



Highlights of [GAO-08-50](#), a report to the Ranking Member, Committee on Finance, U.S. Senate

Why GAO Did This Study

In 2006 about 4.5 million individuals were enrolled in the State Children's Health Insurance Program (SCHIP). Congress created SCHIP with the goal of significantly reducing the number of low-income uninsured children. Under certain circumstances, states may also cover adults, and in June 2006 about 349,000 adults were enrolled. Each state receives an annual allotment of federal funds, available as a federal match based on the state's expenditures. Generally, states have 3 years to use each fiscal year's allotment, after which unspent federal funds may be redistributed. Congress initially authorized SCHIP for 10 years, from 1998 through 2007, and provided approximately \$40 billion for that period.

GAO examined (1) how 10 states that cover adults—parents, childless adults, or both—in SCHIP structured their programs; (2) these states' enrollment and expenditure experiences for adults, which GAO considered in the context of those for all other SCHIP populations (children and pregnant women); and (3) the approaches these states adopted to attract all eligible individuals. To accomplish this, GAO reviewed 10 states that covered adults in SCHIP as of 2007. GAO interviewed officials in the 10 states; reviewed states' 2006 annual reports and information available on states' Web sites; and analyzed enrollment and expenditure data obtained primarily from the 10 states, as well as from the Centers for Medicare & Medicaid Services (CMS) and published sources.

To view the full product, including the scope and methodology, click on [GAO-08-50](#). For more information, contact James C. Cosgrove at (202) 512-7114 or cosgrovej@gao.gov.

STATE CHILDREN'S HEALTH INSURANCE PROGRAM

Program Structure, Enrollment and Expenditure Experiences, and Outreach Approaches for States That Cover Adults

What GAO Found

SCHIP program structures for adults in the 10 states varied, particularly in terms of the categories of adults covered—whether they were parents or childless adults—and the types of coverage offered. For fiscal year 2007, 5 of the 10 states (Arizona, Minnesota, New Jersey, Rhode Island, and Wisconsin) covered parents only, 1 state (Michigan) covered childless adults only, and 4 states (Idaho, Illinois, New Mexico, and Oregon) covered both. Three states offered direct coverage only (where the state provides coverage through contracts or agreements with managed care organizations, providers, and suppliers), 3 states offered premium assistance only (where the state pays for a portion of the premium costs of employer-sponsored or privately purchased insurance), and 4 states offered both. All 10 states required adults to contribute to the cost of their coverage.

Enrollment and expenditure experiences with adult coverage varied widely across the states reviewed. In 2006, adult enrollment as a proportion of the total number of individuals covered through SCHIP was less than 25 percent in 3 states, 33 to 50 percent in 4 states, and more than 50 percent in 3 states. Overall, the 343,000 adults covered in the 10 states comprised about 40 percent of the total number of individuals covered through SCHIP in these states. Adults accounted for widely varying proportions of total SCHIP expenditures in the 9 states for which GAO had fiscal year 2006 expenditure data—1 percent in 1 state, 32 to 42 percent in 3 states, and more than 50 percent in 5 states. Overall, adults accounted for about 54 percent of total SCHIP expenditures in the 9 states.

The 10 states reviewed used three approaches in their outreach efforts: targeting hard-to-reach populations, targeting families instead of adults specifically, and relying on new and established partnerships to locate and enroll all eligible individuals. In some cases, states' current outreach approaches reflected smaller state budgets for such activities, and most states reviewed said they relied on new and existing partnerships with entities that, for example, regularly come into contact with families in their efforts to find and enroll eligible individuals. States' efforts to assess the effectiveness of different outreach approaches ranged from little or no evaluation to more formal methods of analyzing outcomes.

In commenting on a draft of this report, CMS stated that the report mischaracterized coverage of unborn children in SCHIP as coverage for adults, thereby inflating adult enrollment and expenditures for states that cover unborn children, and that the report did not use CMS data systems and therefore did not use consistent data. Regarding coverage of unborn children, CMS is incorrect: the report categorized coverage of unborn children as coverage for pregnant women, not as coverage for adults. Regarding the data systems, GAO relied on state data primarily because CMS data systems do not provide enrollment and expenditure data broken out by all of the population and coverage categories that were important to this analysis.