kaiser commission on medicaid and the uninsured
KEY FACTS
THE HENRY J. KAISER FAMILY FOUNDATION

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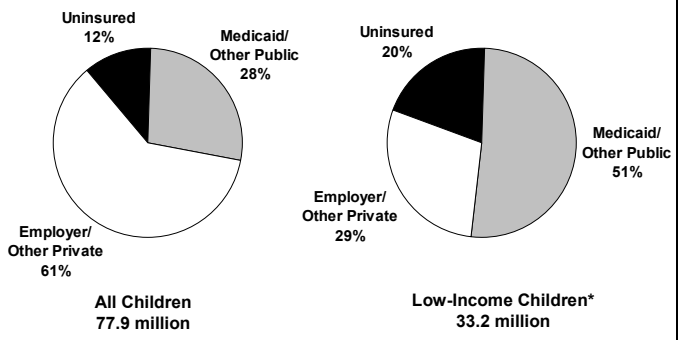
HEALTH COVERAGE FOR LOW-INCOME CHILDREN

Medicaid and SCHIP play a crucial role in providing health insurance for low-income children from families below 200% of poverty for whom private plans are often unavailable or unaffordable. About half of the 33.2 million low-income children receive coverage from public programs, while 29% have private coverage (Figure 1). The majority of children with public coverage are in the Medicaid program (28 million) and 6 million are covered through the State Children's Health Insurance Program (SCHIP). However, 9 million children remain uninsured.

Figure 1

Health Insurance Coverage of Children, By Income, 2005



* Below 200% of the federal poverty level, or $39,942 for a family of four in 2005 (according to the U.S. Census Bureau's poverty thresholds). Data may not total 100% due to rounding.
SOURCE: Urban Institute and Kaiser Commission on Medicaid and the Uninsured analysis of March 2006 CPS.

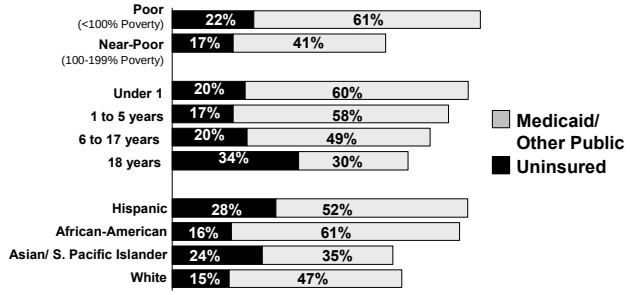
UNINSURED CHILDREN

Nearly three-quarters of the 9 million uninsured children live in families with household incomes below 200% of the federal poverty level ($39,942 for a family of four in 2005). Most uninsured children (69%) live in families with at least one full-time worker. The risk of being uninsured varies by income, age, and race and ethnicity (Figure 2). Adolescents are more likely than younger children to be uninsured, due in part to lower Medicaid income eligibility levels for older children in some states. Low-income Hispanic children are more likely to be uninsured than low-income white or African-American children.

Despite the availability of Medicaid coverage, more than one in five poor children is uninsured. While near-poor children are more likely to have private insurance, 17% remain uninsured. Almost all of these children (96%) are eligible for Medicaid or SCHIP, but either their parents never enrolled them in one of these programs or they were previously covered and were not re-enrolled.

Figure 2

Health Insurance Coverage of Low-Income Children, 2005

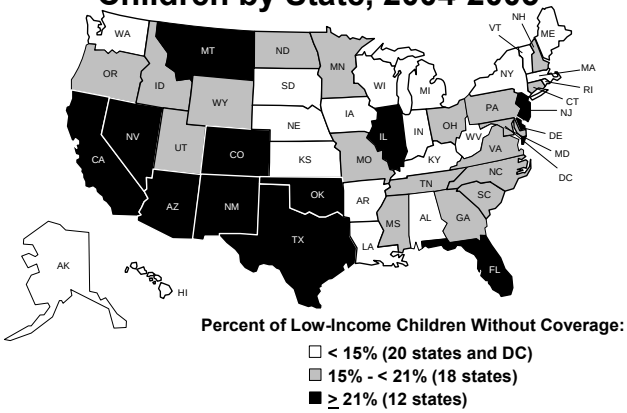


Note: Low-income children are in families below 200% of the federal poverty level. The federal poverty level was $19,971 for a family of four in 2005 (according to the U.S. Census Bureau's poverty thresholds).
SOURCE: Urban Institute and Kaiser Commission on Medicaid and the Uninsured analysis of March 2006 CPS.

The risk of being uninsured also differs depending on where a child lives, as the share of low-income children who are uninsured varies widely across states (Figure 3). While in two states, (Hawaii and Vermont), less than 10% of low-income children are uninsured, in five other states, (Colorado, Florida, Nevada, New Mexico and Texas), over 25% of low-income children are uninsured. Nearly 40% of the 9 million uninsured children in the U.S. live in California, Florida or Texas.

Figure 3

Uninsured Rate Among Low-Income Children by State, 2004-2005



SOURCE: Urban Institute and Kaiser Commission on Medicaid & the Uninsured analysis of 2005 and 2006 CPS.

The role of health insurance coverage in improving access to care is well documented. Low-income, uninsured children have markedly worse access to care than those with Medicaid or private insurance. Medicaid provides low-income children with a level of access to care that is comparable to that of low-income children with private insurance coverage (Figure 4).

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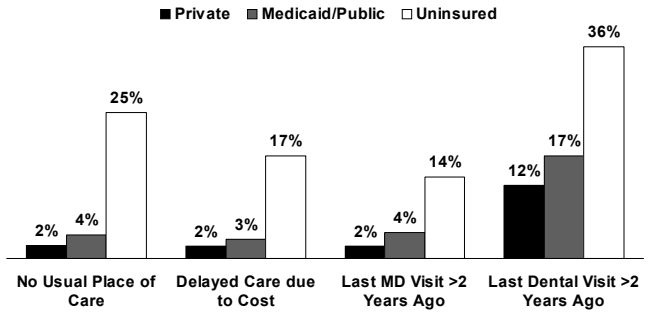
Figure 4

Children's Access to Care, by Health Insurance Status, 2004



* MD or any health care professional, including time spent in a hospital. All estimates are age-adjusted.
SOURCE: National Center for Health Statistics, CDC. 2006. Summary of Health Statistics for U.S. Children: National Health Interview Survey, 2004.

MEDICAID AND SCHIP COVERAGE OF CHILDREN

The Medicaid program provides an essential health care safety net for millions of low-income children. In 2005, about 28 million children were enrolled in Medicaid during the course of the year at a cost of nearly $52 billion. Children represent nearly half of all Medicaid enrollees, but account for only 17% of total program spending. Covering children through Medicaid is relatively inexpensive ($1,410 per child), compared to the much higher Medicaid costs for those who use long-term care services. Medicaid pays for a comprehensive set of services for children, including physician and hospital visits, screening and treatment (EPSDT), well-child care, vision care, and dental services.

As a result of eligibility expansions in the late 1980s and early 1990s, Medicaid is no longer targeted to the welfare population; it now primarily assists children in working families. States are required to extend Medicaid eligibility to children under 6 years old living in families with incomes at or below 133% of the federal poverty level, and to children ages 6-18 living in families with incomes at or below 100% of poverty. As employer-sponsored coverage rates have declined, many states have extended coverage to children living in families with higher incomes. The federal government matches state spending for this coverage.

SCHIP is a block grant program that Congress created in 1997 providing $40 billion over 10 years to cover low-income, uninsured children who are not eligible for Medicaid. Within SCHIP programs, states are permitted to charge premiums and co-payments and cover a more limited set of benefits than Medicaid. SCHIP provides an enhanced federal match, but each state's federal funding for SCHIP is capped; as a result some states have experienced funding shortfalls.

During the almost ten years since SCHIP was implemented, states have relied extensively on Medicaid and SCHIP to expand health care coverage for children. Those efforts contributed to a reduction in the percentage of low-income children without health insurance despite declines in employer-sponsored coverage. Forty states and the District of Columbia in 2005 covered children in families with incomes of 200% of poverty or higher. The share of low-income children covered by Medicaid or SCHIP varies by state, ranging from 28% in Nevada to 72% in Vermont. Low-income, recent immigrant children are barred from federally-financed public coverage.

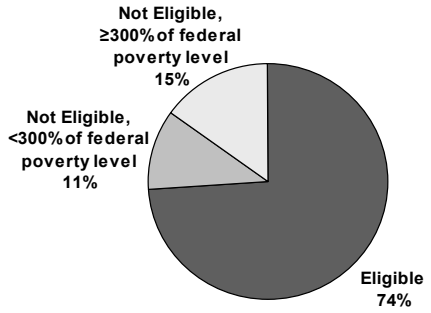
TRENDS AND ISSUES IN IMPROVING COVERAGE

The enactment of SCHIP spurred states to invest heavily in outreach and improve their enrollment processes for both Medicaid and SCHIP. When the economy turned downward, those programs helped to buffer children from the loss of employer coverage between 2000 and 2004. During this period, the number of uninsured adults increased steadily, but the number of uninsured children did not grow. That trend reversed in 2005. During that year public coverage did not increase and the decline in employer coverage translated into an increase in the uninsured rate for both low-income children and adults.

Addressing the 9 million children who remain uninsured remains a priority. Most of these children are eligible for Medicaid or SCHIP but not enrolled. Educating their families about these programs and simplifying the enrollment process will help them gain coverage and remain insured (Figure 5). The 2005 Deficit Reduction Act's requirement that Medicaid beneficiaries document their citizenship and identity presents a significant hurdle to individuals trying to apply for coverage and may impede state efforts to simplify procedures to facilitate enrollment.

Figure 5

Medicaid/SCHIP Eligibility and Family Incomes of Uninsured Children, 2004



In 2004, 300% of the federal poverty level was $57,921 for a family of four.
SOURCE: Dubay L, J Holahan, and A Cook, "The Uninsured And The Affordability Of Health Insurance Coverage." *Health Affairs* Web Exclusive, November 30, 2006.

Adequate resources for Medicaid and SCHIP are central to state efforts to reach eligible children and make it easier for them to enroll in public coverage and remain insured. As SCHIP faces reauthorization, funding levels to ensure that the program continues to cover low-income children for whom private coverage is either unavailable or unaffordable will be a critical issue. Expanding Medicaid and SCHIP coverage to more children can serve as the foundation for broader, whole-family coverage.

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