LEFT BEHIND

Tennessee's Uninsured Children

Families USA
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Left Behind:
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INTRODUCTION

An estimated 8.6 million children in the United States lacked health insurance coverage in 2007. That same year, Congress debated and passed two pieces of legislation that would have reduced the number of uninsured children by almost half, covering as many as 4 million additional children. President Bush vetoed both bills. Since then, the mounting national economic crisis has driven up unemployment rates at a time when working families are already struggling with the rising cost of everything from gasoline to health insurance premiums. When the economy plunges, the number of uninsured Americans typically increases. This, in turn increases demand for safety net programs like Medicaid and the State Children's Health Insurance Program (CHIP; CoverKids in Tennessee). According to the most recent Census data, Tennessee is currently home to more than 125,000 uninsured children.

Just a year ago, states were working to expand coverage in CHIP to finish the job of covering uninsured children. Since then, the Bush Administration's opposition to expanding CHIP and the national economic recession have put new pressure on states to deal with increasing demand for coverage, while their budgets are facing shortfalls.

This report presents data generated by the U.S. Census Bureau from the Current Population Survey (CPS), a national survey of health insurance coverage that is performed annually. Families USA contracted with the Census Bureau to provide detailed national and state-level data about health insurance coverage for children between the ages of 0 and 18. (For state-level estimates, a three-year data merge [2005-2007] was used to improve data reliability. A detailed methodology is available upon request.) This report examines these new data and what they mean for the future of children's health coverage in Tennessee and around the country.

KEY FINDINGS

125,000 Children Are Uninsured in Tennessee

- More than one in 13 children in Tennessee is uninsured (8.3 percent of Tennessee's children). (Table 1)

Table 1. All Children in Tennessee

Coverage	Tennessee		U.S.	
	Number	Percent	Number	Percent
Medicaid	470,000	31.0%	21,511,000	27.6%
Other Public Coverage*	78,000	5.1%	2,241,000	2.9%
Private Coverage	843,000	55.6%	45,522,000	58.4%
Uninsured	125,000	8.3%	8,618,000	11.1%
		100.0%		100.0%

Source: Analysis conducted by the Census Bureau for Families USA based on the Current Population Survey. National data reflect the 2007 CPS, while state data reflect a three-year merge of the 2005-2007 CPS data. (A detailed methodology and more information about sample sizes and confidence intervals are available upon request.)

* Other public coverage includes Medicare and the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS).

Tennessee's Uninsured Children Come from Working Families

- The vast majority of uninsured children in Tennessee (91.0 percent) come from families where at least one parent works. (Table 2)
- Almost two-thirds of uninsured children (64.3 percent) in Tennessee live in households where at least one family member works full-time, year-round. (Table 2)
- Still, 60.2 percent of Tennessee's uninsured children come from low-income families (families with income below twice the poverty level, or $35,200 for a family of three in 2008) who are likely eligible for Medicaid or CoverKids. (Table 2)

Most Uninsured Children in Tennessee Come from Two-Parent Households

- Among uninsured children living with a parent, more than half (58.6 percent) live in two-parent households. (Table 2)

Table 2. Uninsured Children in Tennessee

	Tennessee		U.S.	
	Number	Percent	Number	Percent
Income*				
0-200% of Poverty	75,000	60.2%	5,164,000	60.4%
201-400% of Poverty	35,000	27.8%	2,450,000	28.7%
401% of Poverty or More	15,000	11.9%	931,000	10.9%
		100.0%		100.0%
Family and Working Status*				
Uninsured Children with at Least One Working Parent	104,000	91.0%	6,737,000	88.2%
Uninsured Children with at Least One Parent Working Full-Time	73,000	64.3%	5,230,000	68.5%
Uninsured Children in Two-Parent Families	67,000	58.6%	4,489,000	58.8%

Source: Analysis conducted by the Census Bureau for Families USA based on the Current Population Survey. National data reflect the 2007 CPS, while state data reflect a three-year merge of the 2005-2007 CPS data. (A detailed methodology and more information about sample sizes and confidence intervals are available upon request.)

* Note that statistics for income and family and working status do not add up to the total number of uninsured children in the state because data availability for these indicators is more limited. More information is available in the detailed methodology.

DISCUSSION

Who Are Tennessee's Uninsured Children?

Tennessee is currently home to an estimated 125,000 uninsured children.[1] Contrary to popular belief, the majority of uninsured children in Tennessee come from families where at least one parent works (see Table 2). And nearly two-thirds of uninsured children (64.3 percent) live in a home where at least one parent works full-time, year-round. Uninsured children tend to come from low-income, working families that are trying to make ends meet, but coming up short when it comes to health coverage. Their employer might not offer coverage, or the offer might be far too expensive for the family to afford. In 2007, the average annual out-of-pocket cost to an employee for family

coverage in Tennessee was $2,927,[2] an amount that is more than 8.0 percent of annual income for a family of three earning $35,200 (twice the federal poverty level). For parents who are forced to seek coverage in the private market because they do not have access to affordable employer-based coverage, costs can be even higher. And some may not be able to obtain coverage at all. This is why Medicaid and CoverKids play such an important role; they offer children in these families high-quality, affordable coverage.

Strengthening Tennessee's Safety Net for Children

In Tennessee, children with family income below 250 percent of the poverty level ($44,000 for a family of three in 2008) are eligible for Medicaid or CoverKids. More than 60 percent of the uninsured children in the state are in families with incomes below twice the poverty level, which means many children who are eligible for coverage are missing out. Moreover, these statistics do not begin to capture how the national economic crisis is affecting the state's economy. With rising unemployment rates, mounting gas and food prices, and many families struggling simply to keep a roof over their heads, experts expect further growth in the number of Americans without health insurance.[3] Demand for Medicaid and CoverKids will increase and, unless these programs are funded sufficiently, so will the ranks of Tennessee's uninsured children.

In 2007, Congress and President Bush debated renewing and strengthening CHIP. The program needed more money to keep up with the increasing cost of health coverage for the children who were already enrolled and to meet the growing need of those who were not (and that was before the economic crisis erupted). But despite strong bipartisan support in Congress for expanding CHIP to cover as many as 4 million more uninsured children, the reauthorization process ground to a halt following two presidential vetoes.

The program was ultimately extended through March 2009, and states were provided a little extra money to help maintain their programs. But without a strong reauthorization that includes adequate new federal funding, it is difficult for states to cover more uninsured children in CHIP. Nearly half of the states, including Tennessee, are facing budget shortfalls for fiscal year 2009, and at least 17 states, again including Tennessee, have implemented or are considering cuts to health programs to meet budgetary demands.[4] These cuts are likely to continue, and they will have an adverse effect on children's coverage if the situation is not addressed.

Why Are Medicaid and CHIP Crucial?

Children make up about half of Medicaid's 42 million enrollees. All children enrolled in Medicaid are guaranteed a benefit package that will cover all the children's medically necessary health care needs, referred to as Early and Periodic Screening, Diagnosis and Treatment (EPSDT). Most families pay nothing or only small copayments for their children's Medicaid coverage. This ensures that even very impoverished families can afford to take their children to the doctor.

CHIP was created in 1997 in response to the rising number of American children without health insurance. More than 11 million children were uninsured in 1998: As CHIP took hold across the country, this number rapidly declined. The program sits on top of each state's Medicaid program, providing an affordable source of coverage for children in working families that make too much money to be eligible for Medicaid, but still cannot afford other forms of coverage. Over the years following CHIP implementation, despite steady and sizeable increases in the number of uninsured adults, the number of uninsured children declined by nearly a third.[5] Children enrolled in CHIP are more likely to have a usual source of care, fewer unmet health care needs, and improved access to dental care compared to uninsured children.[6] CHIP has also been shown to reduce racial and ethnic disparities in access to health care.[7] It provided coverage for more than 7 million children during 2007 and is widely regarded as a successful program.[8]

Next Steps

The new Congress and President should take the following steps in early 2009 to shore up the health care safety net for children:

- **Temporarily increase federal support for Medicaid**

  During the last significant economic downturn, one of the steps Congress took to boost state economies and fortify Medicaid was to enact a 15-month increase in the federal matching rate for the program. In exchange for the increased federal support, states had to agree not to cut their Medicaid programs. This simultaneously boosted ailing state economies, provided relief to state budgets strained by rising Medicaid costs, and

ensured the program's availability to vulnerable Americans during the downturn. Because Medicaid is a countercyclical program (enrollment increases when the economy declines), states must spend more money on the program at a time when they have decreased revenue and strained budgets. Temporarily increasing the federal Medicaid matching rate gives *immediate* relief to states—who are saddled with increasing Medicaid costs—and allows them to continue the program *without cutting eligibility or services.* The injection of new federal dollars into state economies also creates additional business activity, jobs, and wages.

Bills were introduced in both the House and the Senate in 2008 to boost the Medicaid matching rate, but they were ultimately not included in the economic stimulus package Congress passed.[9] The economy is now in worse shape than it was when the first stimulus bill was passed, and there is interest among members of Congress in passing a second stimulus package. Any future stimulus package should include an increase in the Medicaid matching rate to improve state economies and to ensure that Medicaid will be there for the growing numbers of people who will need it, a large portion of whom are children.

- **Reauthorize CHIP**

  The program's current extension expires on March 31, 2009. It is crucial that Congress take action before this deadline to guarantee future federal support for the program. More than 41,300 children in Tennessee received coverage through CHIP in 2007.[10] If state policy makers enter their 2009 legislative sessions without a guarantee of continued federal support for CHIP, many are likely to halt expansion plans, and others may need to make outright cuts in order to meet state budget requirements.

It is of utmost importance that the next Congress and the new President take these important steps to strengthen Medicaid and CHIP. As the economy continues to deteriorate, more and more families will likely lose employer-based coverage and, if the safety net is not strong enough to respond to this growing demand, low-income children in Tennessee and around the country will suffer.

ENDNOTES

[1] State level data from the Current Population Survey are based on three-year data merges. The most recent estimates reflect data from 2005, 2006, and 2007.

[2] Kim Bailey, *Premiums versus Paychecks: A Growing Burden for Tennessee's Workers* (Washington: Families USA, September 2008).

[3] Paul Fronstin, *Issue Brief #231: Sources of Health Insurance and Characteristics of the Uninsured: Analysis of March 2008 CPS Survey* (Washington: Employee Benefit Research Institute, September 2008).

[4] Elizabeth McNichol and Iris J. Lav, *State Budget Troubles Worsen* (Washington: Center on Budget & Policy Priorities, October 20, 2008); Nicholas Johnson, Elizabeth Hudgins, and Jeremy Koulish, *Facing Deficits, Many States Are Imposing Cuts That Will Harm Vulnerable Residents* (Washington: Center on Budget & Policy Priorities, October 20, 2008).

[5] Genevieve Kenney and Justin Yee, "SCHIP at a Crossroads: Experience to Date and Challenges Ahead" *Health Affairs* 26, no. 2 (March/April 2007): 356-369.

[6] Margo Rosenbach, *Issue Brief Number Four—Increasing Children's Coverage and Access: A Decade of SCHIP Lessons* (Washington: Mathematica Policy Research, September 2007).

[7] M. Seid, J.W. Varni, L. Cummings, and M. Schonlau, "The Impact of Realized Access to Care on Health-Related Quality of Life: A Two-Year Prospective Cohort Study of Children in the California State Children's Health Insurance Program," *Journal of Pediatrics* 149, no. 3 (September 2006): 354-361.

[8] Chris L. Peterson, *Memorandum: REVISED: Estimates of SCHIP Child Enrollees Up to 200% of Poverty, Above 200% of Poverty, and of SCHIP Adult Enrollees, FY2007* (Washington: Congressional Research Service, May 30, 2008).

[9] The House included an increase in the Medicaid matching rate in an economic stimulus bill it passed in September 2008 (H.R. 7110), but the Senate was unable to pass a similar bill.

[10] Chris L. Peterson, op. cit.

ACKNOWLEDGMENTS

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