



Testimony on House Bill 119
Before the House Human Services Subcommittee
April 12, 2007
Presented by Mary D. Wachtel, Director of Public Policy
Voices for Ohio's Children

Voices for Ohio's Children is a non-partisan group of public, not-for-profit and private sector organizations and individuals who share a mutual concern about improving the well-being of our community's children and their families. Through a collaborative effort and a collective voice, Voices promotes improvements in the well being of our community's children and their families.

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Mr. Chairman and members of the House Human Services Subcommittee, my name is Mary Wachtel. I am the Director of Public Policy for Voices for Ohio's Children and I appreciate the opportunity to speak today in favor of providing access to affordable health care for Ohio's uninsured children. Specifically, I ask that you support the proposals in HB 6 and in the biennial budget to increase Medicaid/SCHIP eligibility for children.

One of Voices for Ohio's Children's top priorities is child physical and mental health. Access to quality health care is especially important for children because they are growing and developing. Preventive care, early detection, and treatment of child health and developmental needs are some of the most cost-effective investments we can make.

Ohio does many things right for children's health. Medicaid eligibility for children was raised to 200% FPL in July 2000 (\$34,340 annually for a family of 3 in 2007); we commend you and your legislative colleagues for preserving that eligibility level, even during tough budget environments these past few years.

Your commitment has paid off. Ohio's coverage expansions have helped decrease the percent of uninsured children in Ohio from 9.8% in 1998 to 5.4% in 2004¹, a remarkable achievement given the growth in Ohio's poverty rate and annual average unemployment rate² as well as rising health costs and declines in employer-based coverage during the same time period. Of all our health reform efforts in recent years, expanding coverage to children through Medicaid and SCHIP has been the most successful and efficient.

The new opportunity before us is to solve the uninsured problem for Ohio's children; the good news is that because we have come so far already, it won't take much more to achieve this goal. I urge you to support the proposed expansion of Medicaid/SCHIP eligibility to 300% of FPL and the establishment of a premium participation program which would allow uninsured children in families with higher incomes to buy into coverage. This two-prong strategy will cost a modest \$23.6 million in state GRF over the biennium but will have a major, positive impact for our children and families.

I would like to briefly address three concerns that have been raised regarding expanding eligibility for children.

First, why extend public health coverage to children in higher income families? The short answer is because they need it. At all income levels, families report the top reasons their children are uninsured are cost—they cannot afford coverage-- or “family member not working or lost a job”. Other reasons include “being denied for coverage” and “lost coverage”³.

More and more, it is middle class families who are feeling this squeeze. Between 2000 and 2004, for example, growth in the cost of family premiums greatly outpaced both inflation and employee wages.⁴

And some children cannot get coverage because of a pre-existing condition or because they have exhausted their lifetime benefits limit.

The Administration projects that the proposed premium participation program for children in families over 300% FPL would enroll 4,000 children by the end of the biennium--a very modest, but meaningful number.

The second issue is cost-sharing. Voices for Ohio’s Children believes that it is appropriate for modest cost-sharing in the expansion population, as is the approach in most—but not all--states who cover children beyond 200% of FPL.

The key to cost-sharing, however, is to define modest amounts⁵ which will allow Ohio to balance several things:

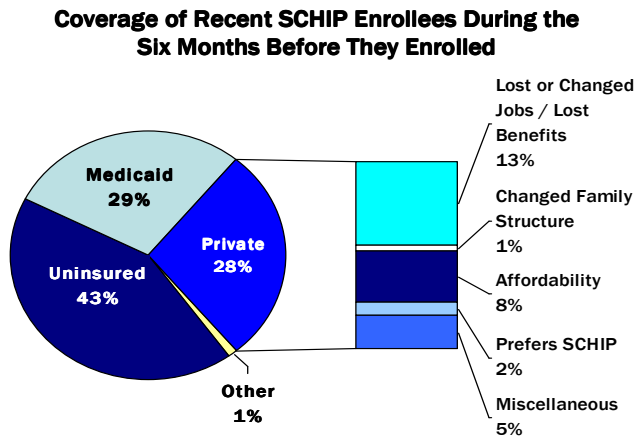
- Promote family responsibility,
- Deter the perception of crowd-out, and
- Preserve families’ abilities to participate.

The third issue is crowd-out, which is the perception that people will drop private insurance coverage in order to enroll in an expanded Medicaid/SCHIP program.

A number of studies show that expanding public insurance leads to some erosion in private insurance coverage. At issue, however, is the magnitude of such crowd-out.

A key study is the “Congressionally Mandated Evaluation of the State Children’s Health Insurance Program” from October 2005, which found that only a small number of those children who had private insurance available

(8%) enrolled in SCHIP for affordability reasons. The graph below provides more detail.



Source: Wooldridge et al., 2005. Congressionally-mandated evaluation of SCHIP. The categories do not necessarily sum to 100% due to rounding.

Another recent study concluded that the crowd-out effect is much smaller if public health insurance expansions apply only to some members of the family and not all family members.⁶ This is certainly the case in Ohio as the proposed Medicaid/SCHIP expansion applies only to children. This same study also concludes that anti-crowd out provisions in public expansions may have had the opposite effect, lowering take-up by the uninsured faster than they lower crowd-out of private insurance.⁷ We need to be mindful of this as we consider provisions to deter crowd-out in Ohio.

Thank you for the opportunity to testify today. I urge you to solve the uninsured problem for Ohio’s children by supporting the Medicaid eligibility expansion to 300% and the establishment of a premium participation program. For a very modest investment, we can ensure more Ohio children have access to affordable health care. I am happy to answer questions at this time.

¹ Ohio Department of Job and Family Services, March 2005. *Health Insurance Coverage in Ohio, 2004: The Roles of Public and Private Programs in Assuring Access to Health Care: Results from the Ohio Family Health Survey*, page 4

² Ohio Department of Job and Family Services, March 2005. *Medicaid and Its Relationship to the Low-Income Population: Does Medicaid Serve Everyone Policymakers Intended? Results from the Ohio Family Health Survey*, page 3

³ Analysis of 2004 Ohio Family Health Survey data; special data run prepared by Joseph Schuchter, MPH, Epidemiologist, Child Policy Research Center, Cincinnati Children’s Hospital Medical Center, April 2007

⁴ 2005 Employer Health Benefits Report – Summary of Finding, Kaiser Family Foundation. This report shows that during 2000-2004, cost of family coverage premiums grew by 73%, overall inflation was 14%, and wages grew by 15%.

⁵To provide some context, of the 10 states that cover kids at 300% FPL, the monthly premium ranges from \$28 per child to \$80 per child. One state, Missouri, charges the equivalent of 5% of 225% of FPL (for a family of 3, that equals \$161/month). Source: Unpublished data provided by Center on Budget and Policy Priorities, based on their 50-state survey of state eligibility and cost-sharing practices. Provided via email correspondence with Voices for Ohio's Children, March 2007.

⁶ Gruber, Jonathan and Simon, Kosali, "Crowd-Out Ten Years Later: Have Recent Public Insurance Expansions Crowded Out Private Health Insurance?" National Bureau of Economic Research Working Paper No. W12858, January 2007.

⁷ Ibid.