



Family Matters

Update on Health Insurance

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A Family Impact Seminar Newsletter for Wisconsin Policymakers

How Effective is State and Federal Spending on Children's Health Insurance?

Six years after the State Children's Health Insurance Program (SCHIP) began, federal and state governments are spending roughly \$40 billion on health care coverage for disadvantaged children. What does the latest research have to say about the effectiveness of these efforts? The David and Lucile Packard Foundation has just released a new report, "Health Insurance for Children: Issues and Ideas," which discusses important facts about SCHIP and Medicaid as well as policy options for states dealing with uninsured children. This article discusses findings from the report.

Is children's health insurance a private or public issue?

Children's health insurance is a private issue because uninsured children can place stress on families. In a recent study, nearly three-quarters (74%) of parents whose children were newly insured reported feeling worried, scared, and stressed when their children lacked insurance (Lave et al., 1998). More than a third (36%) of these same parents reported financial difficulties as a result of out-of-pocket medical expenses for their uninsured children (Lave et al., 1998).

Children without insurance are a public issue as well. In California, a study found that publicly insured students experienced a 68% improvement in "paying attention in class" and "keeping up with school activities" (Children's Health Assessment Project, 2002). In Texas, almost two in ten (19%) families without insurance used emergency rooms—the most expensive sources of care—as their primary venue for treatment. After enrolling in public insurance programs, this number fell to only 1% (Shenkman et al., 2002).

Do public health insurance programs reach all who need them?

Public health insurance programs have been successful in reaching children and families in need. The most recent census data show that 16.5 million children (about a quarter of all children nationwide) received either Medicaid or SCHIP coverage. Nonetheless, an additional 8.5 million continued to lack insurance. Of these children, more than three-quarters (76%) were eligible for either Medicaid or SCHIP, but were not enrolled.

Some of the barriers to getting eligible children insured are bureaucratic. In a 1999 survey, 27% of parents with eligible children said they had never heard of SCHIP, thought that their children were not eligible, or did not have the information they needed to apply. One in ten said they did not apply because of the administrative hassle involved (Kenney et al., in press). Eligible children in immigrant families are often not enrolled due to their parents' language barriers, difficulty understanding eligibility and program rules, or fear of repercussions for using public benefits (Lessard and Ku, 2003). For legal immigrant children, federal benefits are not available until they have lived in the U.S. for five years, although states are allowed to use their own money to pay for health care coverage (National Immigration Law Center, 2002).

How are governments funding programs to insure children?

According to this report, the federal government could aid states in reducing the numbers of uninsured children by improving how SCHIP and Medicaid are funded. While an

additional \$6.1 billion is available to states to enroll eligible children not yet receiving coverage, states would need to raise \$3.7 billion in matching funds to get these federal monies. In the current economic climate, with governors projecting 2003 state budget deficits of \$30 billion and 2004 deficits up to \$80 billion, meeting this goal looks daunting. What's more, funding for SCHIP for the 2002-2004 biennium is reduced by more than a quarter (26%), which translates to about \$1 billion per year. With a three-year expiration date on unused federal dollars for SCHIP, almost \$3 billion could be returned to the U.S. treasury as early as September 2003. Given these conditions, states are scrambling even harder to fund Medicaid and SCHIP, at the same time that demands for these programs are on the rise.

What policy options exist to enroll uninsured children and fund public programs?

The Future of Children report features a number of policy options to both increase enrollment of low-income children and to expand and strengthen public insurance programs during troubled economic times. Funding improvement options include using Medicaid and SCHIP funds for "premium assistance," where low-income families use public funds to pay premiums on their employer-sponsored insurance. This type of program, which currently exists in Iowa, Maryland, Massachusetts, and Rhode Island, can cost governments less than providing full coverage on their own.

The report also discusses the possibility of counter-cyclical funding mechanisms that would increase federal dollars for public health insurance when state budgets are limited in their spending. Lastly, the report considers whether Congress could stop unspent SCHIP monies from being returned to the Treasury, and instead mandate that they be held or used to insure more eligible children.

Additionally, this report includes numerous examples of the ability of states' programs to reach, enroll, and retain low-income children and their families. Nine state program directors report about how they have structured innovative and effective SCHIP programs. Appendices provide state-by-state data, program profiles, relevant web-sites and organizations, and the names and contact information of experts in the field. For more information on this report, or to order a copy, please contact Beth Gross at 608-262-5779, or by e-mail at egross@ssc.wisc.edu of the Wisconsin Family Impact Seminars.

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Connecting with UW Faculty

Questions on health care and health care policy? Contact:

**Professor and Extension Specialist
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Roberta Riportella-Muller is an Associate Professor of Consumer Science at UW-Madison and a Health Policy Specialist in University Extension. She is the Project Director of Covering Kids and Families, a Robert Wood Johnson Project to assure enrollment in BadgerCare for eligible Wisconsin children and their parents. Roberta is involved with the development of an educational curriculum for Medicare beneficiaries. She has directed the Local Family Impact Seminars. She studies health care and health care access. Contact her at: rriorte@wisc.edu or (608)263-7088, or visit her health policy website at: <http://uwex.edu/ces/flp/health>.





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<http://www.uwex.edu/ces/familyimpact/wisconsin.htm>

Family Matters is on the web at:

<http://www.uwex.edu/ces/familyimpact/newsletters.htm>

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Rhode Island Helps Low-Income Families with Employer Insurance Premiums

With health care premiums on the rise, many low-income working families are turning down employer-sponsored insurance because they cannot afford to pay their share. In Rhode Island, a new state program called RItE Share provides premium assistance to Medicaid-eligible families. Program staff use a two-step process to determine enrollment. Because RItE Share sets standards for comprehensive insurance, they first assess whether the employer's insurance plan measures up. Next they compare the cost of paying the employee's premium to the cost of enrolling him or her in the state Medicaid program, RItE Care. To cut down on administrative time, Rhode Island uses an average cost per RItE Care family to determine cost-effectiveness. Families are enrolled in RItE Share if the cost of their premium is less than what the state pays to cover the average family under RItE Care.

After early trouble with employers' complaints of administrative burdens, RItE Share now reimburses employees directly for their share of premiums, rather than asking employers to accept payments from the state. Since making this change, enrollment in the program has grown considerably. As of February 2003, RItE Share's enrollment is at 3,500.

For more information on the RItE Share program, contact:

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Who is Uninsured In Wisconsin?

Approximately 380,000 Wisconsinites—about 7% of the state's population—lack health insurance according to recent data (Family Health Survey, 2001). Who are the uninsured in Wisconsin, and how are they influencing and being influenced by the current economy and political climate? Professor Roberta Riportella-Muller, Extension Health Policy Specialist, provides the following snapshot of the uninsured in Wisconsin.

The poor are at risk. More than half of Wisconsin's uninsured population (202,000) is made up of low-income individuals and families (Family Health Survey, 2001). Children who are African American, American Indian, Asian, or Hispanic suffer disproportionately from poverty.

Children are at risk. In spite of programs like Medicaid, Healthy Start, and BadgerCare, 68,000 children eligible for health insurance benefits in Wisconsin are still uninsured (Family Health Survey, 2001).



The rural are at risk. Wisconsin's rural residents are at a higher risk of being uninsured than those in metropolitan areas. In 2001, Wisconsin's Family Health Survey reported 10% of Wisconsin farm families as being uninsured (Family Health Survey, 2001). A more recent report from Extension indicated that number is higher: 20% for dairy farm families (Program on Ag Tech Studies, 2002), with 25% of farm families having at least one family member uninsured.

The unemployed are at risk. Current economic conditions, combined with rising health care costs, has led to an increasingly large group of workers at risk of not having insurance. From June 1999 to June 2002, the state's unemployment rate grew 75%, rising from 2.8% to 4.9%, which was double the pace for the nation as a whole (Center on Wisconsin Strategy, 2002). The statewide unemployment rate in Wisconsin in March 2003 stood at 6.5% [Department of Workforce Development (DWD), 2003]. Total employment has actually decreased in the last year and a half, reversing a long time trend of employment growth. In the first four and half months of 2003, more than 8,000 workers received layoff/plant-closing notices in Wisconsin; in 2002 nearly 16,000 workers received such notices (DWD, 2003). Without employer-sponsored insurance, many of these workers—and their families—run the risk of being without the means to receive and pay for health care.

Some employed workers are at risk. Almost three-fourths of uninsured persons in Wisconsin live in a household that includes a full-time employed worker (Family Health Survey, 2001). Because of the rising cost of premiums, many employers are cutting back on health insurance benefits. With many workers relying on employer-sponsored coverage to extend benefits to the entire family unit, the effects of rising premiums and shrinking benefits can be widely felt.

For the references for this article or for further information on health insurance and families, in particular Medicaid/BadgerCare and the Covering Kids and Families Initiative, contact Roberta Riportella-Muller. She can be reached by phone (608) 263-7088 or e-mail at rriporte@facstaff.wisc.edu.