

CHIP Fact Sheet

Children's Health Insurance Program

What is CHIP?

- CHIP is a publicly funded health insurance program for children authorized by Congress in 1997.
- The Texas Legislature enacted legislation to create CHIP in 1999 and the program began serving children in Texas in April of 2000.
- CHIP is designed for families who earn too much money to qualify for Medicaid, yet cannot afford to buy private insurance for their children.
- The top limit of eligibility in Texas is 200% of the federal poverty level – or an annual income of \$33,200 for a family of three in 2006.
- CHIP coverage provides eligible children with coverage for a full range of health services including regular checkups, immunizations, prescription drugs, lab tests, X-rays, hospital visits and more.
- The federal government provides about 72 percent of the funding for the program in Texas. The Texas Legislature must appropriate state funds to obtain the federal funding that is available to Texas.

How does CHIP help Texas families?

- According to 2004 U.S. Census data, Texas has the highest rate of uninsured children in the country with 21.6% of children in Texas lacking health insurance coverage.
- Nearly 90% of uninsured children in Texas have at least one working parent.
- The high cost of health insurance means that it is unaffordable for many Texas families. According to the Milliman Medical Index, the annual cost of health insurance for a family of four is \$13,382. Although many Texans have employer sponsored health care insurance, many cannot get affordable coverage for dependents through an employer.
- Health insurance means that children are more likely to get the preventative medical care that they need when they need it. This means avoiding the expense of unnecessary hospitalizations and emergency room visits. In addition, CHIP provides economic security for families.

How is CHIP doing in Texas?

- After it started, the Texas CHIP program became one of the most successful programs in the country and in September of 2003 more than 500,000 children were covered.
- Facing a state budget deficit for 2004-2005, the Texas Legislature made substantial changes to the CHIP program in 2003. Benefits important to children including dental and vision care and mental health services were cut. Coverage was limited to a six month period rather than a year thereby requiring more frequent applications and creating more disruptions in coverage and eligibility for CHIP coverage was made more complicated and restrictive.

- Despite a rapidly growing child population in Texas, CHIP coverage declined every month after program cutbacks became effective in September, 2003. By May of 2006, CHIP was covering only 293,564 children.
- Some benefits have been added back into the CHIP program including dental (in April 2006), and vision and mental health services.
- Irregular state support for outreach to families about the availability of CHIP, problems in the processing of applications, and restrictive eligibility policies continue to limit the potential for CHIP to serve Texas children who need health coverage.
- Texas has forgone hundreds of millions of dollars in federal CHIP funding to other states that are running CHIP programs that cover children more successfully.

What is next for CHIP in Texas?

- Federal law gives states a great deal of flexibility in the design and implementation of CHIP as well as extensive federal funding contingent on state funding.
- Every two years when it meets in Regular Session, the Texas Legislature makes budget decisions that demonstrate its willingness to invest in health care for children through CHIP, Medicaid for Children and other public health programs.
- Continued advocacy for comprehensive health benefits for children, robust outreach efforts, a simple and family friendly application process and eligibility policies is essential to ensure that CHIP is there for children and families who need it.