Do Higher Copayments Reduce Use of Health Services Among CHIP Enrollees?

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“Yes,” say several Lister Hill scholars and their colleagues. “The data analyzed in this study reveal significant declines in the use of inpatient care, physician visits, brand-name medications, and emergency department (ED) visits among participants in ALL Kids, the state of Alabama’s Children’s Health Insurance Program (CHIP). Given that the ALL Kids copayment increases were mostly $3–$5, it appears that even small increases in copayments may affect service use.”

The federal government created the CHIP in 1997 to provide health insurance for uninsured children in families with incomes that are modest but too high to qualify for Medicaid coverage and the program was reauthorized by Congress in 2009. CHIP is financed by federal and state governments and administered by the states which design eligibility requirements, benefits, and policies. Due to state budget shortfalls, concern about “unnecessary” use, and other factors, a number of states increased premiums and copayments for beneficiaries which might impose a large financial burden on low-income families, increase uninsured rates, and reduce the use of necessary health services.

To investigate the effect of increased cost-sharing on health service use, ALL Kids claims data was obtained from 1999 to 2009 and was categorized into eight service types. Premiums for program enrollment and copayments for a number of services were raised in 2004. While many of the services showed declines in use, services that did not see copayment increases—well-child visits and preventive dental care—showed evidence of an increasing trend. This trend raises the possibility that state CHIP programs may be able to manipulate the structure of copayments for different services to shift enrollees toward using more preventive services.

“Cost-sharing in CHIP programs must be implemented with caution,” say the researchers, “to minimize the risk that enrollees will reduce essential health service use. In addition, increases in premiums combined with increases in copayments may deter enrollment itself. Future research should explore the full impact of cost-sharing for all low-income CHIP eligible children including whether health quality changes.”

*Health Services Research, 21 February 2012, Early View*