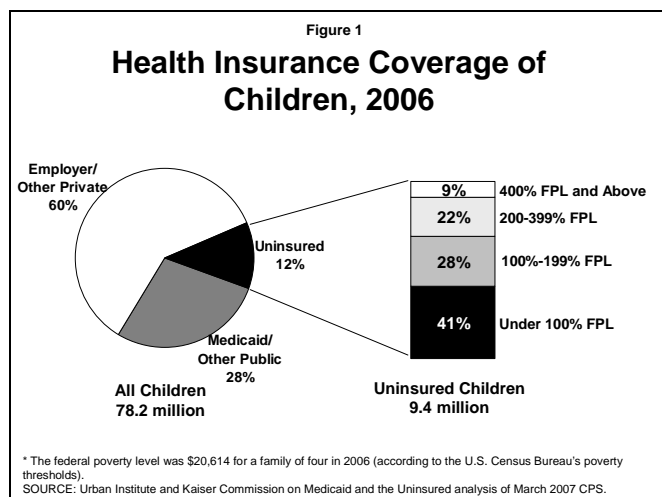


HEALTH COVERAGE OF CHILDREN: THE ROLE OF MEDICAID AND SCHIP

Medicaid and SCHIP play a crucial role in the U.S. health insurance system by providing coverage for more than one in four children. These children are typically from lower income families for whom private plans are often unavailable or unaffordable. During 2005, about 28 million children were on Medicaid and more than 6 million were covered through the State Children's Health Insurance Program (SCHIP). However, 9.4 million children remain uninsured, and the vast majority of these children are from low and middle income families (Figure 1).



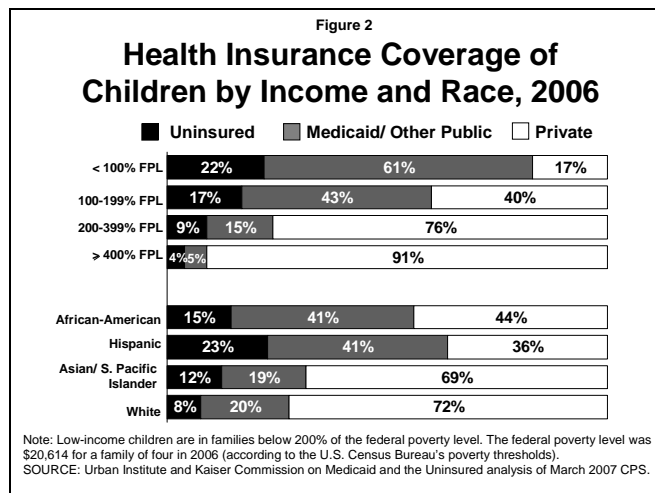
UNINSURED CHILDREN

More than two-thirds of the 9.4 million uninsured children in the U.S. live in families with household incomes below 200% of the federal poverty level (\$41,228 for a family of four in 2006). The majority of uninsured children (72%) live in families with at least one full-time worker. These families often are not offered coverage or cannot afford the premiums. Since 2001, premiums for family coverage have increased 78%, while wages have gone up 19%. The average total premium in 2007 for a family of four with employer coverage is over \$12,000 per year.

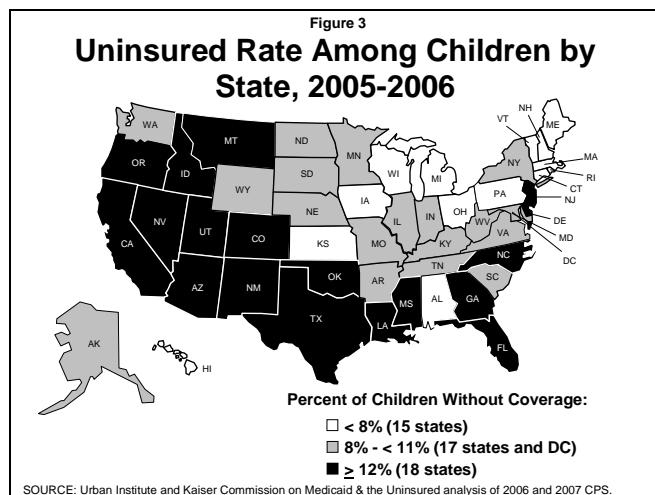
Public coverage targets lower income children who are more likely to be uninsured (Figure 2). Almost all of the 6.5 million uninsured children below 200% of poverty are eligible for Medicaid or SCHIP, but are not enrolled. Nearly one in 10 children from middle income families (200-399% of poverty) is uninsured. Those children are less likely to be eligible for public coverage.

Hispanic and African-American children are more likely to be uninsured than white children. Adolescents are also more likely than younger children to be uninsured, due in

part to lower Medicaid income eligibility levels for older children in some states.



The risk of being uninsured also differs depending on where a child lives, as the share of children who are uninsured varies widely across states (Figure 3). While in Michigan only 5% of children are uninsured, in five states (AZ, FL, NV, NM, TX) over 16% are uninsured. Although those five states have large immigrant populations, they also have some of the highest uninsured rates among children who are U.S. citizens.



The role of health insurance coverage in improving access to care is well documented. Uninsured children have markedly worse access to care than those with Medicaid or private insurance. Medicaid provides children with a level of access to care that is comparable to that of children with private insurance coverage (Figure 4).

