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State Children's Health Insurance Programs: Past and Present

Medicaid is not a static program. Created in 1965, the federal-state health insurance program for the poor has expanded and contracted in response to both financial and political pressures. One of its largest expansions came with the State Children's Health Insurance Program (SCHIP) in 1997.

Efforts to Control Medicaid Costs. Medicaid costs increased tremendously during the early 1990s. The program took big bites out of state budgets. State officials were eager to control costs, but they were hamstrung by federal requirements.

For example, the federal government provides 50 to 77 cents of each state Medicaid dollar spent, depending on the state. In turn, it requires the states to offer the same services to all eligible groups and precludes them from cutting federally mandated services. For years, this meant that the states were limited to two cost-cutting mechanisms: they could reduce provider payments, they could limit eligibility — or they could do both.

Federal Efforts to Increase State Flexibility. In the mid-1990s, the federal government offered the states more flexibility in covering children from low-income families under the Medicaid program, along with some financial assistance for dealing with Medicaid costs. Each state had to apply to the Department of Health and Human Services (HHS) for a Section 1115 waiver (after Section 1115 of the Social Security Act).

Once its waiver was granted, the state could opt out of the federal Medicaid regulations governing the amount, duration and scope of services covered, eligibility definitions and reimbursement formulas. Constrained only from increasing their respective shares of federal Medicaid spending, the states effectively became laboratories that tested ways to improve health insurance access for the poor.

The Creation of SCHIP. The Balanced Budget Act of 1997 went further than Medicaid waivers. It provided some \$40 billion in federal money over ten years for the states' use in covering uninsured children. The State Children's Health Insurance Program (which comes under Title XXI of the Social Security Act) enabled states to create or expand their health insurance programs for children from low-income families. Each state's funding was based on its share of the nation's poor, uninsured children. The program targeted families with incomes below 200 percent of the federal poverty level, with some adjustments for differences in local health care costs. States had to match the federal funds but at rates lower than general Medicaid matching rates.

Thus to receive federal funding for SCHIP, states could:

- Expand Medicaid.
- Create or expand a non-Medicaid public-private program (currently designated in many states as the "Separate State Child Health Plan").
- Combine the two approaches.

Some exceptions to the 200 percent-of-poverty rule were made. States that had expanded Medicaid eligibility for children beyond 200 percent of poverty prior to the passage of SCHIP could raise eligibility limits as much as 50 percentage points above whatever limits were in place by March of 1997. In addition, the Health Care Financing Administration (now the Center for Medicare and Medicaid Services, or CMS) allowed states to disregard Section 1902(r)(2) of the Social Security Act and apply SCHIP to health coverage for uninsured children at any income level.

In 2000, HHS ruled that states could extend SCHIP benefits to low-income parents and pregnant women within available funding limits, and over the next several years state legislatures greatly expanded Medicaid and SCHIP enrollment. To date, several states have obtained waivers to expand SCHIP coverage to qualifying parents and unborn children (see table). From 2003, the last full year reported, CMS reports a total of 5.8 million children were enrolled in SCHIP at some point during the year from all 50 states and the District of Columbia.

The table on the back outlines the status of the State Children's Health Insurance Program. This information is from the CAHI's online member legislative and regulatory tracking service as well as the individual SCHIP web sites, state surveys submitted to CMS, and reports made available by CMS.

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Current Status of SCHIP Programs

State	Type of Program	Approval
AL	<i>Separate State Child Health Plan:</i> State-subsidized insurance from 101% to 200% FPL** through age 18.	1/98
AK	<i>Medicaid Expansion Only:</i> Medicaid expansion to 175% FPL through age 18.	12/98
AZ	<i>Separate State Child Health Plan:</i> State-subsidized insurance to 200% FPL through age 18.	9/98
AR	<i>Medicaid Expansion Only:</i> Medicaid expansion to 200% FPL through age 18.	8/98
CA	<i>Combination:</i> Medicaid expansion to 100% FPL through age 18; state-subsidized insurance from 100% to 250% FPL through age 18.	3/98
CO	<i>Separate State Child Health Plan:</i> State-subsidized insurance to 185% FPL through age 18, includes pregnant women from 133% to 185%.	2/98
CT	<i>Separate State Child Health Plan:</i> State-subsidized insurance from 186% to 300% FPL through age 18.	4/98
DC	<i>Medicaid Expansion Only:</i> Medicaid expansion to 200% FPL through age 18.	10/98
DE	<i>Combination:</i> Medicaid expansion for infant under age 1 up to 200% FPL; State-subsidized insurance 101% to 200% FPL through age 18.	9/98
FL	<i>Combination:</i> Medicaid expansion infants from 186% to 200% FPL; state-subsidized insurance to 200% FPL through age 18.	3/98
GA	<i>Separate State Child Health Plan:</i> State-subsidized insurance to 235% FPL through age 18.	9/98
HI	<i>Medicaid Expansion Only:</i> Medicaid expansion to 200% FPL through age 18.	1/99
ID	<i>Combination:</i> Medicaid expansion to 150% FPL through age 18; separate state-subsidized insurance from 150% to 18% FPL..	6/98
IL	<i>Combination:</i> Medicaid expansion to 133% FPL through age 19; state-subsidized insurance from 133% to 185% FPL through age 19, includes pregnant adults.	4/98
IN	<i>Combination:</i> Medicaid expansion to 150% FPL through age 18; state-subsidized insurance from 150% to 200% FPL through age 18.	6/98
IA	<i>Combination:</i> Medicaid expansion to 133% FPL through age 18; state-subsidized insurance to 200% FPL through age 18.	9/98
KS	<i>Separate State Child Health Plan:</i> State-subsidized insurance to 200% FPL through age 18.	9/98
KY	<i>Combination:</i> Medicaid expansion to 150% FPL through age 18; state-subsidized insurance from 100% to 200% FPL through age 18.	11/98
LA	<i>Medicaid Expansion Only:</i> Medicaid expansion to 200% FPL through age 18.	11/98
ME	<i>Combination:</i> Medicaid expansion to 150% FPL through age 18; state-subsidized insurance to 200% FPL through age 18.	8/98
MD	<i>Combination:</i> Medicaid expansion to 185% FPL through age 18; state-subsidized insurance from 200% to 300% FPL through age 18.	7/98
MA	<i>Combination:</i> Medicaid expansion to 150% FPL through age 18; state-subsidized insurance from 150% to 200% FPL through age 18; CHIP waiver to cover pregnant women and unborn child.	5/98
MI	<i>Combination:</i> Medicaid expansion to 150% FPL through age 18; state-subsidized insurance from 150% to 200% FPL through age 18. Includes	4/98
MN	<i>Combination:</i> Medicaid expansion to 280% FPL to age 2; state-subsidized insurance for parents from 100% to 200% FPL, unborn children to	7/98
MS	<i>Separate State Child Health Plan:</i> State-subsidized insurance to 200% FPL through age 18.	10/98
MO	<i>Medicaid Expansion Only:</i> Medicaid expansion to 300% FPL through age 18.	4/98
MT	<i>Separate State Child Health Plan:</i> State-subsidized insurance to 150% FPL through age 18.	9/98
NE	<i>Medicaid Expansion Only:</i> Medicaid expansion to 185% FPL through age 18.	8/98
NV	<i>Separate State Child Health Plan:</i> State-subsidized insurance to 200% FPL through age 18.	8/98
NH	<i>Combination:</i> Medicaid expansion from 185% to 300% FPL for newborns and infants to age 1; state-subsidized insurance from 186% to 300% FPL for ages 1 to 19.	9/98
NJ	<i>Combination:</i> Medicaid expansion to 133% FPL through age 18; state-subsidized insurance from 134% to 350% FPL through age 18; state-subsidized insurance cover parents to 133% FPL.	4/98
NM	<i>Medicaid Expansion Only:</i> Medicaid expansion to 235% FPL through age 18.	1/99
NY	<i>Combination:</i> Medicaid expansion to 133% FPL through age 18; state-subsidized insurance to 250% FPL through age 18.	4/98
NC	<i>Separate State Child Health Plan:</i> State-subsidized insurance program to 200% FPL through age 18.	7/98
ND	<i>Combination:</i> Medicaid expansion to 100% FPL through age 18; state-subsidized insurance from 101% to 140% FPL.	10/98
OH	<i>Medicaid Expansion Only:</i> Medicaid expansion to 200% FPL through age 18.	3/98
OK	<i>Medicaid Expansion Only:</i> Medicaid expansion to 185% FPL through age 18.	5/98
OR	<i>Separate State Child Health Plan:</i> State-subsidized insurance to 170% FPL through age 18; includes parents.	6/98
PA	<i>Separate State Child Health Plan:</i> Free insurance program to 200% FPL through age 18.	5/98
RI	<i>Combination:</i> Medicaid expansion to 250% FPL through age 18; state-subsidized insurance program cover parents from 100% to 185% FPL.	5/98
SC	<i>Medicaid Expansion Only:</i> Medicaid expansion to 150% FPL through age 18.	2/98
SD	<i>Combination:</i> Medicaid expansion to 140% FPL through age 18; state-subsidized insurance to 200% FPL through age 18.	8/98
TN	<i>Medicaid Expansion Only:</i> Medicaid expansion to 100% FPL through age 18.	9/99
TX	<i>Separate State Child Health Plan:</i> State-subsidized insurance from 101% to 200% FPL through age 18.	6/98
UT	<i>Separate State Child Health Plan:</i> State-subsidized insurance to 200% FPL through age 18.	7/98
VT	<i>Separate State Child Health Plan:</i> State-subsidized insurance from 225% to 300% FPL through age 18.	12/98
VA	<i>Combination:</i> Medicaid expansion to 133% FPL through age 18; state-subsidized insurance to 200% FPL through age 18.	10/98
WA	<i>Separate State Child Health Plan:</i> State-subsidized insurance from 200% to 250% FPL through age 18; unborn children to 185% FPL.	9/99
WV	<i>Separate State Child Health Plan:</i> State-subsidized insurance from 101% to 200% FPL through age 18.	9/98
WI	<i>Medicaid Expansion Only:</i> Medicaid expansion to 200% FPL through age 18; includes parents from 100% to 185% FPL.	5/98
WY	<i>Separate State Child Health Plan:</i> State-subsidized insurance to 150% FPL through age 18.	9/99

*Some states have amended their programs several times to further define and expand coverage and benefits.
 **FPL is federal poverty level.