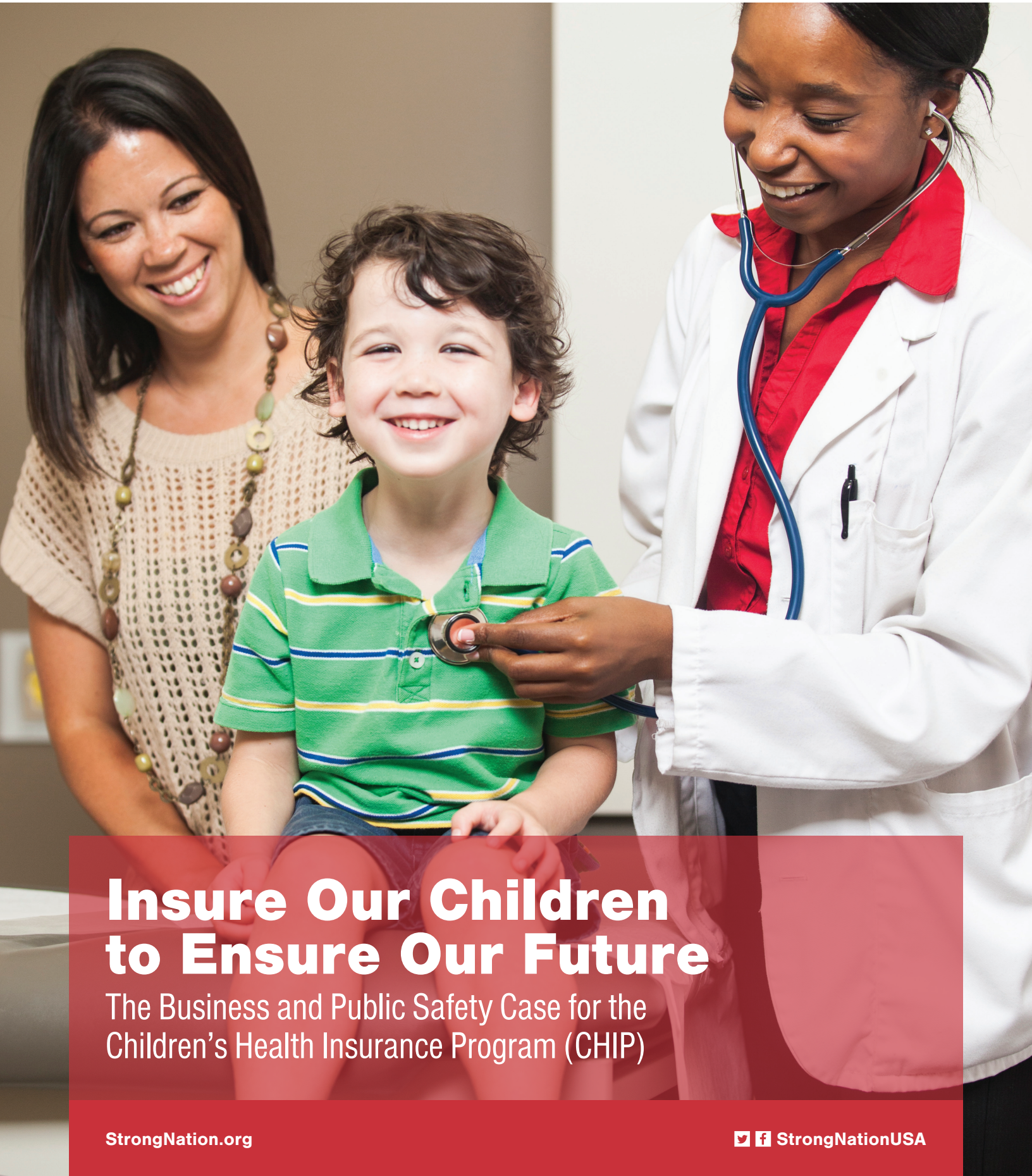
COUNCIL FOR A
STRONG AMERICA

REPORT



# Insure Our Children to Ensure Our Future

## The Business and Public Safety Case for the Children's Health Insurance Program (CHIP)

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# Acknowledgements

**Council for a Strong America** is a national, bipartisan nonprofit that unites five organizations comprised of law enforcement leaders, retired admirals and generals, business executives, pastors, and prominent coaches and athletes who promote solutions that ensure our next generation of Americans will be citizen-ready.

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**In most states, CHIP covers mental health and substance abuse treatments that can help crime-involved youth.**

## Summary

The Children's Health Insurance Program (CHIP) provides healthcare to 8.9 million children—one in ten kids in the U.S.[1] The vast majority of these children are in working families who earn too much to qualify for Medicaid but cannot afford private insurance.[2]

While the health benefits of CHIP are often discussed, research also points to broader economic and public safety benefits from children's health insurance. By removing health-related barriers to kids' school attendance and success in the classroom, children's healthcare is a bridge to an improved workforce. Children's health insurance also bolsters public safety by connecting youth with proven mental health therapies that reduce drug abuse and crime. Congress must reauthorize CHIP by September 30, 2017 to continue the program and preserve these economic and crime reduction benefits.

"One of the best ways to improve public safety is to ensure kids are prepared for productive lives, so they're less apt to turn to crime. I view the Children's Health Insurance Program (CHIP) as a step in the right direction."



**Sheriff Jim Tracy**
Utah County, UT

## The Business Case for CHIP

CHIP supports the development of the future workforce by removing health-related barriers to children's success in school. In addition, parents of children enrolled in CHIP are more productive because they have a reliable source of healthcare for their children. CHIP also benefits the economy by keeping working families above the poverty line.

### Preparing the future workforce

Unmet health needs are a major driver of chronic absence from school, which can cause children to fall behind academically and put them at risk of high school dropout.[3] Studies show that **CHIP addresses the most frequent health causes of chronic absenteeism**: dental pain and management of chronic health conditions including anemia, asthma, and diabetes.[4] For example, one study found that after uninsured children with asthma enrolled in CHIP, they had half as many asthma attacks, and one-quarter as many children had been hospitalized for asthma.[5] This likely resulted in fewer absences from school.

While studies have yet to examine adult outcomes from CHIP, long-term studies of Medicaid demonstrate the promise of children's health insurance to improve workforce outcomes. One study found that Medicaid enrollment in childhood reduced high school dropout by four percent and increased four-year college completion by three percent.[6] Other research demonstrated that childhood Medicaid increased future earnings by $2,600 for women and increased employment by 18 percent for both women and men.[7]

### Enabling parents to work

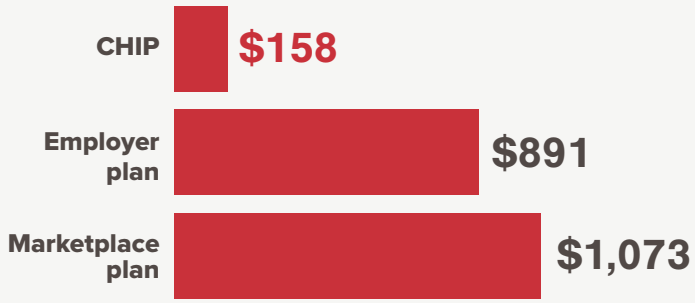
CHIP enrolls nearly 200,000 children with special healthcare needs, which include physical conditions, intellectual and developmental disabilities, and mental illnesses.[8] With CHIP, they experience improved care, which enables their parents to work more.[9] A recent study found that half of parents who have a child with a special healthcare need spend more than five hours each week caring for their child. The cost of this missed work added up to **$17 billion annually in productivity losses nationwide**.[10] In addition, the study found that one in five parents stopped working altogether to manage their child's illness.

### Keeping working families out of poverty

Out-of-pocket medical expenses are one of the leading reasons families fall into poverty or file for personal bankruptcy.[11] In 2015, 2.5 million children fell into poverty as a result of families' medical expenses.[12] Families' average out-of-pocket costs are roughly 80 percent lower when they insure a child through CHIP compared to both employer-sponsored and Marketplace insurance plans.[13]

## Average annual out-of-pocket cost per child

Families' costs are 80% lower on CHIP compared to other forms of insurance




Source: MACPAC 2015.

Families who have children with chronic health needs benefit the most from CHIP's affordability. A recent study found that families with a child with a chronic health condition would have to pay an additional $1,000 annually on average if they shifted from CHIP to a Marketplace plan.[14] For many families, the added expenses would exceed five percent of their income and put them at risk for poverty.[15]

## The Public Safety Case for CHIP

By improving educational attainment and reducing poverty, CHIP reduces two risk factors for crime. CHIP also directly impacts public safety in the following ways:

**1. CHIP provides juvenile justice-involved youth with proven therapies**: CHIP reimburses evidence-based therapies for youth who have been involved with the juvenile justice system.[16] These therapies include Functional Family Therapy (FFT) and Multisystemic Therapy (MST), which deter participants from reoffending by providing youth with tools necessary to get their lives back on track and engaging parents. Rigorous studies show that among previously incarcerated youth, FFT cut re-arrests in half and MST cut violent felony arrests by almost three-quarters.[17]

**2. CHIP helps children with serious emotional disturbances:** A serious emotional disturbance—a severe, diagnosable mental or behavioral disorder that persists over a long period of time in childhood[18]—increases the risk of future conduct disorders and involvement in crime. One study of youth with a serious emotional disturbance found that almost half had involvement with the justice system, while another study found that they were **roughly 13 times more likely to be arrested** than children without the disorder.[19] CHIP provides kids diagnosed with a serious emotional disturbance with comprehensive services in several states, including case management, crisis intervention, and therapy.[20]

**3. CHIP reduces child mortality:** CHIP keeps kids safe by providing parents with information that prevents child injury and mortality. For example, one study found that greater access to CHIP contributed to a four percent decline in child mortality rates from external causes (such as unintentional injury).[21] The reduction likely occurred as a result of parent coaching from the pediatrician that prevented unsafe

> "The Children's Health Insurance Program is an essential support for working families. And, for nearly 200,000 families who have children with special health needs, CHIP may be the only thing standing between them and poverty or bankruptcy."



**Paul Fultz**
Managing Partner,
Louisville Office, KPMG

## Parent engagement in children's healthcare

Parents consider the pediatrician one of their most trusted sources of information on their children's development.[25] Parent engagement in healthcare is increasing as the U.S. moves towards family-centered care, which recognizes "that patients and family are integral partners with the healthcare team."[26] With CHIP, one study found that two-thirds of participants received family-centered care.[27] Other research showed that CHIP families were twice as likely as those with another form of child insurance to obtain information on all of the recommended anticipatory guidance topics.[28] That guidance helps parents develop safe and healthy practices, which was associated with reductions in child mortality in one study.[29]

behaviors, ranging from driving without a seat belt to child abuse and neglect.[22]

**4. CHIP reduces substance abuse and overdoses:** CHIP provides youth addicted to opioids and other substances with services that assist them in getting sober and prevent them from overdosing, such as in-patient treatment and therapy.[23] Having access to these services is crucial for youth who abuse substances, as their drug overdose rate has more than doubled in recent years, from 3.1 per 100,000 youth in 2001 to 7.3 per 100,000 youth in 2013.[24]

## The Strengths of CHIP

### Fewer uninsured children

The vast majority of children who lose access to CHIP become uninsured or move to Medicaid.[30] In conjunction with Medicaid, CHIP has helped reduce the rate of uninsured children in the United States from 14 percent in 1997 to an all-time low of five percent in 2015.[31]

### State flexibility

While the federal government covers a higher share of the cost of CHIP, states have considerable flexibility in administering the program.[32] Most (39 states) use CHIP funds to maintain a separate children's insurance program while also expanding child enrollment in Medicaid to a higher income threshold.[33] States also set the income eligibility limits for CHIP, which generally fall between 150% and 250% of the federal poverty level—an annual income of $36,900 to $61,500 for a family of four.[34]

### High-quality care

In addition to routine medical and dental services, CHIP also provides behavioral health services, physical therapy, vision services, and treatments for speech, hearing, and language disorders in most states.[35] The 2014 national evaluation of CHIP found that 85 percent of children visited the doctor's and dentist's office regularly and received similar levels of preventative and specialist care as privately-insured children.[36]

## Conclusion

If Congress does not reauthorize CHIP by September 30, 2017, nearly nine million children will be removed from the program. However, the repercussions will extend well beyond the child population: threatening the current and future workforce as well as the nation's public safety.

# Endnotes


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