School of Public Health, 2006).
- ⁸ *Answers to Your Questions about All Kids: Governor Blagojevich's All Kids Healthcare for All Kids*, op. cit.
- ⁹ "Gov. Blagojevich Kicks off Statewide Back-to-School All Kids Campaign," Press Release (Springfield, IL: Office of Governor Rod. R. Blagojevich, August 21, 2006).
- ¹⁰ *Answers to Your Questions about All Kids: Governor Blagojevich's All Kids Healthcare for All Kids*, op. cit.
- ¹¹ E-mail communication from Anne Marie Murphy, Illinois Medicaid Director, citing John Filan, State Budget Director, October 17, 2005.
- ¹² Judith Graham and Ray Long, "Medicaid Policy Shift Would Pay for Program," *Chicago Tribune*, October 7, 2005, available online at http://www.hdadvocates.org/Press/10_6_05_Governor_plans_to_boost_coverage.pdf.
- ¹³ Vernon K. Smith, Terrisca Des Jardins, and Karin A. Peterson, *Exemplary Practices in Primary Care Case Management* (Princeton, NJ: Center for Health Care Strategies, Inc., Robert Wood Johnson Foundation's Medicaid Managed Care Program, June 2000).
- ¹⁴ "Gov. Blagojevich Kicks off Statewide Back-to-School All Kids Campaign," op. cit.
- ¹⁵ To quantify this aggregate economic impact, Families USA used a U.S. Department of Commerce input-output economic model. This reliable, widely accepted economic model allowed us to capture specific economic conditions in Illinois and then calculate the economic activity that would be generated by the All Kids initiative in all economic sectors of the state. Kathleen Stoll, Jennifer Sullivan, and Leila Babaeva, *Good For Kids, Good For the Economy: Health Coverage for All Kids in Illinois* (Washington: Families USA, October 2005).
- ¹⁶ Kathleen Stoll, Jennifer Sullivan, and Leila Babaeva, op. cit.
- ¹⁷ Ibid.
- ¹⁸ Kathleen Stoll, *Paying a Premium: The Added Cost of Care for the Uninsured* (Washington: Families USA, June 2005).
- ¹⁹ Ibid.

How to Use these Tables

To find out how much All Kids will cost your family, follow these simple steps:

1. Look at Table 1 and find your family size in the first column. Family size includes all children and adults.
2. Read across the row for your family size until you come to the box where your family's total monthly income falls.
3. Look at the column heading to see which premium level your family falls under.
4. Next, look at Table 2 and find the column that corresponds to your family's premium level. Read down the column to see how much your family will pay for monthly premiums, doctor's visits, prescriptions, and other health care services.

Table 1: All Kids Premium Levels According to Family Size and Monthly Income, 2006

Family Size	Assist	Share	Premium Level 1	Premium Level 2	Premium Level 3
1	Up to \$1,086	\$1,087-1,225	\$1,226-1,633	\$1,634-2,450	\$2,451-3,267
2	Up to \$1,463	\$1,464-1,650	\$1,651-2,200	\$2,201-3,300	\$3,301-4,400
3	Up to \$1,840	\$1,841-2,075	\$2,076-2,767	\$2,768-4,150	\$4,151-5,533
4	Up to \$2,217	\$2,218-2,500	\$2,501-3,333	\$3,334-5,000	\$5,001-6,667
5	Up to \$2,594	\$2,595-2,925	\$2,926-3,900	\$3,901-5,850	\$5,851-7,800
Federal Poverty Level*	133% and below	133-150%	151-200%	200-300%	300-400%

Family Size	Premium Level 4	Premium Level 5	Premium Level 6	Premium Level 7	Premium Level 8
1	\$3,268-4,083	\$4,084-4,900	\$4,901-5,717	\$5,718-6,533	\$6,534 or more
2	\$4,401-5,500	\$5,501-6,600	\$6,601-7,700	\$7,701-8,800	\$8,801 or more
3	\$5,534-6,917	\$6,918-8,300	\$8,301-9,683	\$9,684-11,067	\$11,068 or more
4	\$6,668-8,333	\$8,334-10,000	\$10,001-11,667	\$11,668-13,333	\$13,334 or more
5	\$7,801-9,750	\$9,751-11,700	\$11,701-13,650	\$13,651-15,600	\$15,601 or more
Federal Poverty Level*	400-500%	500-600%	600-700%	700-800%	Over 800%

* Federal Poverty Level indicates the percent of the 2006 continental U.S. poverty level that each premium level represents. For family sizes larger than 5, please call 1-877-ALL-KIDS (1-866-255-5437).

Table 2: All Kids Monthly Premiums and Out-of-Pocket Costs According to Premium Level, 2006

	Assist	Share	Premium Level 1	Premium Level 2	Premium Level 3
Monthly Premium Per Child	N/A	N/A	1 Child: \$15 2 Children: \$25 Each Additional Child: \$5	\$40	\$70
Maximum Monthly Premium	N/A	N/A	\$40	\$80	\$140
Each Doctor's Office Visit	N/A	\$2	\$5	\$10	\$15
Each Well-Child Visit or Immunization	\$0	\$0	\$0	\$0	\$0
Each Dental Visit	N/A	\$2	\$5	\$10	\$15
Each Brand-Name Prescription	N/A	\$2	\$5	\$7	\$14
Each Generic Prescription	N/A	\$2	\$3	\$3	\$6
Each Emergency Room Visit	N/A	\$2	\$25	\$30	\$50
Each Hospital Admission*	N/A	\$2	\$5	\$100	\$150
Each Outpatient Service*	N/A	N/A	N/A	5% of HFS rate	10% of HFS rate
Maximum Copayments Per Year**	N/A	\$100 per family for all services	\$100 per family for all services	\$500 per child for hospital services	\$750 per child for hospital services

	Premium Level 4	Premium Level 5	Premium Level 6	Premium Level 7	Premium Level 8
Monthly Premium Per Child	\$100	\$150	\$200	\$250	\$300
Maximum Monthly Premium	\$200	No Max	No Max	No Max	No Max
Each Doctor's Office Visit	\$20	\$25	\$25	\$25	\$25
Each Well-Child Visit or Immunization	\$0	\$0	\$0	\$0	\$0
Each Dental Visit	\$20	\$25	\$25	\$25	\$25
Each Brand-Name Prescription	\$21	\$28	\$28	\$28	\$28
Each Generic Prescription	\$9	\$12	\$12	\$12	\$12
Each Emergency Room Visit	\$75	\$100	\$100	\$100	\$100
Each Hospital Admission*	\$200	10% of HFS rate	10% of HFS rate	10% of HFS rate	25% of HFS rate
Each Outpatient Service*	15% of HFS rate	20% of HFS rate	20% of HFS rate	20% of HFS rate	25% of HFS rate
Maximum Copayments Per Year**	\$1,000 per child for hospital services	\$5,000 per child for hospital services	\$5,000 per child for hospital services	\$5,000 per child for hospital services	No Max

N/A=Not applicable.

* The HFS rate refers to the cost of medical services as negotiated by Illinois Healthcare and Family Services. The family pays the specified percentage of this cost.

** For Assist, Share, and Premium Level 1, maximum copayments per year refers to the total copayments paid per family, per year, for all services. For higher income levels, the maximum copayments per year refers to the total copayments paid per child, per year, for hospital services only.

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