



**Pennsylvania
Partnerships
for Children**



PCCY
Public Citizens for
Children and Youth

U.S. Election 2008 – Health Care and Uninsured Children

Why It Matters

Health insurance coverage is essential to providing access to appropriate and necessary health care. According to the Pennsylvania Department of Insurance, 92 percent of Pennsylvanians have some type of health care coverage. The majority of coverage, 66 percent, is from private sources of coverage, including employer provided insurance and coverage purchased directly from insurers.

Health insurance status is the single most important factor in determining whether or not a child will have access to health care. Providing health coverage to children improves access to health care thereby improving the health outcomes of children. Children who have health insurance are more likely to be immunized, receive regular check-ups and get prompt treatment for common childhood ailments, such as ear infections and asthma. Uninsured children are less likely to see a doctor on a regular basis or when symptoms develop. Overall, the uninsured are more likely to be hospitalized for a preventable problem than the insured.

In addition, children who have health insurance generally have a relationship with a primary care physician. The insured also are less likely to use costly emergency room services for common childhood ailments. Children's health is also linked to their academic success. Because children with health insurance are more likely to avoid preventable childhood illnesses, they generally have better school attendance and better school performance.

Finally, the uninsured (both children and adults) cannot pay their entire medical bills. According to Families USA, uncompensated health care totaled \$43 billion in 2005. Pennsylvania's share of that amount was estimated at \$1.4 billion. Health insurance provides payment for medical services and reduces uncompensated care.

What Works

Approximately 96 percent of all children in the Commonwealth have health insurance. Pennsylvania was one of the first states in the nation to establish an insurance program for children, with the enactment of CHIP in 1992. Congress followed, passing landmark legislation creating the State Children's Health Insurance Program (SCHIP) in 1997, which was modeled after Pennsylvania's successful CHIP program.

Currently, about 1.17 million - or about **two out of every five Pennsylvania** children - are enrolled in Medical Assistance (MA-Pennsylvania's Medicaid program) or CHIP (July 2008 enrollment). The vast majority of these children (approximately 992,000) are enrolled in MA. CHIP enrollment is just over 174,000. Programs like CHIP and MA provide access to coverage to children whose families either do not have access to or cannot afford private coverage.

The Commonwealth finances CHIP and MA with both federal and state funds. About 55 cents of every dollar spent on MA in Pennsylvania comes from the federal government. Nearly 69 cents of every dollar spent on CHIP in Pennsylvania comes from the federal government. This strong state-federal partnership makes SCHIP work successfully. In addition, a strong public-private partnership makes CHIP work in Pennsylvania as the program is administered by the state Department of Insurance and coverage is handled by private contractors.

Of those children enrolled in CHIP, roughly 151,000 children are enrolled in Free CHIP (a family of four can earn up to \$42,400 and be eligible), while about 22,000 are enrolled in Low-Cost CHIP (a family of four can earn between \$42,400 and \$63,600 and be eligible). Nearly 1,500 children are enrolled in At-Cost CHIP (a family of four can earn more than \$63,600 and be eligible).

As its name implies, Free CHIP is available to qualifying children free of charge. Families whose children are enrolled in Low-Cost CHIP contribute toward premiums and are responsible for co-pays. Families whose children are enrolled in At-Cost CHIP purchase coverage at the state's cost for coverage (no public funds are used) and are responsible for co-pays. In order to be eligible for Low-Cost and At-Cost CHIP, families must show that their child has not had coverage for the last six months, unless the child is two years of age or less, or unless they need coverage due to job loss, or are moving from one public coverage program to another.

Since the implementation of the Cover All Kids CHIP expansion in March 2007, enrollment has grown by more than 20,000 children. The enrollment gains have not come at the newer and higher income eligibility levels. In fact, nearly 60 percent of new enrollees were from lower income levels and were eligible for CHIP prior to the Cover All Kids Expansion (based upon their family income). This statistic bears out the contention we made in 2006 that opening up the program to all levels of income would eliminate confusion as to eligibility and help more previously eligible children sign up for coverage.

Where Are We Now

The Commonwealth has taken a number of positive steps to make public health coverage programs more accessible and easier to navigate for both consumers and administrators. Of interest, it has implemented a simplified common renewal form for MA and CHIP as well as literacy appropriate renewal notices for CHIP. Applications and renewals can be processed online or over the phone. In addition, the state's helpline issues reminder renewal calls.

CHIP and MA have been incredibly successful in Pennsylvania in filling the coverage gap for children whose families do not have access to or cannot afford private insurance. Unfortunately more work remains. According to the Pennsylvania Department of Insurance, approximately 133,500 children remain uninsured in the Commonwealth. Nationwide, about 9.4 million children under age 19 are uninsured. The number of uninsured children is unacceptable.

Merely providing coverage does not guarantee quality of care. Simply providing children with a card that says they have coverage is not sufficient; it is vital to ensure that a child's coverage can be used to access the full range of services necessary for healthy development.

SCHIP was scheduled for reauthorization by the end of Federal Fiscal Year 2007. After two presidential vetoes of legislation reauthorizing the program for another five years, the President and Congress ultimately agreed to an extension of the program that expires at the end of March 2009. While the extension did not make any changes in policy, it did include additional funding designed to address anticipated funding shortfalls across states.

The policy issues that proved contentious in the SCHIP reauthorization debate in 2007 - namely the proper role of the government in health care, whether SCHIP should cover higher-income children, and how the program should be funded - will be revisited when Congress considers reauthorization in 2009.

In addition, several activities undertaken over the past year by the U.S. Department of Health and Human Services Center for Medicare and Medicaid Services (CMS) further muddied the waters on MA and SCHIP. On August 17, 2007, CMS surprised states by issuing a controversial directive to state CHIP directors that sought to cap eligibility for the SCHIP below Pennsylvania's (and other states) eligibility levels. At the time the Directive was released and for many months, it appeared as if no state could meet the requirements. In May of 2008, CMS issued a clarifying letter that indicated its willingness to work with individual states to demonstrate compliance.

Pennsylvania has held a number of discussions with CMS and the Commonwealth believes that it can demonstrate compliance. The Government Accountability Office and the Congressional Research Service released legal opinions in 2008 indicating that the Directive should have received Congressional review prior to its release. Days prior to the Directive's effective date, CMS announced that it would not immediately be pursuing sanctions against states for noncompliance.

Over the past year, the U.S. Department of Health and Human Services has issued a series of regulations that will force states to make significant changes to Medicaid. They reverse long-standing Medicaid policies and eliminate federal payments for a variety of critical Medicaid functions by affecting payments to: public safety net institutions; coverage of rehabilitation services for people with disabilities; outreach and

enrollment in schools as well as specialized medical transportation to school for children covered by Medicaid; graduate medical education payments; coverage of hospital clinic services; case management services that allow people with disabilities to remain in the community; state provider tax laws; and appeals filed through HHS.

When combined, they will impact every state, cutting approximately \$15 billion from federal Medicaid funding for children, senior citizens and people with disabilities over the next five years. The regulations withdraw federal support for important health care services and threaten access to health care for millions of Pennsylvania's most vulnerable citizens. The Pennsylvania Secretary of Public Welfare estimated that Pennsylvania will lose nearly \$275 million during the first year of implementation and more than \$285 million the year after that. Fortunately, Congress imposed a moratorium on the regulations through the end of March 2009.

The Time Is Now

Over the past year, Congress has delayed important legislative action on children's health care until 2009. Those who are seated in the next Congress will soon face very important work on crafting timely and meaningful reauthorization of SCHIP, addressing the series of harmful Medicaid regulations and the SCHIP Directive. All of these issues must be dealt with by April 1, 2009.

In this election season, those seeking office in the U.S. House must pledge to continue to make the economic, social, health and academic benefits of health care coverage available to our nation's children via meaningful reauthorization of SCHIP and the protection of Medicaid.

Every child in America should have access to affordable, comprehensive quality health care and services. SCHIP reauthorization provides Congress an opportunity to take an important step to improve the health care of our children. Reauthorization should include the following:

- The necessary funding and statutory authority to maintain existing SCHIP programs over the next five years;
- Increase funding to states to improve and expand coverage for children, to further reduce the number of uninsured children;
- Provide a flexible administrative framework to allow states to meet the needs of their distinct populations;
- Eliminate barriers that keep eligible children from gaining or retaining coverage;
- Establish standard of care guidelines that meet children's health development needs and support state demonstrations that promote best practices to meet children's healthy development needs; and
- Establish performance-based standards and rewards for states that successfully reduce the number of uninsured children and improve the quality of care.

When it comes to the CMS SCHIP Directive and the series of harmful Medicaid regulations, the answers are simple – they should be rejected by Congress. The

Directives and the regulations go far beyond the authority of the Department of Health and Human Services. *Health care policy decisions that impact funding of programs of importance to children and other special populations in the states rest solely in Congress.*

Recent nationwide polling indicates that voters feel strongly about children's health care. According to a poll conducted for the Every Child Matters Education Fund in July 2008, nearly 80 percent of voters indicated that they would provide greater resources for health care for uninsured children in the federal budget.

Legislators have a unique opportunity in the 111th Congress to shape the direction of children's federal health care policy for years to come. This is not only an opportunity, but an obligation to preserve the gains made with regard to children's access to health coverage and to build upon the gains to enroll more children whose families do not have access to or cannot afford private insurance, and to make sure that children receive high-quality care that promotes their healthy development.

We respectfully urge all candidates for Congress to stand up for children and make children's health care a priority in their campaigns.

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