



A “BUY-IN” PROGRAM FOR UNINSURED KIDS ABOVE 200% FPL:

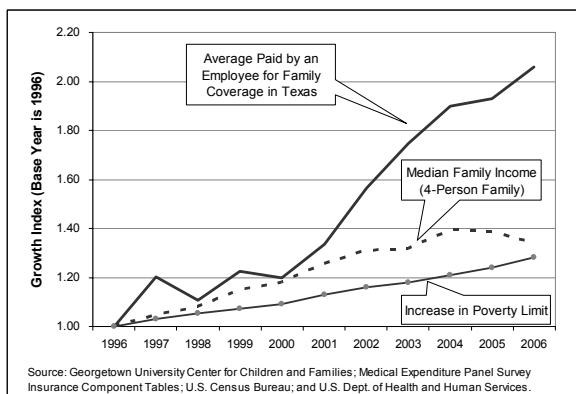
A Key Part of Making Affordable Health Insurance Available for Every Texas Child

Key Points:

- Basic Concept Between 200-300% FPL: Working parents earning between \$42,000 and \$63,000 a year would be able to buy Discount CHIP coverage for their uninsured children, paying a “sliding” MONTHLY PREMIUM that increases with income. Above 300%, families with no other options could buy in at FULL COST (no cost to state)
- **Because of the higher income limit, the buy-in program would have**
 - significantly higher family cost-sharing, and
 - stronger policies to target uninsured kids and discourage dropping private coverage.
 - **Open enrollment periods, longer uninsured waiting period, and full-cost premiums for dental coverage could help control costs, and reduce crowd-out and adverse selection.**
- This program is needed to make an affordable options available for Texas kids who **DO NOT have access to Employer-Sponsored Insurance.**
 - Healthy Texas, SB 66 and SB 76 all deal with ESI. To have an affordable option for every child, Texas needs a program for the kids who WILL—even if these good bills are passed—still lack access to ESI.
- Unlike Texas’ basic CHIP program, this program would have MONTHLY PREMIUMS. Under federal law, premiums + co-pays can’t exceed 5% of family income.
- Texas could charge premiums averaging 50% of state’s CHIP cost (cost is ~\$130/month; premiums \$60-80 for one child) and stay under this 5% cap.
- “Take-up” rates in states covering kids above 200% FPL **and** with comparable monthly premiums have been modest. (See reverse for Pennsylvania details; if Texas followed their pattern we would expect ~100,000 kids by year 2).
- As of January 2009, 26 other states have enacted affordable coverage available to children at or above 250% of FPL, and 18 of these cover children at or above 300% FPL.
 - These programs employ a variety of structures, with sliding scale premiums, parental cost-sharing, and contracting with private insurers elements that are common to a majority of the states.

The Need:

- Over 500,000 uninsured children in Texas live in families who earn too much to qualify for CHIP, but many still don’t have access to affordable private coverage..
- Cost of private insurance has surged ahead of family incomes and CHIP income limits, fewer employers are covering their workers, and families who try to buy kids’ coverage directly can be turned down—or charged sky-high premiums.
- **Nationwide, over two-thirds of newly-uninsured children in 2006 were in families above 200% FPL, the current limit for Texas CHIP. Latest census reports for 2007 indicate that the number of uninsured Texas children from 200-300% of poverty is growing, while the number below 200% FPL is declining.**



- Very few of these children have access to insurance through their parents’ jobs: less than 8% of families between 200-400% FPL turn down employer-sponsored health care. With private health insurance


costs rising, these children in middle-class families represent the fastest-growing segment of the uninsured child population.

- **Left with no options, families are requesting pay cuts in order to qualify their children for CHIP.** A raise or promotion isn't attractive to families if it means the loss of their children's CHIP health coverage and a private alternative that amounts to 30% of their income.

An Example of a CHIP Buy-In Program with comparable premiums: Pennsylvania

Pennsylvania Medicaid and CHIP, June 2008	
Children's Coverage	Children
Medicaid & CHIP below 200% FPL	1,001,151
Medicaid	850,150
CHIP (no premiums)	151,001
Total Kids Enrolled above 200% FPL, paying premiums	23,063
200-250%	16,913
250-300%	4,748
Kids Enrolled at full cost	1,402
Date of report	Jun-08
Year Expansion Began	Feb. 2007
Uninsured PA kids 200-300% FPL	46,000
Uninsured PA kids 300%+ FPL	24,000
Enrollment as % all unins kids >200% FPL	
ALL PA kids 200-300% FPL	547,000
CHIP Enrollment as % ALL PA Kids 200%-300% FPL	1.78%
ALL kids 300%+ FPL	1,315,000
CHIP Enrollment as % ALL PA Kids 300%+ FPL	00.1%
Premium Structure	
PA: ≤ 300% average \$161 (range \$112-\$184, 8 carriers)	

Expansion Program Design



% of federal poverty level	Maximum income for a family of four	Average monthly premium per child
<200%	\$42,400	\$0
>200% - 250%	\$53,000	\$40
>250% - 275%	\$58,300	\$56
>275% - 300%	\$63,600	\$64
>300%	N/A	\$161

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To learn more, visit www.TXFinishLine.org

For more information, contact Finish Line Campaign Coordinator, Laura Guerra-Cardus, Children's Defense Fund-Texas, lguerracar@childrensdefense.org, (p) 713.664.4080, (f) 713.664.1975