

## Leave SCHIP Alone...

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The State Children's Health Insurance Program (SCHIP) has been a successful program, helping to insure an additional 9 million low-income uninsured children since its passage in 1997. The initial program was financed by the state and federal government and received bipartisan support. This support was instrumental to its continued success to enroll children who lived in families with incomes too high to be eligible for the low-income Medicaid program but not high enough to afford private health insurance. One problem is that it might have been too successful, as many states are bumping up against their state annual allotment and financially are not able to continue enrollment of uninsured children.

The debate in Washington is largely ideological – the President and other Republicans are afraid of expanding a successful program that might increase government's role in financing health care, not only for low-income children but children from families who are considered middle income. The concern is that middle income families will drop their existing employer-sponsored insurance and enroll in the tax-funded SCHIP or “crowd out” the private health insurance market. The other side, made up of mostly Democrats and a few moderate Republicans, are generally supportive of universal coverage for kids. Since the private sector is currently not able to provide affordable coverage to low and middle income families, SCHIP can and will.

There are a few important points to note. The SCHIP program has contributed to a reduction in uninsured children primarily through its outreach and enrollment, which has attracted very low-income children into the Medicaid program. The Medicaid program currently provides coverage for 28 million children, while SCHIP provides coverage for just 6 million children. There are still 9 million uninsured children below 200 percent of the federal poverty level (the current SCHIP definition of low-income families) which is about \$41,000 a year for a family of four. One out of five low-income children is currently living without health insurance coverage. Research shows that three out of four of these low-income children are currently eligible for either Medicaid or SCHIP.

There are other ways to increase private health insurance coverage for middle income families. Policy makers need to address issues related to increasing health insurance costs, providing incentives for small employers to offer affordable coverage, and exploring new innovations that use SCHIP funds to subsidize employer-sponsored coverage for low- and middle- income families. The problem with private health insurance coverage is not SCHIP. Rather, the problem is that costs continue to grow beyond the reach of many families. According to the U.S. Congress Joint Economic Committee, the 2005 average inflation-adjusted health care premium for family coverage in Minnesota was \$11,200, which is 37.5 percent higher than it was in 2000. That represents 27

percent of a low-income family's income of \$41,000. Policy makers should redirect their focus to address the needs of employers and employees for affordable coverage and let SCHIP provide the needed safety net for coverage for children. Denying coverage to low-income or even middle-income children will not fix the problems with our health care system that make most private insurance unaffordable for working families.