PERSONALLY SPEAKING

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SCHIP: WHAT WE KNOW, WHAT WE DON'T KNOW

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Last week, the U.S. House of Representatives failed to override President Bush's veto of a bill to extend SCHIP protection to millions of children not covered under the present program. Bush objected to the bill on grounds that it represented an unacceptable expansion of the role of the federal government in health care. This issue will be re-visited by Congress in the days ahead because the program otherwise will collapse for lack of funding.

Setting aside the rhetoric that characterizes both sides of the issue, we may be able to help forge agreement by focusing on the basics: what we know, what we don't know.[1]

What we know **is that an estimated 8,661,000 uninsured children under age 18 are not covered by private insurance, Medicaid, state-sponsored or other government-sponsored health plans, or military plans, and that health insurance coverage is underreported.** ***What we don't know*** **is the extent of that underreporting and therefore the extent to which the Census Bureau is overestimating the number of uninsured children.**

What we know **is that an estimated 2,476,000 children in families below the poverty threshold are eligible for Medicaid yet are uninsured, and that another 2,721,000 children in families with incomes between 100 percent and 200 percent of poverty are eligible for SCHIP under the current law but are uninsured. Taken together these 5,197,000 children represent 61 percent of all uninsured children.** ***What we don't know*** **is why these children are not enrolled in one of these programs. Is it because they never have been sick, their parents did not know they were sick, did not access health care when they were sick, paid for health care out-of-pocket, accessed care as no-pays, were too proud to ask for assistance, or did not know that their children qualified for Medicaid or SCHIP?**

What we know **is that an estimated 97.5 percent of all children under 18 report their health status as excellent, very good, or good, with the rest reported as fair or poor.** ***What we don't know*** **is the reliability of information obtained, in this case, not from health care providers but from persons selected at random and self-reporting their own health status.**

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[1] **Sources of information throughout: U.S. Census Bureau,** ***Income, Poverty, and Health Insurance Coverage in the United States: 2006*****, P60-233, August 2007 and** ***Health Status, Health Insurance, and Health Services Utilization: 2001*****, P70-106, February 2006; U.S. Department of Health and Human Services, Medical Expenditure Panel Survey,** ***Total Health Services – Mean and Median Expenses per Person With Expenses and Distribution of Expenses by Source of Payment: United States, 2004*****.**

What we know **is that annual family income of insured children on average is $30,167 greater than the family income of uninsured children.** ***What we do not know*** **with any assurance is the role of income on the actual versus perceived (self-reported) health status of children.**

What we know **is that an estimated 47,906,000 children under 18 years of age are presently covered by private insurance of whom 19,523,000 have family income below 300 percent of poverty. Most of them are covered by employment-based insurance. Estimated annual health expenditures for the 85.9 percent of all children under 18 in 2004 (most recent data available) who had health expenses was $1,333 with 51 percent paid by private insurance.** ***What we don't know*** **is how many of these children would be switched to SCHIP if income eligibility were raised to 300 percent of poverty or higher, and how much such switching would cost SCHIP. If, however, 25 percent of the children covered by private insurance but under the 300 percent threshold were switched and 86 percent of them had health expenses, an additional $5.6 billion would be charged to SCHIP.**

What we know **is that life events such marriage, death of an adult wage earner in the family, birth of a child, divorce, separation, and the transition of adult children out of and back into their parents' household often have significant effects on family income.** ***What we don't know*** **is how many families from one year to the next fall below or rise above the 200 percent of poverty threshold and therefore how many children qualify for or no longer qualify for assistance under Medicaid or SCHIP. For example, two children presently ineligible because family income is above 200 percent of poverty would qualify if family income drops below that threshold due to the lost earnings of the divorced parent who no longer lives in the household with the children. When family income rises above that threshold do the children exit the program or remain covered?**

What we know **is that there are 1,639,000 uninsured children in families with incomes 200-299 percent above the poverty threshold, and another 730,000 in families with incomes 300-399 percent above the poverty threshold. The rest of the uninsured – 983,000 – are in families with incomes 400 percent or more above poverty. For a family of four with two children under 18, 200 percent of poverty is $40,888, 300 percent of poverty is $61,332, and 400 percent is $81,776.** ***What we do not know*** **is the extent to which these higher-income families require public assistance because the health care needs of their children, especially those with chronic conditions or faced with a single catastrophic health event, simply are beyond their means.**

What we know **is that both SCHIP and Medicaid for years have been under-funded and that expense re-imbursement for services rendered by hospitals, clinics, physicians and other health-care providers has been denied or cut drastically below the charges billed for those services. Thus we see reduced access to care because some providers no longer make themselves available for consultation with their professional colleagues fearing they will not be reimbursed adequately, hospitals that increasingly find it difficult to make ends meet because they cannot refuse service to any uninsured no-pay person who comes to the emergency department, not to mention subspecialty physicians turning away from**

Medicaid and SCHIP patients toward others who are willing to pay for such aesthetic procedures as botox, restylane, and laser hair removal. *What we do not know* is whether these problems will improve or worsen under higher-income eligibility thresholds for SCHIP assistance.

Perhaps states should be free to raise the income threshold to 300 percent of poverty or higher provided they use only state funds to support the greater demands on the health care system. Perhaps the threshold to qualify for SCHIP assistance should be raised to 250 percent of poverty for all children under 18 with a trigger to boost it to 300 percent when we know more about the full effects at the lower threshold. Perhaps the threshold should be lifted to 300 percent only for all children under age 6 on grounds that early intervention likely leads to the best outcome. Or perhaps the threshold should remain at 200 percent until the uninsured below that threshold are fully and adequately protected.

Given *what we do not know,* it's best to proceed with caution lest in ignorance and haste we do more harm than good.

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