

BRIEF ANALYSIS

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Propping Up SCHIP: Will This Program Ever Work?

By Greg Scandlen

Virtually every child in a low-income family is eligible for either Medicaid or the State Children's Health Insurance Program (SCHIP), but a recent fact sheet from the Kaiser Commission on Medicaid and the Uninsured reports that 24 percent (or about 7.7 million) of the 32 million children in low-income families remain uninsured.

This is particularly puzzling since SCHIP was specifically designed to reach these children. The Urban Institute has called it "the largest expansion of the federal commitment to health insurance since the enactment of Medicare and Medicaid in 1965." SCHIP was generously funded at \$4 billion annually for 10 years, states were given a maximum of flexibility in program design, and the federal match of state dollars is considerably more generous than the other big program for low-income health insurance, Medicaid. The states were even given three years to spend each year's allocation of funds, yet nearly half of 1998's \$4 billion allocation (\$1.9 billion) was returned as unspent in October 2000. Of the allocation for the three fiscal years 1998, 1999 and 2000, the states have spent just 24 percent of their federal funds.

Selling SCHIP. Advocates of SCHIP believed that outreach and education would be needed to make families aware of the availability of the coverage. The original legislation included authority for such programs, and additional funding has enabled states to engage in sophisticated marketing campaigns. These include paid advertising on television and radio, newspaper ads, fliers and brochures distributed by community organizations, and a plethora of gadgets such as refrigerator magnets, pens, tote bags, Frisbees and bal-

loons. The states have used catchy names like KidCare, PeachCare for Kids, Kids' Connections, SoonerCare, NewMexiKids, and Dr. Dynasaur.

These programs have been supplemented by efforts in the private sector. The Robert Wood Johnson Foundation has recently announced a \$55 million effort to build SCHIP awareness into parents' back-to-school rituals. The program has recruited corporate supporters such as Wal-Mart, CVS, Rite Aid and Safeway to distribute information and conduct "enrollment events."

Awareness High, Enrollment Low. Such marketing has built awareness of the program, but has not inspired parents to actually enroll their children. A

survey commissioned by the Robert Wood Johnson Foundation and conducted by Wirthlin Worldwide in June found:

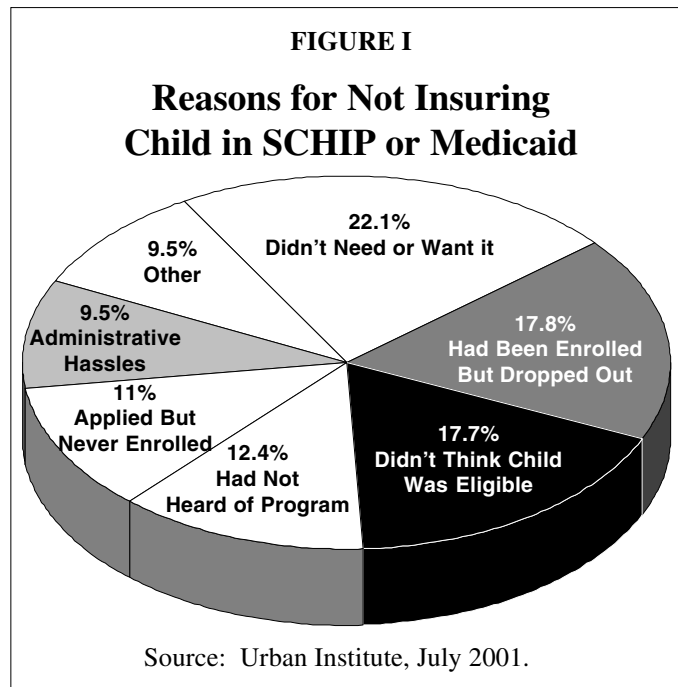
■ Awareness of the SCHIP program more than doubled in a single year, from 24 percent in 2000 to 57 percent in 2001.

■ Similarly, 54 percent of parents now understand that their children may be eligible for the program, up from 36 percent last year.

Another study, conducted by the Urban Institute, found that 88 percent of low-income respondents had heard of SCHIP and/or Medicaid—but fewer than one-fourth (24 percent) of those ever inquired about the programs. As Figure I shows, of low-income par-

ents whose children had no health care coverage:

- 22.1 percent said they "did not need or want" the program.
- 17.7 percent said they did not think their child was eligible.
- 9.5 percent thought there would be too many "administrative hassles."
- 17.8 percent said their children had been enrolled in SCHIP or Medicaid at some time in the past year, but no longer were.
- 11 percent said they had applied but never enrolled their children.



Lack of Access or No Need for Care? The Urban Institute study found that 96.8 percent of those who “did not want or need” the program considered their kids to be in excellent, very good or good health. Only 3.2 percent described their children’s health as poor or fair. Of those surveyed, 24.2 percent said they had “no usual source of care,” but only 9.8 percent said they had “any unmet need.”

These results are similar to another report by the Kaiser Commission that said 26.2 percent of uninsured children from low-income families had “no usual source of care,” and 39.3 percent had “no physician visit in the last year.” [See Figure II.] The Kaiser Commission looked at these numbers and concluded, “The role of insurance in improving access to care is well documented. Poor uninsured children have markedly worse access to care than poor children with Medicaid or private coverage.”

But Kaiser may be looking at it backwards. Rather than non-insurance being the cause of fewer visits, it may be that the families with better health feel less need to visit a doctor, less need for a “regular source” of health care — and less need to obtain insurance coverage, even when it is free. Having fewer doctor visits may cause non-insurance, rather than the other way around.

Why Bother to Insure? We know that virtually all those who said they didn’t want or need SCHIP or Medicaid consider themselves to be in excellent to good health. We also know that a large number (28.9 percent) of their uninsured neighbors and friends have had experience with these programs and rejected them by dropping out or by applying but never enrolling. Another 10 percent say the “administrative hassles” prevent them from enrolling.

People talk, and word gets around. SCHIP and Medicaid have been tried and rejected by nearly a third of low-income uninsured. People in good health say they don’t want it or need it — it is too much of a hassle. Besides, they know that if circumstances change, if one of the kids gets sick and needs serious care, they can get covered instantly. In many cases, they can enroll after they receive the care and have Medicaid pay the bill. They don’t see any need to pre-enroll just to satisfy some bureaucrat who wants to count noses

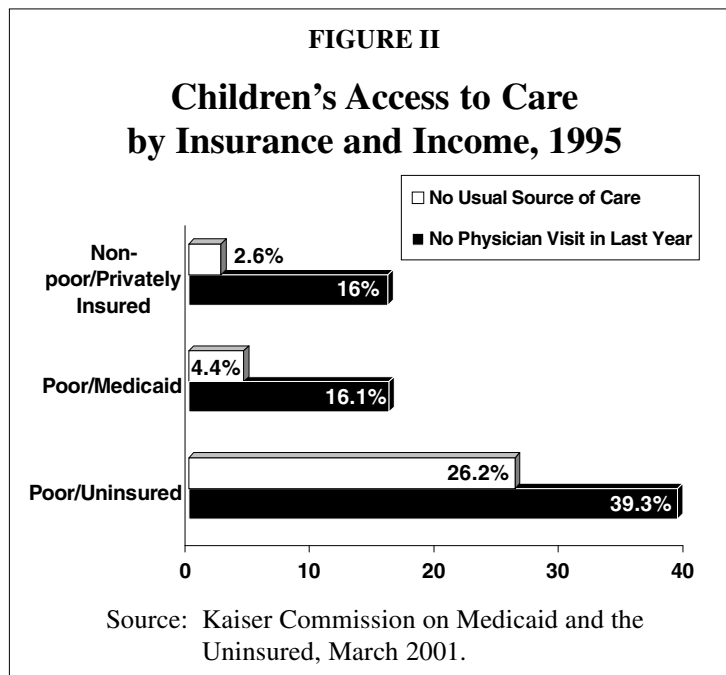
The state marketing efforts and the Robert Wood

Johnson Foundation’s push for enrollment all try to pretend that SCHIP is not a government program. The Kaiser Commission report on the selling of SCHIP was explicit: “The ads are universally appealing and polished-looking, with a commercial feel. It is not immediately evident that the ads are for a government health program at all.” Consumer advocates might take exception to this deceptive advertising, but it doesn’t matter. Poor people are not stupid. They know what’s going on, and they know this is a government program. They reject it for the same reason the advertisements try to

hide the fact. People believe that government programs aimed at the poor are degrading and stigmatizing. They may enroll the kids if the kids get sick and there is no other choice, but they aren’t likely to be happy about it.

Solution. Rather than wasting money on all this feel-good, happy talk trying to prop up a program people say they don’t want and don’t need, perhaps we should simply make the money available to the uninsured so they can go out and buy a real insurance policy, one they can keep when they have stopped being poor.

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