TEXAS CHIP COALITION

for healthy babies and children

Fact Sheet: 12-Month Coverage

Year-long coverage in Children's Medicaid —equality with CHIP policy— would be the single most effective way:

- to demonstrate Texans' commitment to the bipartisan goal of insuring the poorest uninsured children first.
- to increase enrollment of Texas' eligible uninsured children,
- to dramatically cut the costs and workload of our state eligibility workers, and boost their performance.

Federal Law & Other States

- Congress gave states the 12-month coverage option for children's Medicaid in 1997 when they created CHIP.
- As of January 2009, 18 states provided 12-month continuous eligibility for all children in Medicaid, and two other states provide it for younger children

Texas CHIP 12 months Data

- Cutting Texas CHIP coverage from 12 months to 6 months in 2003 was the #1 reason for a 40% drop—over 200,000 children—in CHIP enrollment.
- The 2007 legislature eliminated that twice-yearly renewal requirement only for CHIP, and the recent surge in Texas CHIP enrollment—over 118,000 children from March to August 2008—shows just how powerful a tool 12-month coverage is in covering eligible children.
    - In the first 6 months that restored 12-month CHIP coverage took effect, CHIP enrollment increased by an average of over 19,000 children every month.

The Benefits for Children's Health and State Costs

- 12 continuous months of eligibility would promote **continuity of care** and **stable medical homes** for children, easing recruitment and retention of doctors and other health care providers for Children's Medicaid.
- Children who are stably insured are more likely than others to have a regular health care provider, to have preventive care visits, and to receive needed care without delays.[1]
- Texas Medicaid can meet **federal court lawsuit settlement goals** for check-ups, immunizations, and access to care much more easily with 12-month coverage. (The *Frew* lawsuit is a 15-year old federal class action lawsuit over Texas Children's Medicaid.)
- Texas and California studies have found that 12-month coverage reduced hospitalizations and the annual cost per child.

- According to an analysis by the Texas CHIP HMO run by Texas Children's Hospital in Houston, medical costs per child decrease about 25 percent the longer the child has consistent access to a doctor. Keeping children out of the hospital and the emergency room makes good financial sense.

- A 2007 report from the University of California studied hospitalizations of millions of California Medicaid enrollees over from 1998 to 2002, and found:[2]

  - Children whose Medicaid coverage was interrupted were far more likely to be hospitalized for "ambulatory-sensitive conditions;" that is, hospital stays that with proper ongoing care could have been avoided.

  - When children's Medicaid enrollment was increased from 6 to 12 months in 2001, there was a 25% reduction in avoidable hospitalizations, increased enrollment of children, and fewer gaps in coverage for eligible children.

- 12 month continuous eligibility for Children's Medicaid would dramatically reduce HHSC's workload from 3.6 million renewals per year to 1.8 million,
  - helping Texas get back into compliance with the Federal law requiring 45 day application processing, and
  - reducing the number of state workers needed to comply with federal law.

- **Federal economic recovery funding for Texas** (increased Medicaid match rate)
  - **Are expected to provide Texas with 10 to 15 times the funds needed to pay for 12-month coverage;**
  - would be <u>increased</u> if 12 month continuous eligibility for Children's Medicaid is implemented – and the cost to the state reduced.
- 12 month continuous eligibility for Children's Medicaid would also reduce Medicaid Managed Care health plan administrative costs.
- Medicaid Managed Care health plan "HEDIS" standards hold HMOs accountable <u>only</u> for children enrolled for at least one year, because it is generally thought that less than a year is not enough time to show improvement. Since plans must only report on children who have been enrolled for a year or more, Medicaid Managed Care cannot reach its potential for improving care until 12-month coverage becomes a reality.

<u>Texas Medicaid 12-month Facts</u>

- It is clear that a 12-month enrollment model is the most efficient way to administer a program, and has been embraced by Texas HHSC. Texas has already adopted 12-month coverage in these programs:
  - Medicaid newborn coverage,
  - Medicaid maternity coverage,
  - the CHIP perinatal program,
  - traditional Texas CHIP,
  - the Women's Health Medicaid Waiver, and
  - HHSC has proposed 12-month coverage in the recent SB 10 Medicaid 1115 waiver request.
- Avoiding the short-term costs of providing care to these uninsured children is the reason the Texas

Legislature has not taken this step for Children's Medicaid, too.

- The most recent publicly-available cost estimates of 12-month eligibility in Children's Medicaid, released by HHSC during the 2007 legislative session, estimated the state's two-year cost at $284 million GR (state dollars). This amount was based on projected enrollment of over 302,000 additional children by the second year of the biennium.

Average Months Children are Covered per Year: Texas CHIP and Medicaid

Fiscal Year	CHIP	Children's Medicaid (age 1-18)*
2002 (CHIP 12 mo.; *Medicaid month-to-month for 4 months and 6-month for remaining 8 months)	8.4	6.8
2003(CHIP 12 mo.; Medicaid 6)	8.3	7.4
2004 (Both 6 mo.)	7.4	7.4
2005 (Both 6 mo.)	7.5	7.7
2006 (Both 6 mo.)	7.1	7.5
2007 (Both 6 mo.)	6.8	7.4
2008 (CHIP 12 mo. reflected in final 6 mo. Of FY 2008; Medicaid 6 mo.)	7.5	7.6

** Most Medicaid infants under age one have 12-month enrollment and are excluded from count.*

- HHSC data show that during the years when CHIP covered children for 12 months and Medicaid for 6 months, Average Length of Coverage (ALOC) for children on Medicaid was about one month less per year than kids on CHIP.
    - ALOC dropped for children in both programs in 2006 and 2007, when eligibility systems for both programs experienced a variety of severe disruptions resulting in long enrollment delays and steep declines in numbers of children covered.
    - 2008 enrollment, which reflects 6 months of higher CHIP enrollment from 12-month coverage, still remained significantly below the average length of coverage in 2002 and 2003, and was no better than children's Medicaid ALOC.
- Official HHSC data indicate that most kids who lose Medicaid at renewal time either remain qualified for Medicaid or move to CHIP.
    - HHSC reports that 76% of children who lost Medicaid in 2006—more than 3 out of 4—had no other source of insurance after they left Medicaid. [3]
    - In 2007, 45% of children losing Medicaid coverage came back on the program within the year, suggesting that these were gaps in coverage experienced by eligible kids, and caused by excessive red tape and eligibility system problems.

The Texas CHIP Coalition was formed in 1998 to work for the establishment of a strong Children's Health Insurance Program in Texas. Today, our broad-based Coalition continues to work to improve access to health care for all Texas children, whether through Medicaid, CHIP, or private insurance.

This fact sheet was compiled by Center for Public Policy Priorities, (512) 320-0222, for the Texas CHIP Coalition and the Texas Finish Line Campaign. (12/2008)

[1] The National Academies Institute of Medicine, *Health Insurance is a Family Matter*, 2002. National Academy Press: Washington, DC.
[2] Andrew Bindman, Arpita Chattapadhyay and Glenna Auerback, "Do Interruptions of Medicaid Coverage Increase the Risk of Avoidable Hospitalizations," presented at the Annual Research Meeting of AcademyHealth, Orlando, Florida, June 4, 2007.
[3] Texas External Quality Review Organization, Institute for Child Health Policy, University of Florida, *Survey Report of STAR and CHIP Renewals and Non-Renewals, Texas*, September 22, 2006; http://www.hhsc.state.tx.us/CHIP/reports/Report_MedicaidCHIP_Renewal_Survey_092906.pdf