

SCHIP AT 10: PROGRESS AND RESULTS

The State Children's Health Insurance Program (SCHIP) was enacted with bipartisan support as part of the Balanced Budget Act (BBA) of 1997. The program was designed to fill a coverage need among low-income children with family income too high to qualify for Medicaid coverage. At the time SCHIP was created, the need for children's health coverage was significant. More than 10.7 million children, including 22 percent of low-income children, were without health insurance coverage and the numbers were increasing.¹ Children without coverage often failed to get preventive and other services necessary to meet their health care needs.

Ten years later, SCHIP has achieved success in helping to lower the number of children without health insurance. Both the number and percentage of children without health insurance coverage at all income levels has fallen significantly in the past 10 years. Additionally, states have embraced the flexibility offered by SCHIP to tailor their programs to the particular health care needs of children and adolescents in their communities. Children enrolled in SCHIP tend to have greater access to care and better health outcomes than before enrolling.

This issue brief outlines the progress states have made in program development over the past decade, the results achieved with SCHIP in increasing the number of children with health insurance, and the improved access to care and health outcomes for children with SCHIP coverage.

Progress in Program Development

SCHIP is a federal-state partnership, relying on both federal and state funds to provide coverage to low-income children. The program allows states substantial flexibility in determining program design. Within the framework of federal guidelines, states can determine their SCHIP program(s) type, eligibility rules, benefits packages, and other design features that best meet their individual circumstances. State decisions have evolved over time as they gained experience implementing their SCHIP programs.

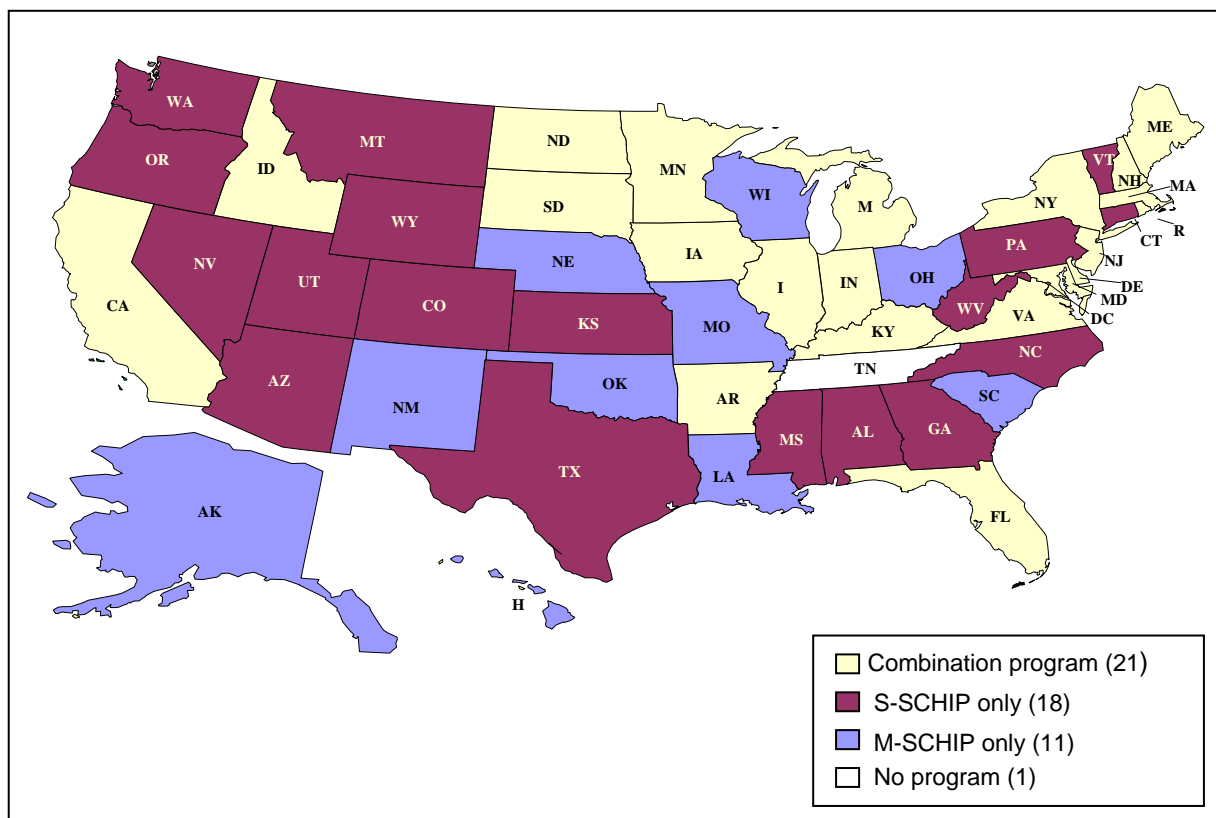


Program type: States were given discretion in choosing their program structure. States could create a Medicaid-expansion program – which mirrors the benefit structure and rules of Medicaid – or a separate SCHIP program – which allows a more flexible set of rules than Medicaid – or both. Initially, as they sought to get their programs up and running, half the states chose a Medicaid-expansion program. By 2005, however, almost 80 percent of states were operating either a separate SCHIP or a combination program.ⁱⁱ [Figure 1]

Income eligibility: States built their SCHIP programs on top of Medicaid coverage, setting the eligibility starting point at the income levels where Medicaid ends. SCHIP programs can set income eligibility to 200 percent of the federal poverty line (currently \$41,300 for a family of four) or 50 percentage points above the Medicaid upper limit. In 1998, 23 states had income limits for SCHIP at or above 200 percent of the federal poverty line. By 2006, 41 states were at or above that limit.ⁱⁱⁱ

Benefits: Medicaid-expansion states must offer all the same benefits offered to children under Medicaid. Separate SCHIP programs are allowed more flexibility in designing benefit structures and can choose a benchmark benefit package that must include services such as hospital care, surgical and medical services, lab and x-ray services, and well-baby and well-child care. Although states vary on coverage of certain optional benefits like private-duty nursing and personal care services, NASHP surveys in 2000 and 2005 show that states have maintained and in most cases increased covered benefits.^{iv}

Figure 1: SCHIP Program Types by State, 2005



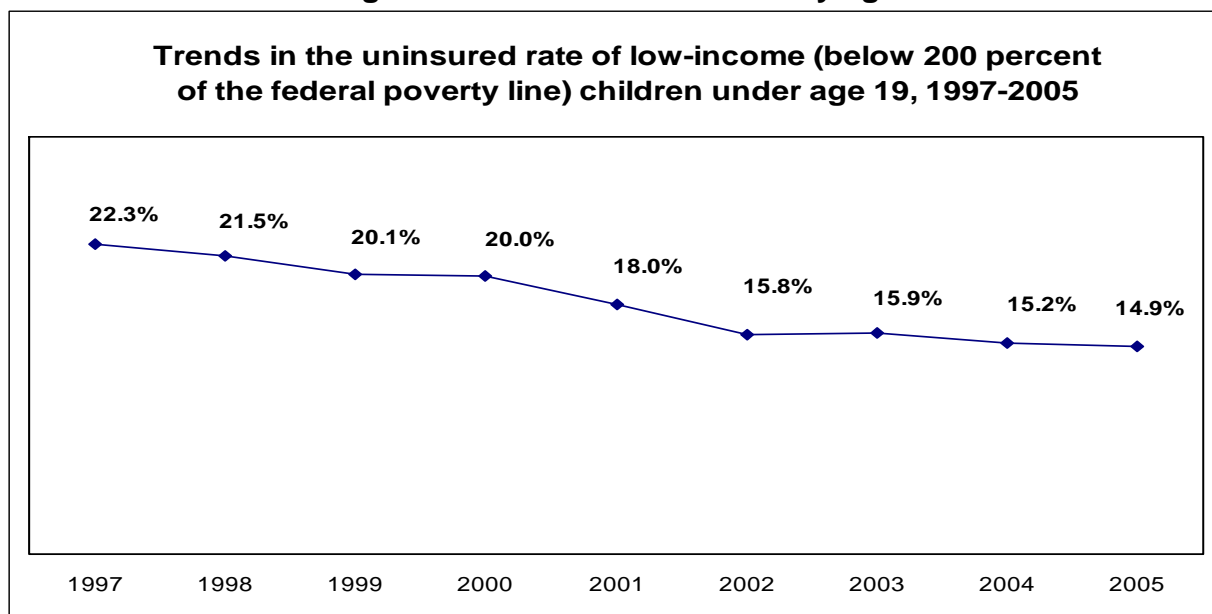
Source: Charting SCHIP III: An Analysis of the Third Comprehensive Survey of State Children’s Health Insurance Programs (NASHP, 2006).

Results: Declines in the Number of Uninsured Children

Children's health insurance coverage levels, largely as a result of SCHIP and Medicaid, have significantly improved over the past 10 years. This has occurred even as the overall number of uninsured Americans rose. Between 1997, the year of SCHIP's enactment, and 2005, the percentage of children without health insurance decreased from 15 percent to 11.2 percent.^v For low-income children, with family incomes below 200 percent of the federal poverty level, the decrease was even more dramatic – the percentage fell by one-third between 1997 and 2005.^{vi} [Figure 2]

SCHIP enrollment levels have risen steadily since the program was enacted. In 2000, 3.3 million were already enrolled in SCHIP. By 2005, enrollment levels had reached 6.1 million.^{vii} These coverage gains helped offset the erosion of employer-sponsored coverage for children. The number of children under age 18 with employer-sponsored coverage decreased by more than two million between 2000 and 2005.^{viii}

Figure 2: Trends in Uninsured by age



Source: Georgetown University Health Policy Institute, Center for Children and Families, 2006.

Results: Improved Access to Care and Health Outcomes

Providing health insurance coverage is a prerequisite to improving access to care and health outcomes. Studies and analyses of the SCHIP program suggest that the program had positive effects on access to care, health outcomes, and quality-of-life for children.

- **Children with SCHIP coverage are less likely to have unmet health care needs than low-income children without coverage.**^{ix} Financial constraints combined with the high cost of care often force uninsured families to forego needed care for their children. One state study showed that SCHIP and Medicaid improved the health-related quality of life, and increased access to care, for enrolled children compared with uninsured children.^x

- **SCHIP increases access to preventive care services.** After one year of SCHIP coverage, more children receive preventive care than they did before being covered.^{xi}
- **Children newly enrolled in SCHIP are more likely to have a regular source of care than before enrollment.**^{xii} SCHIP coverage can provide parents the opportunity to consistently access the same doctor or provider. A consistent source of care can help fulfill children's health care needs and allow them to obtain necessary health care services.
- **Dental utilization increases for SCHIP and Medicaid children with continuous, 12-month enrollment.**^{xiii} While dental care is one of the most common unmet needs among SCHIP-enrolled children^{xiv}, those who are enrolled for the entire year are more likely to utilize dental coverage when available.
- **Enrollment in SCHIP can have benefits in care of certain chronic conditions such as asthma.** A study of the New York state SCHIP program showed improved access, quality of care, and outcomes for kids with asthma who were enrolled in SCHIP.
- **State studies have shown that academic performance improves once a previously uninsured child receives coverage through SCHIP.** These studies analyzed parent reports of performance in paying attention in class, participating in school activities, and absences from school relating to illness or injury.^{xv}

CONCLUSION

Over the past 10 years, the SCHIP program has, along with Medicaid, successfully reduced the number of low-income children without health insurance, improved access to care, and lowered the number of unmet health care needs. Further success of the program will require a continued commitment on the part of states and the federal government to reach out to those children who are eligible for the program but have yet to enroll, while pursuing further gains in access, quality, and health outcomes.

About the National Academy for State Health Policy

The National Academy for State Health Policy is an independent academy of state health policymakers working together to identify emerging issues, develop policy solutions, and improve state health policy and practice. NASHP provides a forum for constructive, nonpartisan work across branches and agencies of state government on critical health policy issues facing states. We are a non-profit, non-partisan organization dedicated to helping states achieve excellence in health policy and practice.

Contact us at:

50 Monument Square, Suite 502, Portland, Maine 04101, (207) 874-6524
 1233 20th St., N.W., Suite 303, Washington, D.C.20036, (202) 903-0101
www.nashp.org

NOTES

ⁱ U.S. Census Bureau, Current Population Survey, 1988 to 2006 Annual Social and Economic Supplements.

ⁱⁱ Neva Kaye, Cynthia Pernice, and Anne Cullen, *Charting SCHIP III: An Analysis of the Third Comprehensive Survey of State Children's Health Insurance Programs* (Portland, ME: National Academy for State Health Policy, 2006).

ⁱⁱⁱ Kaiser Commission on Medicaid and the Uninsured, *A Decade of SCHIP Experience and Issues for Reauthorization*, 2007.

^{iv} Kaye, Pernice, and Cullen, *op cit*.

^v U.S. Census Bureau, Current Population Survey, 1988 to 2006 Annual Social and Economic Supplements.

^{vi} *Too Close to Turn Back: Covering America's Children*, Washington, D.C.: Georgetown University Health Policy Institute, Center for Children and Families, 2006.

^{vii} Department of Health and Human Services enrollment numbers for FY 2005.

^{viii} U.S. Census Bureau, Current Population Survey, 1988 to 2006 Annual Social and Economic Supplements.

^{ix} Wooldridge, Judith et al. October 2005. *Congressionally Mandated Evaluation of the State Children's Health Insurance Program: Final Report to Congress*. Vol. 8782-130. Washington, DC: Mathematica Policy Research.

^x Rand Health, *Research Highlight: Improving Access to Needed Health Care Improves Low-Income Children's Quality of Life*, 2006.

^{xi} VanLandeghem K, Brach C. Does SCHIP benefit *all* low-income children? CHIRI™ Issue Brief

No. 4. Rockville, MD: Agency for Healthcare Research and Quality. November 2004. AHRQ Pub. No. 05-0010.

^{xii} Ibid.

^{xiii} Duderstadt KG, Huges DC, Soobader MJ and Newacheck PW. "The Impact of Public Insurance Expansions on Children's Access and Use of Care." *Pediatrics* 2006; 118; 1676-1682.

^{xiv} Wooldridge, Judith et al, *op cit*.

^{xv} Ku L, Lin M and Broaddus M, *Improving Children's Health: A Chartbook about the Roles of Medicaid and SCHIP*, Center on Budget and Policy Priorities, 2007.