



Children's Health 2010 Elections

A Voice for Kids A Voice for Kids A Voice for Kids A Voice for Kids A Voice for Kids A Voice for Kids

Pennsylvania Partnerships for Children

Why It Matters

Children have unique health care needs. They are not just little adults. Because they are growing and changing, children require services to meet their developmental needs as well as preventive care and treatment to deal with illness.

Health insurance coverage provides access to preventive and primary health care services, and peace of mind and financial security for families. Children who have health insurance are more likely to be immunized, receive regular check-ups and get prompt treatment for common childhood ailments, such as ear infections and asthma. Uninsured children are less likely to see a doctor on a regular basis or when symptoms develop. Children who have health insurance generally have a relationship with a primary care physician. Because children with health insurance are more likely to avoid preventable childhood illnesses, they generally have better school attendance and better school performance than the uninsured.

Children's health is compromised when they lack health insurance, but the lack of coverage also creates financial strains on the health care system. Providing health care coverage reduces uncompensated care - medical care received, but not fully paid for, either out-of-pocket by individuals or by a private or public insurance payer. Uncompensated care drives up health care costs for all. According to the Kaiser Commission on Medicaid and the Uninsured, children's uncompensated care in 2008 was estimated at \$7.2 billion.

What Works

According to the Pennsylvania Department of Insurance, there are more than 1 million uninsured residents in Pennsylvania - roughly 8.2 percent of the population. Those insured through private sources of coverage, including employer-provided insurance and coverage purchased directly from insurers, amount to 62 percent of the population. This figure was 66 percent in a survey conducted just four years prior. The bedrock of the health insurance system, employer-provided coverage, appears to be eroding. Public health insurance programs are filling the gap left by decreasing employer-provided coverage.

The Commonwealth is among a select few states that make health coverage available to all children who do not have access to or cannot afford it through a combination of CHIP and Medicaid. Together, CHIP and Medicaid insure about 1.27 million children; this is more than 44 percent of all children in Pennsylvania.

In terms of family income, the following are eligible for Medicaid in Pennsylvania: children under the age of one in families that earn up to 185 percent of the Federal Poverty Level (FPL); children ages 1 through 6 in families that earn up to 133 percent FPL; and children ages 6 through 18 in families that earn up to 100 percent FPL. Children in families with

incomes at or below 200 percent FPL are eligible for Free CHIP (no premium). Children in families with incomes above 200 percent FPL up to 300 percent FPL are eligible for Low-Cost CHIP (premiums and co-pays are imposed on a sliding scale). Families above 300 percent FPL can purchase CHIP at the state's cost for coverage (no public dollars are used) if they cannot afford private coverage or if the family has been denied private coverage due to a pre-existing condition.

Expanding eligibility to all children has helped enroll more low-income children. CHIP enrollment has grown by nearly 41,000 children since the implementation of Cover All Kids in March 2007, reaching 197,232 in October 2009. Seventy percent of new enrollees since the implementation of Cover All Kids were previously eligible for CHIP before the expansion.

It is important to note that CHIP and Medicaid provide access to coverage for all children, but the programs do not encourage purchasers of private insurance to drop their coverage in favor of public insurance coverage (otherwise referred to as crowd-out). Children above the age of two in families above 200 percent FPL must be without insurance for six months before being considered eligible for CHIP coverage and they must contribute toward premiums and co-pays for services. Furthermore, families must meet certain requirements before being allowed to purchase CHIP at cost to ensure they are not merely substituting public for private coverage. Pennsylvania serves as a model for other states to extend access to public health care insurance to all children without harming private health coverage.

The Commonwealth finances CHIP and Medicaid with both federal and state funds. About 55 cents of every dollar spent on Medicaid in Pennsylvania comes from the federal government. The American Recovery and Reinvestment Act temporarily increased the federal matching rate for Pennsylvania to 65.85 percent through calendar year 2010. About 68 cents of every dollar spent on CHIP in Pennsylvania comes from the federal government. This strong state-federal partnership makes CHIP and Medicaid work successfully. In addition, a strong public-private partnership makes CHIP and the managed care element of Medicaid work in Pennsylvania as the programs are administered by the Commonwealth and coverage is handled by private contractors.

Where Are We Now

CHIP and Medicaid have been successful in filling the health insurance coverage gap for children, but more work remains. According to the Pennsylvania Department of Insurance, about 95 percent of Pennsylvania children are insured. This leaves 138,558 children left uninsured. CHIP has enjoyed strong bipartisan support among policymakers since its inception. Thanks to sufficient appropriations, children have not experienced a waiting list for coverage since 1997.

Pennsylvania has made good efforts to simplify the application and renewal form for CHIP and Medicaid and to ensure that applicants are directed to the appropriate program regardless of which application they complete. However, more can be done to simplify the administrative processes of application and renewal.

Under provisions of the 2009 federal Children's Health Insurance Program Reauthorization Act (CHIPRA), Pennsylvania is eligible to compete for a pool of federal funds by simplifying CHIP and Medicaid enrollment and renewal procedures. CHIPRA allows practices including express lane eligibility (using eligibility determinations from other public programs), administrative renewals (allowing renewals based on information available to the state), presumptive eligibility (authorizing health care providers and others to make temporary eligibility determinations) and 12-month continuous eligibility (allowing 12 months of continuous coverage). In a recent CHIP plan amendment submitted to the federal government, the Commonwealth noted its intention to pursue express lane renewals and administrative renewals.

Despite efforts to better integrate CHIP and Medicaid application and renewal processes, they remain separate programs with separate eligibility requirements and administrative systems. Due to varying eligibility requirements based on age, it is possible for a family to have one or more children enrolled in Medicaid and one or more other children enrolled in CHIP. This means separate networks of care and separate benefits. This can be exacerbated by the difficulty of finding local health care providers who accept Medicaid or CHIP.

CHIP provides standard private insurance levels of behavioral health benefits for enrollees. Medicaid offers a richer benefit package for behavioral health. Unfortunately, many parents do not realize that when a child presents significant behavioral health needs, he or she should be eligible for Medicaid and no longer be insured under CHIP. Without knowing of the opportunity to enroll in Medicaid, families could exhaust CHIP behavioral health benefits and pay for services out of pocket. Parents must be notified of the opportunity to enroll in Medicaid in these situations.

Many children in foster care have physical and behavioral health care needs that require ongoing, consistent services. Children in foster care receive health benefits under Medicaid. However, when youth leave the foster care, they lose Medicaid coverage – this is troublesome for those ages 18 and over who leave for independent living. States can draw down federal matching funds to continue health coverage for those leaving foster care after age 18 until 21. To date, Pennsylvania has not joined the 25 states that have chosen to do so. When children leave the foster care system to return home (as 63 percent of children in foster care have done over the past 12 months), they must reapply for Medicaid. A pilot project in Philadelphia provides a 60-day grace period of Medicaid coverage for children who are reunified with their families to ensure that a gap in coverage does not occur.

Both CHIP and Medicaid provide dental benefits. Not all employer-provided health care plans provide dental coverage, and a great number provide poor dental coverage. CHIPRA recognized this fact and allows states to establish stand-alone dental benefits programs for children whose families do not have access to dental benefits.

The CHIP dental benefit package is generally a good insurance product with one exception – CHIP does not cover medically necessary orthodontia. Medically necessary orthodontia is covered under Medicaid to treat children who have malformation of the jaw, cleft lip and or palate, and other abnormalities (not for cosmetic reasons). An unfortunate possibility

exists for a child to have braces provided under Medicaid, but not have coverage to have them removed if family income rises and the child is enrolled in CHIP.

Providing access to health insurance for all children through CHIP and Medicaid is a significant achievement for the Commonwealth. However, merely providing access to coverage is not sufficient to provide the care necessary for the healthy development of children. Pennsylvania does not have overall recommendations for preventive care and screenings for children covered by public health insurance. Several states have adopted standards of care or recommendations for children's public health insurance programs. Many of these are based on the American Academy of Pediatrics' Bright Futures standard.

The Time Is Now

Pennsylvania policymakers have historically put partisan politics aside when it comes to children's health care. The Commonwealth must ensure that all children who do not have access to or cannot afford private health coverage continue to have access to health insurance through Medicaid and CHIP. Medicaid coverage is an entitlement, but CHIP coverage depends on the amount of annually appropriated funds. Sufficient funds must be annually appropriated so children will not have to experience a waiting list.

Maintaining access to health insurance also includes making the application and renewal process easier to navigate so more eligible children enroll and stay enrolled. Pennsylvania should pursue bonus federal CHIPRA funds by implementing practices including, but not limited to express lane eligibility, administrative renewals, presumptive eligibility, and 12-month continuous eligibility.

Care should be taken to ensure that special populations continue to have access to public health insurance coverage. This is especially true for children who leave foster care. We strongly suggest that Pennsylvania expand the existing pilot project and provide statewide a 60-day grace period of Medicaid Coverage for children returning to their families from foster care. In addition, the state should maintain Medicaid coverage for those who leave foster care over age 18 until age 21 or until they receive other medical insurance.

The CHIP benefit package should be expanded to include medically necessary orthodontia so children with chronic conditions, such as cleft palates or other jaw or facial abnormalities or those who have been injured, can be treated. Furthermore, to make up for a lack of private dental insurance, the Commonwealth should offer a stand-alone CHIP dental benefit as allowed under CHIPRA.

Pennsylvania should adopt a standard for children's preventive care and screenings for public insurance programs. We suggest the state adopt the American Academy of Pediatrics' Bright Futures standard or use it as a reference to implement its own standards. To help incentivize compliance with the standard, Pennsylvania could set aside a special pool of funds to compensate health care providers who follow the standard. The state should also expand existing data collection systems for Medicaid and CHIP to track care provided to children.

The Commonwealth should consider the impact of a lack of coordination of CHIP and Medicaid on families who have children enrolled in both programs. The Commonwealth could address this by increasing income eligibility for Medicaid for all children age 1 through 18 up to 133 percent FPL or higher. Such action is currently being discussed in the federal health care reform debate. Furthermore, to ensure adequacy of provider networks, the state should require participating insurers' public and private networks to be identical. To address the issue of coordination of benefits between CHIP and Medicaid when it comes to behavioral health, all CHIP contractors must be required to notify parents about Medicaid eligibility when a child has significant behavioral health needs.

Pennsylvania is a leader among states when it comes to children's public health care coverage. The suggestions offered here will help our next governor enhance the Commonwealth's standing in the nation and improve children's health.