



Putting Out the Welcome Mat: Implications of Coverage Expansions for Already-Eligible Children

Overview

New data from four states indicates that “putting out the welcome mat” and offering affordable coverage options through public programs to a broad array of uninsured children in a state can have a powerful effect on the enrollment of already-eligible uninsured children. When states expand coverage, half to two-thirds or more of the children who enroll turn out to be children who qualify under pre-expansion eligibility rules. Enrollment of these “already-eligible” uninsured children is a top priority for many policymakers at both the state and federal level. They represent nearly two-thirds of America’s uninsured children and nearly all of them – more than nine in ten – are from low-income families (i.e., they have family income below 200 percent of the federal poverty level or \$35,200 a year for a family of three).¹

New Data on the “Welcome Mat” Effect

In recent years, a number of states across the country, including Illinois, Massachusetts, Pennsylvania, and Wisconsin, have moved forward in covering children by increasing income eligibility thresholds for their State Children’s Health Insurance Program (SCHIP) and making other improvements to coverage.² New data from these four states indicate that offering a broad array of parents the opportunity to purchase affordable health insurance for their children has encouraged many low-income families with already-eligible children to apply for coverage. In fact, the new data show that the largest enrollments gains following expansions have come from the population of already-eligible children. Specifically, as shown in Table 1, in these four states, more than half to four-fifths of the newly enrolled children were already eligible for coverage under pre-expansion rules.

Table 1

State	Total New Enrollment	Previously Eligible but Not Enrolled
Illinois³	244,700	165,600 (68% of total new)
<i>Data from November 2005 – June 2008</i>		
Massachusetts⁴	51,000	32,750 (64% of total new)
<i>Data from June 2006 – June 2008</i>		
Pennsylvania⁵	19,000	11,000 (59% of total new)
<i>Data from February 2007 – June 2008</i>		
Wisconsin⁶	49,108	40,881 (83% of total new)⁷
<i>Data from February 2008 – May 2008</i>		

Other Research

These new state-by-state data are consistent with the “welcome mat” effect first observed after the SCHIP program was established in 1997. In analyzing the effect of SCHIP on the uninsured rate among low-income children, researchers found that it helped to drive down the uninsured rate among low-income children by more than a third. Moreover, more than 70 percent of this

improvement can be explained by the enrollment of the lowest-income children in the pre-existing Medicaid program.⁸ Similarly, analyses of county-based efforts in California to expand coverage have found that the decision to cover all children resulted in dramatic enrollment gains among already-eligible uninsured children.⁹

Reasons for the “Welcome Mat” Effect

Researchers have not yet tackled in detail the question of why expanding coverage results in many low-income families with already-eligible children securing coverage, but the primary theories that have been posited include:

- **Increased awareness of coverage opportunities.** When states expand eligibility for coverage, it typically generates significant media attention. Governors and other policymakers often highlight the accomplishment in speeches and other public forums, creating broader public awareness of coverage opportunities.
- **Simplicity of message.** Especially when leading policymakers announce that their state has decided to “cover all kids,” it eliminates any confusion that parents may have as to whether their children are eligible for coverage or not.¹⁰ Such clarification is important because surveys of families with eligible children suggest that parents of uninsured often are aware of and interested in public coverage, but erroneously assume that their children do not qualify.¹¹
- **Simplification efforts.** States often combine their coverage expansions with “behind the scenes” efforts to simplify the enrollment and renewal process for their existing Medicaid and SCHIP programs, making it easier for already-eligible children to enroll in and retain coverage.
- **Combating concerns about public coverage.** In places where there may be some negative attitudes associated with Medicaid and SCHIP, expanding such coverage to a broad array of children can help to reduce any concerns that families may have about using such programs.

Policy Implications

These new data have national relevance because two-thirds of America’s uninsured children are already eligible for existing health care programs such as Medicaid and SCHIP. State and federal policymakers routinely cite their enrollment in coverage as a top public policy priority, especially because they represent the lowest-income children who lack coverage. Although some opponents of expansions have argued that they detract from efforts to enroll the lowest-income children, a “win-win” situation for children. Expansions not only offer affordable health coverage options to a new group of children, but also significantly enhance efforts to cover those uninsured children who are already eligible but not enrolled in Medicaid and SCHIP.

Endnotes

¹ J. Holahan, A. Cook, and L. Dubay, “Characteristics of the Uninsured: Who is Eligible for Public Coverage and Who Needs Help Affording Coverage?,” Kaiser Commission on Medicaid and the Uninsured (February 2007).

² “States Moving Forward,” Center for Children and Families, <http://ccf.georgetown.edu/index/states-moving-forward> (accessed September 9, 2008).

³ Data received from the Illinois Department of Healthcare and Family Services, May 2008.

⁴ Email communication from Mindy Cohen, Massachusetts Office of Health and Human Services, June 18, 2008.

⁵ Email communication from George L. Hoover, Deputy Commissioner, CHIP and AdultBasic Programs, Pennsylvania Department of Insurance, June 28, 2008.

⁶ Email communication with Jon Peacock, Research Director, Wisconsin Council on Children and Families, June 5, 2008.

⁷ These data reflect the number of children below 200 percent of the federal poverty level. Although the income eligibility threshold in Wisconsin was set at 185 percent of the federal poverty level, CCF has used this as a proxy for children eligible under pre-expansion eligibility rules because the state also uses income disregards when evaluating eligibility for coverage.

⁸ L. Dubay, *et al.*, “Medicaid at the Ten-Year Anniversary of SCHIP: Looking Back and Moving Forward,” *Health Affairs* 26(2): 370-381 (2007).

⁹ C. Trenholm and S. Orzol, “The Impact of the Children’s Health Initiative of Santa Clara County on Medi-Cal and Healthy Families Enrollment, Final Report,” Mathematica Policy Research, Inc. (September 2004).

¹⁰ The definition of “all” children differs in each state and in Pennsylvania and Wisconsin the coverage does not include undocumented children. In all four states, however, it means uninsured children have access to affordable coverage options through the state program regardless of their family income. More moderate-income families may be expected to pay higher premiums, but they are not barred from enrolling in the public program.

¹¹ M. Perry and J. Paradise, “Enrolling Children in Medicaid and SCHIP: Insights from Focus Groups with Low-Income Parents,” Kaiser Commission on Medicaid and the Uninsured (May 2007).

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