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## State Losing Federal Bonuses Due To Barriers Enrolling Children In Insurance

### Executive Summary

To enroll more eligible children in Medicaid and the Maryland's Children Health Program and receive significant federal bonuses, Maryland needs to adopt several specific policy changes. Software can allow Maryland to make immediate, accurate assessments of eligibility so that children do not face delays in getting services. The State can also use eligibility for other programs, like food stamps, to enroll children in health insurance without any additional application or paperwork.

### Background

There are about 100,000 children in Maryland who do not have health insurance but are eligible for it through Medicaid and the Maryland Children's Health Program (MCHP).<sup>1</sup> Starting last year, the federal government began offering states significant bonuses if they improve enrollment through the use of eight specific strategies. The bonus system was created in February 2009 through the Children's Health Insurance Program Reauthorization Act (CHIPRA).

States recently received the first round of bonuses, totaling \$72 million. Maryland did not receive a bonus. It could have received \$5 to \$7 million. If enrollment remains at the current level, Maryland is eligible for \$15 million or more next year. Maryland already had three of the eight provisions in place. This issue brief examines progress on the other five during the last year.

<sup>1</sup> Maryland Department of Health and Mental Hygiene *CHIPRA Outreach Grant Application* (2009).

### Summary: Enrollment and Outreach

	Before	Now
12-month continuous eligibility		
Liberalize/eliminate asset test	√	√
Eliminate in-person interview	√	√
One application / renewal form for Medicaid / MCHP	√	√
Administrative or automatic renewal		Progress
Presumptive eligibility		
Express lane eligibility		Progress
Premium assistance		

### Findings

#### *Starting Point*

Maryland had relatively strong benefit and eligibility policies in place before CHIPRA. For example, by implementing Maryland's program as an expansion of Medicaid, all MCHP children have the same broad benefits as Medicaid-eligible children, including dental benefits.<sup>2</sup> In addition, children in families with incomes up to 300 percent of the poverty level can enroll in the program.<sup>3</sup>

Maryland made one policy improvement in Maryland last year.<sup>4</sup> Maryland has applied for federal matching funds to cover lawfully residing immigrant children and pregnant women. Due to

<sup>2</sup> Kaiser Commission on Medicaid and the Uninsured, *A Foundation for Health Reform: Findings of a 50 State Survey of Eligibility Rules, Enrollment and Renewal Procedures, and Cost-Sharing Practices in Medicaid and CHIP for Children and Parents During 2009* (2009)

<sup>3</sup> Children in families with incomes between 200 and 300 percent of the poverty level pay a monthly premium.

<sup>4</sup> Department of Health and Human Services (2010). *Children's Health Insurance Program Reauthorization Act: One Later Connecting Kids to Coverage*.



previous federal restrictions, Maryland had been serving these families with state-only funding.

	<b>Before</b>	<b>Now</b>
Increased eligibility	√	√
Expanded coverage of pregnant women	NA	NA
Cover lawfully residing immigrant children		√
Reduced cost sharing	NA	NA
Expanded dental coverage	√	√
Mental health parity	√	√

*12-Month Continuous Eligibility*

Maryland still does not allow children to remain eligible for 12 months at a time. Renewal must take place every six months, and children can lose eligibility at any time because of fluctuations in family income. Research shows that children are healthier when they have consistent health insurance coverage. There are costs of moving to 12-month continuous eligibility, but there are also costs associated with not implementing it, including: increased emergency room usage; lack of continuity of care and providers; and the administrative inefficiencies associated with children going in, out and then back in MCHP.

*Automatic or Administrative Renewal*

Maryland has started sending families a pre-populated form for renewal and requires parents to sign and send the form back in order to maintain eligibility for their children. While this is progress, Maryland still does not meet the federal standard because it requires a response from parents. Maryland can comply by requiring a reply only in the case of inaccuracies. Maryland can also meet the requirement by sending the current pre-populated form and asking families to affirmatively indicate their desire to remain in the program. National data shows that as many as 50 percent of children lose benefits at renewal, many of whom are actually still eligible.

*Presumptive Eligibility*

Presumptive eligibility means providing a child with health care based on a preliminary eligibility determination, before all documents have been verified and paperwork processed. Maryland still does not meet this provision because children must

wait until a formal eligibility process is concluded before receiving services. Existing software enables immediate eligibility determinations with error rates of less than one percent.

*Express Lane Eligibility*

Express lane eligibility means an eligibility determination from another program like food stamps to enroll a child in MCHP, without the need for an additional application or documents. Maryland still does not meet this provision, but it is making progress. The State is examining how it can better use data from other benefit programs to more easily enroll children in MCHP. Maryland also received a \$1 million federal grant to take statewide a one-e-app system, currently used in Howard County, which allows families to apply for multiple health programs at the same time.

*Premium Assistance*

Premium assistance means helping families who would be eligible for MCHP but have private coverage pay for their private coverage. Maryland previously tried to do this unsuccessfully.

**Recommendations**

To improve enrollment of children in Medicaid and the Maryland Children’s Health Program and receive a multi-million-dollar federal bonus, Maryland needs to:

1. Develop a system in which eligibility for one program automatically establishes eligibility for health insurance;
2. Extend eligibility to 12 months;
3. Use technology to implement presumptive eligibility; and
4. Allow families to remain eligible unless they affirmatively request to withdraw.