

State Child Buy-In Programs: A Snapshot

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What is a State Child Buy-In Program?



- State program for children with family income above Medicaid/ SCHIP.
- Family purchases insurance through the public plan, typically at full cost of coverage to state.
- Do not operate under federal Medicaid/SCHIP rules.



Where States Stand

- At least 8 states have operated a program for ten years or more.
- New wave of states; and others are planning or interested.
- At least 3 states have launched as part of universal coverage strategy.



General Characteristics

- **Cost:** Typically no state subsidy. Few subsidize premium or administrative costs. Some lower costs by broadening risk pool.
- **Income Eligibility:** Above Medicaid/SCHIP levels, some with an upper limit.
- **Administration:** Same as the SCHIP.
- **Other Eligibility Rules:**
 - No limits on enrollees.
 - Few limit enrollment length.
 - Some require children to be uninsured prior.
 - Other rules: medically uninsurable and no longer eligible for SCHIP.



Benefits

- Provides another option for uninsured children in moderate- and higher-income families.
- Generally offer children a lower cost/higher benefits than non-group market.
- Can create an “all kids” program with an universal outreach message.
- States have structured as “no or little cost” to the state (although this can lead to challenges also.)



Challenges

- Lack of success achieving high enrollment to date.
- Lack of affordability for some families, especially at lower income levels.
- Program sustainability: adverse selection and funding.



Apples to Apples or Oranges?



1. High Risk Pools
2. Family Opportunity Act

High-Risk Pools



- For "medically uninsurable", not necessarily low-income persons.
- Not child-only.
- Generally contract with insurance company to administer program with state subsidies.
- Typically:
 - premiums more expensive than sold by private insurers
 - benefits similar to basic individual plan
 - can have high deductibles and co-payments



Family Opportunity Act (FOA)

- New state option part of 2006 DRA.
- Families with income below 300% FPL can buy into Medicaid.
- Child must have SSI-defined disability.
- Premiums on a sliding scale.
- State receives regular Medicaid FMAP.
- Employer coverage requirement.



Further Discussion

- Goal of Program
 - Universal or targeted population?
 - At what income level to implement?
- Premium Structure/Financing
 - What is affordable for families, at what income levels?
 - How can states determine premiums? Pooling, subsidy, copayments, etc?
- Adverse Selection
 - How/whether to mitigate? Setting premium levels/ combining with other programs?
 - Buy-in as option for children with disabilities? What risk can state accept?

