



What Was the Impact of States Expanding Eligibility to CHIP?

Evaluating state health reforms that provide expanded health insurance coverage to children in Illinois, Pennsylvania, and Washington

SUMMARY

Illinois, Pennsylvania, and Washington were among the first states to expand eligibility for the [Children's Health Insurance Program](#) (CHIP)—financed jointly by federal and state governments—to children aged 17 or younger in families with income above 200 percent of the federal poverty level.

From 2008 through 2010, researchers at the [University of California-Los Angeles](#) and the [RAND Corporation](#) evaluated the impact of these eligibility expansions on the coverage and affordability of health insurance for children and families in these three states.

The project was part of *State Health Access Reform Evaluation*, a Robert Wood Johnson Foundation (RWJF) national program to support research and evaluation of state health reform initiatives and develop an evidence base for future state and federal reform initiatives. (See the [Introduction](#) for more information on the program.)

Context

Illinois expanded eligibility for subsidized CHIP coverage to children in families earning 200 percent to 400 percent of the federal poverty level in 2006. Pennsylvania expanded eligibility for subsidized CHIP coverage to children in families earning 235 percent to 300 percent of the poverty line in 2007, and Washington expanded their CHIP program to children in families earning 250 percent to 300 percent of the poverty line in 2009. Each state developed a schedule of premiums that families would pay for this coverage, based on their income level.

The Project

The project combined qualitative and quantitative methods. The research team reviewed documents and interviewed 31 individuals across the three states, including staff from the government agency responsible for program administration, the legislature, the

governor’s policy staff, and advocacy groups. Interviews covered topics such as how the affordability of coverage was assessed and premium levels determined, as well as how concerns over the potential “crowd-out” of private coverage were addressed.

Quantitative analyses included a comparison of the premium costs associated with family coverage through a combination of CHIP (for children) and insurance coverage purchased through the individual market (for parents) and the premium costs that families will face, when provisions of the 2010 federal Patient Protection and Affordable Care Act (ACA) are fully implemented, for family coverage that is purchased through newly created health insurance exchanges.

Quantitative analyses of the coverage effects of CHIP expansions relied primarily on data from the 2002–2009 Annual Social and Economic Supplements (ASEC) of the Current Population Survey (CPS).

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Key Findings

In an article in the *Journal of Health Politics, Policy and Law*,¹ a research brief,² and a report to the Robert Wood Johnson Foundation (RWJF), the investigators cited these key findings:

- Despite the importance of affordability, there is no single, universally agreed-upon standard that discriminates between health insurance that is or is not affordable. Policy-makers in the three states used a variety of sources to help them determine what premium contributions would likely be affordable for families of different income levels, including the perspectives of uninsured individuals, the perceptions of legislators, the level of premium contribution required by public employees for participating in their group health insurance plan, and premium schedules developed in other states for CHIP and for other, state-specific public health insurance programs, such as those targeted toward low-income adults.
- Although affordability was a key factor in states’ decisions regarding premiums for public health insurance, officials also considered historical precedent, fiscal viability (for the state), and administrative simplicity. Officials were also concerned with avoiding “crowd-out” of private insurance coverage.

¹ Gresenz CR, Laugesen M, Yesus A, and Escarce JJ. “Relative Affordability of Health Insurance Premiums under CHIP Expansion Programs and the ACA,” *Journal of Health Politics, Policy and Law*, October 2011. Available [online](#).

² Gresenz, CR, Edgington SE, Laugesen M, and Escarce JJ. “CHIP Expansions to Higher-Income Children in Three States: Profiles of Eligibility and Insurance Coverage,” SHARE/SHADAC Research Brief, July 2010. Available [online](#).

- Premium contribution requirements as a percentage of family income in the three study states varied substantially.
 - For example, in Washington, families earning 200 percent to 250 percent of the federal poverty level paid 0.8 percent of their income to insure one child. In Illinois, those families paid 1.6 percent of income, and in Pennsylvania, they paid 1.8 percent.
 - Families earning just above 300 percent of the federal poverty level paid 2.2 percent of their income for CHIP coverage in Illinois, and 9 percent in Pennsylvania. In Washington, children in those families were not eligible for CHIP.
- For families earning less than 400 percent of the federal poverty level, family coverage purchased through soon-to-be created health insurance exchanges is likely to be more affordable than family coverage through a combination of CHIP and non-group coverage.
 - Families earning 150 percent to 200 percent of the federal poverty level would pay up to 19.6 percent of their income for family coverage through combined CHIP and nongroup market coverage, compared with just 4 percent to 6.3 percent for family coverage through an exchange.
 - Families earning 200 percent to 250 percent of the poverty level would pay 12.5 percent to 16.4 percent for combined CHIP and nongroup market coverage, compared with just 6.3 percent to 8.05 percent for family coverage through an exchange.
- Levels of take-up of public insurance were limited among children made eligible for CHIP through expansions during the 2002–2009 period in families with incomes between 200 and 400 percent of the federal poverty level. Among children in families with incomes between two and four times the federal poverty level, four children enrolled for every 100 who became eligible.
- Changes in uninsurance from the expansions among children in families with incomes between 200 and 400 percent of the federal poverty level were also modest, with two children moving from being uninsured to having insurance coverage for every 100 made eligible. Because not all of the take-up of public insurance among eligible children is accounted for by children who transfer from being uninsured to having public insurance, our results suggest that there may be some crowd-out of private insurance coverage.
- Premium contribution requirements imposed by states as part of their CHIP expansions exert a significant negative influence on the probability that an eligible child enrolls in public coverage and a significant positive influence on the probability that an eligible child enrolls in private coverage.

Conclusion

“Affordability is integral to the success of health care reforms aimed at ensuring universal access to health insurance coverage,” the investigators wrote in the journal article. However, “there is no single, universally agreed-on standard that discriminates between coverage that is or is not affordable.” Further, given the sensitivity in public health insurance enrollment observed from modest premium contribution requirements, it seems unlikely that the availability of insurance through exchanges, without an individual mandate, will be sufficient for reducing uninsurance to a meaningful degree.

Funding

RWJF provided \$599,357 for this project from April 2008 through December 2010.

Afterward

The researchers are continuing to analyze data from their study and submit articles for publication. For example, they are preparing articles on crowd-out of private insurance by recent CHIP expansions, behavioral responses to features of CHIP, and insurance coverage of immigrant youth based on legal status.

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Grant ID # 64211 in *State Health Access Reform Evaluation*

Program area: Health Insurance Coverage

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Reports

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