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COLLATERAL DAMAGE: CHILDREN CAN LOSE COVERAGE WHEN THEIR PARENTS LOSE HEALTH INSURANCE

By Leighton Ku

A substantial body of research indicates that providing public health insurance coverage to low-income parents is an effective means of improving the enrollment of eligible, but uninsured, low-income children in public programs like Medicaid or SCHIP.¹ A recent study by Dr. Jennifer DeVoe and her colleagues at Oregon Science and Health University demonstrates that the reverse can also be true: when parents lose health insurance coverage, their children can become uninsured.²

In 2003, the state of Oregon restricted coverage for adults in its Medicaid program, called the Oregon Health Plan (OHP), because of budgetary problems.³ As a result, more than 50,000 low-income people lost their OHP coverage. Although the state's policy changes were designed only to affect adults, the study finds that many children lost their health insurance coverage and suffered gaps in insurance coverage even though they were still eligible for benefits.

The researchers surveyed about 2,700 households that received food stamps, many of which did not receive OHP benefits. Since the Food Stamp Program has a net income limit of 100 percent of the poverty line and OHP's income limit for children was 185 percent of the poverty line, virtually all children in the food stamp sample were eligible for OHP (which includes both Medicaid and SCHIP for children). The researchers asked about children's health insurance coverage and whether adults in the household had recently lost OHP coverage.

- Low-income children were 44 percent more likely to be uninsured at the time of the interview if an adult in the household had lost OHP coverage recently than if no adult had done so. (This

¹ Two reviews are Leighton Ku and Matthew Broaddus, "Coverage of Parents Helps Children, Too," Center on Budget and Policy Priorities, Oct. 20, 2006 or Sara Rosenbaum and Ramona Whittington, "Parental Health Insurance Coverage as Child Health Policy: Evidence from the Literature," George Washington Univ. Dept. of Health Policy, Jun. 2007.

² Jennifer DeVoe, et al. "Uninsurance among Children Whose Parents Are Losing Medicaid Coverage: Results from a Statewide Survey of Oregon Families," to be published in *Health Services Research*. The paper was accepted for publication on August 16, 2007, is available online and will be published in a future issue.

³ Matthew Carlson, et al. "Short-term Impacts of Coverage Loss in a Medicaid Population," *Annals of Family Medicine*, 4(5):391-8, Sept./Oct. 2006.

analysis controlled statistically for the effects of age, income, race/ethnicity and parental employment.)

- Loss of parents' coverage also was associated with breaks in children's insurance. Children were 79 percent more likely to experience gaps in insurance coverage during the previous 12 months if adults in the household lost OHP than if no adults lost OHP.

Even though the eligibility criteria for children did not change and policymakers expected the policy change to affect only adults, the loss of parental health insurance coverage apparently caused some eligible children to become uninsured. The authors conclude that "children may never be completely immune from policy changes intended to impact adults only."

Eleven states have received SCHIP waivers to provide health insurance coverage to certain low-income parents.⁴ The Bush Administration, which approved most of these waivers, has now said it would like to restrict SCHIP eligibility solely to low-income children. The SCHIP reauthorization bill passed by the Senate would prohibit additional states from covering parents in SCHIP and gradually restrict funding for states that now cover them. If such restrictions are established and drive states to restrict eligibility for parents, some eligible children could lose their coverage and become uninsured. In addition, if, for other reasons, states restrict eligibility for parents in Medicaid, as Oregon did, they may unintentionally reduce enrollment for low-income children, as well.

⁴ Cindy Mann and Samantha Artiga, "Family Coverage Under SCHIP Waivers," Kaiser Commission on Medicaid and the Uninsured, May 2007.