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MEMORANDUM

To: Reporters and Editors
Re: GAO report on SCHIP coverage of adults
Re: Thursday, Dec. 20, 2007

Sen. Chuck Grassley, ranking member of the Finance Committee, today released a report from Government Accountability Office (GAO) entitled, “State Children’s Health Insurance Program: Program Structure, Enrollment and Expenditure Experiences, and Outreach Approaches for States That Cover Adults,” GAO-08-50. The issue of adult coverage was a central issue during the year-long debate on the reauthorization of the State Children’s Health Insurance Program (SCHIP). Grassley made the following comment on the GAO report.

“I hope we can reauthorize the State Children’s Health Insurance Program during the second half of the 110th Congress. A major outstanding issue in coming to consensus is the treatment of adults. This report provides valuable insight into the issue of adult coverage through SCHIP. I hope it will inform members’ thinking as we renew our reauthorization debate.”

Several key report findings include:

The degree to which states are using SCHIP funds to cover adults. Grassley and other members of Congress have raised concerns over reports that many states were spending more on adults than children – hardly an appropriate use of funds in a children’s health insurance program. The GAO study confirms that in the nine states for which the GAO had fiscal year 2006 expenditure data that, “overall, adults accounted for about 54 percent of total SCHIP expenditures.”

Information on the cost effectiveness of adult coverage. Despite the assertion that covering parents was an effective tool to cover low-income children, the GAO study found that “per capita expenditures for parents were on average 82 percent higher than those for children in five of the six states that offered direct coverage to parents.”

The feasibility of rolling adults covered by SCHIP into Medicaid. During the debate on SCHIP, arguments were raised about the feasibility of moving parents covered in SCHIP to Medicaid. However, the GAO report notes that, “in some cases, states that covered adult populations in SCHIP had previously covered them in Medicaid.”

The effect of adult coverage on state shortfalls. The GAO makes the point that states covering adults were more likely to be in shortfall than states that did not cover adults. The GAO study also reveals that in several shortfall states, the “expenditures for adults alone exceeded the state’s allotment.”

The report is available at www.gao.gov.