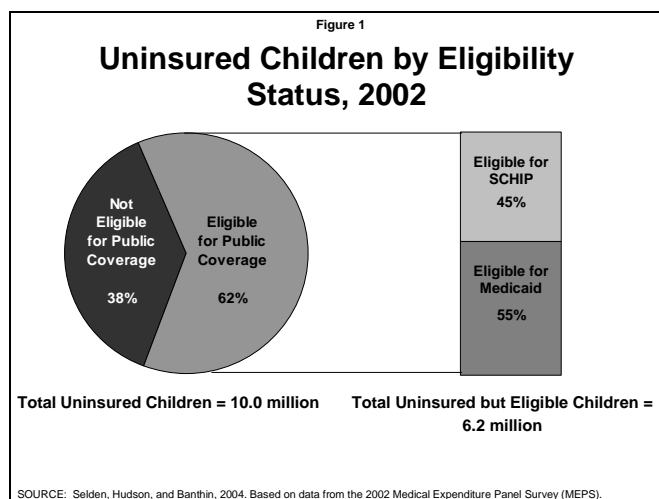


ENROLLING UNINSURED LOW-INCOME CHILDREN IN MEDICAID AND SCHIP

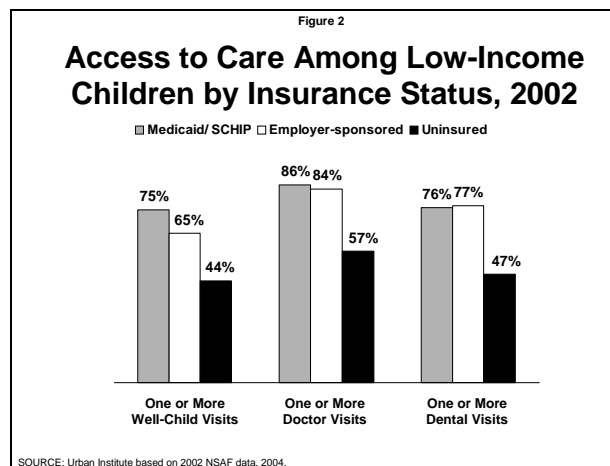
Together, Medicaid and the State Children's Health Insurance Program (SCHIP) form a critical health care safety net for children. In 2003, over 25 million children were enrolled in Medicaid, the nation's major source of health insurance coverage for low-income people. SCHIP, which targets low-income uninsured children who do not qualify for Medicaid, covered 4 million additional children in 2003. The majority of uninsured children are eligible for health insurance coverage under Medicaid or SCHIP, yet millions remain without coverage (Figure 1).



Eligible But Uninsured Children

Low-income children live in households with incomes below 200% of poverty, or \$31,340 per year for a family of three. Low-income uninsured children typically live in working households and have little contact with government assistance programs. Nearly all low-income parents say that having health insurance coverage for their child is very important, though many cannot afford to pay for it on their own. The vast majority of low-income parents view Medicaid as a good program, but have difficulties accessing it. Many parents have never tried to enroll their children in Medicaid or SCHIP because they do not think that they qualify for the programs, as a result of complex eligibility rules.

Lack of health insurance coverage negatively affects access to care for low-income children: uninsured but Medicaid-eligible children are twice as likely as those enrolled in Medicaid to have an unmet medical need, to have not seen a doctor, and to have substantial family out-of-pocket spending on health care. Medicaid provides low-income children with a level of access to care that is comparable to that of low-income children with employer-sponsored insurance coverage (Figure 2).



Progress in Outreach and Enrollment

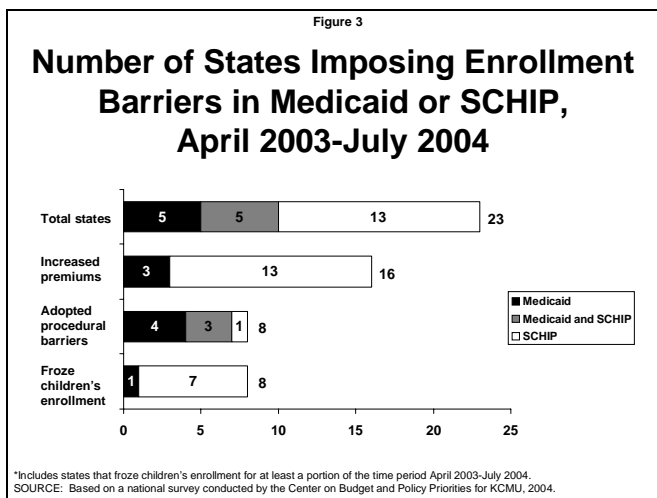
Following the enactment of SCHIP in 1997, states took actions to improve outreach, simplify enrollment, and retain eligible enrollees in both Medicaid and SCHIP. States invested heavily in statewide and community-based outreach and enrollment assistance activities, targeting eligible children who were not enrolled. States also increased access to coverage by expanding eligibility and designing streamlined enrollment strategies, such as creating simplified mail-in applications, eliminating the face-to-face interview and asset test requirements, adopting presumptive eligibility and 12-month continuous eligibility, and accelerating enrollment of uninsured children already participating in other means-tested programs such as food stamps or school lunch. As a result of these efforts, participation in both programs grew substantially, reducing the number of uninsured children. Between 1996 and 2002, the uninsured rate among low-income children dropped from 23% to 19%, largely due to increases in Medicaid and SCHIP coverage.

Current Issues in Medicaid/SCHIP Enrollment

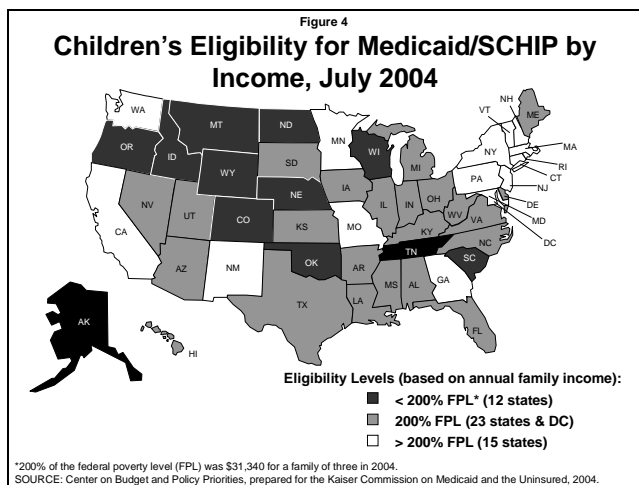
Over the past few years, financial stress has led states to slow spending on Medicaid and SCHIP. While some states are continuing to broaden access to coverage, many states have taken actions that restrict Medicaid and SCHIP enrollment for eligible children and parents. Between April 2003 and July 2004, nearly half of the states (23 states) adopted policies that made it harder for eligible children and families to secure and retain coverage (Figure 3).

Enrollment barriers implemented by states include freezing enrollment, increasing premiums, and reversing previously simplified enrollment procedures. The majority of these changes have been made in SCHIP programs, as states are generally restricted from implementing cost-sharing and enrollment freezes under Medicaid. SCHIP enrollment fell for

the first time in the program's history during the second half of 2003, largely due to program reductions in Texas.



Eligibility Rules. Income eligibility levels for children in Medicaid and SCHIP have remained relatively stable over recent years. As of July 2004, 38 states and the District of Columbia have set their Medicaid and/or SCHIP income eligibility levels for children at or above 200% of poverty, or \$31,340 per year for a family of three (Figure 4). Studies have shown that children's enrollment is facilitated when the whole family can obtain coverage. However, in 34 states, Medicaid income eligibility levels for working parents are below poverty (\$15,670 per year for a family of three).



Forty-four states and the District of Columbia have removed the asset test requirement for determining children's eligibility, helping to simplify enrollment and reduce administrative costs.

Enrollment freezes. In the face of tight budgets, 8 states froze enrollment of eligible children, primarily in SCHIP, for at least a portion of the time period April 2003-July 2004. The ability to impose enrollment caps in SCHIP enables states to control spending and stay within a budgeted amount, but leaves eligible children without coverage.

Premiums. As of July 2004, 33 states charged premiums or enrollment fees for children's coverage, typically in

SCHIP programs, as states are restricted from charging premiums to children and families in Medicaid unless the state obtains a federal waiver. Sixteen of these states have recently implemented new or increased existing premiums, making coverage less affordable for low-income families.

Enrollment procedures. Many low-income parents believe that the Medicaid enrollment process is confusing and cumbersome. Lack of basic information on how or where to enroll, limited hours and locations for enrollment, difficulties in obtaining the required documentation, and the time required to apply are all important factors that deter parents from enrolling their children in Medicaid or SCHIP.

Many states have adopted strategies to simplify the enrollment process, such as eliminating the asset test and face-to-face interview requirements (45 states). Several states have reduced verification requirements through presumptive eligibility (6 states) and self-declaration of income (10 states). Thirteen states have adopted 12-month continuous eligibility.

However, in response to budget constraints over the past several years, eleven states have reversed previously adopted procedural simplifications, making it more difficult for eligible children and families to get enrolled and stay enrolled.

Retention and renewal. Outreach and enrollment efforts need to be supplemented with measures to ensure that eligible children retain their coverage. Unwarranted disenrollment decreases access to care, disrupts continuity of care, and contributes to the constant "churn" of children cycling on and off of Medicaid and SCHIP. States can apply the same streamlining strategies used in the initial enrollment process to make the renewal process more accessible. Adopting 12-month continuous eligibility can help families maintain insurance coverage despite small income fluctuations. Because the renewal process for children may result in eligibility shifts between Medicaid and SCHIP, coordination between the programs is necessary to ensure seamless coverage.

Outreach activities. With the onset of fiscal pressures, most states eliminated outreach campaigns, although community-based assistance continues to play a key role in keeping eligible families enrolled. Still, many low-income families do not know about the availability of health insurance coverage through Medicaid and SCHIP. The Bush Administration FY 2006 budget proposed \$1 billion in grants over two years for a new campaign to enroll more children in Medicaid and SCHIP. Greater outreach to increase enrollment will also increase costs, which may be difficult for states to shoulder.

Next Steps

Despite the accomplishments of Medicaid and SCHIP in providing health care coverage for low-income children, recent fiscal stress has led to enrollment barriers and program cutbacks in some states. If progress in reducing the number of uninsured children is to be achieved, Medicaid and SCHIP enrollment practices need to be easy for families to navigate and accessible for working families.

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