



**Senate Committee on Finance
Senate Bill 841 by Averitt
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Organization: Texans Care For Children
Contact: Alison Little
Phone Number: 512-473-2274
Email: alittle@texanscareforchildren.org

Chairman Ogden and members of the Committee, I am Alison Little of Texans Care For Children. Thank you for this opportunity to provide testimony today. Texans Care for Children is a statewide nonpartisan, nonprofit advocacy organization dedicated exclusively to the children of Texas. We look to our broad base of community-based experts—our partners who together represent thousands of Texas children—to inform our work and help us in developing our legislative agenda. These partners have empowered Texans Care to mobilize coalition groups to work together towards common solutions to the difficult conditions many Texas children and youth face and to assist local communities in advocating for their own children's needs. Our areas of focus are: family economic security; infant, child and maternal health; children's mental health; child welfare; and juvenile justice and at-risk youth.

SB 841

Texans Care For Children strongly supports Senate Bill 841 and thanks Senator Averitt for authoring it. The bill would allow children whose families have incomes between 200-300% of the federal poverty level (FPL) to have access to healthcare through a buy-in to CHIP with sliding scale premiums. Children in families of income above 300% of the FPL could access healthcare through CHIP at full cost—in other words, at no cost to the state.

As you all know, more than 1 in 5 children in Texas do not have health insurance. That statistic makes Texas the worst-ranked state in the nation in terms of child healthcare coverage.¹ Although the largest part of that uninsured population are children who do qualify for Medicaid and CHIP and are not enrolled, approximately 500,000 uninsured children in Texas live in families who have incomes too high to qualify for CHIP.

¹ U.S. Census Bureau: Current Population Survey, 2008 Annual Social and Economic Supplement. "Table H105. Health Insurance Coverage Status and Type of Coverage by State and Age for All People: 2007." http://pubdb3.census.gov/macro/032008/health/h05_000.htm

For families above 200% of the FPL, there is a cliff-like drop from publicly subsidized child health coverage to shouldering the full cost alone. Very few of the uninsured children from families in this income bracket have access to insurance through their parents' jobs: less than 8% of families between 200-400% FPL turn down employer-sponsored health care.² With private health insurance costs rising and families struggling with housing and food costs, child healthcare coverage is unaffordable to some families. In fact, these children in middle-class families represent the fastest-growing segment of the uninsured child population. Senate Bill 841 would fill the gap between the publicly provided health coverage plans for children and what is available to families in the private market.

What happens when families **don't** have health coverage for their children? Problems that could have been prevented or treated early become much more serious and expensive to treat. When children are sick, they can't learn, play, or grow the way they should.

Children's healthcare can be paid for the better way—with healthcare coverage and regular preventive care, which is inexpensive in this population relative to other demographic groups—or the much worse way, in which problems become more advanced and families take them to emergency rooms. Currently, 13% of the private health insurance premiums that we all pay goes to offset the cost of care that was provided without payment to the uninsured. Health treatment gets paid for one way or another, but subsidization of emergency care by private insurance holders is not a good way of doing that. It would be better for our children and a better use of resources to make sure that all children in Texas have health coverage and have access to the regular medical care that they need.

Since this bill, if it became law, would create a bridge between currently existing public programs and private insurance, it has been created to achieve the desired end while guarding against private insurance crowd-out and adverse selection. A six-month waiting period before accessing CHIP coverage would apply to families above 200% FPL to address private insurance crowd-out, with some exceptions to apply to involuntary private insurance loss. Measures to prevent adverse selection include:

- specific times of the year for enrollment,
- family copayments balanced with monthly premiums,
- premiums being kept affordable, so that they appeal to parents whose children are well, not only parents of children who are sick, and
- lock-out policies that prevent parents from dropping coverage when their children are well and re-enrolling when they have health care needs.

Twenty-seven other states have programs to make affordable coverage available to children above 200% of FPL, and nineteen of these cover children above 300% FPL. In Pennsylvania,

² <http://www.texaskidswin.org/pdfs/two%20pager.pdf>

which covers children above 200% FPL **and** with comparable monthly premiums to what is being proposed here, take-up rates have been modest. If Texas followed their pattern we would expect about 100,000 kids by the second year of implementation.³

Clearly, a CHIP buy-in doesn't address the totality of child health coverage in Texas. However, it is an important prong, combined with other health system reforms, to make sure that children's health needs are met.

Thank you again for your time and attention regarding Texans Care For Children's strong support of SB 841. We urge you to bring this bill out of Committee and to a vote on the Senate floor. If you have any questions, please feel free to contact me or the staff of Texans Care For Children at 512.473.2274.

Respectfully,

Alison Little

Policy Associate

alittle@texanscareforchildren.org

³ http://www.texaskidswin.org/pdfs/Buy_In_Facts_011509.pdf