



Highlights of [GAO-04-491](#), a report to congressional requesters

# MEDICAID AND SCHIP

## States' Premium and Cost Sharing Requirements for Beneficiaries

### Why GAO Did This Study

Over 50 million low-income adults and children receive health insurance coverage through Medicaid and the State Children's Health Insurance Program (SCHIP). Federal law allows states to require beneficiary contributions, such as premiums and cost sharing (coinsurance, copayments, and deductibles), for at least some Medicaid and SCHIP beneficiaries. GAO was asked to (1) identify and compare states' Medicaid and SCHIP beneficiary contribution requirements for children, (2) identify states' Medicaid beneficiary contribution requirements for adults, and (3) determine the extent to which states' Medicaid and SCHIP beneficiary contribution requirements have changed since 2001.

GAO surveyed Medicaid and SCHIP program offices in the 50 states and the District of Columbia about their beneficiary contribution requirements as of August 2003, including their requirements for specific population groups and for six selected services, such as inpatient hospital, physician services, and prescription drugs. For each population group covered, states were asked to indicate the portion of the group charged beneficiary contributions by selecting "all," "most," "some," or "none." GAO also interviewed officials of the Centers for Medicare & Medicaid Services (CMS) regarding the Medicaid and SCHIP statutory requirements for beneficiary contributions.

[www.gao.gov/cgi-bin/getrpt?GAO-04-491](http://www.gao.gov/cgi-bin/getrpt?GAO-04-491).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Kathryn G. Allen at (202) 512-7118.

### What GAO Found

GAO's survey found that children were more likely to be subject to beneficiary contributions, specifically premiums and cost sharing, in SCHIP than in Medicaid. Overall, 26 states reported charging premiums for a portion of children—"some," "most," or "all"—in SCHIP, compared to 9 states in Medicaid. Twenty-five states charged cost sharing for some portion of children in SCHIP, compared to 6 states for Medicaid. States used copayments as the primary form of cost sharing for children. Most states that reported charging cost sharing applied copayment requirements to the six health care services.

Most states reported requiring beneficiary contributions from adults enrolled in Medicaid. Twenty-five states charged premiums, generally charging portions of certain populations, such as adults with disabilities. Over 40 states charged cost sharing to most, if not all, adults, including those with disabilities, noninstitutionalized elderly persons, and parents. Copayments were the predominate form of cost sharing. States most frequently reported copayments for prescription drugs and physician services.

**States with Copayments for Selected Services and Populations, as of August 1, 2003**

Population	Number of states		
	Inpatient hospital	Physician services	Prescription drugs
<b>Children</b>			
Medicaid	4	5	4
SCHIP	12	21	22
<b>Medicaid adults</b>			
Pregnant women	2	2	2
Noninstitutionalized elderly	18	25	35
Adults with disabilities	19	26	36
Parents	16	22	31

Source: GAO analysis of state survey responses.

From the beginning of their 2001 state fiscal years through August 1, 2003, 34 states reported increasing and 10 states reported decreasing the amount of beneficiary contributions required in Medicaid, SCHIP, or both. For the 33 states that provided information on the amount of increases, premium increases to existing requirements ranged from \$2 a month to \$39 a month. Other states added new premium requirements, some of which were as much as several hundred dollars a month. In most instances, reported copayment increases were generally limited to \$5 or less.

GAO asked CMS officials to provide technical comments on the statutory and regulatory information on Medicaid and SCHIP beneficiary contributions, which were incorporated as appropriate.