

Children's Health Coverage in Mississippi

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■ Purpose

There has been considerable debate about children's health coverage at the national level. The debate has been stimulated in large part by legislation to reauthorize the State Children's Health Insurance Program (SCHIP). Many states have initiated programs to reduce the numbers of uninsured children. Recently, some states have set a goal of universal coverage for children. Given the significance of this health policy issue, the Center for Mississippi Health Policy has researched the status of health coverage for children in Mississippi. This Issue Brief summarizes research that includes a profile of children's health coverage in Mississippi and a review of options that policymakers may wish to consider for reducing the number of uninsured children in this state. The full report can be accessed through the Center's web site at www.mshealthpolicy.com.

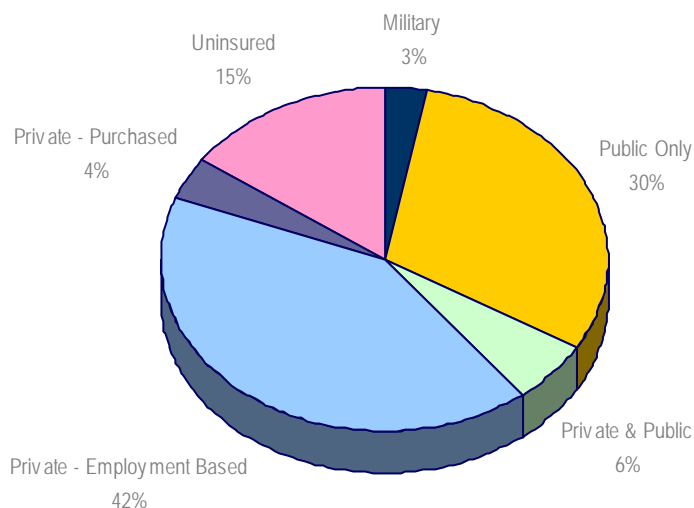
■ Children's Coverage

The major findings in the report include the following:

Health Coverage of Mississippi Children

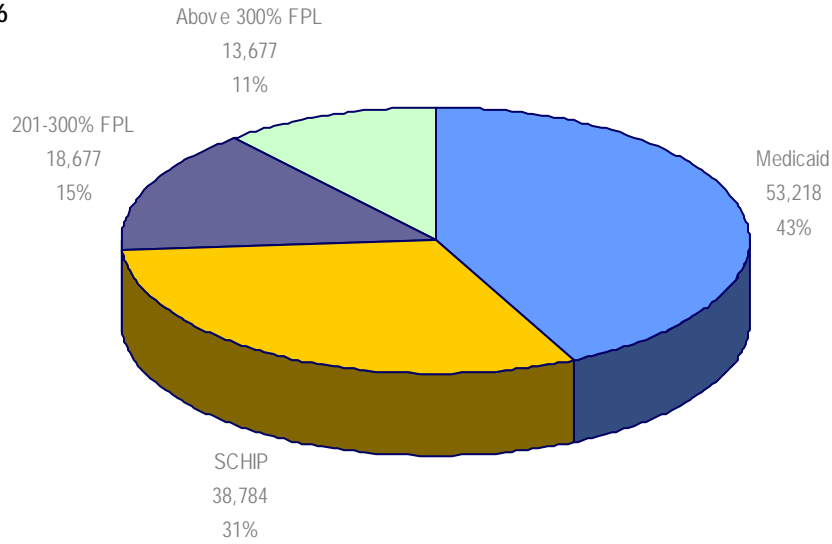
- Approximately 15 percent of children in Mississippi (124,000) lack health insurance coverage.
- 3 in 4 uninsured children in Mississippi are eligible for coverage (Medicaid or SCHIP).
- 1 in 3 potentially eligible but uninsured children in Mississippi had been covered by Medicaid or SCHIP in the past year.

Figure 1: Health Coverage by Type for All Children (0 - 18) in Mississippi, 2004 - 2006



Source: 2005, 2006, & 2007 Current Population Survey data compiled by the C4MHP using IPUMS-CPS.

Figure 2: Uninsured Children (0 - 18) in Mississippi by Potential Eligibility Based on Age & Poverty Level, 2004 - 2006

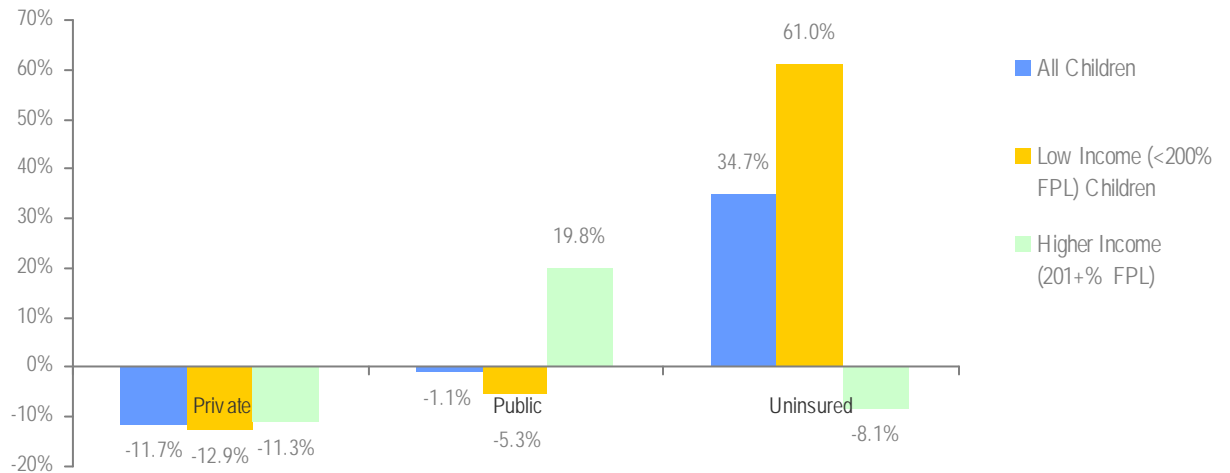


Source: 2005, 2006, & 2007 Current Population Survey data compiled by the C4MHP using IPUMS-CPS.

Trends in Coverage

- Trends show declines in private coverage and in public coverage.
- Trends show an increase in the number of uninsured children.
- The decline in public coverage and the increase in the number of uninsured children occurred in low income families.

Figure 3: Percentage Change in the Number of Children (0 - 18) in Mississippi by Income Level and Type of Coverage, 2000-02 vs. 2004-06



Source: 2005, 2006, & 2007 Current Population Survey data compiled by the C4MHP using IPUMS-CPS.

Employer Based Health Coverage in Mississippi

- 3 in 4 uninsured children live in a household where at least one adult is working full time.
- The average employee contribution for family coverage increased 12 times faster than average worker earnings from 2001 to 2005, consuming 94 percent of the increase in worker earnings.
- The average employee contribution toward a family premium in Mississippi, \$2,811, is about 8 percent of the family income for a family of three at 200 percent of the Federal Poverty Level.
- Less than half of private sector employees have insurance coverage through their employer.
- Only 28 percent of small employers offer health insurance coverage for employees, and 74 percent of private establishments are small (<50 employees).
- Only 15 percent of private sector workers have family coverage.

The profile that emerges shows a continuing enrollment decline in employer-sponsored insurance coverage. At the same time, there are sharp increases in premiums for employer-sponsored health insurance. The situation has disproportionately affected low income families. One result has been an increase in the numbers of low income children left uninsured. The decline in public coverage indicates that many low income uninsured children are not enrolling in the public programs designed to provide them with health coverage.

States all across the nation are implementing a wide variety of initiatives designed to reduce the number of uninsured children. Strategies described in the full report include Enrollment Simplification and Outreach, Premium Assistance, Three Share Premium Programs, Reinsurance, Risk Pools, Eligibility Expansions, and Tax Credits.

Mississippi can significantly reduce the number of uninsured children without implementing any new programs, because most of the uninsured children are already eligible for existing programs. Enrolling these children will require outreach to eligible families and streamlining enrollment procedures. These children are in families of low wage earning, working adults who need flexibility in scheduling eligibility determination appointments so that their employment is not negatively affected. The research is clear that simplifying enrollment procedures facilitates enrollment of eligible children. Enrollment simplification and outreach can be implemented without compromising program accountability and integrity.

Eligibility expansions can be used to reach additional uninsured children, but the risk of crowd-out (when people drop private coverage to enroll in public coverage) grows substantially as eligibility is opened to families at incomes higher than 200 percent of the Federal Poverty Level. While there are approximately 19,000 uninsured children in families with incomes between 200 and 300 percent of the Federal Poverty Level, there are more than 100,000 children in this income group who have private health insurance coverage. The cost effectiveness of expanding coverage declines at higher income levels because for every three uninsured children who gain coverage, there will be one or two children who move from private coverage to public coverage.

■ Options for Improving Coverage

Other strategies may be more effective in reaching uninsured children at higher income levels, such as premium assistance, shared premiums, or tax credits. These initiatives tend to discourage crowd-out and are feasible only when the family has access to private health insurance. These programs could be initiated as part of a more comprehensive effort to encourage small employers to offer or retain health insurance coverage for their employees.

The cost of expanding coverage is generally the biggest barrier to implementation. From the standpoint of state general funds, the most cost effective means of covering uninsured children in Mississippi is by enrolling low income eligible children in Medicaid and SCHIP. In 2007, the Medicaid federal match rate for Mississippi was 3:1. This means that every \$1 spent by the state resulted in an additional \$3 in federal match. The federal match for SCHIP is slightly higher. Children are less expensive to cover than adults: the average cost per enrollee in Mississippi Medicaid is lowest for children.

Strategies that involve employers are promising because they take advantage of employer and employee contributions. These efforts may require subsidies in order to make coverage affordable for low income workers. Research in Mississippi indicates that low income workers consider affordable premiums to be \$40 to \$75 per month and small employers state they could afford to pay up to \$50 per month per employee.

■ Sustaining Coverage

The most insidious and persisting obstacle to ensuring that all children have and maintain health coverage is cost. The cost of health care, and therefore the cost of health insurance, continues to grow faster than the general inflation rate and employee wages. In general, as costs rise, more people drop their insurance coverage. More employers cease to provide coverage for employees. States begin to cut back on eligibility and benefits for recipients of public programs. Until the underlying cost issues are addressed, these options will offer only temporary fixes and may prove unsustainable in the long run.

The cost of leaving children uninsured is great. Children without health coverage have poorer access to health care and suffer from unmet medical or mental health needs. The cost of meeting their delayed health care needs is high and must be covered by other means such as state funds or cost shifting to other payers. Addressing uninsured children's health needs is a critical issue for Mississippi's future.

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