

National Association of Protection and Advocacy Systems

Q and A

National Health Law Program
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Question: *I have a client who wants to enroll her child in the State Children's Health Insurance Program (SCHIP). While the family qualifies financially, the child has some health coverage through her mother's employer-sponsored health insurance; however, the health coverage is very limited in the benefits that are provided. Does the child's access to the benefits provided by my client's employer prevent her from enrolling in the SCHIP program?*

Answer: It depends. If the child is enrolled in a group health plan or has health insurance coverage, she cannot qualify for SCHIP benefits. If the child has other limited benefits which are not considered "creditable coverage," she can qualify for SCHIP benefits if she satisfies the other eligibility requirements.

In order to be considered eligible for the State Children's Health Insurance Program (SCHIP), the child must satisfy the definition of "targeted low-income child," as outlined in the federal SCHIP statute and regulations. In addition to meeting the financial eligibility requirements, a qualifying child must not be eligible for Medicaid or be covered under a group health plan or under health insurance coverage. [\(1\)](#) Generally speaking, these terms refer to benefits that provide medical care to beneficiaries through insurance, reimbursement or other means.

While the statute and regulation state the targeted low-income children cannot include those who are covered under a group health plan or have health insurance coverage, neither explains whether other types of health benefits prevent a child from being considered eligible for the SCHIP program. Elsewhere in the statute, however, there is a definition of the term "uncovered child," which means "a child that does not have creditable health coverage." [\(2\)](#) "Creditable coverage" is defined as coverage of the individual that includes, but is not limited to, a group health plan, health insurance coverage, Medicaid coverage, a medical care program through the Indian Health Service or state health benefits risk pool.

[\(3\)](#)

Creditable coverage does not, however, include coverage consisting solely of excepted benefits,

[\(4\)](#)

such as workers' compensation insurance, automobile medical payment insurance, coverage for on-site medical clinics or limited scope dental or vision benefits.

[\(5\)](#)

This means that to qualify as a targeted low-income child for SCHIP benefits, the child must not be enrolled in a group health plan or have health insurance coverage. If the child has neither, but has other health benefits, those benefits must not fall within the category of creditable coverage. Excepted benefits, such as only dental or vision benefits or coverage for on-site medical clinics, are not deemed creditable coverage. Therefore, a child with such limited scope of benefits can qualify for SCHIP if she satisfies the other eligibility requirements.

Advocate Tip:

Note that the child is not considered covered under a group health plan or has health insurance coverage if she is enrolled in either, but does not have reasonable geographic access to care under that plan. [\(6\)](#) This means that if she cannot access health care providers in her geographic area because the plan does not contract with providers in her area, the child may be eligible for SCHIP.

Notes

42 U.S.C. § 1397jj(b)(1)(C); 42 C.F.R. § 457.310(b)(2)(ii).

"Group health plan" is defined as an employee welfare benefit plan (as defined in section 3(1) of the Employee Retirement Income Security Act of 1974 [29 U.S.C.A. § 1002(1)] to the extent that the plan provides medical care (as defined in paragraph (2) and including items and services paid for as medical care) to employees or their dependents (as defined under the terms of the plan) directly or through insurance, reimbursement, or otherwise. 42 U.S.C. § 300gg-91(a)(1).

"Health Insurance coverage" means benefits consisting of medical care (provided directly, through insurance or reimbursement, or otherwise and including items and services paid for as medical care) under any hospital or medical service policy or certificate, hospital or medical service plan contract, or health maintenance organization contract offered by the health

insurance issuer. 42 U.S.C. § 300gg-91(b)(1).

42 U.S.C. § 1397jj(c)(8).

42 U.S.C. § 300gg(c)(1). See statute for additional examples. The term creditable coverage relates to periods of previous coverage for purposes of determining limitations on coverage of preexisting conditions under the Health Insurance Portability and Accountability Act of 1996.

42 U.S.C. § 300gg(c)(1).

42 U.S.C. § 300gg-91(c). Other examples include coverage only for accident, or disability income insurance, credit-only insurance, benefits for long-term care, nursing home care, home health care or community-based care, or coverage for a specified disease or illness. *Id.*

42 C.F.R. § 457.310(b)(2)(ii).