

State Children's Health Insurance Program Providing Coverage to Nearly Two Million Children

By Houkje Ross

Closing the Gap, State Children's Health Insurance Program • January 2000

Some working parents don't make enough money to afford private health care coverage for their children. But at the same time, they make too much money to qualify for Medicaid. Fortunately, a federal/state partnership program helps provide low-cost or free health insurance to children who are caught in the middle.

Signed into law in 1997 by President Clinton, the State Children's Health Insurance Program (SCHIP) provides health insurance to uninsured children of low-wage, working parents. SCHIP resulted from the Balanced Budget Act of 1997 and is also known as Title XXI of the Social Security Act.

U.S. Department of Health and Human Services (HHS) Secretary Donna Shalala announced in January that nearly two million children who otherwise would be without health insurance were enrolled in SCHIP in fiscal year 1999—double the number reported in the first full year of the program.

Eligibility requirements vary from state to state, but in most states, SCHIP applies to children who are 18 years old or younger and whose parents earn up to \$34,100 a year for a family of four.

Uninsured children

According to the U.S. Bureau of the Census, more children than ever are uninsured. The current number is approximately 11.3 million. Seven in 10 Americans losing health insurance today are children, due in large part to businesses that are cutting support for dependent coverage, according to the Children's Defense Fund. Since 1989, children have lost private health coverage at twice the rate of adults. More than 90 percent of these children have one or more working parents.

Not having consistent care jeopardizes a child's wellbeing and can cost more in the long run. "Oftentimes children without health insurance end up in the emergency room at tax payers' expense, and they are more likely to do poorly in school," says Kristine McGrath, communications specialist for the Florida HealthyKids program, one of the state's four programs that receives SCHIP funding. Having insurance and being able to go to the doctor before an illness turns into an emergency can give parents an overall peace of mind, McGrath says.

By targeting working parents, SCHIP may be helping to lift the negative view that has clouded Medicaid and other federal assistance programs in the past. According to Emily Cornell, senior policy analyst for the National Governor's Association, "CHIP was designed as a program for working families who typically don't think of themselves as poor or welfare families." The goal is to insure as many children as possible and improve their overall health.

Building on Medicaid

SCHIP is administered by the Health Care Financing Administration's (HCFA) Center for Medicaid and State Operations (CMSO). The program, which will make available \$39 billion over the next ten years, builds on Medicaid, the federal-state health insurance program that covers 41.4 million low-income individuals.

To receive funding, each state had to submit a plan to HCFA that details how it would use SCHIP funds. States have the option of using funds to expand Medicaid, create a separate state child health insurance program, or combine the two programs. States that have separate programs are allowed cost sharing with beneficiaries. Funds are allocated to each state according to the number of uninsured low-income children, accounting for regional cost differences.

HCFA's State Children's Health Insurance Program Annual Enrollment Report shows that by September 30, 1999, SCHIP plans had been approved for all 56 states, territories, and the District of Columbia. Fifteen states chose to create a separate program, while 27 chose to expand Medicaid, and 14 chose a combination program. CMSO offers technical assistance to any state that requests it. Each state is assigned a project officer who can provide technical assistance on SCHIP.

Under SCHIP, states set their own eligibility rules. States that create separate SCHIP programs may define covered benefits within Congressional guidelines, determine subsidy levels, set payment rates, and select which health plans and providers participate. For states with Medicaid expansions, Medicaid rules apply. All states—except for Florida, New York, and Pennsylvania, which had existing state programs grandfathered in—must choose between three "benchmark" insurance options. They can provide coverage through:

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- 1) the same health plan that is offered by the State to its employees;
- 2) the Blue Cross/Blue Shield Preferred provider option offered by the Federal employees health benefit program;
- 3) the HMO benefit plan with the largest commercial enrollment in the state.

Required services under SCHIP include inpatient and outpatient hospital services; physicians' surgical and medical services; lab and X-ray services, and well baby/child care services (including immunizations). Beyond this, services vary. For example, the state of

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Connecticut includes regular check-ups, school and sports physicals, prescription drugs, dental care, and vision and hearing testing in its plan. But other states may decide to include different services.

Some states provide more specialized services. For example, the Children's Medical Services program in Florida is a SCHIP-funded program that provides care to children with special needs due to diseases such as spina bifida, leukemia, and diabetes.

How to apply for SCHIP

Families who want to apply for SCHIP or Medicaid can start by calling the national toll-free number, 1-877-KIDS-NOW. Callers are then referred to the SCHIP program in their state. Most states have a toll-free number where individuals can request applications and find out more about the program. Operators can answer questions about what the program covers, who is eligible, and the minimum qualifications.

For information about the SCHIP program in your state, contact: 1-877-KIDS-NOW. Or, browse HCFA's Web site at: <http://www.insurekidsnow.gov>. ❖

