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Many Families May Face Sharply Higher Costs If Public Health Insurance For Their Children Is Rolled Back

ABSTRACT Millions of US children could lose access to public health care coverage if Congress does not renew federal funding for the Children's Health Insurance Program (CHIP), which is set to expire September 30, 2015—the end of the federal fiscal year. Additional cuts in public coverage for children in families with incomes above 133 percent of the federal poverty level are possible if the Affordable Care Act's "maintenance of effort" provisions regarding Medicaid and CHIP are allowed to expire as scheduled in 2019. The potential for a significant rollback of public coverage for children raises important policy questions regarding alternative pathways to affordable and high-quality coverage for low-income children. For many children at risk of losing eligibility for public coverage, the primary alternative pathway to coverage would be through their parents' employer-sponsored insurance, yet relatively little is known about the cost and quality of that coverage. Our estimates, based on data from the Insurance Component of the 2012 and 2013 Medical Expenditure Panel Surveys, show that many families would face sharply higher costs of covering their children. In many cases, the only employer-sponsored coverage available would be a high-deductible plan.

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Under current law, federal funding for the Children's Health Insurance Program (CHIP) extends through fiscal year 2015.[1] With no new federal funding for CHIP beyond that point, it is likely that many children enrolled in separate CHIP programs (that is, programs not connected with the state's Medicaid program) would lose eligibility for public coverage.[2,3] The most recent information available indicates that over five million children were enrolled in a separate CHIP program at some point during fiscal year 2013.[1] Some have transitioned to Medicaid coverage since that time.[4] However, millions of children in thirty-nine states remain at risk of losing CHIP coverage unless additional federal funds are allocated.[1]

In addition, "maintenance of effort" provisions in the Affordable Care Act (ACA) that govern Medicaid and CHIP coverage are set to expire in 2019. This raises the possibility of additional cuts to public coverage for children in families with incomes above 133 percent of the federal poverty level.

The potential for a significant rollback of public coverage for children raises important policy questions regarding alternative pathways to affordable and high-quality coverage for CHIP children. Some children who would lose CHIP eligibility may be eligible for premium tax credits for purchasing insurance through the Marketplace plans established by the ACA. For these children, the quality of these Marketplace plans—known as qualified health plans, since they have to meet standards outlined in the ACA—would be an important issue, as would the total amount a family would have to pay in premiums and cost sharing.[1,5,6]

However, not all children losing eligibility for public coverage would be eligible for subsidized Marketplace coverage. Even if a child's family had an income of less than 400 percent of poverty, the child would be ineligible for the premium tax credit for Marketplace coverage if he or she had access to "affordable" employer-sponsored insurance through a family member.

ACA regulations deem employer-sponsored insurance to be affordable if the employee-only policy costs 9.56 percent or less of family income (the threshold was adjusted upward from its 2014 level of 9.5 percent).[7] Family coverage generally costs more than employee-only coverage.[8] Children losing CHIP eligibility who have a parent with an offer of employer-sponsored insurance might be ineligible for subsidized Marketplace coverage despite facing employer-sponsored premiums substantially greater than what they faced in CHIP. The premiums could also be greater than the hardship exemption from the mandate to purchase insurance (set at 8.05 percent of family income in 2015, adjusted upward from its 2014 level of 8.00 percent).

Much has been written about this ACA feature, known as the "family affordability glitch," whereby a family would be barred from receiving Marketplace subsidies if the single premium were at or below the 9.56 percent threshold, even if the premium for family coverage were above that threshold.[9] Currently, CHIP provides many children with protection from this "glitch." Just over half of the states have a Medicaid or CHIP eligibility threshold for children of at least 250 percent of poverty. Nineteen states have thresholds above 300 percent of poverty, and only five have thresholds below 200 percent of poverty.[10] However, the potential discontinuation of CHIP beyond fiscal year 2015 and potential Medicaid rollbacks after 2019 could add considerably to the number of children affected by the glitch.

No definitive estimates exist of how many CHIP-eligible children could qualify for Marketplace subsidies. However, prior research suggests that many children who would be affected by CHIP's expiration would not be eligible for subsidized Marketplace coverage because of their parents' offers of employer-sponsored insurance.[1,11–15] Previous estimates from researchers at the Agency for Healthcare Research and Quality (AHRQ) found that 56 percent of children who appeared to be eligible for separate CHIP plans had parents with offers of employer-sponsored insurance.[16] For many of these children, the primary post-CHIP pathway to coverage would likely be through such an offer.

Relatively little is known about either the marginal costs to families of covering children as dependents on employer-sponsored plans or the quality of coverage that is available. This article seeks to help fill these gaps by presenting new estimates based on data for 2012 and 2013 from the Insurance Component of the Medical Expenditure Panel Survey (MEPS-IC).[17]

In particular, we examined access to dependent coverage (which is not always included with offers of employer-sponsored insurance), the distribution of additional employee premium contributions required to cover dependents, and access to coverage through employer-sponsored insurance other than high-deductible plans. To our knowledge, this is the first set of estimates to document the variation across employers in the marginal costs to families of adding children to employer-sponsored plans.

Study Data And Methods

DATA AND ANALYSIS Data for the analysis came from MEPS-IC, an annual survey containing information on approximately 30,000 private-sector establishments and 2,500 state and local government establishments each year. The survey is conducted by the Bureau of the Census and is sponsored by AHRQ. MEPS-IC is a stratified sample with weights that produce nationally representative estimates for a range of measures of employer-sponsored insurance, including employee and employer premium contributions for single, employee-plus-one, and family coverage.

We used the 2013 MEPS-IC data to examine private establishments. We used the 2012 MEPS-IC data to examine state and local government establishments, with dollar amounts inflated to 2013 using the Consumer Price Index—All Urban Consumers, all items.

The additional cost of dependent coverage depends on the number of children being added and the current coverage. For instance, if a worker had single coverage and had one child to add, it would be possible for most enrollees to purchase an employee-plus-one plan. If employee-plus-one coverage is not offered, then a worker with single coverage who wished to add a dependent child or children would have to enroll in a family plan (if available). For workers not currently covered, the additional cost would be the full employee contribution for family coverage (or employee-plus-one coverage if that is offered and the worker has only one child).

We measured the marginal cost of covering dependents by comparing the least expensive employee premiums for each coverage type (sin-

The potential for a significant rollback of public coverage for children raises important policy questions.

gle, employee-plus-one, and family). A small percentage of plans had negative marginal costs for employees. We assumed that these were data errors, and we excluded these observations from our marginal cost analysis.

We also examined access to coverage other than high-deductible plans, since CHIP and Medicaid both provide first-dollar coverage (that is, a person does not have to meet a deductible before services are covered). We identified plans as high deductible if the self-only version of the plan had a deductible in excess of $1,000 (in 2013 dollars). Corresponding employee-plus-one and family plans generally had deductibles that were multiples (2.0 times, 2.5 times, or 3.0 times) the deductible for the single plan.

LIMITATIONS A strength of MEPS-IC is that it provides information not only on single and family premiums, but also on premiums for employee-plus-one coverage. An important caveat, however, is that some employees might have even more options, such as employee-plus-child or employee-plus-two. These options could be less expensive for a particular family than the dependent coverage premiums and plans reported to MEPS-IC.

Another important caveat is that MEPS-IC does not provide data specifically on the employer-sponsored insurance available to workers who are parents of children eligible for CHIP or Medicaid. Indeed, we are not aware of any such data set. One possible solution to this lack of data is the use of microsimulation.[3] However, in this article we present results for all workers, first for all establishments and then for the subset of private-sector establishments that are "majority low wage"—that is, establishments that paid 50 percent or more of their workers less than $11.50 per hour in 2013.

An additional caveat is that these results are based on premiums that predate the implementation of the major health coverage provisions of the ACA. Thus, the results do not take into account changes that employers may make in health benefits in response to the ACA. There is evidence that such changes were very modest midway through 2014.[18]

Nor do our estimates account for how rollbacks in public coverage might affect employers' pricing of dependent coverage. Prior research has found that employee contributions for dependent coverage increased following the expansion of CHIP.[19]

Note also that some CHIP- and Medicaid-eligible children have two parents, and both may have offers of employer-sponsored insurance. In this case, the least expensive offer might not be the one that we observed from the sampled establishments.

Study Results

MARGINAL COSTS OF DEPENDENT COVERAGE TO EMPLOYEES OF PRIVATE ESTABLISHMENTS Exhibit 1 shows that 3.1 percent of private establishment workers who were enrolled in single coverage did not have an offer of dependent coverage through an employer. When dependent coverage is not offered, children losing coverage because of the discontinuation of CHIP would be eligible for subsidized Marketplace coverage.[20] However, 96.9 percent of workers with single coverage do have access to dependent coverage.

Exhibit 1 also presents estimates of the marginal employee premium contributions for dependent coverage. Instead of focusing on averages, Exhibit 1 is constructed to highlight the substantial variation in these marginal costs. At one end of the spectrum, we see that among workers currently holding single coverage, 8.6 percent could cover a single dependent at zero marginal cost, and 7.6 percent could cover two or more dependents at zero marginal cost.

At the other extreme, many workers face large marginal costs for dependent coverage. The marginal cost of adding multiple children to single coverage averages $8,875 per year in the top quartile of enrollees (among enrollees with positive marginal employee premium contributions). For eligible workers who are not enrolled in a plan, the annual cost to them of enrolling two or more children averages $10,531 in the top quartile of eligible workers.

Yet another finding from Exhibit 1 concerns the difference in marginal cost according to the number of children to be covered. The marginal cost of covering one dependent child is less than the cost of covering two or more, both for workers currently enrolled in single coverage and for workers who are eligible for employer-sponsored insurance but have not enrolled. The explanation is that among workers offered

EXHIBIT 1

Marginal Cost Of Dependent Coverage, All Private-Sector Establishments Offering Coverage, 2013

	Percent of eligible employees with:[a]				Mean marginal contribution ($)			
	No dependent coverage available	SE	Zero marginal cost	SE	Employees	SE	Employers	SE
ADDING ONE CHILD TO SINGLE COVERAGE								
Enrollees in single coverage[b]	3.1	0.2	8.6	0.4				
Marginal cost categories:								
Zero					0	0	5,532	202
Less than median[c]					852	10	3,638	53
Third quartile					2,170	13	3,226	68
Fourth quartile					5,237	55	897	72
Top decile					7,252	89	—[d]	—
ADDING MULTIPLE CHILDREN TO SINGLE COVERAGE								
Enrollees in single coverage[b]	3.9	0.2	7.6	0.4				
Marginal cost categories:								
Zero					0	0	9,289	259
Less than median[c]					1,641	17	7,384	76
Third quartile					3,777	21	6,252	119
Fourth quartile					8,875	82	1,514	90
Top decile					11,829	113	—[d]	—
ADDING CHILDREN TO EMPLOYEE-PLUS-ONE COVERAGE								
Enrollees in employee-plus-one[e]	0.9	0.1	7.2	0.5				
Marginal cost categories:								
Zero					0	0	4,498	184
Less than median[c]					635	10	3,833	72
Third quartile					1,509	9	3,947	101
Fourth quartile					4,117	104	1,733	127
Top decile					6,378	173	—[d]	—
COVERING EMPLOYEE AND ONE CHILD: STARTING FROM NO COVERAGE								
Eligible but unenrolled employees[f]	2.1	0.3	8.7	0.4				
Marginal cost categories:								
Zero					0	0	11,479	193
Less than median[c]					1,680	17	6,802	107
Third quartile					3,558	17	6,705	113
Fourth quartile					7,055	94	5,309	110
Top decile					9,614	132	4,454	173
COVERING EMPLOYEE AND MULTIPLE CHILDREN: STARTING FROM NO COVERAGE								
Eligible but unenrolled employees[f]	2.8	0.4	5.9	0.3				
Marginal cost categories:								
Zero					0	0	15,953	499
Less than median[c]					2,546	26	9,949	150
Third quartile					5,274	35	9,797	146
Fourth quartile					10,531	115	5,825	133
Top decile					13,884	157	4,224	153

SOURCE Authors' analysis of 2013 data from the Medical Expenditure Panel Survey Insurance Component (see Note 17 in text). [a]A small percentage of establishments had negative marginal costs for employees. We assumed that these were data errors and excluded these observations from the marginal cost estimates. [b]Estimates were weighted by single enrollees. [c]Marginal cost distributions were estimated among employees with positive marginal costs within each marginal cost scenario. [d]Unreliable estimate; relative standard error (SE) exceeded 30 percent. [e]Estimates were weighted by employee-plus-one enrollees. [f]Estimates were weighted by employees who were eligible for insurance but did not enroll.

family coverage (which could cover multiple dependents), 90.8 percent are also offered employee-plus-one coverage, which is typically less expensive than family coverage. In 2013 the average employee contribution for employee-plus-one plans was $2,940 versus $4,421 for family plans (data not shown; from authors' calculations using data from the 2013 MEPS-IC).

To put these marginal costs in perspective, it is useful to examine the share of family income that they constitute. For a family of two with an income of 200 percent of poverty ($31,020 in 2013), the marginal cost of adding a child to the worker's self-only employer-sponsored policy, $2,170, would be 7 percent of the annual income for families facing premiums in the third quartile of premiums. The marginal cost would be 17 percent for families facing premiums in the

The marginal cost of dependent coverage can be high relative to the ability to pay among CHIP and Medicaid families.

fourth quartile ($5,237). These costs would be in addition to any contribution the parent already has to make for his or her own coverage.

Similarly, adding two or more children to a parent's single policy would account for approximately 8 percent of family income in the third quartile of premiums ($3,777) and just under 19 percent of family income in the fourth quartile of premiums ($8,875) for a family of four with an income of 200 percent of poverty ($47,100 in 2013). Again, this would be in addition to any contribution being made for the parent's coverage.

MARGINAL COST OF DEPENDENT COVERAGE TO PRIVATE EMPLOYERS Exhibit 1 also presents the marginal cost that private-sector employers would face if their employees enrolled children in dependent coverage options. The estimates are for plans categorized according to the presence of employee contributions and quartiles of positive contributions. Exhibit 1 shows, not surprisingly, that marginal employer costs tend to be high when marginal employee costs are low, and vice versa.

However, we urge caution in interpreting these employer results. The marginal cost of dependent coverage to a self-insured establishment (one that assumes the risk of employee health insurance claims up to a stop-loss level associated with possible supplemental coverage) would be the expected cost of covering the additional children minus the incremental employee contributions—an amount that might be considerably less than the "list prices" reported to MEPS-IC. The same may also be true even for some establishments that do not self-insure, if the price charged for coverage is calibrated carefully to the characteristics of the people being covered.

ACCESS TO NON-HIGH-DEDUCTIBLE COVERAGE Exhibit 2 shows that 32.4 percent of private-establishment workers who are enrolled in single coverage would not be able to enroll their children in non-high-deductible plans (either because no dependent coverage is offered, as in Exhibit 1, or because the establishment offers only high-deductible plans). The marginal costs of dependent coverage, conditional on being offered non-high-deductible dependent coverage, are roughly similar to the marginal costs presented in Exhibit 1, particularly for the third and fourth quartiles. However, there are some notable differences for those below the median. For example, the marginal cost for adding one child to single coverage would be $852 annually considering all plans (Exhibit 1) but $1,114 if high-deductible plans were excluded (Exhibit 2).

MARGINAL COST OF DEPENDENT COVERAGE IN "MAJORITY LOW WAGE" PRIVATE ESTABLISHMENTS Exhibit 3 shows that in "majority low wage" private establishments, the marginal cost of dependent coverage can be somewhat less expensive than the marginal cost in all private establishments. The more salient finding, however, is that the cost of dependent coverage can be very high even in these establishments. For example, in a family with two or more children, if the worker already had single coverage, the additional cost would average $3,959 in the third quartile and $8,364 in the top quartile. The corresponding average costs if the worker had not previously taken up coverage would be $5,109 and $9,412.

MARGINAL COST OF DEPENDENT COVERAGE IN STATE AND LOCAL GOVERNMENT ESTABLISHMENTS Exhibit 4 presents the marginal cost of dependent coverage within the state and local public sector (estimates are for 2012, the most recent year available, with dollar amounts adjusted to 2013 dollars). One finding is that employees with self-only or employee-plus-one coverage are more likely in public establishments than in private ones to have zero marginal cost of covering children. Also, the marginal cost of dependent coverage is often lower in public establishments than in private ones.

Nevertheless, the marginal cost of dependent coverage can still be high relative to the ability to pay among CHIP and Medicaid families. For example, the income of a family of two at 200 percent of poverty was $31,020 in 2013. Thus, the marginal cost of adding the child to the parent's plan would be slightly higher than 7 percent and slightly less than 15 percent of income in the third and fourth quartiles, respectively.

Discussion

Much of the policy discussion on CHIP reauthorization has focused on the quality of coverage under CHIP compared to that of Marketplace coverage with respect to premiums, cost sharing,

EXHIBIT 2

Marginal Cost Of Dependent Coverage In Non-High-Deductible Plans, All Private-Sector Establishments Offering Coverage, 2013

	Percent of eligible employees with:[a]				Mean marginal contribution ($)			
	No dependent coverage available	SE	Zero marginal cost	SE	Employees	SE	Employers	SE
ADDING ONE CHILD TO SINGLE COVERAGE								
Enrollees in single coverage[b]	32.4	0.6	4.9	0.3				
Marginal cost categories:								
Zero					0	0	5,887	310
Less than median[c]					1,114	16	3,855	76
Third quartile					2,559	14	3,969	100
Fourth quartile					5,463	77	1,667	159
Top decile					7,610	118	716	159
ADDING MULTIPLE CHILDREN TO SINGLE COVERAGE								
Enrollees in single coverage[b]	32.9	0.6	4.1	0.3				
Marginal cost categories:								
Zero					0	0	9,428	426
Less than median[c]					2,017	27	7,798	102
Third quartile					4,288	28	7,192	162
Fourth quartile					9,240	148	2,733	156
Top decile					12,608	242	—[d]	—
ADDING CHILDREN TO EMPLOYEE-PLUS-ONE COVERAGE								
Enrollees in employee-plus-one[e]	25.4	0.7	3.6	0.3				
Marginal cost categories:								
Zero					0	0	4,878	258
Less than median[c]					937	18	4,082	95
Third quartile					2,435	17	4,358	172
Fourth quartile					5,619	134	2,511	222
Top decile					8,158	222	—[d]	—
COVERING EMPLOYEE AND ONE CHILD: STARTING FROM NO COVERAGE								
Eligible but unenrolled employees[f]	33.9	0.8	4.6	0.3				
Marginal cost categories:								
Zero					0	0	11,913	281
Less than median[c]					1,934	26	6,756	147
Third quartile					3,787	18	7,476	153
Fourth quartile					6,969	122	5,906	123
Top decile					9,804	169	4,867	212
COVERING EMPLOYEE AND MULTIPLE CHILDREN: STARTING FROM NO COVERAGE								
Eligible but unenrolled employees[f]	34.2	0.8	2.7	0.2				
Marginal cost categories:								
Zero					0	0	16,919	962
Less than median[c]					2,885	38	9,923	208
Third quartile					5,565	38	10,649	183
Fourth quartile					10,675	161	6,952	170
Top decile					14,391	203	4,873	226

SOURCE Authors' analysis of 2013 data from the Medical Expenditure Panel Survey Insurance Component (see Note 17 in text). **NOTE** "Non-high-deductible health plans" are those with deductibles for single coverage of less than $1,000. [a]A small percentage of establishments had negative marginal costs for employees. We assumed that these were data errors and excluded these observations from the marginal cost estimates. [b]Estimates were weighted by single enrollees. [c]Marginal cost distributions were estimated among employees with positive marginal costs within each marginal cost scenario. [d]Unreliable estimate; relative standard error (SE) exceeded 30 percent. [e]Estimates were weighted by employee-plus-one enrollees. [f]Estimates were weighted by employees who are eligible for insurance but did not enroll.

and benefits. Recent research on these topics indicates that Marketplace coverage would generally be more expensive, require much greater cost sharing, and provide fewer benefits than coverage under CHIP.[5,6] It is also clear that some children who would lose eligibility for public coverage have parents with an offer of employer-sponsored coverage that is considered affordable by ACA standards, thereby making them ineligible for Marketplace subsidies. This article provides the first glimpse at what costs families in this circumstance could face if their children, losing eligibility for public coverage, were to be enrolled in employer-sponsored insurance.

This analysis shows that the marginal costs of covering one or more children on employer-

EXHIBIT 3

Marginal Cost Of Dependent Coverage, Majority Low-Wage Private-Sector Establishments Offering Coverage, 2013

	Percent of eligible employees with:[a]				Mean marginal contribution (dollars)			
	No dependent coverage available	SE	Zero marginal cost	SE	Employees	SE	Employers	SE
ADDING ONE CHILD TO SINGLE COVERAGE								
Enrollees in single coverage[b]	4.8	0.6	5.4	0.8				
Marginal cost categories:								
Zero					0	0	4,671	525
Less than median[c]					982	18	3,306	117
Third quartile					2,213	28	3,084	158
Fourth quartile					4,983	121	1,170	134
Top decile					7,052	209	—[d]	—
ADDING MULTIPLE CHILDREN TO SINGLE COVERAGE								
Enrollees in single coverage[b]	5.3	0.6	4.6	0.8				
Marginal cost categories:								
Zero					0	0	8,314	1,267
Less than median[c]					1,818	37	6,421	196
Third quartile					3,959	38	6,011	198
Fourth quartile					8,364	162	1,940	210
Top decile					11,252	195	—[d]	—
ADDING CHILDREN TO EMPLOYEE-PLUS-ONE COVERAGE								
Enrollees in employee-plus-one[e]	1.2	0.3	3.9	0.6				
Marginal cost categories:								
Zero					0	0	4,198	617
Less than median[c]					756	22	3,334	149
Third quartile					1,670	33	3,968	219
Fourth quartile					4,049	175	1,437	213
Top decile					6,213	321	—[d]	—
COVERING EMPLOYEE AND ONE CHILD: STARTING FROM NO COVERAGE								
Eligible but unenrolled employees[f]	2.6	1.0	7.3	0.9				
Marginal cost categories:								
Zero					0	0	10,653	448
Less than median[c]					1,690	37	5,698	214
Third quartile					3,386	30	5,987	214
Fourth quartile					6,666	193	5,613	201
Top decile					9,324	282	4,248	295
COVERING EMPLOYEE AND MULTIPLE CHILDREN: STARTING FROM NO COVERAGE								
Eligible but unenrolled employees[f]	3.2	1.0	4.1	0.6				
Marginal cost categories:								
Zero					0	0	16,304	1,943
Less than median[c]					2,546	57	8,064	265
Third quartile					5,109	40	9,123	287
Fourth quartile					9,412	270	7,256	351
Top decile					13,233	344	4,136	274

SOURCE Authors' analysis of 2013 data from the Medical Expenditure Panel Survey Insurance Component (see Note 17 in text). **NOTE** Establishments were categorized as "majority low-wage" if 50 percent or more of an establishment's workers earned less than $11.50 per hour in 2013. [a]A small percentage of establishments had negative marginal costs for employees. We assumed that these were data errors and excluded these observations from the marginal cost estimates. [b]Estimates were weighted by single enrollees. [c]Marginal cost distributions were estimated among employees with positive marginal costs within each marginal cost scenario. [d]Unreliable estimate; relative standard error (SE) exceeded 30 percent. [e]Estimates were weighted by employee-plus-one enrollees. [f]Estimates were weighted by employees who were eligible for insurance but did not enroll.

sponsored policies vary considerably across establishments. Instead of focusing on averages, our analysis presents, at one extreme, the share of workers with zero marginal cost and, at the other extreme, average marginal costs among those at the upper end of the marginal cost distribution.

Our results suggest that among families locked out of Marketplace subsidies, a small fraction are likely to have access to dependent coverage at zero marginal cost. By contrast, many others ineligible for tax credits to purchase policies in the Marketplace might have to pay high family premiums relative to income.

Many could end up paying more than 8.05 percent of their income, which would qualify them

EXHIBIT 4

Marginal Cost Of Dependent Coverage, All State And Local Government Establishments Offering Coverage, 2013

	Percent of eligible employees with:[a]				Mean marginal contribution (dollars)			
	No dependent coverage available	SE	Zero marginal cost	SE	Employees	SE	Employers	SE
ADDING ONE CHILD TO SINGLE COVERAGE								
Enrollees in single coverage[b]	0.2	0.0	13.3	0.4				
Marginal cost categories:								
Zero					0	0	5,328	99
Less than median[c]					840	12	4,130	65
Third quartile					2,304	11	2,421	104
Fourth quartile					4,612	79	1,207	102
Top decile					6,149	120	—[d]	—
ADDING MULTIPLE CHILDREN TO SINGLE COVERAGE								
Enrollees in single coverage[b]	0.4	0.1	12.7	0.4				
Marginal cost categories:								
Zero					0	0	7,339	146
Less than median[c]					1,533	18	7,163	81
Third quartile					4,343	35	3,933	147
Fourth quartile					8,133	91	642	86
Top decile					10,141	145	—[d]	—
ADDING CHILDREN TO EMPLOYEE-PLUS-ONE COVERAGE								
Enrollees in employee-plus-one[e]	0.4	0.2	17.1	0.6				
Marginal cost categories:								
Zero					0	0	2,896	120
Less than median[c]					455	10	3,118	62
Third quartile					1,694	15	3,784	123
Fourth quartile					4,325	55	743	92
Top decile					5,688	75	-391	108
COVERING EMPLOYEE AND ONE CHILD: STARTING FROM NO COVERAGE								
Eligible but unenrolled employees[f]	0.2	0.1	8.7	0.5				
Marginal cost categories:								
Zero					0	0	11,183	189
Less than median[c]					1,247	23	9,098	133
Third quartile					2,871	19	7,631	249
Fourth quartile					4,969	139	8,293	164
Top decile					7,052	250	6,698	322
COVERING EMPLOYEE AND MULTIPLE CHILDREN: STARTING FROM NO COVERAGE								
Eligible but unenrolled employees[f]	0.3	0.1	8.2	0.6				
Marginal cost categories:								
Zero					0	0	14,293	281
Less than median[c]					1,787	27	12,519	146
Third quartile					4,076	29	10,516	184
Fourth quartile					8,003	138	6,378	230
Top decile					10,048	231	6,412	329

SOURCE Authors' analysis of 2012 data from the Medical Expenditure Panel Survey Insurance Component (see Note 17 in text). **NOTE** Dollar amounts were inflated to 2013 using the Consumer Price Index, All Urban Consumers, all items. [a]A small percentage of establishments had negative marginal costs for employees. We assumed that these were data errors and excluded these observations from the marginal cost estimates. [b]Estimates were weighted by single enrollees. [c]Marginal cost distributions were estimated among employees with positive marginal costs within each marginal cost scenario. [d]Unreliable estimate; relative standard error (SE) exceeded 30 percent. [e]Estimates were weighted by employee-plus-one enrollees. [f]Estimates were weighted by employees who were eligible for insurance but did not enroll.

for a hardship exemption from the requirement to purchase coverage. Because these families would face high premiums and not face penalties for being uninsured, many children who were previously covered by separate CHIP programs may become uninsured. Even if those affected by the family affordability issue who must pay 9.56 percent of income or more for family employer-sponsored insurance were able to acquire subsidized Marketplace coverage, this would still leave families below the 9.56 percent threshold for employer-sponsored coverage facing premiums that are often much higher than those in public coverage.

Premiums charged in CHIP programs vary across states and income groups. However, it is useful to compare these premiums to our estimates of the marginal cost of dependent coverage through an employer. Among children in families with incomes of 201–250 percent of poverty in 2009–10, prior research shows that 87 percent of children eligible for public coverage through Medicaid or CHIP faced premiums and that the average annual premium per child among those facing premiums was $336 (in 2010 dollars).[21,22] ACA maintenance-of-effort provisions limit the amount that states can increase premiums.[23] In 2013 the median annual child-specific premium in states that charged premiums in their Medicaid and CHIP programs was $348 (in 2013 dollars) for families with incomes of 201 percent of poverty and $180 for families with incomes of 151 percent of poverty.[10] Clearly, CHIP premiums, while high enough to affect coverage decisions,[20] are substantially lower than what many families would face if they added dependents to their employer-sponsored policies. For instance, most private-sector workers faced an extra cost for adding a child to their single policy, and among those the extra premium contributions averaged $852 in the lower half of the distribution and $5,237 in the top quartile (see Exhibit 1).

Our findings also indicate that many children will have access only to high-deductible plans. In the scenarios we considered, approximately one-quarter to one-third of eligible private-establishment employees were offered only such plans. Substituting high-deductible plans for public coverage could further increase financial burdens on families, while also potentially reducing access to care among children.

Conclusion

Ultimately, understanding the number of children affected by public coverage rollbacks, the share of those affected by the "family affordability glitch," and the actual cost burdens these families could face will be critical to the discussion about CHIP reauthorization. To supplement the establishment-based estimates presented in this article, microsimulation, such as that under way at the Urban Institute,[23,24] will be used to refine estimates of the premiums that CHIP parents would face for adding their children to an employer-sponsored plan. In the meantime, the estimates presented here provide clear evidence that rollbacks in public coverage could leave many families with a set of comparatively much more costly options for covering their children. ■

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NOTES

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