

# Research Brief



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## Do children enrolling in public health insurance have other options?

*The diverse insurance  
backgrounds of children  
entering SCHIP*

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### Findings from the HealthWave Evaluation Project

*This is the second in a new series of Research Briefs by the Kansas Health Institute summarizing findings from a comprehensive evaluation of the State Children's Health Insurance Program (SCHIP, also known as HealthWave). This publication and other related reports are available on our Web site at [www.khi.org](http://www.khi.org).*

### Results in Brief

This report describes prior health insurance coverage of children entering SCHIP, as well as current coverage within their families. Main findings include:

- Over half of new enrollees (57%) were uninsured at the time they entered SCHIP.
- Most children (70%) entering SCHIP had health insurance for at least some portion of the previous year.
- Families of new SCHIP enrollees often have multiple types

of health insurance, yet most enrollees (66%) have at least one uninsured parent.

- Half of the children entering SCHIP (51%) were eligible to enroll in job-based health insurance through at least one parent, although this option may not have been affordable.
- These findings help policymakers better understand the role that SCHIP plays in providing insurance coverage to low-income children in Kansas.

### Introduction

The Kansas SCHIP program was created to provide health insurance to children in low-income families that do not have an alternative source of coverage, either because their income is too high to qualify for Medicaid, or because they do not have access to affordable private health insurance. The state initially limited eligibility to children who

had not been covered by private health insurance during the previous six months, unless they no longer had access to that coverage. However, the restriction on prior coverage was revoked in April 2001.

Despite efforts to target the program to low-income and otherwise uninsured children, little is known about SCHIP enrollees in terms of their previous insurance coverage, their family's insurance status, and their access to employer-sponsored coverage.

## Key Findings

### More than half of new enrollees were uninsured when they enrolled in SCHIP

More often than not (57%), new SCHIP enrollees were uninsured at the time they enrolled, and among those who were uninsured, the average gap in coverage was 16 months. The most common reasons reported by parents for their child's lack of insurance at the time they entered the program were a job loss or change (30%), cost (27%), and loss of

previous SCHIP or Medicaid coverage (15%) [See figure below].

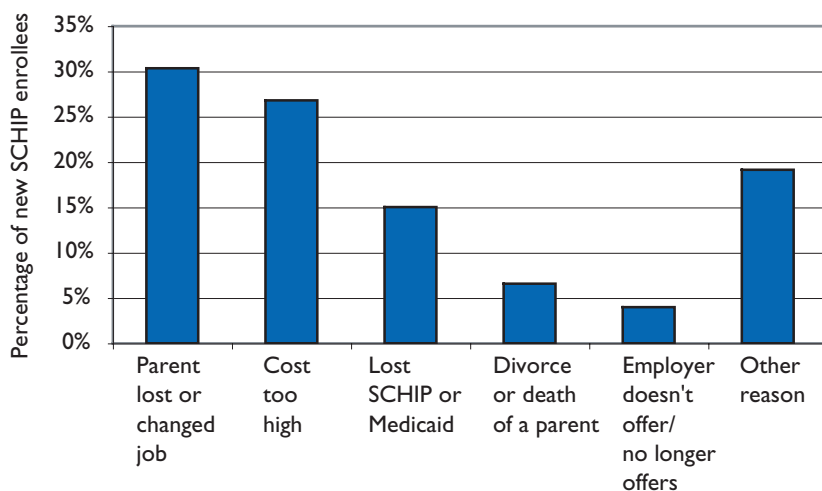
### Most children were insured for at least some portion of the year before enrolling

Seventy percent of children newly enrolling in SCHIP were insured for at least some portion of the previous year [See figure on opposite page]. Among those with coverage, the average new enrollee was covered for about 10 of the 12 months leading up to their entry into SCHIP. Parents report that nearly half (44%) of children entering SCHIP were covered by either SCHIP or Medicaid for some portion of the previous year, that about one in five (22%) had private coverage, and that 4% of children had some other type of coverage. Nearly one-third (30%) were uninsured for the entire year.

### Families of children enrolling in SCHIP often have multiple types of insurance

Most new SCHIP enrollees (58%) were in families where at least one family member had another type of insurance coverage. Some (14%) were in families with persons also enrolled in Medicaid, and two-fifths (41%) had at least one privately-insured family member. The presence of multiple sources of insurance in a family may mean that parents have to negotiate different cost-sharing rules, lists of covered drugs, and lists of participating doctors and dentists for various members of the family. The challenges of obtaining health care can be even greater when a family member is uninsured, and most new SCHIP enrollees were in families with at least one uninsured member. Two-thirds (66%) of new SCHIP enrollees had at least one uninsured parent, and 5% of those with siblings had at least one uninsured sibling.

### Reasons Children are Uninsured Before Entering SCHIP



Data: Based on parent self-reports from the 2001 HealthWave Enrollee Survey  
Note: More than one answer allowed

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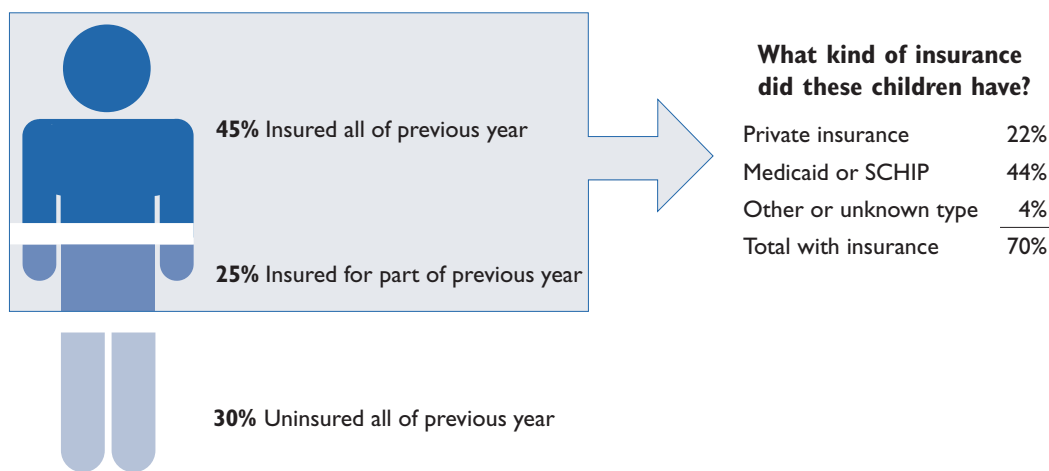
## Half of new enrollees were eligible to enroll in job-based health insurance

A child's need for publicly-sponsored insurance depends on whether alternatives such as job-based health insurance are available, affordable and adequate. We found that half of new SCHIP enrollees (51%) were eligible to be enrolled in job-based insurance through a parent. This includes all families where a working parent was eligible for a job-based family insurance plan, regardless of whether the parent elected to participate in the plan themselves, and regardless of the cost of that plan. It is not clear how many parents could have afforded to enroll their children in job-based insurance rather than SCHIP. While we found that one-third of new SCHIP enrollees (36%) had a parent with job-based insurance, employers usually cover a lower percentage of health insurance premiums for dependents than for employees. This is especially true in smaller firms, where many parents of SCHIP enrollees work.

## Discussion and Policy Implications

There is a wide range of health insurance experiences among families that have enrolled their children in SCHIP. Just over half of new enrollees (57%) were uninsured at the time they entered SCHIP, but 70% of new SCHIP enrollees were insured for at least some portion of the previous year. Insurance coverage varies considerably across members of the same family. Most children entering SCHIP had at least one family member with some other type of insurance, but

## Children's Insurance in the Year Before Enrolling in SCHIP



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most SCHIP enrollees also had at least one uninsured family member.

Perhaps most surprising is our finding that half of children enrolling in SCHIP (51%) were eligible to enroll in job-based insurance through a parent. Nevertheless, this finding is consistent with several national studies showing that the presence of SCHIP diverts some children away from private insurance, although there is considerable debate about how large a problem this might be.

Why might families enroll their children in SCHIP instead of job-based insurance? Cost certainly plays a role for these low-income families. Even when it is available to them, the deductibles, co-payments, and monthly premiums that go along with job-based insurance may not be affordable, and this cost sharing is almost certainly higher than it is in SCHIP. In addition, SCHIP covers services such as dental

### Similar Findings for Medicaid

The information reported in this Brief was also collected for a comparison group of non-disabled children newly enrolling in Medicaid. The results were virtually the same as for the SCHIP enrollees. One notable exception is that significantly fewer Medicaid children (33% vs. 51%) were found to be eligible to enroll in job-based insurance.

**“Policymakers will weigh SCHIP’s potential inefficiencies against the benefits the program provides to many children in low-income families.”**



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The Kansas Health Institute is an independent, nonprofit health policy and research organization based in Topeka, Kansas. Established in 1995 with a multi-year grant from the Kansas Health Foundation, the Kansas Health Institute conducts research and policy analysis on issues that affect the health of Kansans.

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care that job-based health insurance frequently does not cover.

These findings suggest that some children enrolling in SCHIP would probably have insurance coverage even if SCHIP did not exist. However, this study also demonstrates the presence of real health insurance need among children enrolling in SCHIP. If they did not have access to SCHIP, at least some enrollees would be uninsured. Moreover, even children with access to alternative types of

coverage might be better off in SCHIP because of its lower cost and more comprehensive benefits.

State budget pressures and concerns about SCHIP’s impact on private insurance coverage have led some policymakers to search for ways to better target SCHIP toward those children who most need it. In the meantime, policymakers will weigh SCHIP’s potential inefficiencies against the benefits the program provides to many children in low-income families.

### About the HealthWave Evaluation Project

This project led by the Kansas Health Institute includes a survey of the families of 1,324 children who were newly enrolled in Medicaid or SCHIP to evaluate the impact of the SCHIP program in Kansas. The survey, conducted in 2001 with a follow up in 2002, was designed to be representative of all children under age 19 enrolling in SCHIP and non-disabled children under age 19 enrolling in Medicaid. Interviews were conducted in English, or upon request in Spanish, with an adult respondent who was responsible for the enrolled child; in 92 percent of the cases, this was a parent. The findings in this Research Brief are based on the results of this survey.

### Project Funding

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