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## Families Matter: Insuring Both Parents and Their Children

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# FAMILIES MATTER: INSURING BOTH PARENTS AND THEIR CHILDREN

## BACKGROUND

Prior work provides strong evidence that public programs—Medicaid and the Children’s Health Insurance Program (CHIP)—are important to ensuring that poor and near poor children have access to health insurance coverage and, in turn, access to health care services. Parental insurance is a predictor of child insurance status and also influences health services utilization and care-seeking behavior. CHIP has been a ‘cornerstone’ of the U.S. insurance policy structure, allowing families to cover children first and to do so at a relatively low cost to the family. Funding for CHIP is set to expire in 2017 and the debate regarding its future will begin under a new administration.

CHIP has also been a very successful ‘experiment’ in providing states flexibility to design their own programs. Each state’s political and fiscal environment influences its design of CHIP policy including eligibility levels, provisions to discourage ‘crowd out,’ use of premiums, and whether to expand public insurance eligibility to parents. Even with premiums, CHIP remains a valuable option for parents to affordably cover their child, compared to the incremental costs they would face to extend private insurance coverage to a child.

## CURRENT EVALUATION

Lessons from prior state policies regarding expansions for children and parents can be useful in guiding states’ current decision-making. We provide a comprehensive analysis of the effect of state expansions targeting parents and children from 1999 to 2012, along with the effect of premiums and subsidies that accompanied such expansions on family coverage decisions.

Descriptive analysis indicates a very small percentage of families have an insured parent and an uninsured child over the study period. CHIP expansions account for about one third of the overall decline in percent uninsured among the children studied. However, the type of state



expansion mattered. Expansions targeting higher income groups of children and families were more effective in increasing overall coverage, partially due to less ‘crowd-out’ of private insurance.

Overall levels of coverage increased even when states expanded eligibility through programs with premiums, although higher public and private premiums had a negative impact on insurance status.

- Many CHIP expansions with premiums were used in a ‘stand-alone’ program, which may have been seen as more like private coverage and thus been more attractive to parents.
- Among families without a worker, public premiums remained a strong deterrent to enrollment for both eligible parents and their children.
- For families with a worker, where most children reside, public premiums were less important than private premiums in determining their choice of coverage.

Public expansions for parents without premiums and premium assistance-like expansions had the largest effects on their coverage. Again, premium assistance-like programs may be attractive to parents because they may resemble private coverage. Public expansions without a premium, largely traditional Medicaid, also increased child coverage.



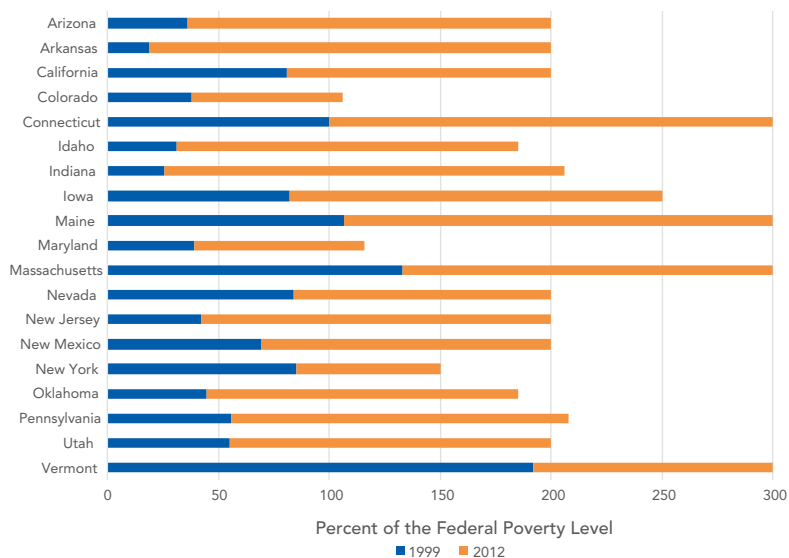
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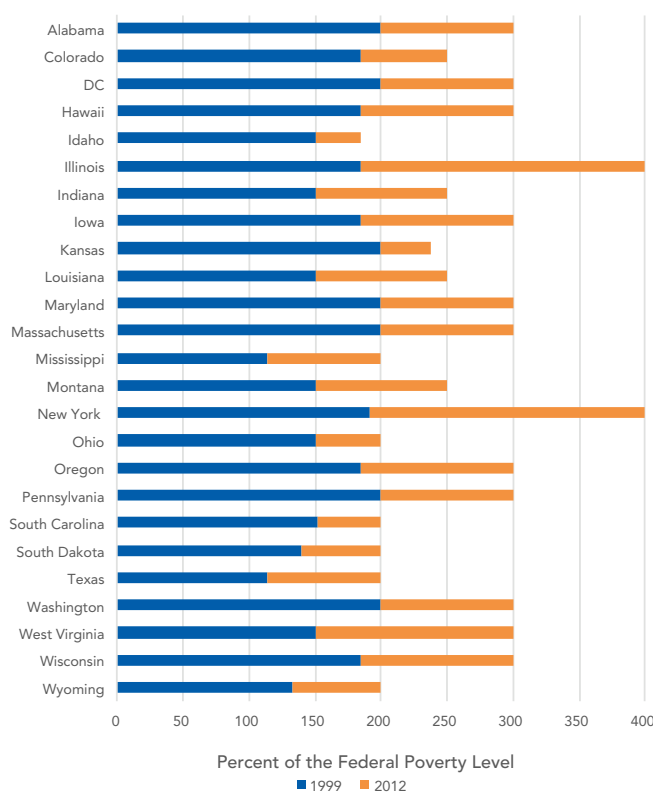


J. MACK  
ROBINSON  
COLLEGE  
OF BUSINESS

Parent Eligibility Expansions, 1999-2012



Children's Eligibility Expansions, 1999-2012



## KEY FINDINGS

### State expansions targeting children:

- Between 1999 and 2012, these policies increased coverage levels of children by about two percentage points, accounting for nearly one-third of the six percentage point decline in the percent uninsured in the children studied.
- Expansions designed as separate CHIP programs, generally requiring premiums, are effective. Expansions targeting children over 300 percent of poverty, where there is less 'crowd out' of private coverage, appear especially effective.

### State expansions targeting parents:

- Such policies are successful at insuring parents and some are also tied to increases in insurance coverage among their children.
- Public expansions without premiums and expansions through programs that subsidize premiums for private coverage are effective for parents. However, only public expansions without premiums positively impact coverage to children.

### Effects of premiums

- Families have the expected response to increases in premiums for either public or private coverage—both are associated with decreases in coverage.
- Parents without a worker in the family are strongly deterred from coverage by higher public premiums, but their coverage choices are not affected by private premiums. Parents with a worker in the family respond to increases in private premiums by lowering coverage, as expected.

## POLICY IMPLICATIONS

As Affordable Care Act (ACA) implementation continues, states still have numerous options to design policies that affect families' access to public and/or private insurance. Given flexibility under the ACA, and the expanded options for waivers or state programs, states can continue to experiment with design and premium elements that reflect the political and economic concerns of their population. CHIP, with its low cost in terms of state tax burdens due to an enhanced federal match, and its low cost to families because of the modest premiums imposed for children, may play a critical role in providing an avenue for coverage—especially since families and taxpayers prioritize covering children first.

The goal for the states and the nation can be seen as building upon the successes of the CHIP 'experiment' to keep both children and parents insured in a manner affordable to families and at the lowest possible cost to the nation's taxpayers.

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