



# Medicaid and CHIP Enrollment Decline Suggests the Child Uninsured Rate May Rise Again

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## Executive Summary

There is no debate over the fact that children are losing Medicaid and Children’s Health Insurance Program (CHIP) coverage. Overall, more than 828,000, or 2.2 percent, fewer children were enrolled in Medicaid and CHIP, combined, at the end of 2018 than the previous year.<sup>1,2</sup> A drop in child enrollment is unusual; between 2000 and 2016, enrollment declined in only one year—2007—by 1.1 percent.<sup>3</sup> During this period, the nation achieved historic success in covering children with the rate of uninsured children reaching an all-time low of 4.7 percent in 2016. In 2017, child enrollment in Medicaid and CHIP was basically flat while the uninsured rate for children increased for the first time in a decade to 5 percent despite the strong economy.<sup>4</sup>

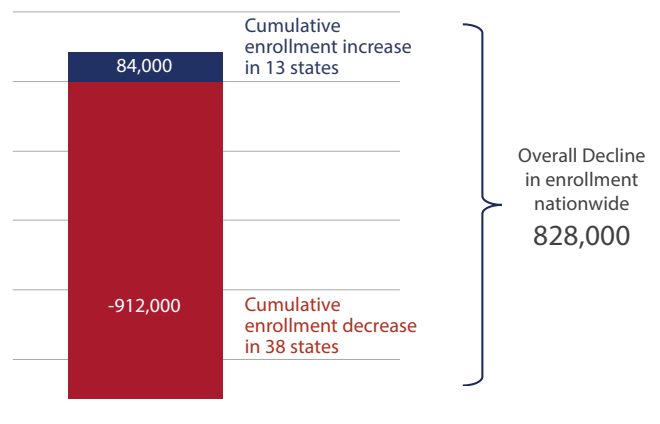
The decline in children’s enrollment in Medicaid and CHIP reinforces serious concerns that this alarming trend could continue—and perhaps even worsen. At a time when the economy is strong, the critical question is whether these children are moving to private coverage or becoming uninsured—a question that will not be answered definitively until the U.S. Census Bureau’s American Community Survey data become available this fall.

### Key Findings

- **Combined enrollment for Medicaid and CHIP declined in 38 states by 912,000 children nationwide in 2018.**

The remaining 13 states had a modest cumulative enrollment gain of 84,000 children, resulting in a net decline of 828,000 children. Enrollment declines are concentrated in seven states (California, Florida, Illinois, Missouri, Ohio, Tennessee, and Texas), which account for nearly 70 percent of the losses. Nine states (Idaho, Illinois, Maine, Mississippi, Missouri, Ohio, Tennessee, Utah, and Wyoming) had decreases of more than double the national average of 2.2 percent.

Figure 1. Nationwide Change in Medicaid and CHIP Child Enrollment in 2018



Source: Georgetown Center for Children and Families analysis of 2017 and 2018 CMS Medicaid and CHIP Enrollment data with May 10, 2019 data update and state enrollment data from Arizona, D.C. and Tennessee.  
Note: Numbers are rounded to nearest 1000.



- **There is scant evidence that the enrollment drop is primarily the result of a strong economy.**

While the economy has been gaining strength in terms of job growth over the past decade, until recently, overall real wage growth in excess of inflation has been modest. Moreover, there is little indication that access to affordable employer-sponsored health insurance (ESI) has improved for parents with dependent children, particularly for low-wage workers. In fact, even with a decade of economic growth, the long-term trend has been a declining share of non-elderly people enrolled in ESI with incomes between 100 percent and 400 percent federal poverty level (FPL).<sup>5</sup> Although there is some sign of a small increase in the share of employers offering ESI, only 60 percent of workers in these firms are enrolled since some are not eligible and others opt not or cannot afford to enroll (known as take-up rates). Among employers with many lower wage workers, enrollment in ESI was only about one-third. Moreover, only one in five children (20.6 percent) in families with income below 200 percent FPL are enrolled in ESI, while nearly two-thirds of them (65.3 percent) rely on Medicaid and CHIP to access health care.<sup>6</sup>

- **The economy may have had some impact in 2018, but other factors contributed to the decline in Medicaid and CHIP enrollment.**

At the national level, these include repeal of the individual mandate penalty for not having health insurance under the Affordable Care Act (ACA); reduced funding for outreach and consumer assistance; and the chilling effect of proposed immigration policies. State specific factors may include eligibility system implementation challenges; state choices regarding the use of electronic data to verify eligibility; slow adoption of the ACA's streamlining and simplification measures; and stricter and more frequent reviews of eligibility. A lack of data specifying disenrollment reasons makes it difficult to pinpoint the extent to which state administrative or operational factors are leading to losses of coverage for eligible children.

- **There are many proven strategies that lagging states can implement to advance enrollment and retention of eligible children.**

These include adopting policy options such as 12-month continuous eligibility; boosting outreach and consumer assistance; maximizing the use of technology to increase administrative efficiencies and provide consumer tools that promote self-service; improving the readability of

notices; and following up with families when action is required for children to stay enrolled rather than terminating coverage. States that wish to tackle this problem head-on have a variety of options to make sure that eligible kids get covered and stay covered.

- **The federal government should take steps to prevent more children from falling through the cracks.**

Reinvesting in outreach and consumer assistance and rejecting waivers such as work reporting requirements that impose penalties on low-income parents, including loss of coverage, top this list. Additional actions include setting outreach standards, checking state compliance with eligibility worker outstationing rules, ensuring that states are effectively using enhanced federal funding for systems to electronically verify eligibility and streamline enrollment and renewal processes, clarifying how "reasonable compatibility" standards should be applied at renewal or periodic reviews, and adding performance indicators that states must report with more specific denial and disenrollment codes.

Access to health care contributes to improved outcomes in early childhood, a critical time in brain development. There is a large and growing body of evidence pointing to how Medicaid and CHIP support school readiness and academic achievement, reduce school absenteeism, and lead to higher wages and better health in adulthood. If children losing Medicaid and CHIP are becoming uninsured, there are many negative consequences for them and their families, including less access to primary and preventive care, increased exposure to medical debt, and longer term educational and economic impacts.

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For source notes and more information, see "Medicaid and CHIP Enrollment Decline Suggests the Child Uninsured Rate May Rise Again," Georgetown Center for Children and Families, May 2019, available at <https://ccf.georgetown.edu/2019/05/28/medicaid-and-chip-enrollment-decline/>.