

Right Mix: Economy is Up, CHIP is Down

Declining enrollment tracks with improved economy, sensible rules

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Texas' Children's Health Insurance Program (CHIP) enrollment has been in almost continuous and steady decline since reaching its peak in May 2002.

Policy changes passed in 2003 reflect the spirit of the program's creation: providing a temporary health insurance program for eligible children. Accordingly, legislation passed in the 78th Session provided for tightened enrollment processes that verified applicants' income and assets unlike any time before.

It is likely that at CHIP's enrollment peak, a more relaxed enrollment processes allowed some number of ineligible children to enroll in the program, inflating expectations and the number used to benchmark the high in enrollment. Since 2003, the process of verifying income and assets to ensure eligibility has resulted in the disenrollment of children who have been determined ineligible, but has likely also discouraged applications for enrollment or reenrollment among families who know that they are ineligible.

In addition, a slowed economy is almost always blamed for higher caseloads, but the improved economy rarely gets credited when caseloads decline. Indeed, much of the decline in the CHIP caseload has also coincided with the strengthening economy. Employment statistics from the Texas Workforce Commission tout the creation of new jobs in Texas and the reduction in the unemployment rate in the first two months of 2006. In January, seasonally adjusted non-

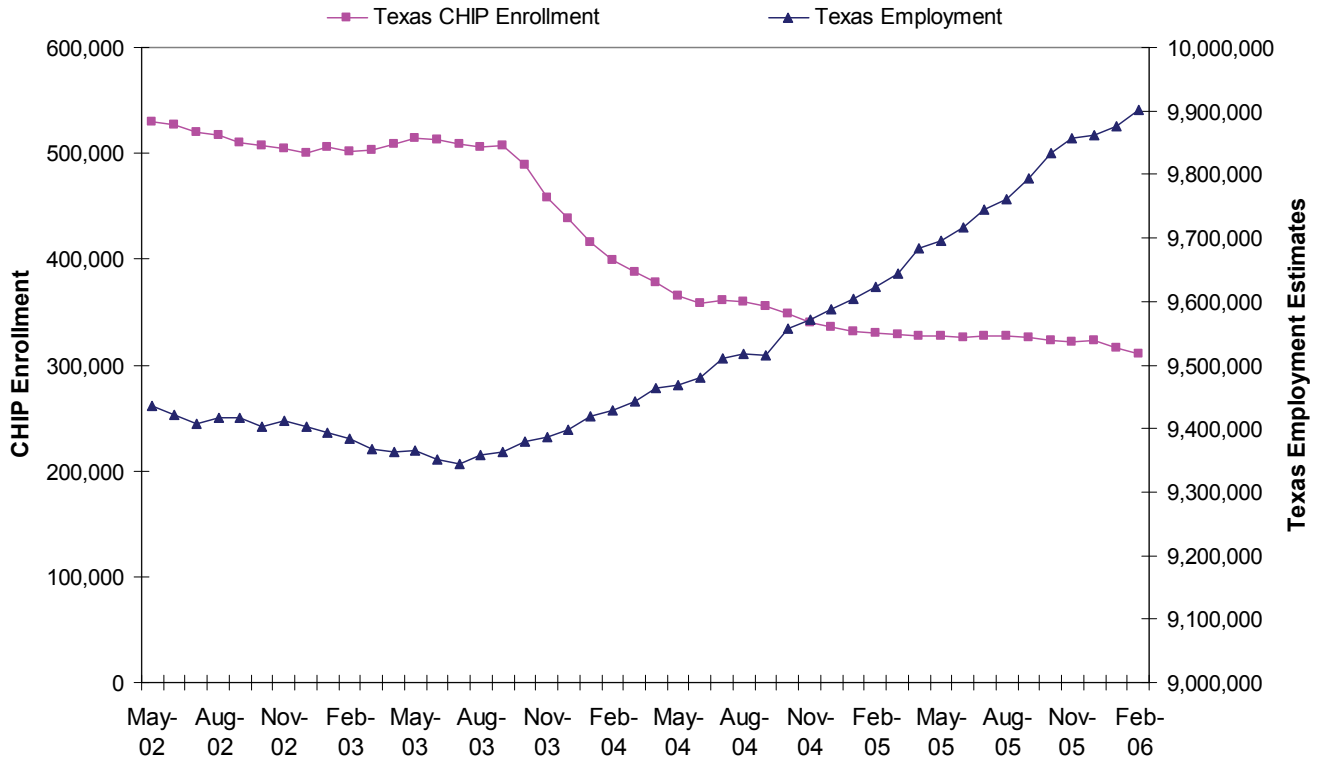
agricultural employment in the state grew by 13,200 jobs, and by 25,400 jobs in February, for an increase of almost 280,000 jobs on the year. According to the Workforce Commission, the January and February increases represent the 16th and 17th consecutive months of job growth, and reduced unemployment by .2 percent from December 2005, and by a full half point since January 2005.

Employment increases since early 2003 have coincided with declining CHIP caseloads, fueled also by the implementation of policy changes passed in 2003 that strengthened the integrity of the system. Most recently, the 17 months of continuous job growth has also overlapped with continued declines in CHIP enrollment.

It is most likely that a confluence of events have contributed to the declining CHIP caseload. Policy changes that guard the integrity of the system, along with a strong economy should be credited for declining enrollment in government assistance programs.

See figure on reverse: Comparison of Texas CHIP Enrollment and Employment by Month (May 2002-February 2006).

Comparison of Texas CHIP Enrollment and Employment by Month



Sources: Texas Health and Human Services Commission, "CHIP Enrollment, Renewal and Disenrollment Rates (March 2006)," 27 Feb 2006, and Texas Workforce Commission, Labor Market Information, Employment Estimates (CES): Seasonally Adjusted Non-Agricultural Employment.

