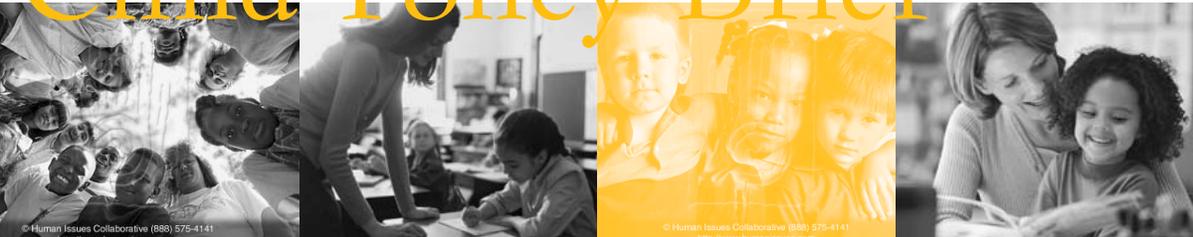


# Child Policy Brief



## Uninsured Children in Georgia

### Issue

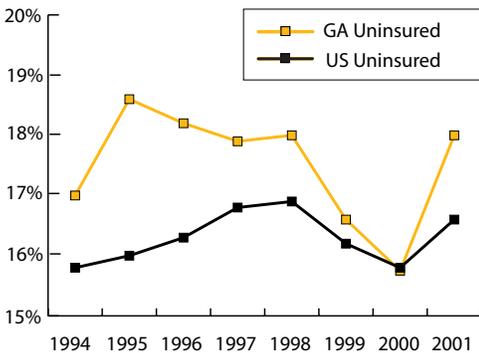
Health insurance is the safety net that families turn to when their children fall ill. Without insurance, families are forced to use hospital emergency rooms for non-urgent care. Initially the implementation of PeachCare for Kids in January 1999 led to significant declines in the number of uninsured children in Georgia.

Unfortunately, after two straight years of decline, the number of uninsured children in Georgia jumped in 2001. This increase makes the proposed freeze on PeachCare enrollment particularly troubling.

### The Uninsured in Georgia

Researchers at Georgia State University have estimated the number of individuals and the number of children in Georgia and the US without health insurance for each of the past 7 years using the March supplement to the Current Population Survey. The chart below shows the percentage of non-elderly individuals without health insurance coverage in the US and in Georgia since 1994.<sup>1</sup>

### Number of Non-elderly Adults Without Insurance Jumps in Georgia



<sup>1</sup> The Census Bureau changed the survey questions and methodology in 2000. Therefore, estimates for years prior to 2000 have been adjusted to make them directly comparable to estimates for 2000 and 2001.

Nationwide the percentage of individuals without any insurance increased until 1998 and subsequently declined. However, in Georgia the percentage of the population that is uninsured declined steadily from a peak of almost 19 percent in 1995 to under 16 percent in 2000. Economic growth nationally, and particularly in Georgia, fueled this decline, as did a slowing in the growth of health care costs during the mid-nineties.

In Georgia the percentage of the population that is uninsured declined steadily from a peak of almost 19 percent in 1995 to under 16 percent in 2000.

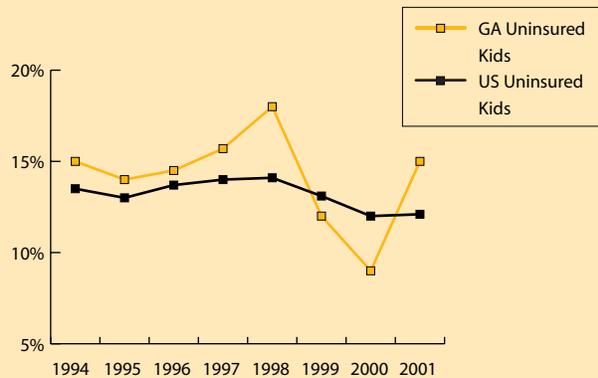
Unfortunately, times have changed. Over the past two years, national economic growth has declined, and health care cost inflation has returned. For the US in general, the gains made in expanding insurance coverage have been reversed, and for Georgia in particular the increase in the percentage of uninsured individuals has been especially acute. The increase of over 2 percentage points reflects almost 250,000 additional Georgians without any coverage in 2001 compared to 2000.

The increase of over 2 percentage points reflects almost 250,000 additional Georgians without any coverage in 2001 compared to 2000.

# Uninsured Children in Georgia

The insurance status of children is slightly better than that of all non-elderly individuals, in part because of the expansion of coverage through the S-CHIP program, known as PeachCare for Kids in Georgia. The table below shows the percentage of children without health insurance in the US and in Georgia since 1994.

## More Georgia Children are Uninsured



Georgia made substantial gains in reducing the rate of uninsured children through actively marketing PeachCare. Despite these gains, the increase in the estimate of uninsured children in Georgia in 2001 is troubling. Although the increase nationwide is very slight, the increase in Georgia is substantial. Estimates indicate that in 2001 Georgia added over 150,000 more children without insurance.

Estimates indicate that in 2001 Georgia added over 150,000 more children without insurance.

## Policy Implications

The state's current budget crisis has generated many proposals for saving money, including cutting eligibility for PeachCare and raising premiums. While it is clear that belt-tightening must occur, policy-makers should consider seriously whether PeachCare is the place to do it.

PeachCare has achieved its success at low cost to the state. Through state fiscal year 2000, PeachCare spending was only 1.4% of total spending on Medicaid. The federal government pays more than 71 cents of every dollar spent on PeachCare, compared to less than 60 cents for every dollar spent on Medicaid. The state pays the balance.

Through state fiscal year 2000, PeachCare spending was only 1.4% of total spending on Medicaid.

Raising premiums that parents pay is not a "high yield" solution. The federal government does not pay "match" on premiums paid by parents. Therefore, for every extra dollar out of parents' pockets, the state saves less than 29 cents, since the federal government would have paid the remaining 71 cents.

Families without insurance turn to hospital emergency rooms when their children fall sick. Georgia's community hospitals are already struggling financially – in part due to the burden of charity cases. Reducing eligibility for PeachCare will mean more children at the emergency room door.

Given PeachCare's success and the growing number of uninsured children, policy-makers must ask whether cutting the program when more families need it is the best response. No one wants to see Georgia's children go without needed medical care. As a state we must decide whether it is more cost-effective to pay for this care through hospital emergency rooms or through a successful program where the federal government pays 71 cents of every dollar.

*For further information please contact Dr. Pat Ketsche at the Center for Health Services Research (404) 651-2993, or Dr. Monica Herk, Director of the Child Policy Initiative (404) 651-1540. Dr. Ketsche compiled these estimates based on the March Supplement to the Current Population Survey from March 1995 through March 2002.*