

Automatically enrolling eligible children based on other agencies' findings: federal policy issues

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Alliance for Health Reform



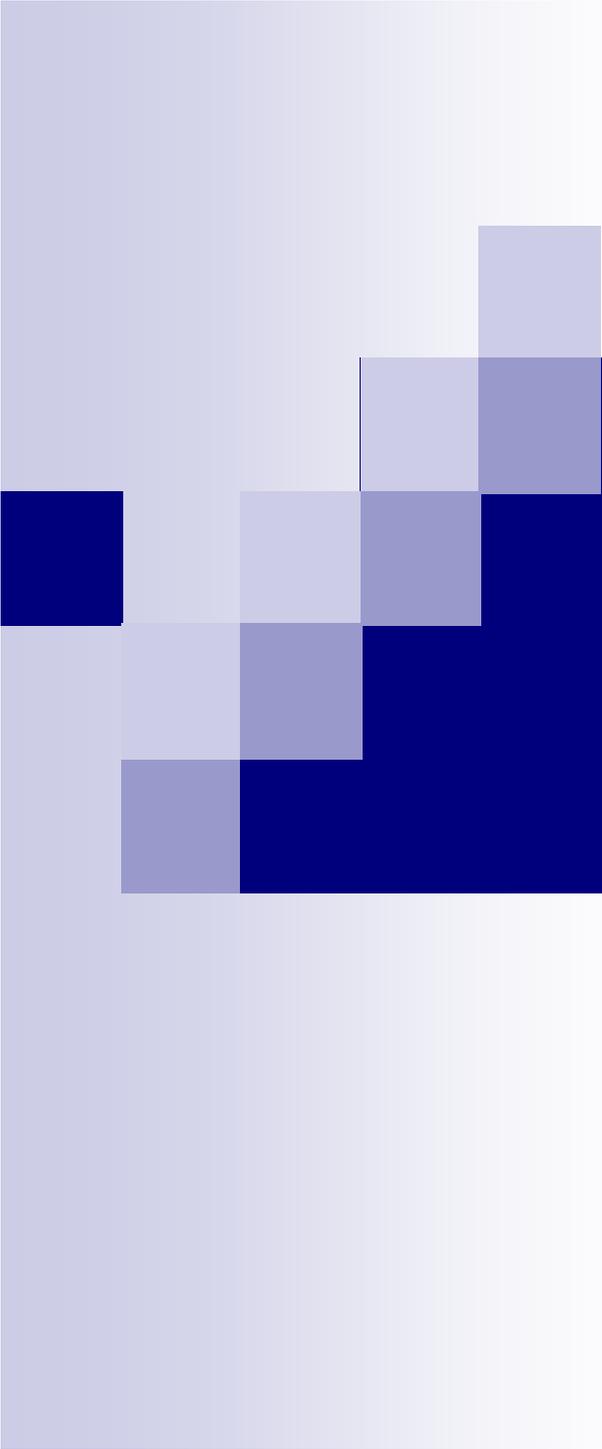
Overview

1. Which children are uninsured today?
2. The potential power of auto-enrollment
3. Federal policy issues



Preliminary comments

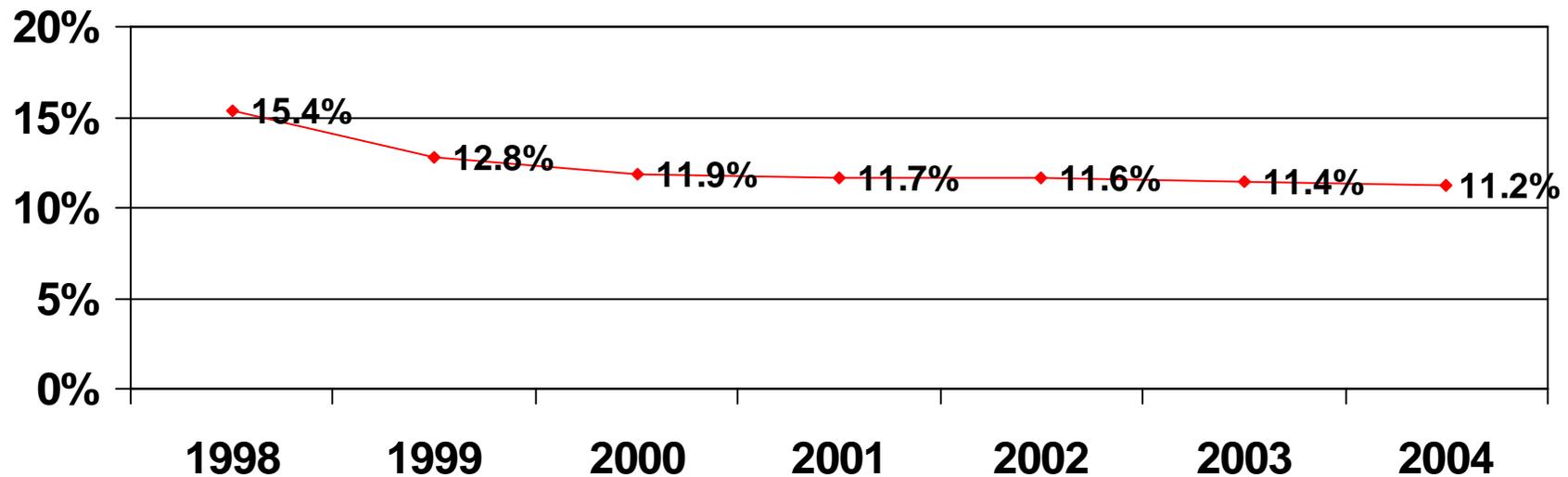
- Research supported by The Commonwealth Fund
- Dr. Genevieve Kenney of the Urban Institute collaborated, taking the lead on analyzing 2002 NSAF data
- The report discusses parents as well as children



Part I: Which children are uninsured?

Following adoption of SCHIP, fewer children were uninsured

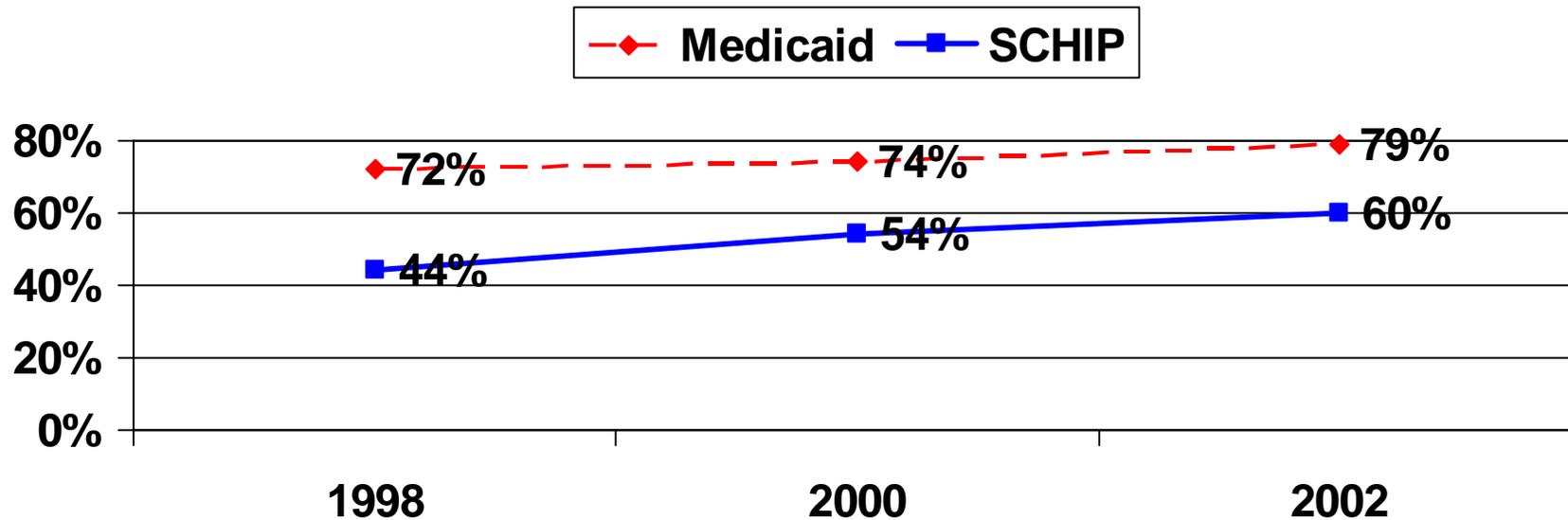
Percentage of children without insurance: 1998-2004



U.S. Census Bureau, 2005 (March CPS data). Notes: (1) A slightly different methodology was used for 1999 and subsequent years. Using the older methodology, uninsurance reported for 1999 would have been 13.9%. (2) Children are under age 18.

Following adoption of SCHIP, more eligible children enrolled in health coverage

Percentage of eligible children enrolled in Medicaid and SCHIP



Source: AHRQ, 2004.



Most remaining uninsured children qualify for Medicaid or SCHIP but are not enrolled

- Estimates

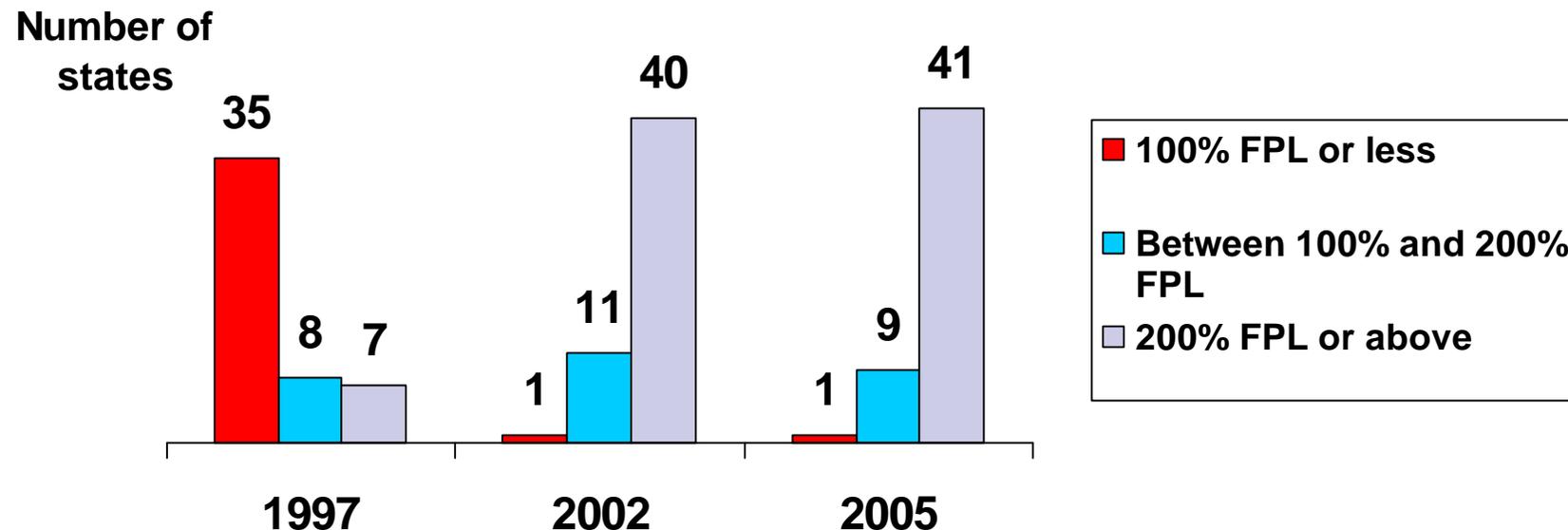
- 62% of uninsured children were eligible in 2002 - MEPS
- “More than 70%” were eligible in 2004 – March CPS (Urban/SHADAC 2005)

- Been true for several years

- Unclear how much more progress can be expected from “the usual suspects”

Major eligibility expansions took place soon after SCHIP adoption

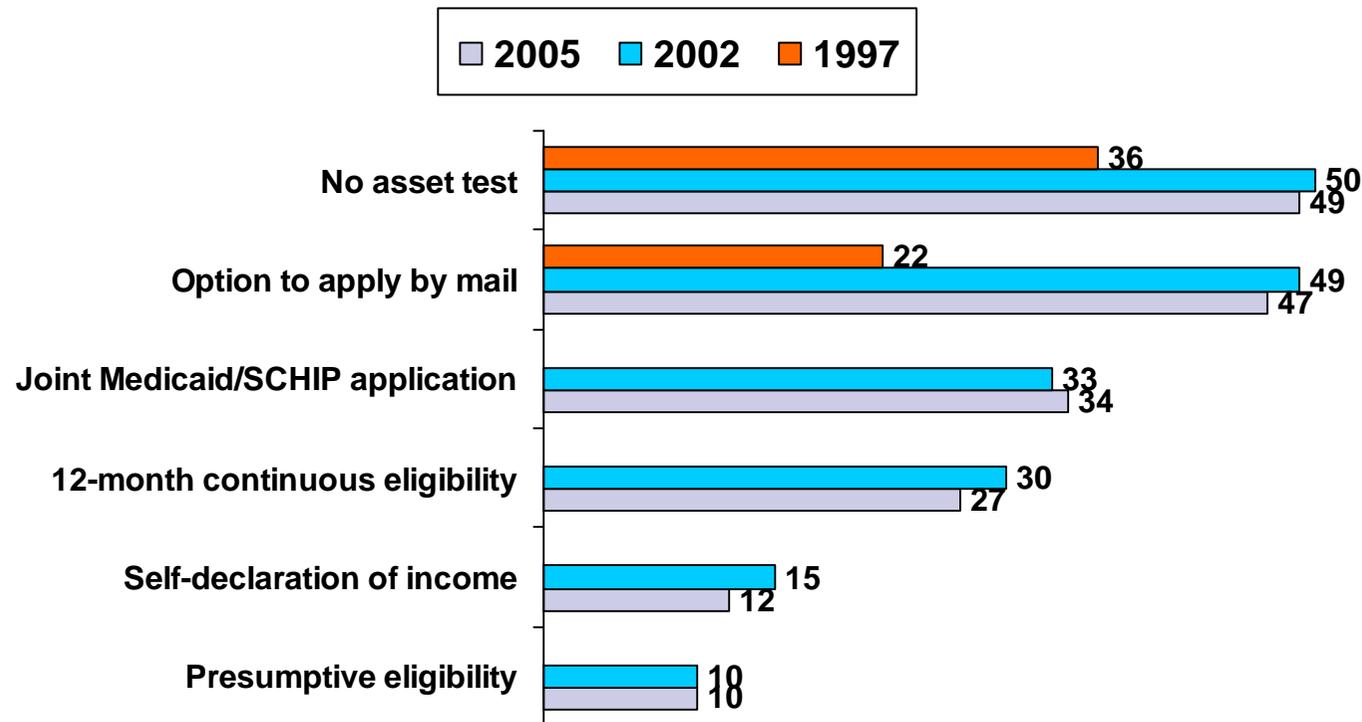
Maximum income eligibility for child health coverage



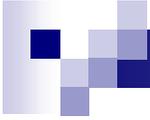
Sources: CBPP/KCMU, 2005 and 2002; NGA Center for Best Practices, 1997. Notes: (1) This displays maximum income eligibility levels for older children. In many states, subsidies go to higher income levels for younger than for older children. (2) The District of Columbia is included only for 2002 and 2005.

Many procedural simplifications took place soon after SCHIP adoption

Number of states implementing various policies

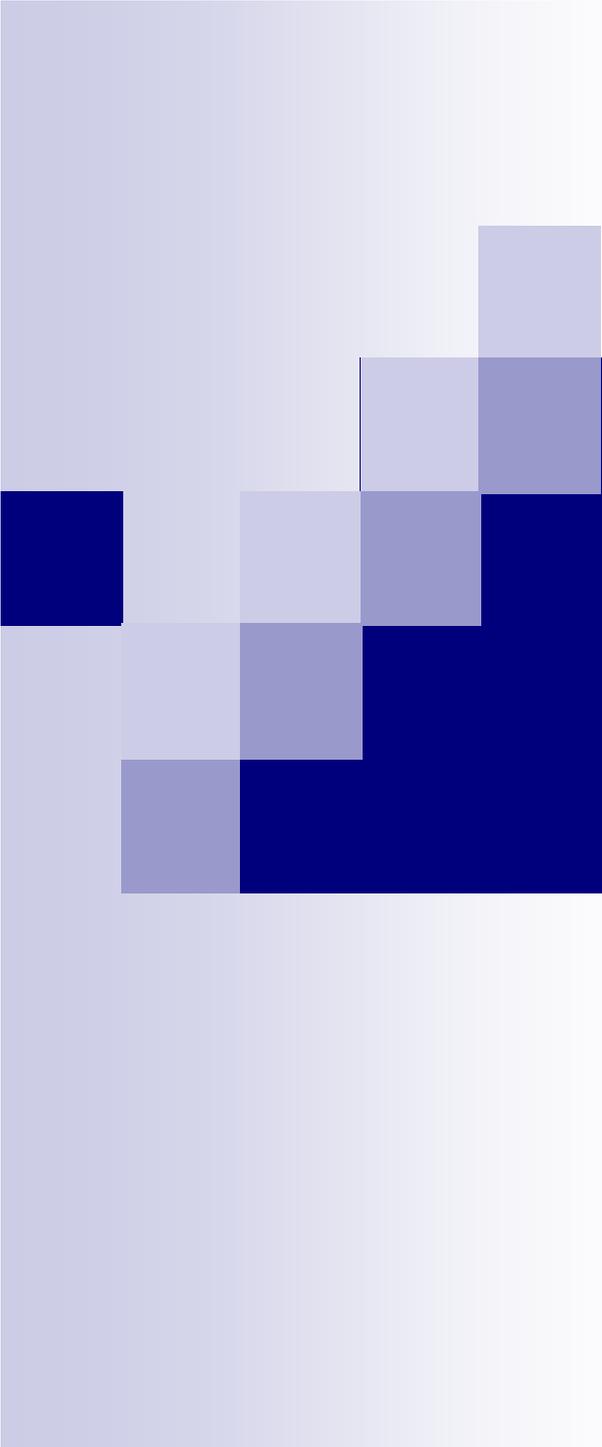


Sources: CBPP/KCMU, 2005 and 2002. Notes: (1) This chart lists the number of states implementing each policy for some (but not necessarily all) children eligible for Medicaid or SCHIP. (2) The District of Columbia is included in these numbers. (3) In 1997, 12-month continuous eligibility and presumptive eligibility had not been established as state options. No data are available about self-declaration of income in 1997.



Other measures largely implemented soon after SCHIP adoption

- Major outreach campaigns
- Simplifying and shortening application forms



Part II: The power of auto-enrollment

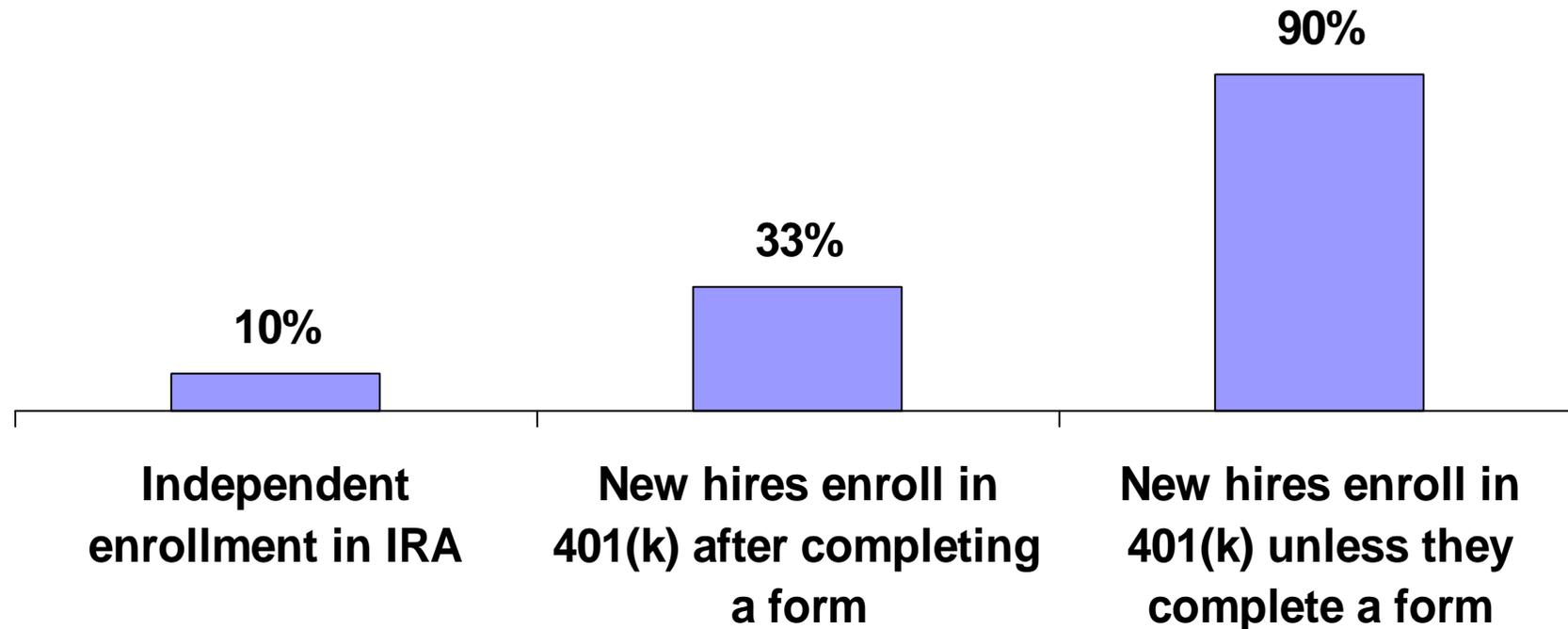
The power of auto-enrollment



Newton's First Law (the law of inertia): An object at rest tends to stay at rest and an object in motion tends to stay in motion.

Example 1: Retirement savings

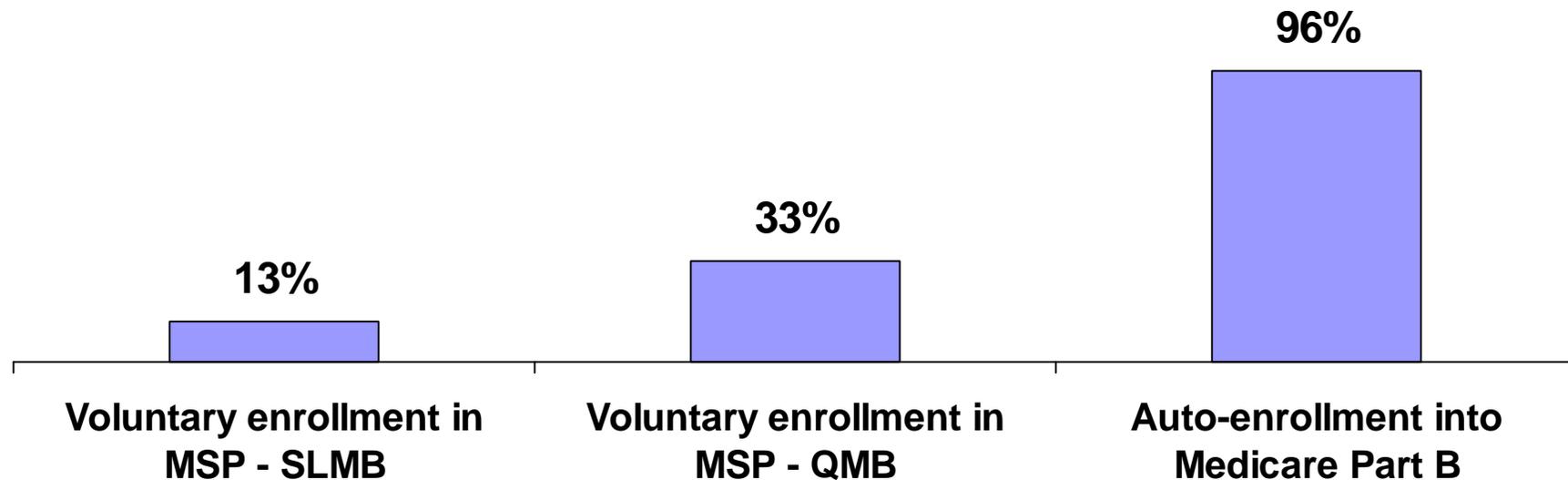
Percentage of eligible workers who participate



Sources: Etheredge, 2003; EBRI, 2005; Laibson (NBER), 2005.

Example 2: Medicare

Percentage of eligible individuals who receive various benefits



Sources: NASI, 2006; Remler and Glied, 2003.

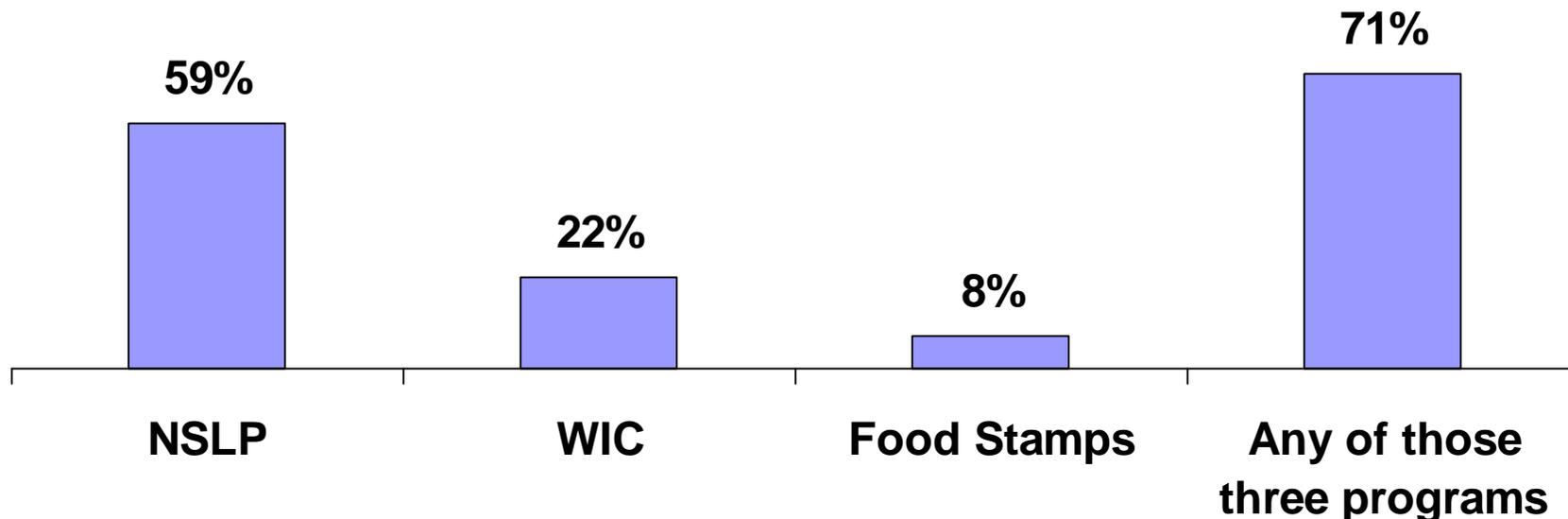


Child health – basic idea

- Enroll children into Medicaid and SCHIP based on the findings of other means-tested programs
 - Avoid redundant applications
- Cuts red tape and bureaucracy for families
- Lowers administrative costs

Most eligible, uninsured children live in families that receive means-tested nutrition assistance

Percentage of Low-Income, Uninsured Children Whose Families Participated in Means-Tested Nutrition Programs, 2002

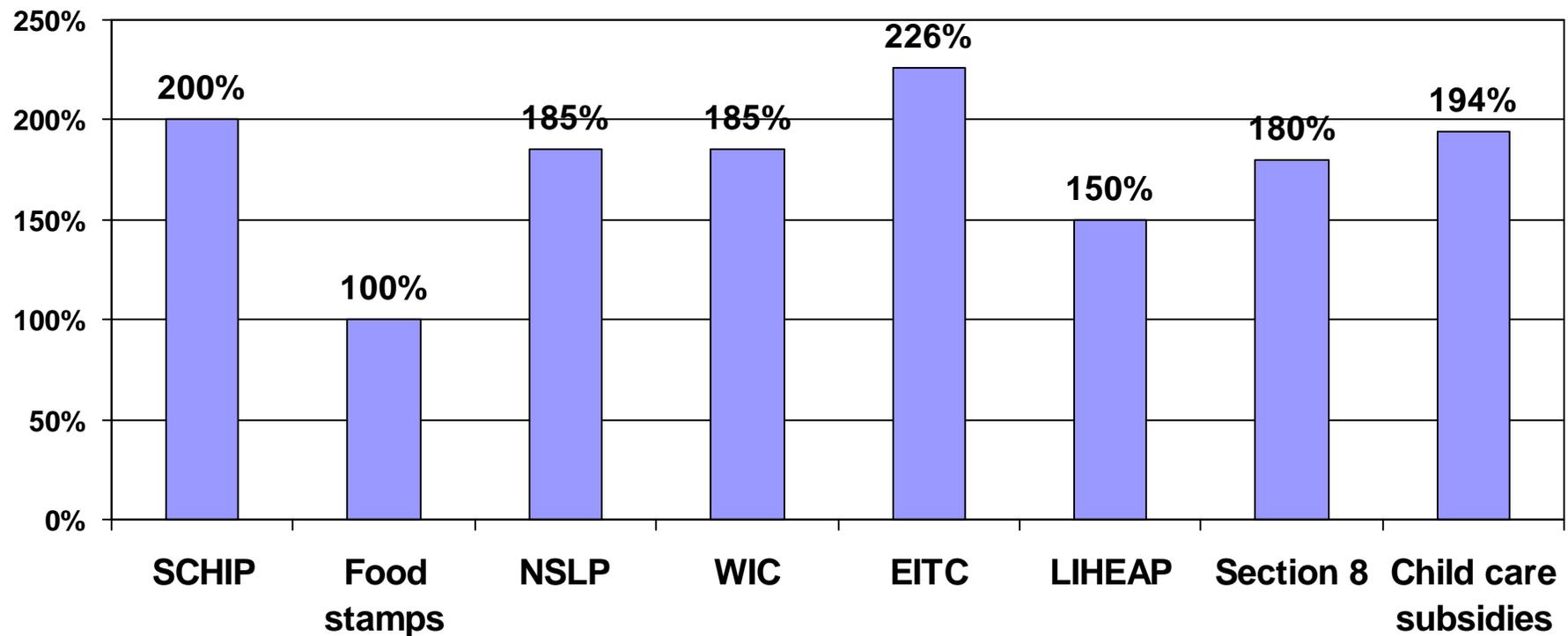


Source: Urban Institute tabulation of 2002 NSAF. Notes: NSLP is the National School Lunch Program. WIC is the Special Supplemental Program for Women, Infants, and Children.

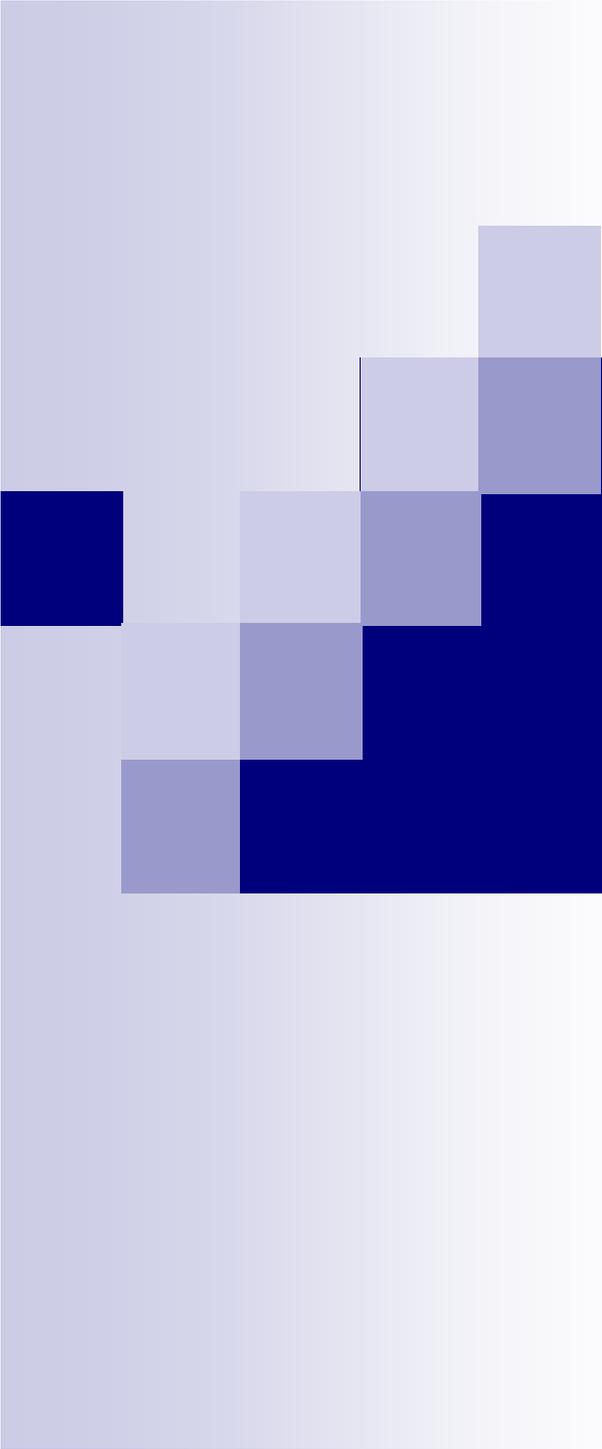
Overlapping eligibility: Child health coverage and other means-tested programs

Typical income eligibility levels

Eligibility level as percentage of FPL

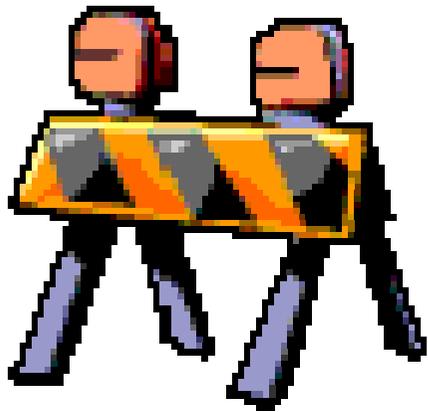


Notes: Income eligibility can vary by state and household type. EITC is the Earned Income Tax Credit. LIHEAP is low-income fuel assistance. Section 8 is a low-income housing program.



Part III: Federal policy issues

Main barriers to auto-enrollment into Medicaid and SCHIP



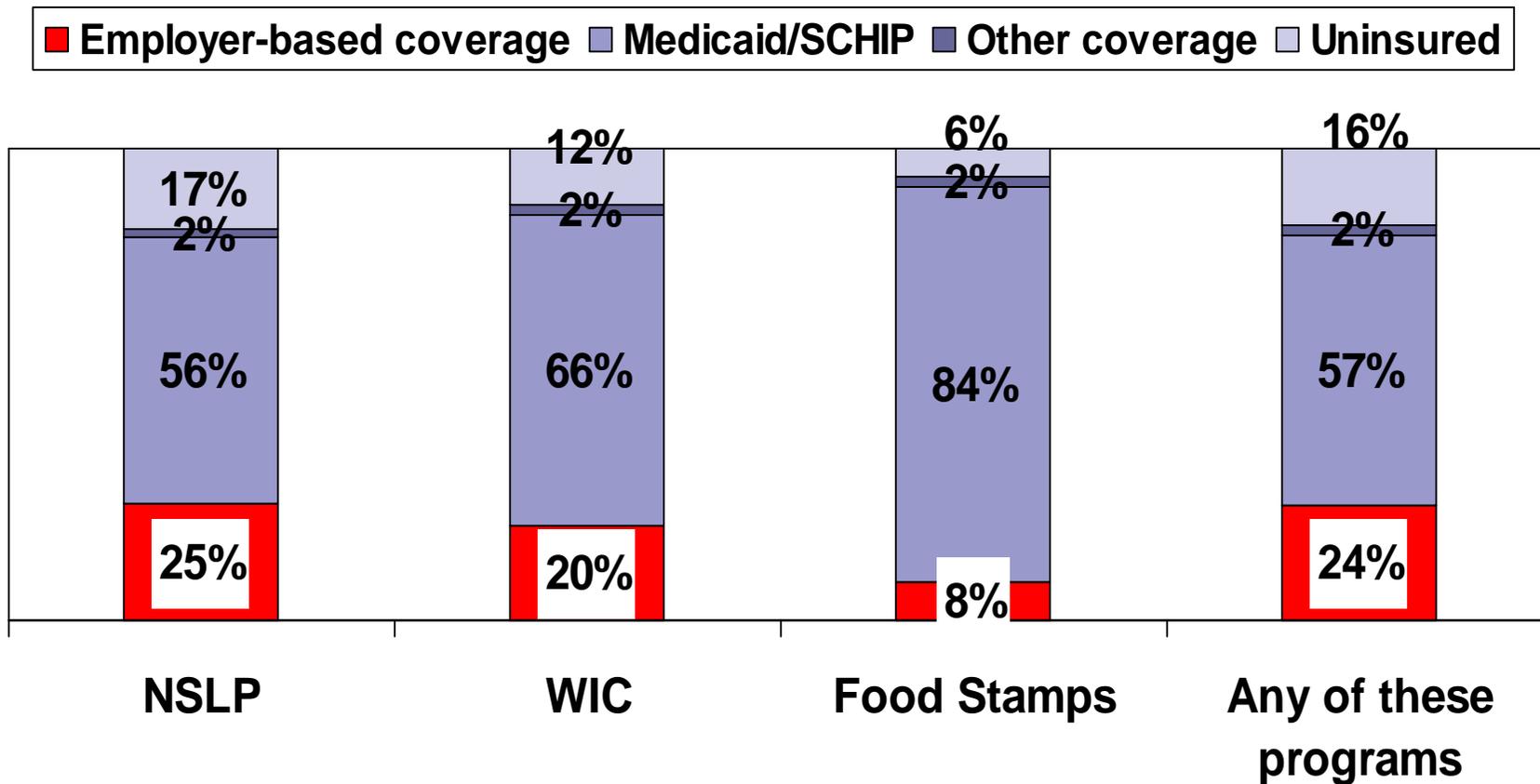
- Lack of IT resources
- Federal Medicaid eligibility rules

Why IT matters

- Different programs' eligibility computers often can't talk to each other
- As a result, information about particular children must frequently be gathered, evaluated, conveyed, or entered by hand



Need IT to identify children who already have coverage



Source: Urban Institute tabulation of 2002 NSAF.



Enhanced federal match for Medicaid Management Information Systems (MMIS)

- Matching rates
 - 90% for infrastructure development
 - 75% for operational costs
- Obstacle: regulation prohibits MMIS enhanced match for eligibility systems
 - Rationale: Medicaid should not finance IT that benefits multiple programs equally
 - Query: Does this rationale apply here? How important is it, compared to the gains from auto-enrollment?
- Alternative to enhanced match: federal grants for IT to facilitate auto-enrollment



Federal Medicaid law – eligibility standards and methodologies

- Example of a standard: A child with net family income at or below the FPL qualifies for Medicaid and food stamps.
- Methodology: Medicaid and food stamps determine income somewhat differently
 - Definitions of “household”
 - What gets subtracted from “gross income” to determine “net income”



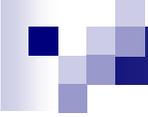
Federal Medicaid laws as obstacle to auto-enrollment

- Federal law

- Final determinations of non-health program may not be used to grant Medicaid if that program's methodology might cover otherwise ineligible children
- Upshot – largely redundant forms must be completed for children whom other programs have found to have low enough income to meet Medicaid standards

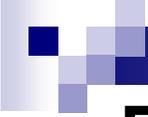
- When families fail to complete forms, children lose coverage

- 69% of children lost coverage in CA and WA



Possible federal policy change

- Give states the flexibility to provide health coverage when other programs find low enough income to meet child health standards
 - Option to disregard methodological differences
- Trade-off – small number of otherwise ineligible children would qualify
- Harder case already accepted, MMA/MSP
 - MMA low-income subsidies (LIS) – asset test
 - LIS granted automatically to MSP participants
 - Five states have no asset requirement for MSP
 - Differences in eligibility *standards*, not just methodology
 - “Substantially the same” – MMA statute



Examples of legislation giving states the flexibility to disregard methodological differences

- S. 1049 - Senate Majority Leader Frist (R-TN) and Senators Bingaman (D-NM), Lugar (R-IN), Cantwell (D-WA), Santorum (R-PA), Collins (R-ME), Cochran (R-MS), Murray (D-WA), Feinstein (D-CA), Bond (R-MO), Nelson (D-FL), Talent (R-MO), Jeffords (I-VT)
- H.R. 3050 - Representatives Johnson (R-CT), Berman (D-CA), Bono (R-CA), Boren (D-OK), Calvert, (R-CA), Cramer (D-AL) Jefferson (D-LA), Kolbe (R-AZ), Marshall (D-GA), McNulty (D-NY), Owens (D-NY), Loretta Sanchez (D-CA), Shays (R-CT), Sherman (D-CA), Simmons (R-CT), Towns (D-NY)
- 1st Session, 109th Congress