

**Understanding Non-participation Among Children in the SCHIP and Medicaid
Programs**

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Abstract

Since their inception, Medicaid and the State Children's Health Insurance Program, SCHIP, have the objective of increasing health insurance coverage for low-income children. Both programs have been successful in providing adequate coverage to children that increases their status as well as utilization of care, yet both programs also have very low participation rates among eligibles compared to other government assistance programs. Nearly 7 in 10 uninsured children in America today qualify for SCHIP or Medicaid coverage, but are not enrolled. This paper synthesizes existing research to identify the major reasons eligible families do not enroll their children in these programs.

Based on the existing literature, the major reasons that children do not take-up SCHIP and Medicaid are lack of knowledge that they qualify for the programs and the transaction costs associated with enrolling in the programs. Both of these factors were identified in the two most reputable studies and were identified in nearly every other study as a reason for not taking up the program. In an effort to address these barriers to take-up, this paper recommends that policy makers increase community outreach and simplify the application process so that more children take-up these programs.

Introduction

The problem of uninsured children in the United States has been a policy priority for many years. Further, the rates of uninsured children have been rising in recent years. The federal government has made an effort to address the problem of uninsured children particularly in low-income families and communities. In 1965 the federal government established Medicaid that provides health coverage to low-income families. This program provides health insurance coverage to families who have an income below a given percentage of the federal poverty line, FPL. The federal government further expanded coverage for low-income children with the State Children's Health Insurance Program, SCHIP. SCHIP was created as part of the Balanced Budget Act of 1997. The goal of the program was to provide health insurance coverage to children whose families were low-income, but did not qualify for Medicaid benefits.

Despite Medicaid and SCHIP, there are still approximately 9 million children, nearly 12 percent of all children, who are uninsured and nearly two thirds of them qualify for SCHIP or Medicaid coverage, but are not receiving it. There is a large body of research suggesting that having health insurance improves quality of health and this is especially the case with children. This begs the question of why children who qualify for public insurance programs do not enroll in them. This paper identifies the reasons that children qualify for SCHIP and Medicaid programs but do not take-up¹ the program.

The goal of this paper is to identify the reasons for low take-up rates in SCHIP and Medicaid and to compile the most common reasons for non-participation among eligibles in order to determine what policy solutions may be able to address the problem.

¹ Take-up is the amount of eligible children who choose to participate in the programs. It is only applicable to eligible children since they are the only ones who can participate.

The hypothesis of this paper is that the reasons for low take-up rates will be lack of information about the programs as well as the transaction cost involved in enrolling in the programs. It is believed that lack of information will be the primary reason for not taking-up the program. This is believed to be the case because if families do not know about the programs, they are not going to enroll their children. Given the clear benefits of SCHIP and Medicaid, this seems to be a logical reason families would choose not to enroll since if they were informed, they would likely want to participate.

The second hypothesized reason for lack of take-up is the transaction cost that accompanies enrolling in the programs. This includes the time involved in enrolling as well as the complex paper work process. The time involved is likely to deter families from enrolling their children as they are either unable to dedicate the time to dealing with the application process or do not have all of the information available that the application requires.

This paper synthesizes previous studies that investigate take-up rates for SCHIP and Medicaid programs and analyzes the studies to identify factors explaining non-participation among eligibles. From these studies, a conclusion will be reached on the major factors associated with lack of take-up. Based on the reasons for lack of participation among eligibles, policy options that address these reasons will be analyzed in an effort to offer a solution to lack of participation in SCHIP and Medicaid.

This paper will consist of three sections. The first will discuss the background of SCHIP and Medicaid programs. This section will explain both the reasons these programs were developed as well as information about their administration. It will also set up the theoretical framework for the analysis in the third section. The third section

will discuss the evidence related to take-up in SCHIP and Medicaid. This section will review the literature on the subject organized by the reason for lack of participation among eligibles. The final section will be a conclusion section. This section will identify the major reasons found from the evidence for lack of take-up and will highlight possible policy solutions that address these reasons.

Background

Historical Background of Medicaid and SCHIP Programs

The federal government expanded health coverage assistance to low-income children in 1965 with the establishment of Medicaid. Medicaid provided federal matching funds to children covered by Aid to Families with Dependent Children, AFDC, and was a voluntary program that states participated in. In 1967, Medicaid was expanded to cover other children who were in low-income households, but were not covered by AFDC. It also was expanded to children who had high medical costs, but whose families did not qualify for AFDC's financial standards. By 1972, all states except Arizona were participating in Medicaid. The same year, the Social Security Amendments of 1972 were passed and established funding for individuals with disabilities (Children's Health Insurance Timeline). In 1977, the movement for increased health coverage to children faced a major roadblock. The Carter Administration attempted to expand coverage to more children, but Congress did not pass it. This is believed to be one of the reasons that future efforts were made incrementally instead of in overhaul legislation. In 1986, the Omnibus Budget Reconciliation Act of 1986 was passed. It marks the first time that Medicaid eligibility is linked to the national FPL, and covers those up to 100 percent of

FPL. In 1990, coverage is further expanded to cover all children in families whose income is below 100 percent of FPL.

In 1997, SCHIP was established under the Balanced Budget Act of 1997. It allowed states to cover uninsured children whose families had incomes below 200 percent of FPL, but who were ineligible for Medicaid (Children's Health Insurance Timeline). Importantly, states could set their own limits for who qualified for SCHIP coverage meaning that levels of eligibility varied across the states. Senators Ted Kennedy and Orrin Hatch sponsored the program, in an effort to increase health insurance coverage following the failure of President Clinton's 1993 health care initiative. While Medicaid is an entitlement program, SCHIP is not and thus it does not guarantee coverage if funding is unavailable. Medicaid also does not have a set-funding limit, whereas SCHIP does. This prevents the program from being able to cover all of those who qualify. Many incremental changes were made to SCHIP over the next 9 years and by 2006, over 40 states covered children at or above 200 percent FPL (How Public Health Insurance Programs for Children Work).

SCHIP was due to be reauthorized in 2007 and both the House and Senate passed separate forms of the reauthorization that would expand coverage up to 250 percent FPL, but President Bush vetoed it. A temporary reauthorization was then passed. In early 2009, Congress passed legislation that was signed by President Obama that expanded coverage for SCHIP by \$33 billion over four years. It also set a binding cap of 250 percent FPL to qualify for SCHIP coverage (Children's Coverage and SCHIP Reauthorization).

Policy Problem

SCHIP and Medicaid were created to address the problem of uninsured children. Currently in the United States there are 9 million uninsured children, more than two thirds of whom qualify for SCHIP or Medicaid coverage, but are not enrolled for a variety of reasons (Children's Coverage and SCHIP Reauthorization). This creates a problem where the programs are not able to fully achieve their goals. This means that children who are recognized as being in need of health insurance are not able to get it. Full participation in SCHIP and Medicaid is important because it can significantly reduce the number of uninsured children in America, making it important to investigate the reasons eligible children are not enrolling in the programs.

Health insurance for children is an important policy issue. When children do not have health insurance, they have significantly less access to health care and thus lower quality health status (Children's Coverage and SCHIP Reauthorization). A study from *Future of Children* defines the problem well, "For the vast majority (84 percent) of low-income, uninsured children, Medicaid and SCHIP can provide a vital link to health care, improved participation in school, and greater financial stability" (Enrolling Eligible Children and Keeping Them Enrolled). Given the benefits of health coverage for children, it is important to look into the reasons that children qualify for government run health insurance programs, like Medicaid and SCHIP, but do not enroll.

Theory of Take-Up and Decision Making

To analyze participation in Medicaid and SCHIP, it is important to understand general theories of how people choose whether or not to participate in social assistance programs. Janet Currie of the National Bureau of Economic Research conducted a study

entitled “The Take-Up of Social Benefits” that analyzes ways that take-up can be improved in social programs. She writes,

First, take up is enhanced by automatic or default enrollment and lowered by administrative barriers, although removing individual barriers does not necessarily have much effect, suggesting that one must address the whole bundle. Second, although it may be impossible to devise a definitive test of the “stigma hypothesis”, other, more concrete types of transactions costs are probably a good deal more important. Third, although people generally have means-tested programs in the United States in mind when they discuss take up, low take up is also a problem in many non means-tested social insurance programs and in other countries (Currie).

Currie’s work is also important because it sets up a framework to understand participation. By outlining three reasons that eligible children may not participate in these programs, one can look at a social welfare program and try to address these concerns ahead of time to increase participation. Having this framework allows for programs to clearly be looked at for limitations that may effect take-up and allows program designers and re-designers to make the programs as targeted and effective as possible.

It is important to note that Currie generally discusses reasons that people choose not to participate in social welfare programs. This paper will look at whether or not the same factors hold true for lack of take-up in SCHIP and Medicaid.

In looking at participation in SCHIP and Medicaid, it is also necessary to understand how people make decisions. Robert Moffitt of Johns Hopkins University created a framework to look at how people make decisions to enroll in social assistance

programs. His work is very similar to that of Currie and she cites him in her work as well. Moffitt argues that the first thing people need to make a decision is information (Moffitt). This applies to SCHIP and Medicaid take-up as people must know about programs and if they are eligible before they can participate. The next factor that goes into decision-making is looking at the costs versus benefits, assuming perfect information. In this part of decision making it is important to note that costs include items other than just actual dollars spent. In the case of SCHIP and Medicaid participation things like transaction costs and stigma also affect the cost that people see related to the program. Following the same logic, benefits can include a variety of factors as well.

This paper will follow his structure in analyzing the way people make choices about participating in Medicaid and SCHIP and as such this paper will look at the evidence for take-up under the framework he sets up.

Evidence

Selection Criteria and Organization

This paper reviews 17 studies and reports about SCHIP and Medicaid take-up. The studies reviewed were found through a variety of databases as well as through internet searches. The databases used included JSTOR, Project Muse, Econlit, Social Science Journals, PubMed, and Google Scholar. From all of the studies found, the following criteria were used. Only studies published after 2000 were used. Since SCHIP was not created until 1997, there were no comprehensive reports published on participation rates until 2000. Many of the reports about Medicaid take-up before this time were outdated based on changes that have happened to the program since then which

is why 2000 was used as the earliest time for reports to be considered. Other studies were excluded if their primary purpose was not to discuss take-up. Many studies were found that briefly addressed take-up and participation as problems, but did not focus on these issues and were thus not included in this paper.

Each of the studies and reports reviewed focuses on the reasons that children do not take-up in SCHIP or Medicaid. All of the studies and reports will be summarized to determine those that are of the highest quality based on research methods and other factors. This is necessary so that when weighing the evidence for different reasons for eligible families not participating, the reasons coming from higher quality sources can hold more weight in this analysis.

In this section, the evidence found from the 17 reports and studies will be broken down by reasons it noted for people not participating in the programs. These reasons will be organized under three key sections, those related to information, costs, and benefits. Each of these sections will have subsections for the reasons for lack of take-up under them. The first time a study is introduced, it's quality and merits will be analyzed as many studies cited different reasons for lack of participation.

Lack of Information

In this section, evidence will be presented regarding lack of information, as a major reason people do not take-up in Medicaid and SCHIP. There are two aspects to lack of information. The first is lack of information about the program and the second is lack of information about eligibility.

Lack of Information about SCHIP and Medicaid

Many eligible families do not participate in SCHIP and Medicaid programs because they simply do not know that they exist. The following four reports all find that lack of information about the programs is a primary reason that people do not enroll in SCHIP or Medicaid.

Maximizing Kids' Enrollment in Medicaid and SCHIP: What Works in Reaching, Enrolling, and Retaining Eligible Children

One of the most reputable studies on the topic from the National Academy for State Health Policy, NASHP, found lack of information and knowledge gaps about SCHIP and Medicaid to be the largest reason that eligible children were not enrolled in these programs (Wachino and Weiss). NASHP's study entitled "Maximizing Kids' Enrollment in Medicaid and SCHIP: What Works in Reaching, Enrolling, and Retaining Eligible Children" was conducted using individual interviews in November 2007. Interviews were done in five key states and respondents were asked to discuss their views and reasons for not enrolling their eligible children in SCHIP or Medicaid. The study also involved a questionnaire that was sent out to respondents in 13 states based on the reasons found in the original interviews. From this sample, NASHP compiled the common responses to the surveys and made conclusions from that. This is a very strong structure for research as its conclusions are not based on assumptions, but rather on what the people themselves are reporting. The one major flaw is that people may not be truthful in their responses. Regardless, this study is considered to be one of the strongest analyzed.

This study found that knowledge gaps were reported to be the major reason for not enrolling by 32.4 percent of respondents (Wachino and Weiss). This was broken down to 12.4 percent not knowing about Medicaid and SCHIP, 17.7 percent not knowing their child was eligible and 2.3 percent who did not have enough information about the program. This shows a clear link between information about SCHIP and Medicaid and participation in the programs.

Promoting Public Health Insurance for Children

A study from the Journal *Future of Children* by Michael Perry entitled “Promoting Public Health Insurance for Children” focused on the way messaging and information marketing effects take-up in SCHIP and Medicaid. The study draws on information from a 2000 study conducted for the Kaiser Commission on Medicaid and the Uninsured that utilized interviews from 48 states. The study focused on those working in outreach instead of on individuals who were eligible for the programs so some of its findings are predicted as opposed to reported from the individuals themselves, which means its results are strong, but not necessarily the strongest since they are based on assumptions.

This study found that marketing issues confused many people and they do not have enough information about what SCHIP and Medicaid are (Perry). Much of this lack of information came from the different names used for SCHIP programs based on states (Perry). The study argues that having different names for the programs confused people and created a knowledge gap preventing participation. The report also concluded that there is not enough outreach occurring so many people do not know these programs even exist (Perry).

Which Children Are Still Uninsured and Why

In Spring 2003, a study from *Future of Children* entitled “Which Children Are Still Uninsured and Why” addressed take-up based on census data. The report looked at census data from 1994, 1998, and 2000 and made assumptions based on that for why children were uninsured. This study also looked at information from other studies reporting on take-up. The study is very reputable, but the issue is that it is partially based on assumptions from census data as opposed to individual responses, meaning that its conclusions are based on perceived reasons for not taking up instead of on individual response data.

This report found that lack of information was a major reason eligible children were not enrolled in SCHIP. The report said,

Many low-income families with uninsured children lack basic information about the availability of coverage, especially under newer SCHIP programs, and do not understand that their children are eligible for coverage. Altogether, the parents of 27 percent of all uninsured eligible children in 1999 reported that they had not heard of Medicaid or SCHIP, had not inquired about or applied for coverage because they thought their child was not eligible, or did not have enough program information to apply. More recent information from early 2001 indicates that such knowledge gaps persist for many low-income parents with uninsured children (Houlahan et al).

This is an important finding as it notes how serious the issue of information is. Without people knowing about SCHIP and Medicaid, they cannot participate in the programs.

This report also acknowledges that lack of information was particularly a problem for children with foreign-born parents. The report notes,

Citizen children who are school-age, children who have activity limitations, and children who have foreign-born parents participate at lower rates than preschool-age children, those with no activity limitations, and those with native-born parents. The lower participation rates among older children and those with foreign-born parents may be due in part to larger knowledge gaps found for these groups (Houlahan et al).

This also creates a problem where children whose parents are not citizens lack the information to enroll their children.

States' SCHIP Enrollment and Spending Experiences and Considerations for Reauthorization

A 2007 Government Accountability Office, GAO, report entitled “States’ SCHIP Enrollment and Spending Experiences and Considerations for Reauthorization” looked at problems faced by families in enrolling children in order to make sure SCHIP reauthorization was done efficiently. The report is of high quality and comes from one of the most reputable research branches of the United States government.

This report found that information was a primary barrier to enrollment. The reported stated that, “Primary obstacles included families’ lack of knowledge about program availability and that, even when children were eligible to participate, complex eligibility rules and documentation requirements complicated the application process” (Government Accountability Office). This is important as lack of knowledge is acknowledged as a primary reason people do not take-up in the program. Without

knowledge of the program, people cannot begin to even enter the cost-benefit decision-making process.

Lack of Information about Eligibility

Many times, families know about SCHIP and Medicaid programs, but are unaware that their children are eligible for the programs. This is a major reason that children do not take-up in the programs since they do not know the programs are available to them. The following six studies all address this as a barrier to participation in SCHIP and Medicaid

Maximizing Kids' Enrollment in Medicaid and SCHIP: What Works in Reaching, Enrolling, and Retaining Eligible Children

NASHP's study "Maximizing Kids' Enrollment in Medicaid and SCHIP: What Works in Reaching, Enrolling, and Retaining Eligible Children" also addressed lack of information on eligibility as a primary reason children are not enrolled. The study found "Although most parents are aware that Medicaid and SCHIP exist, parents can be confused about whether their children are eligible" (Wachino and Weiss). The study further elaborated on this issue and explained that eligibility can be a major reason children do not take-up because eligibility requirements often change, as do family's incomes. This means that sometimes a child may be eligible and then income changes and the child is not. The study reports that this is confusing for parents and means that many do not know their income allows them to enroll their child in SCHIP or Medicaid (Wachino and Weiss). Without knowing about eligibility, children cannot enroll in these programs.

SCHIP Making Progress: Increased Take-Up Contributes to Coverage Gains

The *Journal of Health Affairs* published a study in 2003 that looked at gains in take-up through previous attempts to increase participation. The study, entitled “SCHIP Making Progress: Increased Take-Up Contributes to Coverage Gains” is based on the Community Tracking Survey, CTS. This survey looks at participation in social welfare programs over time in different communities. The study used data from CTS and looked at where eligible families were most likely participating in SCHIP and Medicaid and where they were least likely to participate. They did the locations originally by state and then by counties within in the state. Findings were based on this information.

This study looked at of people and their status as either participating or non-participating in SCHIP and Medicaid. The study explained that,

Take-up rates actually decreased from 69.2 percent in 1996–97 to 60.5 percent in 1998–99 among low-income children. This decrease is likely attributable to the large increase in the number of newly eligible children during this period (that is, an increase in the denominator), and it was too early for many of these new eligibles to become aware of the program and enroll (Cunningham).

This is important in looking at take-up because it means that when people’s eligibility status changes, they are less likely to take-up. The study also attributes this to lack of information about eligibility.

Why Aren’t More Uninsured Children Enrolled in Medicaid or SCHIP?

A study from the Urban Institute entitled “Why Aren’t More Uninsured Children Enrolled in Medicaid or SCHIP?” looked at responses of individuals as to why they do not take up in SCHIP or Medicaid. The study is based on responses to the 1999 National

Survey of America's Families. In this survey, families were asked questions about their choices to participate in programs and their responses were used for this study as well. This is a reliable way to measure reasons for not taking up since it comes directly from the people who are making the choices, however there can be conflicts since the data is self reported.

This study found that knowledge gaps were a major reason children did not enroll in SCHIP or Medicaid. The study reported that, "The analysis shows that knowledge gaps constituted a primary barrier to enrolling a third of low-income uninsured children" (Haley). The study furthered this result by delving further into the issue of knowledge gaps and found that lack of information about eligibility was the major problem. The study reports that,

Fully 88 percent of all low-income uninsured children had parents who had heard of either the Medicaid program or the SCHIP program in their state; but among those parents who had heard of at least one of the programs and whose child was not enrolled in Medicaid or SCHIP at any point in the past year, only 24 percent had inquired about the program on behalf of their child. Among the 24 percent whose parents had inquired, 66 percent had parents who had applied for coverage for their child. Thus, even though most parents had heard of one or both of these programs, few had inquired about or applied for coverage on behalf of their uninsured child (Haley).

This is important, as their findings are very significant. If 88 percent of parents know that these programs exist, there must be other factors that are effecting enrollment. This study

clearly notes as well that it is information on eligibility that is the big problem in terms of information.

Which Children are Uninsured and Why

This study, preformed by *Future of Children*, was mentioned previously. It deals with participation rates for eligible children and finds that children who recently became eligible under expansion programs are less likely to take-up than those who were always eligible. The study says that,

Participation rates were highest for children who were eligible under the welfare-related criteria (79 percent) and lowest for children who were newly eligible for coverage under SCHIP (45 percent). Children eligible under the poverty- related expansions had a participation rate of 64 percent. These rates are consistent with historic patterns showing that children eligible under the poverty-related expansions participated at lower rates than those eligible under the welfare category (Houlahan et al).

The study expanded on this finding to say that since many children recently became eligible for the programs, the fact that they participate at lower-rates can likely be attributed to the fact that their families do not know they are eligible. This finding seems logical, but is also not fully supported by the data the study provides since it is based on census data and not individual responses.

Triple Jeopardy for Vulnerable Children

In 2006, RAND preformed a study to look at changes in societal welfare program funding and participation. The study, entitled “Triple Jeopardy for Vulnerable Children,” looked at data from the National Center for Health Statistics’ nation-wide survey from

2000 and 2001. The survey asked respondents to report on their health care needs and program experiences. This survey included Medicaid and SCHIP, which is the part that this study looked at. This study's findings were particularly interesting as the survey they were based on asked questions in a unique manner. Instead of just asking why people choose not to participate, they presented possible answers to people, many of which were not actually characteristic of the program. They did this by asking questions like did you choose not to participate because your employer does not offer SCHIP coverage, when employers do not in fact offer SCHIP coverage, it comes from the government. In this way, there is interesting information presented as people may be unable to answer honestly since they did not know certain things about programs since they were false.

This study found that parents do not understand how SCHIP works and do not know that their children are eligible because of the lack of information. The study reported that,

Many parents do not understand how SCHIP works. When asked why their children were not enrolled, nearly 50 percent of parents said SCHIP “costs too much.” Another 16 percent said that they “cannot get SCHIP through my employer.” Both statements are factually incorrect: SCHIP is offered free or at very low cost in most states; and it is offered not by employers but by the government. The widespread level of misunderstanding highlights the need for additional communication and outreach (RAND).

This finding is different from what many other studies have found and is also very important. The fact that many parents have no real understanding of SCHIP and Medicaid or where to get it means that they cannot possibly enroll their children. If people think

that these programs are presented by employers, then they clearly have no way to know their child is eligible since this is a government program. These rates of not understanding SCHIP and Medicaid are quite high and are worth noting in developing solutions to the problems of take-up.

The Challenge of Enrolling and Retaining Low-Income Children in SCHIP

In March 2007, the Robert Wood Johnson Foundation released a report surrounding the reasons that make enrolling children in SCHIP challenging. The report, entitled “The Challenge of Enrolling and Retaining Low-Income Children in SCHIP,” is not based on any clear research method and is more of an analysis of the situation as a whole. This study looks at participation rates, but also addresses other issue with enrollment such as governmental problems and lack of funding. This is not the most reputable study looked at in this paper for that reason.

This report noted that information was a problem with children enrolling in SCHIP. The report stated that, “Parents may not know that the program exists or that their child is eligible. In 1999, knowledge gaps were the primary reason that low- income uninsured children were not enrolled in Medicaid or SCHIP” (Necochea). This follows with much of the other research presented and does not shed much new light on the issue. This study reaffirms many of the findings already presented about lack of information about eligibility.

Costs

In determining the reasons people choose not to participate in SCHIP and Medicaid, it is important to understand that people make decisions based on costs and benefits, assuming they have information about the programs. In this section, it is

assumed that people know about SCHIP and Medicaid so they now move into the cost-benefit decision making process. This section will address the costs associated with participating in Medicaid and SCHIP. The literature reviewed points to four key costs that influence children not to participate. These are: transaction costs² from enrollment process, stigma, fear of deportation, and actual costs. From the research, it is clear that the biggest cost of these is transaction costs from the complicated enrollment process. This is a major barrier to participating in these programs and was cited in many of the studies reviewed. This is almost as much of a barrier as knowledge gaps and constitutes a major barrier to take-up.

Transaction Costs and Enrollment Process

A major reason that eligible children do not participate in Medicaid and SCHIP is because the transaction costs of applying for the programs are too high. In most cases, applying for SCHIP or Medicaid coverage takes many hours and multiple trips to the offices that deal with the applications. Many states require income verification and other documentation to get coverage, which increases the transaction cost of enrolling as well. With such high time costs and hassle involved with enrolling in SCHIP or Medicaid, it makes sense that many of the reviewed studies found this as a primary barrier to enrollment in the programs.

Maximizing Kids' Enrollment in Medicaid and SCHIP: What Works in Reaching, Enrolling, and Retaining Eligible Children

² Transaction costs are the costs that are not in physical dollars that are associated with the process of enrolling in the program. This includes time involved in the process as well as complicated enrollment standards that make it hard for families to prove eligibility. Anything that makes it harder to enroll can be considered a transaction cost.

NASHP's study on SCHIP that was previously discussed addresses the issue of administrative hassle as a reason people do not take-up in SCHIP and Medicaid. The report offered an antidotal explanation, based on their survey, of the hassles involved,

Many describe the application process as challenging to complete, and some low-income individuals have expressed concerns about complicated application forms, being asked to answer "unfair" questions and confusion over application requirements. Some parents also have expressed concerns about needing to supply personal information as part of the application process, and parents who reported having had a bad experience with the application process were reluctant to apply again. In a survey of parents of children with special health care needs, less than half described the process of applying for Medicaid and SCHIP as easy (Wachino and Weiss).

These difficult experiences are described by the study as being common. In fact, 9.5 percent of respondents in the survey cited administrative hassle as the primary reason they did not enroll their child in SCHIP or Medicaid (Wachino and Weiss). This is a major issue effecting take-up.

Enrolling Children and Families in Health Coverage: The Promise of Doing More

In June 2002, the Kaiser Commission released a study looking at approaches to encourage people to participate in government health programs. The study looked at Medicaid and SCHIP enrollment in addition to a variety of other programs. The study was based on a survey done by the Center on Budget and Policy Priorities. The report is very comprehensive and its reliance on survey data is again a strength.

This study noted many times how major the transaction costs can be with enrolling in SCHIP and Medicaid. They offered an antidotal explanation of the challenges with the process,

A striking feature of the application process in many states is that families often are expected to provide numerous documents to verify the information on their applications even when such verification is not required under federal law. Experience from several states indicates that pairing back the number of documents families are required to submit can remove some obstacles for applications and also can yield administrative advantages (Cohen-Ross and Cox). This notes a major problem with the enrollment process. Since states are adding extra hurdles to enrolling in SCHIP and Medicaid, they are making it less likely that people will enroll in the programs. In fact, the study noted that this is a primary reason people are not taking-up in SCHIP and Medicaid,

Complicated enrollment procedures continue to be the root of problems getting eligible children covered. Among low-income families with uninsured children that inquired about Medicaid and SCHIP, 38 percent cited administrative ‘hassles’ as the main reason for not applying (Cohen-Ross and Cox). This notes a higher percentage of respondents saying that administrative issues were the main deterrent from applying than the NASHP study did. Its possible that this is because this study is older and that some of these issues have been resolved, but it is still important evidence to consider in looking at take-up and ways to increase it for both SCHIP and Medicaid.

Nearly 95 percent of Low-Income Uninsured Children are Now Eligible for Medicaid or SCHIP

A 2000 report from the Center on Budget and Policy Priorities reported on data citing that nearly all low-income uninsured children qualified for SCHIP or Medicaid coverage. The report both noted this news and looked at reasons why these children were not enrolled. The report was based on a study of census data and then derived findings from that. The report is not the most comprehensive as it is based on assumptions as to why people do not participate and on data solely about income, but it is still worth looking at.

The report notes that administrative barriers are a major reason children do not have access to the benefits of SCHIP and Medicaid. In an antidotal explanation the report notes that,

Many eligible low-income children apparently have not enrolled because of administrative or other barriers. If the opportunity that the eligibility expansions has created is to be realized more fully, low-income families especially working families will need both to be more aware of their children's eligibility for health insurance programs and to be able to enroll their children without facing the burdensome and time-consuming paperwork and office-visit requirements that low-income working parents can encounter (Broaddus and Ku).

This finding is not as significant as some of the others noted in this section, but it is still important to consider as it reaffirms that administrative hassle increases transaction costs greatly.

Enrolling Eligible Children and Keeping Them Enrolled

Future of Children released a report about ways to get children enrolled in SCHIP and Medicaid programs. The report was not based on any clear research methods, but was largely a literature review of other studies. Many of the findings reaffirm what was previously noted in this section.

This report found administrative complexity to be a major deterrent from participating in SCHIP and Medicaid. The report noted that

Surveys indicate that the complexity of enrollment and renewal procedures has deterred families with eligible children from applying for health coverage. Thus, many children appear to be going without insurance, because their families have difficulty completing forms and assembling the documents that states require them to submit. Similar procedural barriers impede families from completing the renewal process, causing their children to lose coverage even when they remain eligible (Cohen-Ross and Hill).

This shows information about the types of administrative hassles involved with enrolling in the programs. If families cannot figure out the process of enrolling their child in SCHIP or Medicaid, then there is no way for them to participate in the program.

Getting In, Not Getting In and Why: Understanding SCHIP Enrollment

In 2003 the Urban Institute was commissioned by the Department of Health and Human Services to report on SCHIP Enrollment. The study the produced was based on information and data from eight states, selected based on a variety of demographic and programmatic variables. It was conducted during the first half of 2000. The report is of a high quality, but deals with a small number of issues, which is a flaw. It is worth looking

to and of high quality in terms of research methods, it is largely just the scope of the report that limits it.

This report looked at specific issues with enrollment processes. It discussed how certain types of application processes, such as mail-in applications, can create administrative hassle as people do not fill out applications correctly and thus are not getting enrolled. The report stated that,

Although mail-in applications offer a more convenient way for families to apply for SCHIP, this policy appears to present a trade-off—several states noted that they experienced increases in the numbers of incomplete applications they receive, applications that are missing documentation either because families don't understand the application questions and/or documentation requirements, or because they inadvertently submit incomplete packets. Income verification was described as the most common type of missing documentation. Only three of the SCHIP programs and two Medicaid programs in our sample allow self-declaration of income (Hill and Westpfahl-Lutzky).

This is an interesting finding to consider when looking at take-up. Since many states are using application processes that have many errors in them, they are increasing transaction costs of enrolling which may deter people from participating in these programs. This result is also interesting because it shows that an attempt to simplify the process using mail-in applications, ended up still increasing administrative barriers.

Which Children Are Still Uninsured and Why

The *Future of Children* study previously mentioned highlights how significant administrative issues can be in preventing take-up in SCHIP and Medicaid. The study notes that,

About 1 in 10 low-income, uninsured children who were citizens and eligible for Medicaid or SCHIP coverage in 1999 had parents who said they had not inquired about or applied for coverage because of administrative hassles related to the enrollment process. These included not being able to obtain necessary documents, transportation problems, and language barriers. Evidence from early 2001 confirms the persistence of negative perceptions about the Medicaid and SCHIP application processes. Families may not realize that the Medicaid and SCHIP enrollment processes have been simplified-including the introduction of mail-in applications in many states (Houlahan et al).

This is important as this notes some of the very specific and complex issues that surround transaction costs of enrolling in SCHIP and Medicaid. With so many different things effecting the enrollment process, this becomes a very hard issue to solve, but also a major reason children are not participating.

The Challenge of Enrolling and Retaining Low-Income Children in SCHIP

The Robert Wood Johnson Foundation study that was previously cited notes the variety of ways that recent changes to SCHIP and Medicaid have made enrollment more challenging. The study noted that

Enrollment procedures vary by state but frequently are cumbersome. For example, they may include face-to-face interviews, confusing application forms and onerous documentation requirements to verify income and assets. A new hurdle

arose with the Deficit Reduction Act of 2005, which stipulates that Medicaid recipients and future applicants must prove their citizenship and identity. In states that have a single application for Medicaid and SCHIP, these documentation requirements extend to SCHIP applicants as well, creating another administrative obstacle (Necochea).

This is important as the study further noted that it is these types of challenges that drive people not to enroll in SCHIP and Medicaid.

Stigma

As outlined in Janet Currie's theory of take-up, stigma is often a major reason people do not participate in government social welfare programs. In the literature reviewed, there were some accounts of stigma as being a problem, but it seems overall, that there is less of a stigma barrier with SCHIP and Medicaid than with other social welfare programs. There is likely less stigma associated with SCHIP and Medicaid because it is not obvious that one participates in the program like it may be with WIC or food stamps. Stigma appears to be a barrier to entry for some, but not a primary reason for not participating.

Enrolling Eligible Children and Keeping them Enrolled

This *Future of Children* study that was previously cited explains the way that stigma affects take-up and the thought process involved with stigma. The report notes that,

Concerns have been raised that some families' resistance to enrolling their children in Medicaid could adversely influence the effectiveness of the SCHIP

screen and enroll process. This resistance may stem from a number of concerns, including the belief that Medicaid participants are not treated with respect, generally referred to as “stigma.” In key informant interviews conducted as part of SCHIP evaluations, out- reach staff and family advocates report that some parents feel intimidated or encounter rude treatment by local social services staff. In addition, fears about being a ‘public charge’ (Cohen-Ross and Hill).

What this shows is how people think about stigma in relation to SCHIP and Medicaid. It is important information to know, but it is also important to note that this study does not consider it to be a primary reason people do not participate in SCHIP or Medicaid and sees it as a lesser problem.

The Impact of Program Design on Enrollment in State Children’s Health Insurance Program

A study from the *Policy Studies Journal* in 2007 analyzed program design and the way that effects SCHIP participation and efficiency. The study was based on an economic model of analysis that looked at different errors with implementation of SCHIP programs across the states. The study provided good information on design of programs, but did not focus fully on take-up making its findings less reliable than some of the other studies looked at.

This study notes that stigma is an issue in general with children’s health insurance programs. It notes “Enrollment in means-tested programs is often suppressed because of the stigma attached to “welfare” and have suggested that separating child health insurance from health care for the poor might encourage more eligible parents to seek benefits for their children (Nicholson-Crotty). This is an important observation and since

the report looks at SCHIP specifically it is clearly referring to those programs. The problem is this study makes this assumption that it applies to SCHIP and does not go about proving it in any substantial way.

Fear of Deportation

In looking at SCHIP and Medicaid take-up, many studies have noted that eligible Latino children are the least likely to participate in SCHIP and Medicaid programs. One report cited that a reason for this may be that many Latino children have parents who are not citizens and thus they are worried that they will be found or deported if they try to enroll their children. It is unclear how large this problem is and it was only found in one report.

Mind the Gap: Parent's Citizenship As a Predictor of Latino Children's Health

Insurance

A 2005 report from *Journal of Health Care for the Poor and Underserved* reported on the ways that a family's citizenship effects the chances that child is enrolled in SCHIP or Medicaid. The study uses the Community Tracking Survey and looked at the participation rates between different groups and based its findings on this.

The report stated that fear of deportation and other problems associated with having non-citizen parents can affect take-up. The report stated,

Since a large proportion of Latino children are citizens by birth, they may be entitled to apply for Medicaid or SCHIP coverage, particularly if their families have low-incomes. However, immigrant families' decisions to enroll children in private or public insurance programs may respond to macro-level factors,

including policy and social climates. Fearing deportation, some immigrant families are deterred from enrolling in public programs, while others may be misinformed about the scope of new policies such as welfare reform (Ojeda and Brown).

What this shows is that many immigrant families have fears about deportation and other things related to the government that encourage them not to enroll their children in SCHIP or Medicaid. Again, the scope of this problem is hard to tell from this report and was not seen in any other reports implying that it is likely not a major issue.

Dollar Cost of Premiums is Too High

In looking at cost, it is important to also consider the tangible cost in dollars of enrolling in a program. While the government funds SCHIP and Medicaid, there can also be fees associated with them that the individual family pays. This may be a reason people do not participate and one study cited it as a reason.

Effects of Premium Increases on Enrollment in SCHIP: Findings from Three States

A 2006 study from *Inquiry Journal* discussed the way premiums paid by families effects participation. The study uses a very limited scope and only discusses three states, Kansas, Kentucky, and New Hampshire. It analyzed state administrative records on enrollment and made findings based on that to see if premiums effected enrollment. Given the limited scope, the study is not the most reliable as it is hard to extrapolate it to a national scale.

The study found that increased costs create lower participation rates. The study concluded that, “Increased premiums had negative effects on enrollment in all three

states” (Keneny et al). This finding shows that there is a relation between the amount of money people have to pay for coverage and participation in the programs. This can be important in looking at solutions to increase take-up.

Benefits

In analyzing the choices people make about enrolling in SCHIP or Medicaid, it is important to look at what the perceived benefits of the programs are. From the existing research on the topic, it is clear that most people who do not take-up in Medicaid and SCHIP do so because they do not see the benefits as being large enough to outweigh the costs with enrolling.

The two main areas that lack of benefits can be seen are with perceived lack of need of coverage and people already having private coverage. These two reasons are major reasons that many people see the benefits as not being large enough to enroll their children in SCHIP or Medicaid.

Perceived Lack of Need for Coverage

In looking at SCHIP and Medicaid coverage and the benefits it provides, it is important to note that many eligible families believe that they do not need coverage for their children. Sometimes this is because they see their kids as healthy and are not concerned about coverage and other times it is for other reasons. Regardless, many studies cited lack of need for coverage as a major reason children do not take-up in SCHIP and Medicaid.

Why Aren't More Uninsured Children Enrolled in Medicaid or SCHIP?

The Urban Institute's 2001 study that was previously cited explains some of the reasons families perceive that they do not need coverage for their children. They reported that,

By a small margin, the most common reason that parents of low-income uninsured children who were aware of Medicaid or SCHIP but did not inquire gave for not inquiring was that they did not want to enroll their child in a public program or that they felt that their child did not need the coverage (40 percent). (Kenney and Haley).

This is a very significant finding. Since the most common reason children were not enrolled, according to this study, was because of perceived lack of need this is clearly a big problem. While no other study saw numbers quite this large for lack of need, it is still worth looking at.

Which Children Are Still Uninsured and Why

The *Future of Children* study that was previously cited also discusses perceived lack of need for coverage for SCHIP and Medicaid as a reason people choose not to take-up. The study reports that,

In 1999, the parents of about 23 percent of all eligible uninsured citizen children said they did not inquire about or apply for Medicaid and SCHIP coverage on behalf of their child either because they did not want public health insurance coverage or they felt it was not needed. These uninsured children tend to be in better health and to have fewer unmet needs relative to other uninsured children. Between 1994 and 2000, the uninsurance rate for children, which may partially explain why their parents felt they did not need or want Medicaid and SCHIP

coverage. These families also may have negative views about Medicaid and SCHIP because they link those programs with welfare or because they have a safety net provider they know and trust (Houlahan et al).

This finding supports what the previous study analyzed did as well. While there are smaller numbers here, 23 percent instead of 40 percent, this study supports the idea that many people do not believe they need coverage and thus do not participate in the program. This is an interesting issue when looking at policy solutions as many people may simply need more information about the benefits of the programs so that this reason for not participating can be lessened.

Barriers to SCHIP Enrollment: A Cross-County Study of the State Children's Health Insurance Program in Pennsylvania

A 2005 study from *Politics of the Life Sciences* looked at SCHIP enrollment throughout Pennsylvania. The study was done by comparing socioeconomic factors of those enrolled in SCHIP and Medicaid and those who were not. It was not done using surveys or any direct response information, but rather with administrative data. The study does not have large implications as it used a very small sample size and a limited research design.

The study found that a major problem with SCHIP in Pennsylvania was the lack of availability of care. The study noted that “The three biggest barriers to SCHIP enrollment success in Pennsylvania have been limited availability of health-care clinics; county socioeconomic weakness; and logistical problems in traveling to clinics” (Kelton et al). The study furthered this idea by saying that people recognize these as problems with SCHIP and choose not to get coverage through this program because of that. While

this is a limited study, these results mean that there is reason for people to believe the benefits of SCHIP may be small for them if they believe they will be unable to get care in clinics and such.

The Challenge of Enrolling and Retaining Low-Income Children in SCHIP

A 2007 Robert Wood Johnson study that was previously cited also looked at the idea that parents believe they do not need SCHIP or Medicaid coverage for their children. The study reported that,

Surveys have found that some parents prefer not to receive public coverage, perhaps because of stigma. Alternatively, they may feel that health insurance is not needed. The uninsured children of parents who claimed that coverage was not needed were more likely than other uninsured children to be in good health, however, only 32 percent of these children had received well-child care in the past year (Necochea).

It is important to remember that this study was merely reporting what other studies found so its merits are hard to note as it was largely a literature review. The important thing from this study is that it further supports the arguments presented in the rest of this section that a perceived lack of need for coverage is a major reason children do not enroll for either SCHIP or Medicaid coverage.

Maximizing Kids' Enrollment in Medicaid and SCHIP: What Works in Reaching, Enrolling, and Retaining Eligible Children

The 2009 NASHP study that was previously cited also addressed the idea that people perceive that they do not need SCHIP or Medicaid coverage. The survey they conducted found that 22.1 percent of respondents said that not needing or wanting the

program was the main reason they did not enroll (Wachino and Weiss). This is a large percentage and was one of the top three reasons that people did not participate. With such a high number citing this as the primary reason they did not enroll, it is a major concern to consider for policy solutions. This finding is also consistent with the first two studies in this section that found not wanting SCHIP or Medicaid as a major reason that children were not enrolled in the programs.

Already Have Coverage

A concern with SCHIP when it was created was that it would cover people who already had private coverage and that it would replace the private market for health coverage for these people. This idea of crowding out private insurance could be an explanation for why people do not enroll. If children are already covered under insurance from the private market, then there is no reason that they would need SCHIP or Medicaid and thus they would not enroll. Only one study found noted crowd out as a reason for not enrolling. In fact, another study specifically discussed that crowd out is not a concern. Regardless, it presents a possible explanation for why the benefits of SCHIP and Medicaid are not large enough for some to choose to participate.

Sinking SCHIP: A First Step Toward Stopping the Growth of Government Health Programs

A 2007 report from the CATO Institute discussed the problems associated with SCHIP. The report was not clearly based on any data other than census reports and administrative records of enrollment numbers. The study was not clear on its research

design and is not to be regarded as highly as many other studies in this paper for that reason.

This study noted that many people who qualify for SCHIP already have coverage and that is why they do not enroll. The report said that,

SCHIP has grown well beyond its original purpose of providing health insurance to children unable to obtain private insurance but too affluent to qualify for Medicaid. When Congress created SCHIP in 1996, more than 60 percent of eligible children already had private health insurance. In 2005, about 55 percent of SCHIP-eligible children had private health insurance (Cannonn).

These findings show that many children who are eligible for SCHIP are covered under another type of private insurance and thus do not need SCHIP. The report argued that for this reason, people do not take-up as SCHIP extends coverage to people who do not need it. This study is a bit biased in its presentation of the information and does not do a good job of explaining why people would not choose SCHIP over private coverage.

The Challenge of Enrolling and Retaining Low-Income Children in SCHIP

The 2007 Robert Wood Johnson Foundation reported cited before also looked at the idea of crowd out. Their results were the opposite of the CATO report just looked at. They noted that, “As SCHIP was implemented, crowd-out concerns diminished at the state and local levels. Waiting periods in many states have eliminated crowd out concerns” (Necochea). What this shows is that crowd out is likely not as big of a concern as the CATO report implies. This means it is likely negligible in the entire process of looking at reasons for not participating and the idea that people do not participate because

they already have other coverage is likely not a major reason for low take-up rates in SCHIP and Medicaid.

Conclusion

Review of Evidence

From the 17 studies reviewed in this paper, two reasons seem to be the most common reasons that eligible children do not take-up in SCHIP and Medicaid. These reasons are lack of information about eligibility and the transaction costs associated with the enrollment process. Not only were these the most common reasons cited in the studies, but they were also found in the most reliable studies that were evaluated. The data from the NASHP survey was also particularly compelling in coming to the conclusion that these two reasons were the largest reasons eligible children were not enrolled in SCHIP or Medicaid as it found these were the most common responses. Since this response was also found in other studies based on surveys, it can be concluded that they are the most reliable data and that these are truly the two biggest reasons eligible children are not participating.

These results are different from the hypothesis set forth at the start of this paper. The hypothesis was that lack of information about the programs as well as high transaction costs and stigma would be the major reasons. While the high transaction cost appears to be true, the lack of information was more about eligibility than about the programs. Moreover, the issue of stigma was negligible from the research evaluated.

Policy Recommendations

In looking at ways to increase take-up in SCHIP and Medicaid it is important to make sure that solutions address the main reasons eligible children are not participating. As this paper has found, lack of information about eligibility is a major problem. There are a variety of ways to try and solve this problem. One way to increase information on eligibility is to increase outreach efforts. Many studies have noted that this is an effective way to increase information particularly when it is done through existing community structures like schools and clinics. This is likely the best solution to increasing information so that this is no longer a reason that eligible children are not participating as it has been successful in the past.

Looking at the issue of the enrollment process being too time consuming and complicated, the most logical solution to the problem is to simplify the enrollment process. Aligning all of the requirements across states so that they do not include unnecessary checks on employment and citizenship is a way to simplify the process. Another way to decrease the transaction costs associated with applying is to make the application for SCHIP and Medicaid the same. This can help with families whose eligibility is changing so that the process is easier to navigate. A final way to make the enrollment process easier is to enroll children based on the tax system like other welfare programs do. This decreases transaction costs and can make the process of knowing about eligibility simpler as well.

SCHIP and Medicaid take-up can easily be increased by focusing on a few key areas. Policy initiatives should be targeted at increasing information on eligibility as well as on decreasing complexity of enrollment. Doing these things should make it easier for

more eligible children to enjoy the benefits of health coverage that SCHIP and Medicaid offer.

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