

Report to the Legislative Fiscal Analyst

12 Month Continuous Eligibility for Children

Prepared by the Division of Medicaid and Health Financing

August 30, 2016



This report is submitted in response to the following intent language passed in H.B. 2 by the 2016 Legislature:

“The Legislature intends that the Department of Health shall study enrollment trends for children in the CHIP and Medicaid programs. The Department of Health shall assess the estimated relative costs to the state of the current practice month-to-month eligibility vs. continuous 12-month enrollment for children. Cost estimates should also include if possible estimates of increased costs to the state related to care needed due to adverse outcomes related to delays in diagnoses and treatments related to the current practice of month-to-month eligibility. The Department of Health will work with stakeholders and report findings to the Office of the Legislative Fiscal Analyst by August 30, 2016.”

BACKGROUND

The Balanced Budget Act of 1997 (P.L. 105-33, BBA 97) amended Title XIX of the Social Security Act to allow states the option to provide children ages 0-18 continuous Medicaid eligibility for up to 12 months. With some exceptions, once a child is determined eligible, changes in circumstances such as income, resources, and household size will not cause the child to lose eligibility. Exceptions include when a child turns age 19, moves out of state, or no longer meets an eligible alien status. In these situations, a child will lose eligibility even under 12 month continuous eligibility. States have the option to choose the maximum age for continuous eligibility, not to exceed age 19. However, states that place an age limit for these children must ensure that all children under this age limit be covered if they are eligible for any program under the Medicaid state plan.

Social Security Act

1902 (e)(12) At the option of the State, the plan may provide that an individual who is under an age specified by the State (not to exceed 19 years of age) and who is determined to be eligible for benefits under a State plan approved under this title under subsection (a)(10)(A) shall remain eligibility for those benefits until the earlier of—

- (A) The end of the period (not to exceed 12 months) following the determination; or*
- (B) The time that the individual exceeds that age.*

CHILDRENS' COVERAGE GROUPS WHO WOULD QUALIFY FOR CONTINUOUS ELIGIBILITY

Coverage groups include both optional and mandatory categorically needy eligibility groups. However, it does not include medically needy coverage groups. This means children who qualify as medically needy for the nursing home or Home and Community Based Services (HCBS) waiver programs would not be eligible for 12 month continuous eligibility coverage. Eligible coverage groups for continuous eligibility are listed under the Social Security Act, section 1902 (a) (10) (A):

- Poverty level children
- SSI recipient children
- Disabled children with income under 100% FPL
- IV-E foster care children as long as they are still in foster care
- IV-E subsidized adoption children
- Former foster care children under the age limit
- A child under the age limit who qualifies under pregnant woman poverty level group, or under the Parent/ Caretaker Relative (PCR) coverage group
- State-subsidized adoption children
- Children under the Medicaid Work Incentive group

- Children who qualify under the Breast and Cervical Cancer group
- Independent living foster care child under the age limit
- Children in nursing homes or on HCBS waivers in any of the above categories
- Children in nursing home or on HCBS waivers who meet the special income group rules

BENEFITS OF CONTINUOUS ELIGIBILITY

- **Continual coverage for eligible children:**

Studies show that many children lose coverage at review only to be reenrolled in Medicaid or CHIP shortly after. This is referred to as “churn.” This suggests that these children could have remained eligible, but had difficulty maneuvering through the review process or they were ineligible due to a temporary income fluctuation (Horner, Dawn).
- **Continuity of Care:**

Continuous coverage helps children receive the continuity of care they need, which can improve their overall health. Often times, children who have breaks in coverage go without necessary medical treatment or prescription medication. Studies show that continuous health coverage may reduce children’s hospitalization by as much as 25 percent (Horner, Dawn). It may take some time to realize these savings over future years.
- **Savings on Administrative Cost:**

Reducing the numbers of disenrollment and reenrollment will help to reduce the administrative cost associated with processing unnecessary applications for those children who would have remained eligible at review (Horner, Dawn). In addition, continuous eligibility could reduce unnecessary costs for Medicaid Managed Care Plans, and health care providers, including safety net providers.

CHALLENGES/CONSIDERATIONS

- **Coverage costs:**

The Department of Health (Department) anticipates that the coverage cost for Medicaid would be higher as children remain eligible for a longer period of time. Medicaid recipients or providers may cover some of these costs when a recipient’s case closes for administrative reasons and is not reinstated until future months. With a 12 month continuous eligibility policy, it is expected that cases would not experience this type of churn as often and therefore Medicaid would cover these costs.
- **Misalignment of review months:**

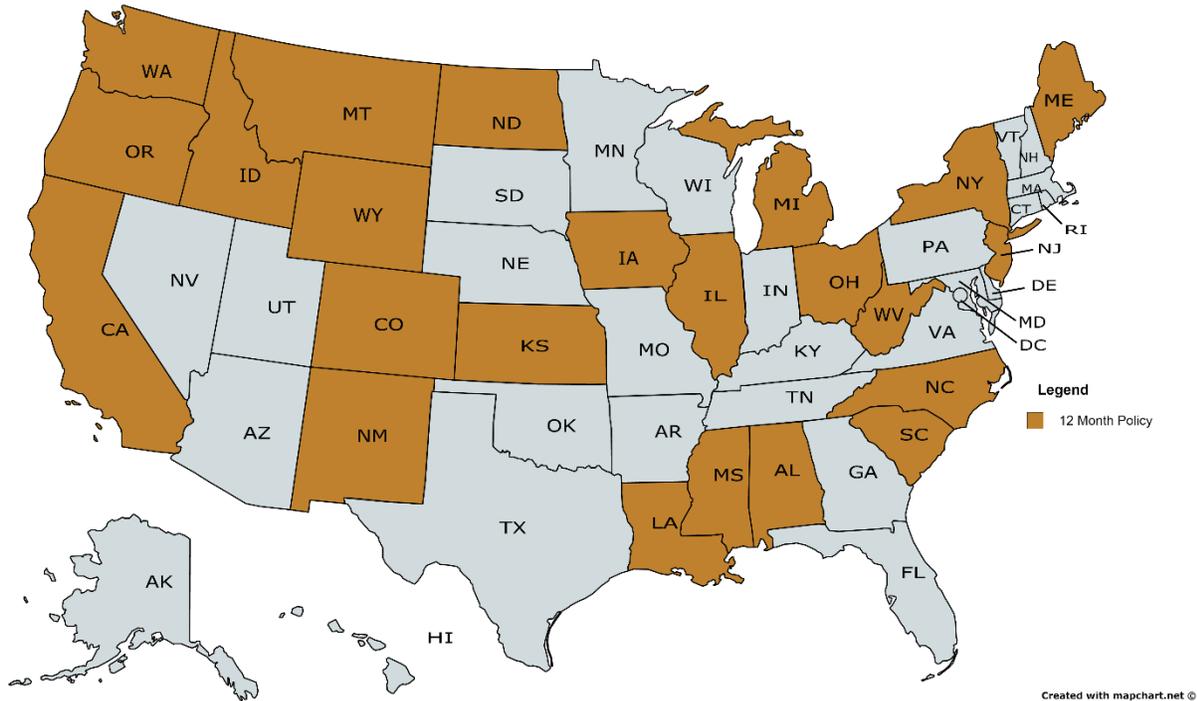
There will be situations in which parents and other children who are not eligible for 12 months continuous coverage may have a different eligibility review month than continuously covered children. Communications to parents, including review notices would need to be clear. Training, procedures, and talking points must also be clear for workers to follow to ensure continuous eligibility is implemented correctly.
- **Factors that impact the average Medicaid eligibility span include:**
 - MAGI requirement to conduct reviews no more frequently than every 12 months.
 - Children aging off of the Medicaid program.
 - Children moving out of state.
 - Children becoming ineligible for other reasons such as loss of an eligible alien status, leaving an institution, or leaving foster care.
- **Administration:**

Similar to CHIP, the eligibility system would need to be programmed to stop month to month eligibility and create a 12 month continuous period for children. The Department would need to ensure that there are

administrative processes and procedures in place to remove children from continuous coverage in the event that they are no longer eligible such as when they move out of state or age off of the program.

STATES WITH CONTINUOUS ELIGIBILITY FOR CHILDREN

Today, 23 states have implemented continuous eligibility for Medicaid children.



DATA - METHODOLOGY AND ANALYSIS

A. COMPARISON OF MEDICAID ELIGIBLE MONTHS TO CHIP AND MEDICAID NEWBORN POPULATIONS

Currently, there are two medical assistance populations that provide 12 months of continuous eligibility. , CHIP implemented a 12 month continuous coverage period for eligible children from the onset of the program. Medicaid Newborns typically receive 13 months of continuous coverage when a child is born to a Medicaid mother.

By extending this eligibility policy to identified Medicaid children programs, it is reasonable to expect the Medicaid children would experience a similar length of stay as the CHIP population or the Medicaid Newborns. As part of the cost analysis, the Department calculated and compared the average eligibility period for Medicaid children, CHIP, and Medicaid Newborns.

CHIP Months:

To determine the average CHIP eligibility period, we calculated the average consecutive CHIP months. First, CHIP eligible children in April 2015 were identified and their continuous eligibility span was calculated by looking both forward and backward up to 11 months. Children with eligibility spans longer than 12 months were considered as having a 12 month span. Children who have shorter eligibility periods due to aging out

of CHIP were excluded. The results show that the CHIP 12 month continuous eligibility policy results in an average of 11.10 consecutive months for those children.

| Short Description | # of Recipients | Average Length of Eligibility (Months) |
|-------------------|-----------------|--|
| CHIP | 16,199 | 11.10 |

The result was slightly less than analyses from previous years which would have included CHIP children that were not subject to quarterly premiums and was therefore a more stable population; this would explain the slight drop from 11.3 to 11.1 months on average.

Newborn Months:

The same approach was applied to the Medicaid Newborn population. Although the number of recipients was similar in size, the average eligibility period was found to be slightly longer than that of CHIP at 11.72 months.

| Short Description | # of Recipients | Average Length of Eligibility (Months) |
|-------------------|-----------------|--|
| Newborn Medicaid | 17,513 | 11.72 |

Medicaid Child Months:

For the average Medicaid child eligibility period, the same analysis was conducted to determine the average consecutive Medicaid months for each child Medicaid program. Similar to CHIP, children who have shorter eligibility periods due to aging out of Medicaid were excluded.

Medicaid eligibility spans were determined based on the particular program the child received in April 2015. This means a child moving from one program to the next (although continuously) may have had a shorter span considered. Additionally, the following programs were excluded from the analysis:

| Excluded Child Group | Reason Excluded from Analysis |
|---|---|
| Children’s Health Insurance Program (CHIP) | This program already has implemented a 12 month continuous policy. In addition, Medicaid results were compared to this population and its average length of eligibility as shown above. |
| Utah’s Partnership for Health Insurance (UPP) | This program already has implemented a 12 month continuous policy. |
| Medically Needy Medicaid | Coverage group not allowed under section 1902 of the act. |
| Presumptive Eligibility (PE) Medicaid | Coverage group not allowed under section 1902 of the act. |
| Emergency Medicaid | Coverage group not allowed under section 1902 of the act. |
| Foster Care | This program ends when the child leaves state custody. The 12 month continuous policy would not impact these children. |
| Transitional Medicaid | This program has required timeframes that allow up to 12 months of coverage based on eligibility reporting. |
| Institutionalized Children | This program is based on the child’s length of stay in an institution. The 12 month continuous policy would not impact these children. |

B. ESTIMATED COST

To determine the total cost to implement continuous 12 month eligibility for the studied Medicaid child population, the difference between the average eligibility periods for CHIP, the average eligibility period for

Newborn Medicaid, and the average eligibility period for the following groups of the studied Medicaid child population was calculated:

Medicaid Months of Continuous Eligibility by Eligibility Groups

| Eligibility Group* | Average # of Recipients | Overall Average Length of Eligibility (Months) | Additional Member Months as a Result of Continuous Eligibility when compared to | |
|------------------------------------|-------------------------|--|---|------------------|
| | | | CHIP | Newborn Medicaid |
| Blind or Disabled Medicaid | 4,280 | 11.46 | 971 | 1,199 |
| Child Medicaid (Ages 0 Through 5) | 59,503 | 11.27 | 0 | 27,342 |
| Child Medicaid (Ages 6 Through 18) | 105,618 | 11.56 | 107 | 17,899 |
| Home and Community Waiver Medicaid | 1,217 | 11.46 | 4 | 390 |
| Subsidized Adoption | 6,201 | 11.96 | 0 | 0 |
| Total | 176,819 | 11.47 | 1,082 | 46,830 |

* Eligibility groups were established in order to prevent identifying individuals in unique aid categories. The resulting groups are comprised of several aid categories. Some of the aid categories in an eligibility group may be below the CHIP or Newborn Medicaid average lengths of eligibility and would therefore have an estimated increase in the covered months in the event of this policy change. There will be a corresponding cost increase estimated.

Total Cost:

Costs were determined by multiplying the additional member months from the chart above with the corresponding average monthly cost for the particular group. The average monthly cost is a blended rate which incorporates both managed care capitation and the fee for service costs. By comparing the total cost of this policy change, the Department calculated an upper and lower cost estimate. If the eligibility groups behave more like CHIP, the costs will be lower than if these groups behave more like the Newborn Medicaid population.

| Eligibility Group | Lower End (CHIP) | | Upper End (Newborn Medicaid) | |
|------------------------------------|------------------|-----------------------|------------------------------|-------------------------|
| | Total DOH cost | Local Funding Sources | Total DOH cost | Local Funding Sources** |
| Blind or Disabled Medicaid | \$210,000 | \$170,000 | \$260,000 | \$200,000 |
| Child Medicaid (Ages 0 Through 5) | \$0 | \$0 | \$1,060,000 | \$350,000 |
| Child Medicaid (Ages 6 Through 18) | \$10,000 | \$0 | \$560,000 | \$260,000 |
| Home and Community Waiver Medicaid | \$10,000 | \$0 | \$310,000 | \$310,000 |
| Subsidized Adoption | \$0 | \$0 | \$0 | \$0 |
| Total | \$230,000 | \$170,000 | \$2,190,000 | \$1,120,000 |

**Other local funding sources are provided for the following plans and services: Prepaid Mental Health Plans (PMHP), Private Hospital Assessment, School Based Services, Home and Community-Based Waiver

Services, University of Utah Hospitals and Clinics, University of Utah Medical Group, Early Intervention, Targeted Case Management, and Utah State Hospital.

C. COST SAVINGS

The Department does not track any data on possible effect of delayed diagnoses or medical services due to month to month eligibility. Therefore, it is not possible to provide cost/savings estimates as part of this analysis. However, other studies have shown that there may be cost reductions to states by implementing this policy (Horner, Dawn).

D. STAKEHOLDER INVOLVEMENT

The analysis and approach was discussed with various stakeholders through the course of this study:

- a. **UIHAB** - The issue was discussed generally with the Utah Indian Health Advisory Board on August 11, 2016. The board was supportive of the concept for 12 month continuous coverage and interested in the results of this study. If the policy is pursued, the board would be consulted as part of the regular state plan amendment pathway.
- b. **Voices for Utah Children** – Several discussions with the organization’s representatives describing our planned methodology and cost determination.
- c. **MCAC** – The topic was discussed at the August 18, 2016 meeting of the Medical Care Advisory Committee monthly meeting. Two comments proposed that there are possible administrative savings to the medical community. One committee member suggested that the policy change could result in time and cost savings for medical providers who experience problems in the scheduling of Medicaid patients. Currently, Medicaid patients may lose eligibility and be forced to re-schedule appointments when they are once again determined eligible. A second committee member proposed that there might be some cost savings on the processing and reprocessing of claims when eligibility is more stable.

CONCLUSION /ANALYSIS

If the Department were to adopt a 12 month continuous eligibility policy for children on Medicaid, it is estimated the state share of costs for the Medicaid program will increase between \$230,000 and \$2,190,000. The Department also estimates a corresponding increase in costs to other local funding sources that will be between \$170,000 and \$1,120,000.

Over time, the Medicaid program may realize some administrative and service cost savings that could help offset these additional costs. In addition, the private sector may realize some cost savings. However, the Department is not able to quantify these potential cost savings.

SOURCE

Horner, Dawn. Program Design Snapshot: 12-Month Continuous Eligibility. Health Policy Institute, Georgetown University. N.p., Mar. 2009. Web. 19 July 2016.