

POLICY 9:

Health Insurance Coverage

Why Health Insurance Coverage Policy Matters. The productivity of a state's work force and the efficiency of a state's government can be enhanced by improving families' access to physical and mental health care. Research shows that America's families lose hundreds of billions of dollars in lost wages due to physical illness each year, and that these losses negatively affect their employers as well.⁵⁰ Studies also show that states that do not help families access preventive health care often pay much greater amounts for emergency rooms and hospitalization when a preventable ailment becomes a major disease.⁵¹ Health insurance is a key determinant in a family's ability to access adequate health care.⁵²

Key State Policy Measures. States can promote the stability of the work force and potentially reduce long-term costs to government by expanding access to health insurance. Three primary policies support this goal:

9.1 Child eligibility for Medicaid coverage. States determine the availability of government-funded medical insurance for children primarily through the income eligibility level that they adopt for their Medicaid program and State Children's Insurance Program (SCHIP). Research shows that without insurance, children are less likely to receive health services in a timely manner, and that their health and long-term development can be compromised.⁵³ As such, children's health insurance can be an important part of a broad strategy toward child development aimed at helping children stay healthy, eager to learn and prepared to succeed.

Changes in 2007:

States expanding eligibility for children:

Although several states enacted measures to expand eligibility for children, a new federal directive by the Commission on Medicaid and Medicaid Services significantly curtails the ability of states to expand eligibility above 250 percent of the federal policy level, as explained in the following excerpt from an analysis performed by the Center for Budget and Policy Priorities and the Kaiser Commission on Medicaid and the Uninsured:

Just as states are pushing forward, a new federal directive issued by CMS on August 17, 2007 restricts states from using SCHIP funds to cover children in families with gross incomes above 250 percent of the federal poverty line, thus limiting states' ability to reach uninsured children above this income level. The directive currently affects 23 states, including 10 states that passed eligibility expansions but had not obtained federal approval before the directive was issued and 14 states that had implemented coverage expansions above this level but will have to comply with the directive by August 2008. (Washington is counted in both sets of states.) In response to the directive, several states have scaled back or postponed their expansion plans or have decided to absorb the full cost of covering children with income above the CMS limit. As a result, thousands of children already have lost the opportunity to obtain health coverage. Many more may be adversely affected as states make decisions about going forward. (Excerpt from Donna Cohen Ross, Aleya Horn, and Caryn Marks, *Health Coverage for Children and Families in Medicaid and SCHIP: State Efforts Face New Hurdles*, Washington, D.C.: The Kaiser Commission on Medicaid and the Uninsured, January 2008.)

In the context of this directive the following changes were enacted in 2007.

- **Montana** increased eligibility from 150 percent to 175 percent of the FPL.
- **Pennsylvania** increased eligibility from 200 percent (with state subsidies for insurance up to 235 percent) of the FPL to 300 percent of the FPL.
- **Tennessee** increased eligibility from 100 percent to 250 percent of the FPL, although this state enacted an enrollment freeze during part of 2007.
- **Georgia, Tennessee, and Utah** froze enrollment for some portion of 2007.

9.2 Co-payments and premiums for children’s health services. States sometimes require cost-sharing by eligible families through premiums, co-payments and deductibles. States pursue cost-sharing to provide incentives against overuse of health care and to limit health care costs, but research shows that even small fees can reduce patient access to care.⁵⁴

There are stringent rules for cost-sharing under the traditional Medicaid program, therefore the premiums and co-payments reflected in this report are charged generally to families of children who receive health care services through a separate SCHIP program or Medicaid expansion. In the data tables, copayments are reflected for families with earnings equal to 151 percent of the FPL or 200 percent of the FPL. These copayments apply to non-preventive physician visits, emergency room visits, and/or inpatient hospital visits. Premiums apply to families of three with earnings equal to 101 percent, 151 percent, or 200 percent of the FPL.

Changes in 2007:

- **Hawaii** eliminated premiums for selected families at selected income levels.
- **Montana** began charging co-payments for selected services for children with family income at 151 percent of the FPL (as part of its expansion of eligibility to this level and beyond).

9.3 Parent eligibility for Medicaid. Parental health insurance coverage is not only important for a parent’s own health, research indicates that parental coverage is a strong predictor of a child’s use of health services.⁵⁵ States determine the income eligibility level for parents separately from decisions about children’s eligibility.

Changes in 2007: The majority of states increased the dollar amount parents may earn while still qualifying for Medicaid, however the size of these increases rarely matched the increase in the federal poverty level, which means that more parents near poverty are likely to no longer qualify for Medicaid. Only states that increased their eligibility levels when measured as a percentage of the FPL make more parents who are near poverty eligible for this service. For states that have one eligibility level for “regular” Medicaid, and a separate level for services provided through a waiver, changes noted apply to one or both programs, except where noted.

States increasing eligibility levels for working parents, both in dollar terms and as a percentage of the FPL:

Arkansas	Iowa	New Jersey
Connecticut	Nebraska	Oklahoma
Indiana	Nevada	South Carolina

States increasing (or maintaining constant) eligibility levels for working parents in dollar terms, but seeing eligibility levels remain constant as a percentage of the FPL:

Alabama	Louisiana	Ohio
Alaska	Massachusetts	Oregon**
Arizona	Michigan	Tennessee**
District of Columbia	Minnesota	Virginia
Hawaii	New York	

* Indiana's eligibility increase occurred through its waiver program, and eligibility declined as a percentage of the FPL for the regular Medicaid program.

** Oregon and Tennessee enacted an enrollment freeze for their waiver programs at some point between July 2006 and July 2007.

States increasing (or maintaining constant) eligibility levels for working parents in dollar terms, but seeing levels decrease as a percentage of the FPL:

California	Maryland	South Dakota
Colorado	Mississippi	Texas
Delaware	Missouri	Utah***
Florida	Montana	Vermont
Georgia	New Hampshire	Washington***
Idaho	New Mexico	West Virginia
Illinois	North Carolina	Wisconsin
Kansas	North Dakota	Wyoming
Kentucky	Pennsylvania***	
Maine	Rhode Island	

*** Pennsylvania, Utah, and Washington enacted an enrollment freeze for their waiver or state funded expansion program at some point between July 2006 and July 2007.

Health Insurance Coverage Policy Measures

Measure 9.1: Children’s Eligibility for Health Coverage

At what percentage of the federal poverty level (FPL) for family earnings does the state make children eligible for public health insurance? *Table reflects policy as of January 2008.*

251% of the federal poverty level (FPL) or above	Conn., D.C., Hawaii, Md., Minn., Mo., N.H., N.J., Pa., Vt.
201% to 250% of the FPL	Calif., Ga., N.M., N.Y., R.I., Tenn., Wash., W.Va.
186% to 200% of the FPL	Ala., Ariz., Ark., Colo., Del., Fla., Ill., Ind., Iowa, Kan., Ky., La., Maine, Mass., Mich., Miss., Nev., N.C., Ohio, S.D., Texas, Utah, Va., Wyo.
151% to 185% of the FPL	Alaska, Idaho, Mont., Neb., Okla., Ore., Wis.
100% to 150% of the FPL	N.D., S.C.

* Subject to a new federal directive by the Commission on Medicaid and Medicaid Services that significantly curtails the ability of states to expand eligibility above 250 percent of the federal policy level beginning in August of 2008.

Measure 9.2: Co-payments and Premiums for Children’s Health Services

Does the state use cost-sharing mechanisms for selected Medicaid and S-CHIP-eligible children? *Table reflects policy as of January 2008.*

No co-payments or premiums	D.C., Hawaii, La., N.D., Neb., Ohio, Okla., Ore., S.C., S.D.
Co-payments only	Alaska, Ark., Miss., Mont., N.M., Va., Wyo.
Premiums only	Ariz., Del., Ga., Idaho, Ind., Iowa, Kan., Maine, Md., Mass., Mich., Minn., Mo., Nev., N.Y., Pa., R.I., Vt., Wash., Wis.
Both co-payments and premiums	Ala., Calif., Colo., Conn., Fla., Ill., Ky., N.C., N.H., N.J., Tenn., Texas, Utah, W.Va.

Measure 9.3: Parent Eligibility for Medicaid

At what percentage of the federal poverty level (for family earnings) does the state make parents and guardians eligible for public health insurance? *Table reflects policy as of January 2008.*

151% of the federal poverty level or above	Ariz., Ark., Conn., D.C., Ill., Ind., Iowa, Maine, Minn., N.M., Pa., R.I., Vt., Wash., Wis.
101% to 150% of the FPL	Calif., Del., Mass., N.J., N.Y., Utah
51% to 100% of the FPL	Alaska, Colo., Fla., Ga., Hawaii, Ky., Mich., Mont., Neb., Nev., N.H., N.C., N.D., Ohio, Ore., S.C., S.D., Tenn., Wyo.
Up to 50% of the FPL	Ala., Idaho, Kan., La., Md., Miss., Mo., Okla., Texas, Va., W.Va.

Selected State Health Insurance Coverage Policies

STATE	9.1				9.2				9.3			
	CHILD ELIGIBILITY LEVEL				COST-SHARING MECHANISM ^[a]				PARENT ^[b] ELIGIBILITY LEVEL			
	Child Eligibility Level (As a % of FPL) ^[c]		Co-payments Charged for Children's Health Insurance Services		Premiums Charged for Children's Health Insurance Services		As a % of Federal Poverty Level (FPL)					
Alabama	200		Yes ^[i]	Yes		26						
Alaska	175		Yes ^[i]	-		81						
Arizona	200		-	Yes		200						
Arkansas	200		Yes ^[i]	-	↑	18/200						
California	250		Yes	Yes	↓	106						
Colorado	200		Yes	Yes	↓	66						
Connecticut	300		Yes	Yes	↑	191						
Delaware	200		-	Yes	↓	106						
District of Columbia	300		-	-		207						
Florida	200		Yes	Yes	↓	56						
Georgia	↓ 235 ^[e]		-	Yes	↓	53						
Hawaii	300		-	↓ -		100						
Idaho	185		-	Yes	↓	42						
Illinois	200 (No limit) ^[d,f]		Yes	Yes	↓	191						
Indiana	200 ^[d]		-	Yes	↑	26/200						
Iowa	200		-	Yes	↑	89/250						
Kansas	200		-	Yes	↓	34						
Kentucky	200		Yes ^[i]	Yes	↓	64						
Louisiana	200 ^[d]		-	-		20						
Maine	200		-	Yes	↓	206						
Maryland	300		-	Yes	↓	37						
Massachusetts	300 (400+) ^[f]		-	Yes		133						
Michigan	200		-	Yes		61						
Minnesota	275 ^[g]		-	Yes		275						
Mississippi	200		Yes	-	↓	32						
Missouri	300		-	Yes	↓	39						
Montana	↑ 175		Yes	-	↓	60						
Nebraska	185		-	-	↑	59						
Nevada	200		-	Yes	↑	94						
New Hampshire	300		Yes	Yes	↓	55						
New Jersey	350		Yes	Yes	↑	133						
New Mexico	235		Yes	-	↓	63/409						
New York	250 ^[d]		-	Yes		150						
North Carolina	200 ^[d]		Yes	Yes	↓	52						
North Dakota	140		-	-	↓	63						
Ohio	200 ^[d]		-	-		90						
Oklahoma	185 ^[d]		-	-	↑	50/200						
Oregon	185		-	-		100						
Pennsylvania	↑ 300		-	Yes	↓	59/200						
Rhode Island	250		-	Yes	↓	191						
South Carolina	150 ^[h]		-	-	↑	100						
South Dakota	200		-	-	↓	56						
Tennessee	↑ and ↓ 250 ^[e]		Yes	Yes		80						
Texas	200		Yes	Yes	↓	28						
Utah	↓ 200 ^[e]		Yes	Yes	↓	47/150						
Vermont	300		-	Yes	↓	191						
Virginia	200		Yes	-		31						
Washington	250 ^[d]		-	Yes	↓	76/200						
West Virginia	220 ^[d]		Yes	Yes	↓	35						
Wisconsin	185		-	Yes	↓	191						
Wyoming	200		Yes	-	↓	55						
Year Data Collected	Jan. 2008		Jan. 2008		Jan. 2008							

Data Source:

Donna Cohen Ross, Aleya Horn, and Caryn Marks, *Health Coverage for Children and Families in Medicaid and SCHIP: State Efforts Face New Hurdles*, Washington, D.C.: Kaiser Commission on Medicaid and the Uninsured and the Center on Budget and Policy Priorities, January 2008.

Data Table Notes:

- a. The premiums and co-payments reflected in this report are charged generally to children who receive health care services through a separate SCHIP program or expanded Medicaid program because there are stringent rules for cost-sharing under the traditional Medicaid program. In the tables below, copayments are reflected for families with earnings equal to 151 percent of the FPL or 200 percent of the FPL. These copayments apply to non-preventive physician visits, emergency room visits, and/or inpatient hospital visits for families with earnings equal to 151 percent or 200 percent of the FPL. Premiums apply to families of three with earnings equal to 101 percent, 151 percent, or 200 percent of the FPL.
- b. Eligibility listed is the application threshold for working adults, and takes earnings disregards into account when determining income thresholds. Income limits for coverage that is not time-limited may be lower.
- c. Eligibility levels apply to SCHIP for the 37 states that operate an S-CHIP program, and to regular Medicaid for other states. Benefits provided under SCHIP programs may be similar to those provided under Medicaid, or they may be a more limited set. Eligibility levels generally apply to children age 0 to 19, with exceptions noted in the table.
- d. These states passed legislation to extend coverage to 300 percent of the federal poverty level, but have scaled back their planned expansions due to new federal restrictions established on August 17, 2007.
- e. Georgia, Tennessee, and Utah enacted an SCHIP enrollment freeze during some period between July 2006 and July 2007.
- f. Illinois and Massachusetts provide state-financed coverage to children with incomes above S-CHIP levels. Massachusetts provides coverage to families with income up to 400 percent of the FPL (and some above that level), and Illinois places no limit on eligibility for this coverage.
- g. Minnesota makes infants age 0 to 2 eligible up to 280 percent of the federal poverty level.
- h. South Carolina makes infants under one year of age eligible up to 185 percent of the federal poverty level.
- i. Alabama, Alaska, Arkansas, and Kentucky treat 18-year-olds as adults and subject them to co-payments for various services.
- j. Oregon, Tennessee, and Utah, enacted an enrollment freeze for their waiver funded expansion program at some point between July 2006 and July 2007.
- k. Pennsylvania, and Washington enacted an enrollment freeze for their state funded expansion program at some point between July 2006 and July 2007.