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Data Brief

COMMISSION ON A HIGH PERFORMANCE HEALTH SYSTEM

Health Care Opinion Leaders' Views on Priorities for SCHIP Reauthorization

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Katherine K. Shea, Karen Davis, Anne K. Gauthier, Rachel Nuzum, Barry Scholl, and Edward L. Schor

The Commonwealth Fund

For more information about this study, please contact:

Katherine K. Shea
Research Associate
The Commonwealth Fund
Tel 212.606.3824
Fax 212.606.3500
E-mail ks@cmwf.org

ABSTRACT: The 10th Commonwealth Fund Health Care Opinion Leaders Survey highlighted the perspectives of a diverse group of experts on issues related to reauthorization of the State Children's Health Insurance Program (SCHIP) in 2007. Although enactment of the program a decade ago was controversial, the survey found widespread support for the program today. Respondents feel that the program has been successful in meeting its goal of improving health insurance coverage for low-income children and ensuring access to care. Further, a strong majority of health care leaders would institute funding formula, and expand the program to cover more low-income children, including legal immigrant children. Opinion leaders' strong support for SCHIP reauthorization to expand coverage and ensure quality health care for low-income children and their families is aligned with the principles laid out by the Fund's Commission on a High Performance Health System.

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Background

Congress faces a number of issues in 2007 as it seeks to reauthorize the State Children's Health Insurance Program (SCHIP)—the federal/state program that provides health care coverage for more than 5 million children in families whose incomes are low, but in most cases not low enough to qualify for Medicaid. The most important issue is the level of federal funding. If lawmakers decide to retain the capped federal allotment to states, an additional $13.4 billion would be required over five years to maintain the current level of SCHIP services as the cost of health care rises.[1] If the $5 billion annual

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cap is kept in place, enrollment of children and pregnant women over the course of a year would decline from 7.6 million in 2007 (assuming Congress closes the current-year shortfalls) to 6.2 million by 2012, a reduction of 1.4 million.[2]

The House of Representatives and Senate have passed a budget resolution calling for an additional $50 billion to be devoted over five years to cover the costs of children currently enrolled in SCHIP, improve the enrollment of eligible children, and expand the number of potentially eligible low-income children by raising the income ceiling or covering certain groups now excluded, particularly legal immigrant children. By contrast, the Administration has recommended a total increase of just under $5 billion in additional funds

How SCHIP Works

The State Children's Health Insurance Program (SCHIP) was enacted under the Balanced Budget Act of 1997 as Title XXI of the Social Security Act. In most states, SCHIP provides health insurance to children whose families' incomes are too high for Medicaid eligibility, which is usually set at 133 percent of the federal poverty level, but generally too low to afford private insurance.* Over the past 10 years, SCHIP has become an important source of health care coverage for over 5 million low-income children in the United States.**

Unlike Medicaid, which provides states with an open-ended entitlement to matching funds for coverage of eligible children, federal legislation for SCHIP provides a capped allotment to each state. Rather than guaranteeing funding for all children meeting a given income test, the federal government matches state spending on health care services for eligible children up to a fixed, capped allocation. States do not have to participate in SCHIP, but all 50 states have taken advantage of the allocation.

The original SCHIP legislation included a 10-year federal cap of $39 billion for FY 1998 to FY 2007 for the program (with an allotment level $5 billion in 2007) to be allocated to the states. The matching rate for SCHIP is higher than that for Medicaid and is determined by a formula that varies depending on each state's number of uninsured and low-income children and level of medical wages.

The formula gives states considerable flexibility in designing benefits and provides the option of enrolling children in an expanded Medicaid program, a new state-designed program, or both. Under the Medicaid expansion option, the SCHIP benefit package mirrors the Medicaid benefit package. Under a standalone SCHIP program, states have more flexibility in determining benefits but must meet certain benchmark standards. Currently, 11 states have established expanded Medicaid programs, 18 states have a separate SCHIP program, and 21 have set up a combination of the two.

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* J. Holahan, A. Cook, and L. Dubay, *Characteristics of the Uninsured: Who Is Eligible for Public Coverage and Who Needs Help Affording Coverage?* (Washington, D.C.: Kaiser Commission on Medicaid and the Uninsured, Feb. 2007), available at http://www.kff.org/uninsured/upload/7613.pdf (accessed Apr. 16, 2007).

** U.S. Centers for Medicare and Medicaid Services, *SCHIP Enrollment Reports* (Washington, D.C.: CMS), available at http://www.cms.hhs.gov/NationalSCHIPPolicy/SCHIPER/list.asp#TopOfPage (accessed Apr. 17, 2007).

over the next five years.[3] It proposes strictly limiting SCHIP to children in families with incomes below 200 percent of the federal poverty level (about $41,300 for a family of four) more effectively managing state programs and, if necessary, freezing enrollment and reducing benefits.[4]

With authorization for SCHIP slated to expire on September 30, 2007, Congress must act if the program is to continue. To do so, policymakers must have a clear understanding of SCHIP's successes and shortcomings over the past 10 years. They also need to consider the views of health care leaders on how best to sustain the program, as well as what changes should be made to enable SCHIP to better serve low-income children and their families. The debate over SCHIP reauthorization will not only influence the health care of millions of low-income children; it will inform future discussions about improving the coverage system for all Americans.[5]

The Commonwealth Fund Health Care Opinion Leaders Survey

The Commonwealth Fund and *Modern Healthcare* magazine recently commissioned Harris Interactive to solicit the perspectives of health care opinion leaders on SCHIP's successes over the last decade, the challenges the program faces, and the reforms that may be needed. The 170 respondents to the survey represented the fields of academia and research; health care delivery; business, insurance, and other health industries; and government, labor, and advocacy groups. Specifically, survey respondents were asked about the program's achievements, its structure and overall funding level, benefit design options, and options for expanding eligibility. Based on their responses, the key priorities in the reauthorization process should be to the following:

- expand eligibility for SCHIP;
- provide adequate funding to cover health services for all covered children;
- implement stronger requirements for state outreach, enrollment, and quality standards; and
- create a "quality-driven" benefits package.

Other top priorities include: offering a buy-in option for families above the income threshold; changing the state matching allocation formula to reflect more recent data on rates of uninsured children; and relaxing the restrictions on immigrant children and other groups who may be eligible based on income but are currently excluded from participating.

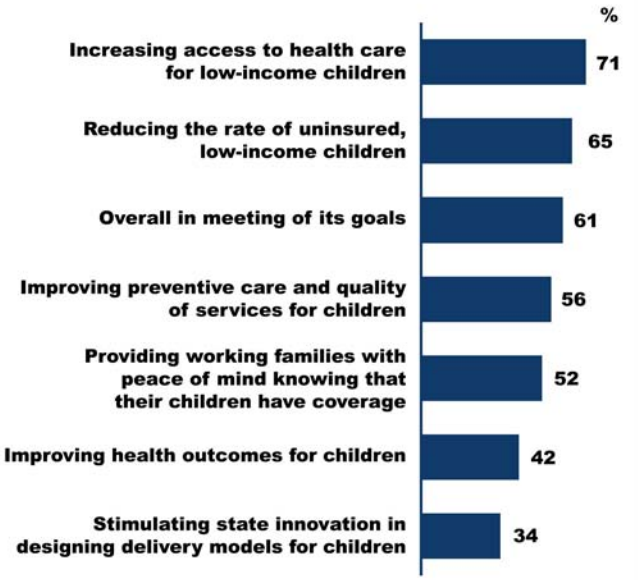
Responses to the latest Health Care Opinion Leaders Survey are congruent with the principles laid out by The Commonwealth Fund Commission on a High Performance Health System, which is seeking to promote greater access, quality, and efficiency across the U.S. health care system.[6] The Commission has recommended extending health insurance coverage to all in the U.S., by building on the mixed public–private system of health care financing as well as ensuring value for money spent on health care. The Commission believes insurance coverage should be a lever for fostering improved quality and greater efficiency in the health care system—not just endorsing current delivery models and care practices. It also considers early investments in children's health to be essential not only in preventing the onset of disease and disability, but also in enabling our young people to productive members of society.

Leaders Deem SCHIP a Success. Health care opinion leaders agree on the importance of SCHIP to low-income children and families. Large majorities of respondents believe that the program has succeeded in: increasing access to health care for low-income children (71%), reducing the rate of low-income uninsured children (65%), and meeting its goals overall (61%) (Figure 1). A majority also feel that SCHIP has improved preventive care and quality of services for children (56%) and

Figure 1. Health Care Opinion Leaders: Views on Success of SCHIP Program

"How successful has the SCHIP program been in accomplishing the following?"

Percent responding "extremely successful/successful"



Source: Commonwealth Fund Health Care Opinion Leaders Survey, April 2007.

provided working families with "peace of mind" knowing that their children have coverage (52%).

On the other hand, only a third of the respondents indicated that the program was successful in stimulating state innovation in children's health care delivery. Further, while 42 percent of health care opinion leaders thought SCHIP had improved health outcomes for children, over a quarter were not able to judge how successful SCHIP has been in improving outcomes. This suggests that standards for measuring quality and reporting performance data are needed across all states.

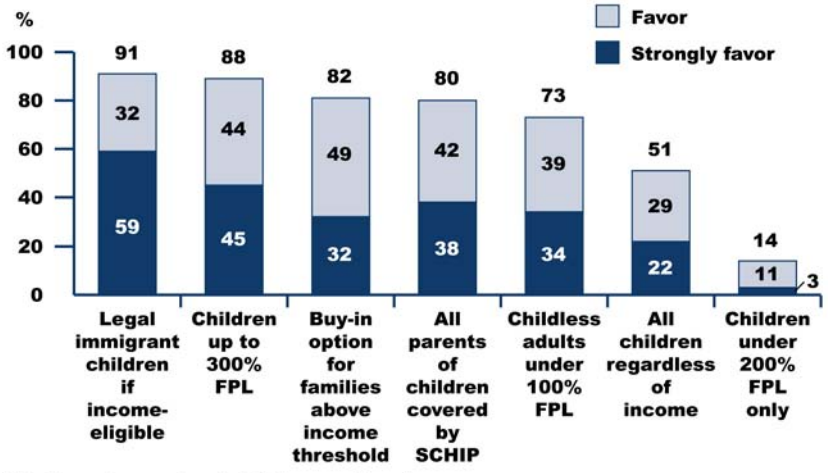
Covering More Uninsured Americans. Although SCHIP has been able to improve health insurance coverage for low-income children, 9 million remain uninsured.[7] Nearly three-quarters of these children are eligible for Medicaid or SCHIP but not enrolled.[8] Studies have found that failure to enroll is most often because of administrative burdens, lack of outreach efforts on the part of the state, or a combination of these factors.

Opinion leaders were asked whom they thought SCHIP should cover in the future. Generally, health care opinion leaders strongly supported eligibility expansions to cover additional vulnerable populations. Most survey respondents—91 percent—were in favor of allowing legal immigrant children who would be eligible based on income to participate in SCHIP (Figure 2). Other favored eligibility expansions include covering children in families with income up to 300 percent of the federal poverty level (88% of respondents) and permitting families above the eligibility level to "buy in" to SCHIP coverage by paying a premium to cover the cost of benefits (82%).

There was also considerable support for covering adults under SCHIP, in the absence of comprehensive action on the uninsured. Health care opinion leaders encouraged extending coverage to all parents of children covered by SCHIP (80%),

Figure 2. Strong Support for Eligibility Expansions Under SCHIP

"What is your opinion about who SCHIP should cover going forward?"



Note: Segments may not sum to totals because of rounding.
Source: Commonwealth Fund Health Care Opinion Leaders Survey, April 2007.

and, after covering low-income children, covering childless adults under 100 percent of the poverty level (73%). Support was less strong for covering all uninsured children under SCHIP; still, more than half (51%) of leaders favored this expansion. The Administration's proposal of limiting SCHIP coverage to children under 200 percent of the FPL was not favorably received, with only 14 percent supporting such a limitation.

A New Benefit Design: Quality Standards and Measures. The case for good-quality preventive care for children is strong, especially for low-income young children. Nearly two of five young children enrolled in a public health care programs are estimated to be at risk of developmental, behavioral, or social delay.[9] Children living in low-income households are at increased risk for poor health, facing less access to timely medical care and increased risk of accidents and illness.[10]

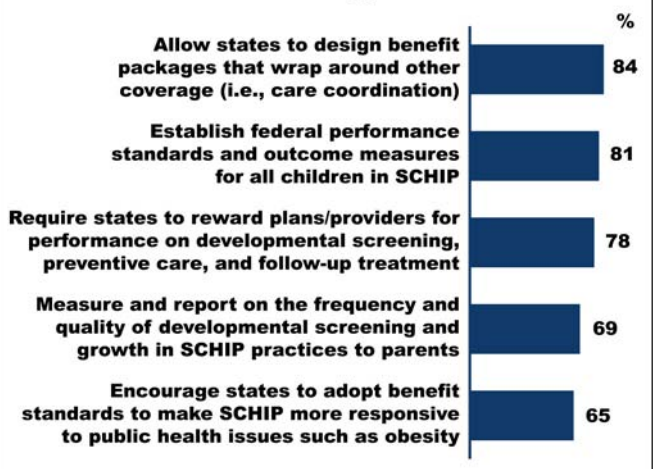
The Early and Periodic Screening, Diagnosis, and Treatment (ESPDT) program—the child health portion of Title XIX of the Social Security Act—is a benefit package designed explicitly to address these needs of low-income children, and it is mandated in all state Medicaid programs. The SCHIP statute, however, contains no specifications regarding well-baby or well-child exams; rather, it is up to each state to define such content.[11]

Health care opinion leaders clearly recognize the need for a well-designed benefit package for SCHIP's target population. They strongly support new provisions to the program's structure that would help the U.S. provide high-quality health care for all children. Eight of 10 respondents (84%) favor allowing states to design benefit packages that "wrap around" other insurance coverage so that benefits not typically covered in private plans (e.g., translation services and care coordination) are made available to children (Figure 3). Moreover, four of five survey respondents (81%) were in favor of establishing federal performance standards and outcome measures for all children in SCHIP, and 69 percent favored measuring and reporting on the frequency and quality of developmental screening.

Figure 3. Health Care Opinion Leaders: Views on SCHIP Benefit Design and Quality Standards

"What is your opinion about using SCHIP benefit design to improve quality of care and health of children in each of the following ways?"

Percent who "strongly favor/favor"



Source: Commonwealth Fund Health Care Opinion Leaders Survey, April 2007.

Health care opinion leaders also support innovative mechanisms to encourage insurance plans and health care providers serving SCHIP families to provide higher-quality care. Seventy-eight percent of respondents favored requiring states to reward managed care plans and providers that meet benchmark levels of performance on developmental screening, preventive care, and follow-up treatment. In light of growing public concern over public health issues such as childhood obesity, two-thirds of respondents (65%) favored encouraging states to adopt benefit standards to be responsive to such issues.

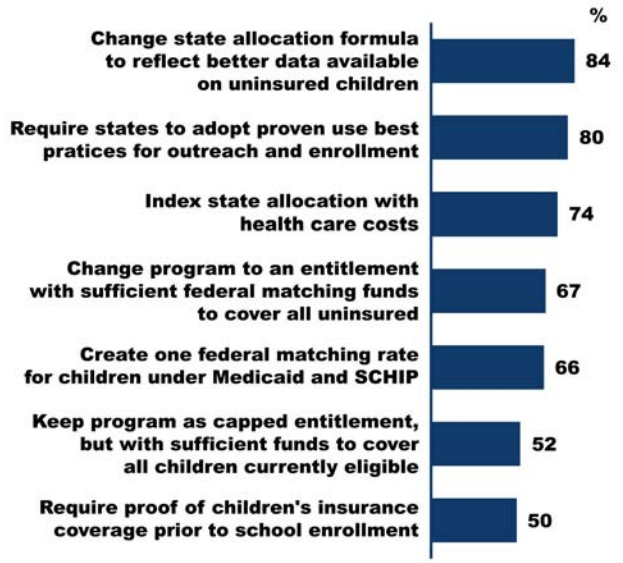
Increasing Funding Levels and Revising Program Structure. Health care opinion leaders were asked about their attitudes toward SCHIP's funding level, state allocations, and program structure. Changing the state allocation formula to reflect more recent data available on uninsured children was relatively non-controversial: 84 percent were in favor of this

reform (Figure 4). Despite the longstanding tension between federal and state policymakers regarding the need for federal requirements versus the desire for state flexibility, the survey found widespread support for requiring states to adopt proven "best practices" for outreach and enrollment (80%). Half of respondents favored a provision requiring parents to provide proof of children's health insurance coverage upon enrollment in school.

Figure 4. Views of Health Care Opinion Leaders on SCHIP Funding Structure and Other Issues

"What is your opinion about the overall SCHIP funding level, state allocations, and program structure?"

Percent responding "strongly favor/favor"



Source: Commonwealth Fund Health Care Opinion Leaders Survey, April 2007.

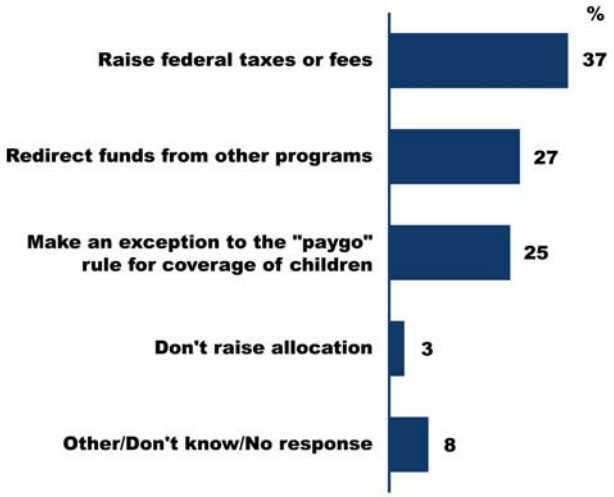
Many respondents struggled with the choice of structuring SCHIP as an entitlement like Medicaid and retaining the program's current structure as a capped allotment. A slight majority favors keeping SCHIP as a capped entitlement with sufficient funds to cover all eligible children (52%), while two-thirds favors making it an entitlement with sufficient funds to cover all eligible uninsured children (respondents were not asked to choose a single option). Three-fourths supports indexing the allocation with health care costs (74%), and two-thirds would create one federal matching rate for children under Medicaid and SCHIP (66%).

Financing Sources. It would cost an additional $13.4 billion over five years to maintain the current level of services provided under SCHIP.[12] To maintain or expand benefits and coverage, new sources of financing SCHIP will be required. Health care opinion leaders were given a list of five possible ways to raise or refinance funds to support additional SCHIP expenditures. When asked to choose, nearly two of five (37%) opted for raising federal taxes or fees to allocate more funds to SCHIP. Meanwhile, more than one of four (27%) were in favor of redirecting funds from other programs, or making an exception to the "paygo" provision requiring a funding source for all new spending (25%). Survey respondents did not see keeping current state allocations at their current rate as an acceptable method for financing SCHIP; just 3 percent chose this option (Figure 5).

Figure 5. Sources of Financing SCHIP Expansion

"How should the money to support additional SCHIP expenditures be financed or raised?"

Percent responding to one of five options



Source: The Commonwealth Fund Health Care Opinion Leaders Survey, April 2007.

Moving Toward a High-Performance System

With ever-increasing numbers of uninsured Americans, rapidly rising health care costs, and concerns about the quality of care, more and more Americans see a health system in crisis. In confronting these problems, The Commonwealth Fund Commission on a High Performance Health System has developed a set of keys to higher performance:

- Extend health insurance to all.
- Pursue excellence in the provision of safe, effective, and efficient care.
- Organize the care system to ensure coordinated and accessible care for all.
- Increase transparency and reward quality and efficiency.
- Expand the use of information technology and exchange.
- Develop the health care workforce to foster patient-centered primary care.
- Encourage leadership and collaboration among public and private stakeholders.

In particular, the Commission seeks to identify policies and practices that would simultaneously contribute to better access, improved quality, and greater efficiency. Given this, insurance coverage should best be used as a lever to improve quality and efficiency—not simply improve access.

Health care opinion leaders' responses to this survey closely align with the principles laid out by the Commission. According to results from a Commonwealth Fund survey released last year, opinion leaders' views regarding health insurance, health care costs, and quality of care are also in close agreement with those of the general public.[13]

Survey respondents, like Commission members, pointed to opportunities to combine expanded insurance coverage with health system reform. They gave particularly low ratings to the effectiveness of SCHIP in stimulating states to develop innovative care delivery models for children. They also gave strong support to future changes that would set federal performance standards and require states to measure and report on health outcomes and the quality of developmental screening. Health care opinion leaders view SCHIP as an opportunity to reward managed care plans and providers that meet benchmark levels of performance on developmental screening, preventive care, and follow-up treatment.

When a large and highly diverse group of health care experts name the same few critical issues as priorities for Congress—and those priorities also align with public opinion—the result is a compelling case for action. The nation cannot afford to continue on a course in which affordable, high-quality health care is increasingly beyond the reach of even middle-class families, nor can it accept a health care delivery system that leads to missed opportunities to enhance children's growth and development.

All Americans deserve access to a high-performing health care system that yields true value for the significant resources it commands. The new vision of SCHIP—including coverage expansions, quality assurance provisions, and a renewed federal/state partnership—is a step in that direction.

Notes

[1] E. Park and M. Broaddus, "SCHIP Reauthorization: President's Budget Would Provide Less than Half the Funds that States Need to Maintain SCHIP Enrollment" (Washington, D.C.: Center on Budget and Policy Priorities, revised Mar. 13, 2007), available at http://www.cbpp.org/2-22-07health.htm.

[2] E. Park and M. Broaddus, "CBO Estimates President's SCHIP Proposal Would Lead to Large Enrollment Declines and Funding Shortfalls" (Washington, D.C.: Center on Budget and Policy Priorities, Mar. 13, 2007), available at http://www.cbpp.org/3-13-07health.htm.

[3] M. O. Leavitt, "Return SCHIP to Its Roots" (Commentary) (New York: The Commonwealth Fund, Apr. 2007).

[4] *Daily Health Policy Report,* Administration News, "President Bush Urges Governors to Support Tax Plan That Would Allow More People to Purchase Private Insurance, Does Not Address SCHIP Funding," Feb. 27, 2007, available at http://www.kaisernetwork.org/daily_reports/rep_index.cfm?DR_ID=43212 (accessed Apr. 13, 2007).

[5] J. M. Lambrew, *The State Children's Health Insurance Program: Past, Present, and Future* (New York: The Commonwealth Fund, Jan. 2007).

[6] The Commonwealth Fund Commission on a High Performance Health System, *Framework for a High Performance Health System for the United States* (New York: The Commonwealth Fund, Aug. 2006).

[7] Robert Wood Johnson Foundation, *Whose Kids Are Covered? A State-by-State Look at Uninsured Children* (Princeton, N.J.: RWJF, Mar. 2007), available at http://www.rwjf.org/files/publications/other/shadacschip07.pdf.

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[9] For findings from the PHDS-Plus survey of parents of children under age 4 who are covered by Medicaid, see C. Bethell et al., *Partnering with Parents to Promote the Healthy Development of Young Children Enrolled in Medicaid* (New York: The Commonwealth Fund, Sept. 2002).

[10] A. Case, D. Lubotsky, and C. Paxson, *Economic Status and Health in Childhood: the Origins of the Gradient* (Princeton University, Feb. 2002), available at http://www.princeton.edu/~rpds/downloads/case_paxson_economic_status_paper.pdf (accessed April 22, 2007); P. C. Van Dyck, M. D. Kogan, M. G. McPherson et al., "Prevalence and Characteristics of Children with Special Health Care Needs," *Archives of Pediatric and Adolescent Medicine,* Sept. 2004 158(9):884–90; D. Wood, "Effect of Child and Family Poverty on Child Health in the United States," *Pediatrics* Sept. 2003 112(3 Pt. 2):707–11.

[11] S. Rosenbaum, A. Markus, and C. Sonosky, "Public Health Insurance Design for Children: The Evolution from Medicaid to SCHIP," *Suffolk Journal of Health and Biomedical Law,* 2004 1:1–47.

[13] C. Schoen, S. K. H. How, I. Weinbaum, J. E. Craig, Jr., and K. Davis, *Public Views on Shaping the Future of the U.S. Health System* (New York: The Commonwealth Fund, Aug. 2006).

About the Authors

Katherine K. Shea is research associate to the Fund's president, having until recently served as program associate for the Fund's Child Development and Preventive Care program and the Patient-Centered Primary Care Initiative. Prior to joining the Fund, she worked as a session assistant at Memorial Sloan-Kettering Cancer Center in an ambulatory hematology clinic. As an undergraduate, she completed internships with the Museum of Modern Art and the Guggenheim Museum. She holds a B.A. in art history from Columbia University and is currently pursuing an M.P.H. in health policy at Columbia's Mailman School of Public Health.

Karen Davis, Ph.D., president of The Commonwealth Fund, is a nationally recognized economist with a distinguished career in public policy and research. In recognition of her work, she received the 2006 AcademyHealth Distinguished Investigator Award. Before joining the Fund, she served as chairman of the Department of Health Policy and Management at The Johns Hopkins Bloomberg School of Public Health, where she also held an appointment as professor of economics. She served as deputy assistant secretary for health policy in the Department of Health and Human Services from 1977 to 1980 and was the first woman to head a U.S. Public Health Service agency. A native of Oklahoma, she received her doctoral degree in economics from Rice University, which recognized her achievements with a Distinguished Alumna Award in 1991. Ms. Davis has published a number of significant books, monographs, and articles on health and social policy issues, including the landmark books *Health Care Cost Containment; Medicare Policy; National Health Insurance: Benefits, Costs, and Consequences;* and *Health and the War on Poverty*.

Anne K. Gauthier, M.S., is senior policy director of the Fund's Commission on a High Performance Health System, based at AcademyHealth in Washington, D.C. Prior to joining the Fund in May 2005, she was vice president of AcademyHealth, where she served as program director for the Robert Wood Johnson Foundation's Changes in Health Care Financing and Organization initiative and a senior advisor for the that foundation's State Coverage Initiative. Before joining AcademyHealth in 1989, she was senior researcher for the National Leadership Commission on Health Care. She held a position in the congressional Office of Technology Assessment from 1980 to 1986. Ms. Gauthier holds an A.B. in molecular biology from Princeton University and an M.S. in health administration from the University of Massachusetts School of Public Health.

Rachel Nuzum, M.P.H., program officer for State Innovations, is responsible for the development and management of the State Innovations program. She also is involved in work related to the Commission on a High Performance Health System, including site visits and preparation of Commission background materials. Before joining the Fund in January 2007, Ms. Nuzum was a legislative assistant for Senator Maria Cantwell (D–Wash.), serving as a policy advisor on health, retirement and tax issues. Prior to joining Senator Cantwell's office in 2005, she served as a David Winston Health Policy Fellow in Senator Jeff Bingaman's (D–N.M.) office. She holds a B.A. in political science from the University of Colorado and an M.P.H. in Health Policy and Management from the University of South Florida.

About the Authors (continued)

Barry Scholl, M.S.J., has been vice president for communications and publishing for The Commonwealth Fund since August 2006. In this position, he is responsible for promoting the Fund's programs, products, and policy ideas, and is actively involved in shaping messages emanating from the work of the Commission on a High Performance Health System and other Fund programs. Prior to joining the Fund, Mr. Scholl was vice president for communications and marketing at the National Committee for Quality Assurance (NCQA), one of the nation's leading health care quality organizations. Earlier, he worked as a journalist and editor for several organizations. Mr. Scholl holds a B.A. in English from SUNY Binghamton and an M.S.J. from the Medill School of Journalism at Northwestern University.

Edward L. Schor, M.D., vice president, leads the Fund's Child Development and Preventive Care program. Dr. Schor, a pediatrician, has held a number of positions in pediatric practice, academic pediatrics, health services research, and public health. Prior to joining the Fund in 2002, he served as medical director for the Iowa Department of Public Health, Division of Family and Community Health. Earlier in his career, Dr. Schor was medical director of The Chesapeake Health Plan in Baltimore, director of the division of general pediatrics at the University of New Mexico, program director for Medical Education and Improving Functional Outcomes and Well-Being with the Henry J. Kaiser Family Foundation, and director of the Functional Outcomes Program at the New England Medical Center. He received post-doctoral training in social and behavioral sciences and has a special interest in the social determinants of child health and family functioning. His medical degree is from the Chicago Medical School.

Methodology

The Commonwealth Fund Health Care Opinion Leaders Survey was conducted online by Harris Interactive between March 12 and April 6, 2007. The survey was delivered via e-mail to a panel of 1,318 opinion leaders in health policy and innovators in health care delivery and finance; 170 individuals responded. The sample was developed by The Commonwealth Fund, *Modern Healthcare* magazine, and Harris Interactive. Typically, samples of this size are associated with a sampling error of +/– 7.5 percent.

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