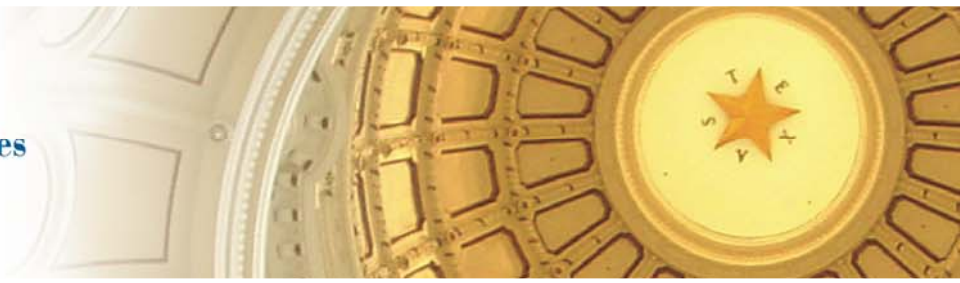




Center for Public Policy Priorities



CHIP, Medicaid, and Texas Kids

**Texas CHIP Coalition
81st Session Briefing for Legislative Staff**

January 30, 2009

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www.texaschip.org

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.

Texas CHIP Coalition Statewide Organizations, 81st Session

AARP

Advocacy Inc.

AMERIGROUP Community Care

Any Baby Can of Texas

Catholic Health Association of Texas

Center for Public Policy Priorities

Children's Defense Fund of Texas

Children's Hospital Association of Texas (CHAT)

Christian Life Commission, Baptist General Convention of Texas

Coalition for Nurses in Advanced Practice

Community Health Choice, Inc

Family Medicaid Access Project

La Fe Policy Research and Education Center

League of Women Voters Texas

March of Dimes

Mental Health America of Texas

Methodist Healthcare Ministries

National Council of Jewish Women, Texas State Public Affairs

Superior Health Plan

Teaching Hospitals of Texas

Texas Association of Health Plans

Texans Care For Children

Texas Academy of Family Physicians

Texas American Federation of Teachers (Texas AFT)

Texas Association of Community Action Agencies, Inc. (TACAA)

Texas Association of Community Health Centers

Texas Children's Hospital

Texas Dental Association

Texas Hospital Association

Texas Impact

Texas Medical Association

Texas Nurses Association

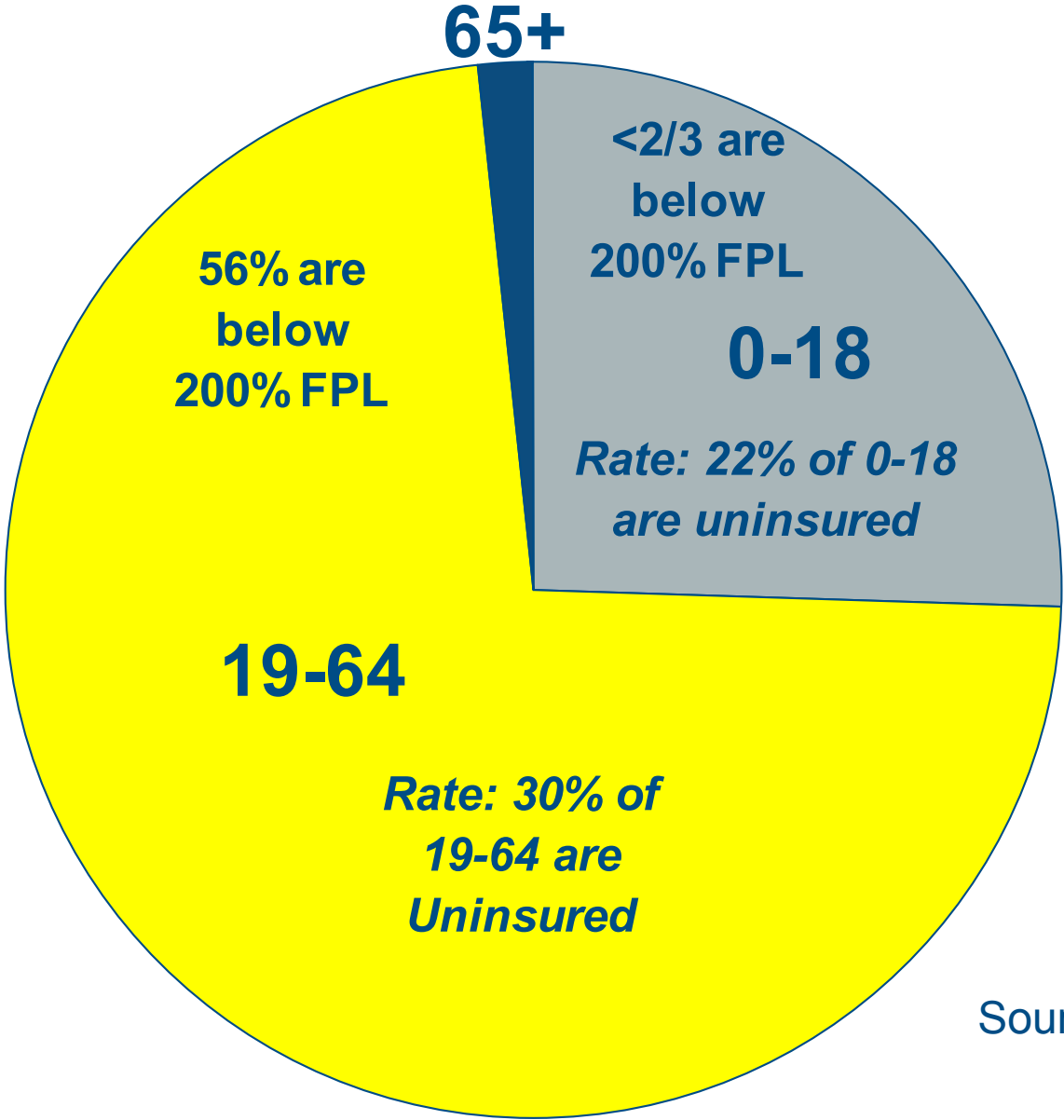
Texas Network of Youth Services

Texas Pediatric Society

Tex Protects: The Texas Association for the Protection of Children

United Ways of Texas

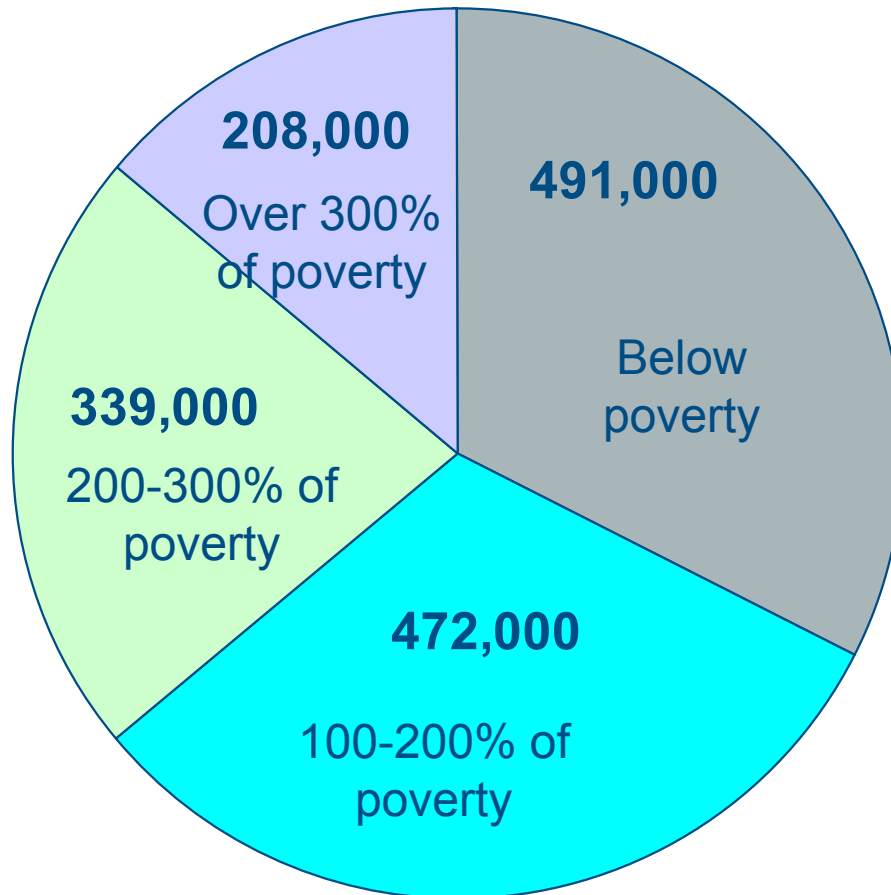
Uninsured Texans by Age Group, 2007



Source: U.S. Census

Uninsured Texas Children, 2007

Total: 1.53 million Children



Source: U.S. Census

CHIP and Medicaid: Helping Texas Kids

As of December **2008**:

- **1.9 million Texas children** (under age 19) **were enrolled in Medicaid**
 - about 111,000 of these children get Medicaid because of a serious disability
 - About 118,400 in TANF cash assistance families (6% of the kids, 4% of Medicaid)
 - About 14,000 pregnant teens (less than 0.5% of the children, 13% of maternity)
 - Other **1.6 MILLION** are predominantly in WORKING poor families
- **454,596 Texas children were enrolled in CHIP as of December 1, 2008.**

“CHIP stands on the broad shoulders of Medicaid”

**As of December 2008, 2.3 million Texas children –
about one-third of all our kids.**

Federal Context: New Medicaid and CHIP Funding for Texas

Economic Recovery Package:

- Texas projected to get extra \$5 billion for Medicaid thru end of 2010-2011 biennium.
 - Formula will increase this aid quarterly if state unemployment worsens.
 - Maintenance of Effort required
 - Investing less than 10% of this in eligibility system improvements and 12-month coverage helps save our eligibility system, helps kids, AND BRINGS MORE ENHANCED \$\$ TO TEXAS

SCHIP Reauthorization:

- Ample funds for Texas CHIP to grow; funds increase w/enrollment
- 72% increase for TX from 2008 to 2009
- \$46 million for biennium new funds for TX LPR kid coverage
- Eligible for BONUSES if we enroll more MEDICAID kids (“reach poorest kids first”)

The Texas CHIP Coalition believes that every child in Texas:

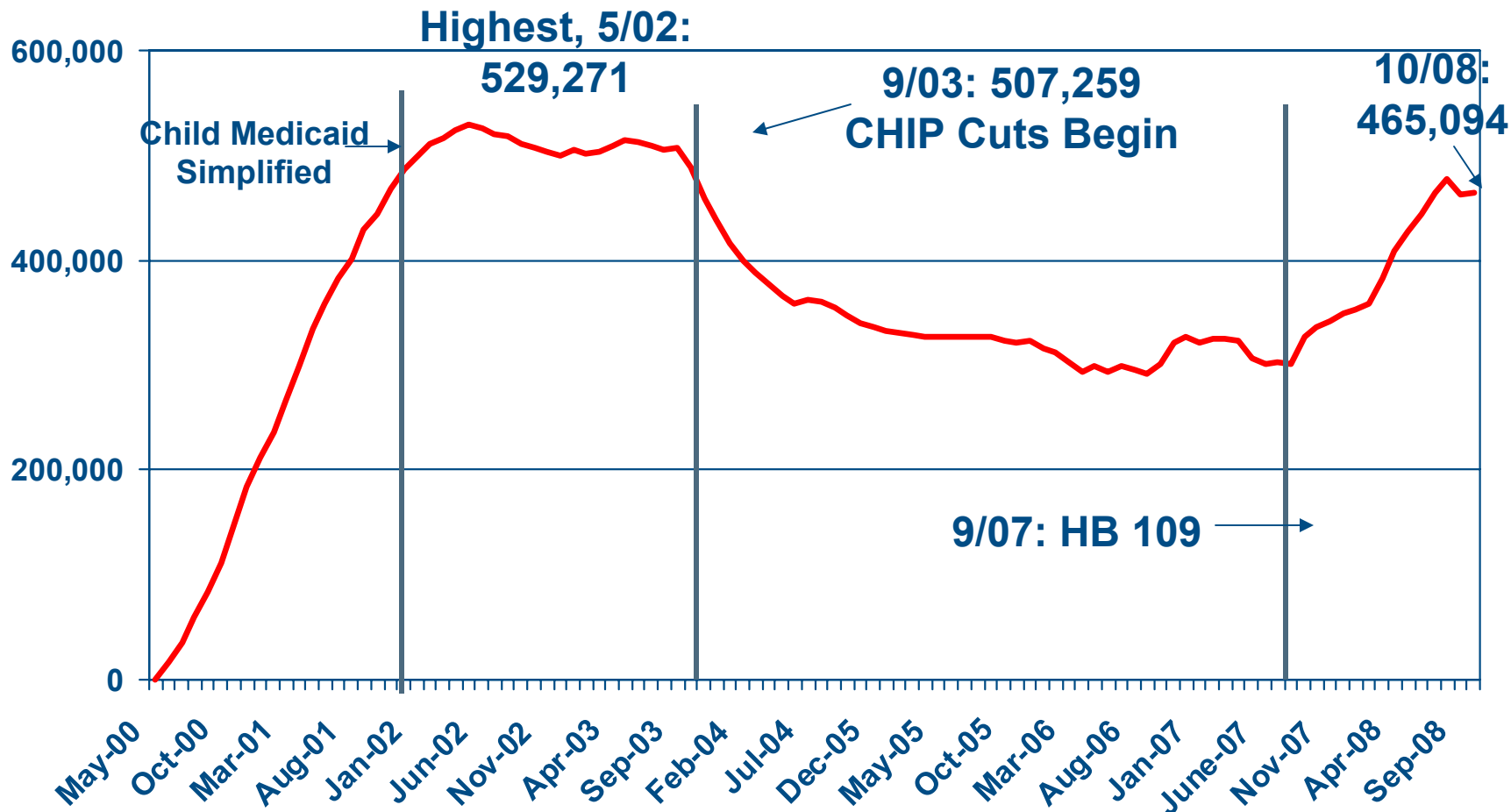
- Deserves the opportunity to be born healthy, and to grow up as healthy as possible,
- Needs the foundation that good prenatal and maternity care provide,
- Should have comprehensive health insurance coverage, and
- Needs a “medical home”: a physician or health care provider who serves the physical, mental and developmental health care needs of a growing child through a continuous and ongoing relationship.

CHIP Coalition and Children's Coverage

- 1999: SB 445 by Moncrief, establishes Texas CHIP. Coverage begins May 1, 2000.
- 2001: SB 43 by Zaffirini, streamlines children's Medicaid enrollment and renewal to make it more like CHIP. Includes scheduled phase-in to 12-month enrollment.
- 2003: HB 2292 cuts CHIP from 12 to 6 months, reduces benefits, eliminates child care deductions, delays new coverage 90 days, adds asset limit, increases CHIP premiums; stops 12-month children's Medicaid phase-in.
- 2005: CHIP dental and vision benefits restored, more moderate premiums adopted.
- 2007: HB 109 by Turner, restores 12-month coverage to CHIP, ends 90-day delay of coverage, restores child care deduction, improves asset limit.

Texas CHIP Enrollment

(May 2000- October 2008)

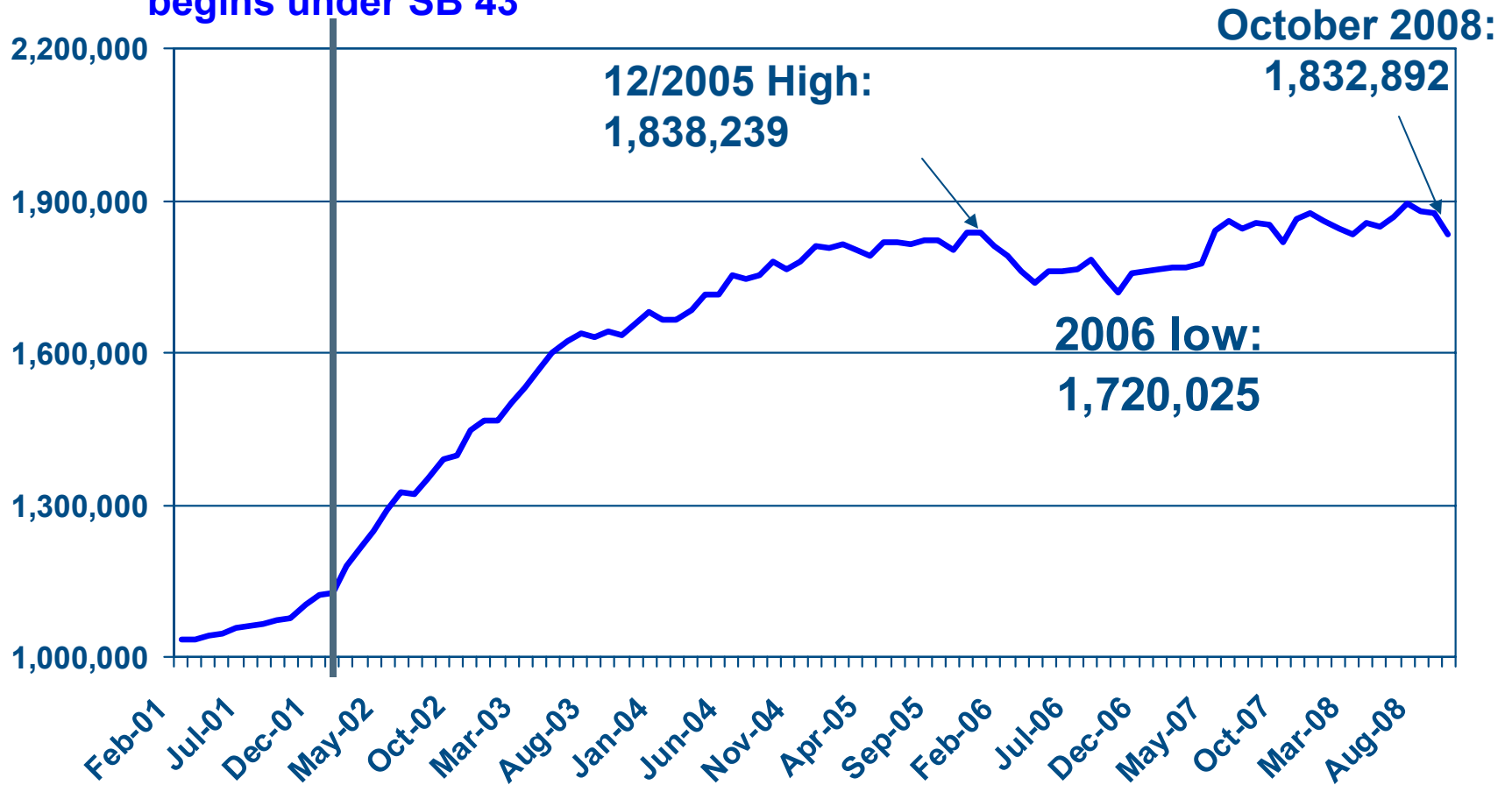


Source: Texas Health and Human Services Commission
Does not include CHIP Perinatal program.

Texas Child Medicaid Enrollment

(February 2001 - July 2008)

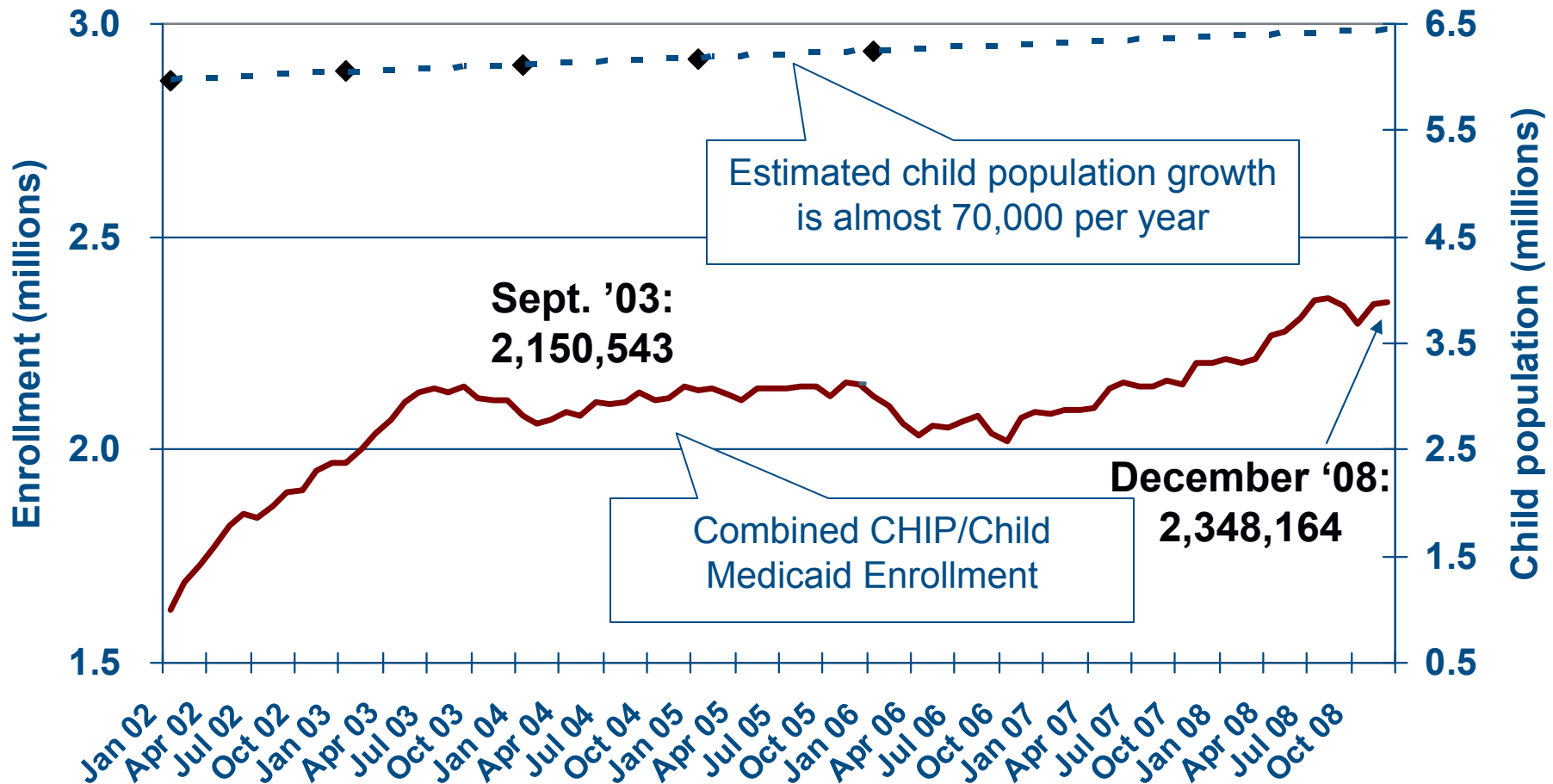
**Simplified Enrollment
begins under SB 43**



Source: Texas Health and Human Services Commission

1/2007 to present include newborn CHIP "perinates"; last month is preliminary due to lag

Texas Child Medicaid and CHIP Enrollment



Sources: Enrollment from Texas Health and Human Services Commission; Texas State Demographer's 0-17 Population Estimates

To achieve these goals, the Texas CHIP Coalition outlines the following principles:

- **Improve and Simplify Enrollment systems: a Shared Responsibility of Parents and the State**
- **Improve Outreach and Application Assistance**
- **Affordable Health Care for Every Texas Child**
- **Strengthen Health Care Systems for Children and Mothers**



Texas CHIP Coalition, Texas Finish Line, and Other Supporters

- **The Texas Finish Line Campaign** is focused on the “coverage” portion of the CHIP Coalition Principles, with a **specific goal** for creating new affordable coverage for kids just above 200% FPL: a CHIP “buy-in” program.
- **The Texas Catholic Conference** supports improvements of the eligibility system, including outreach and application assistance, to enroll every eligible child in CHIP & Medicaid with 12 months continuous eligibility; and creation of a CHIP buy-in program for middle income families to purchase affordable health coverage.
- **“Metro 8” Chambers Of Commerce** (Represents the Chambers of Commerce for the eight largest cities in Texas, including Arlington, Austin, Corpus Christi, Dallas, El Paso, Fort Worth, Houston and San Antonio. Over 60 percent of Texans reside in these areas) supports 12 months of coverage for children’s Medicaid like the current process for CHIP; Maximizing the availability of federal funding; a CHIP buy-in program based on a family’s ability to pay; and policies for outreach and education to reach those eligible who are not currently enrolled.”



TEXAS FINISH LINE CAMPAIGN:

We Can Make Affordable Health Insurance Available for Every Texas Child

Step One: Clear the bureaucratic hurdles that keep eligible children from receiving health coverage.

- Texas needs enough qualified staff and a computer system that works, so errors and long delays don't block coverage for children whose parents play by the rules.
- We can cut the state's workload significantly, relieve backlogs, reduce the number of uninsured children, and improve access to care—all by reenrolling kids in Children's Medicaid once, not twice, a year.
- Texas can improve how it spreads the word about children's insurance options by focusing outreach where children are: in schools and local communities.

Step Two: Finish the race to provide all children access to health insurance by addressing the challenges of families without health insurance options.

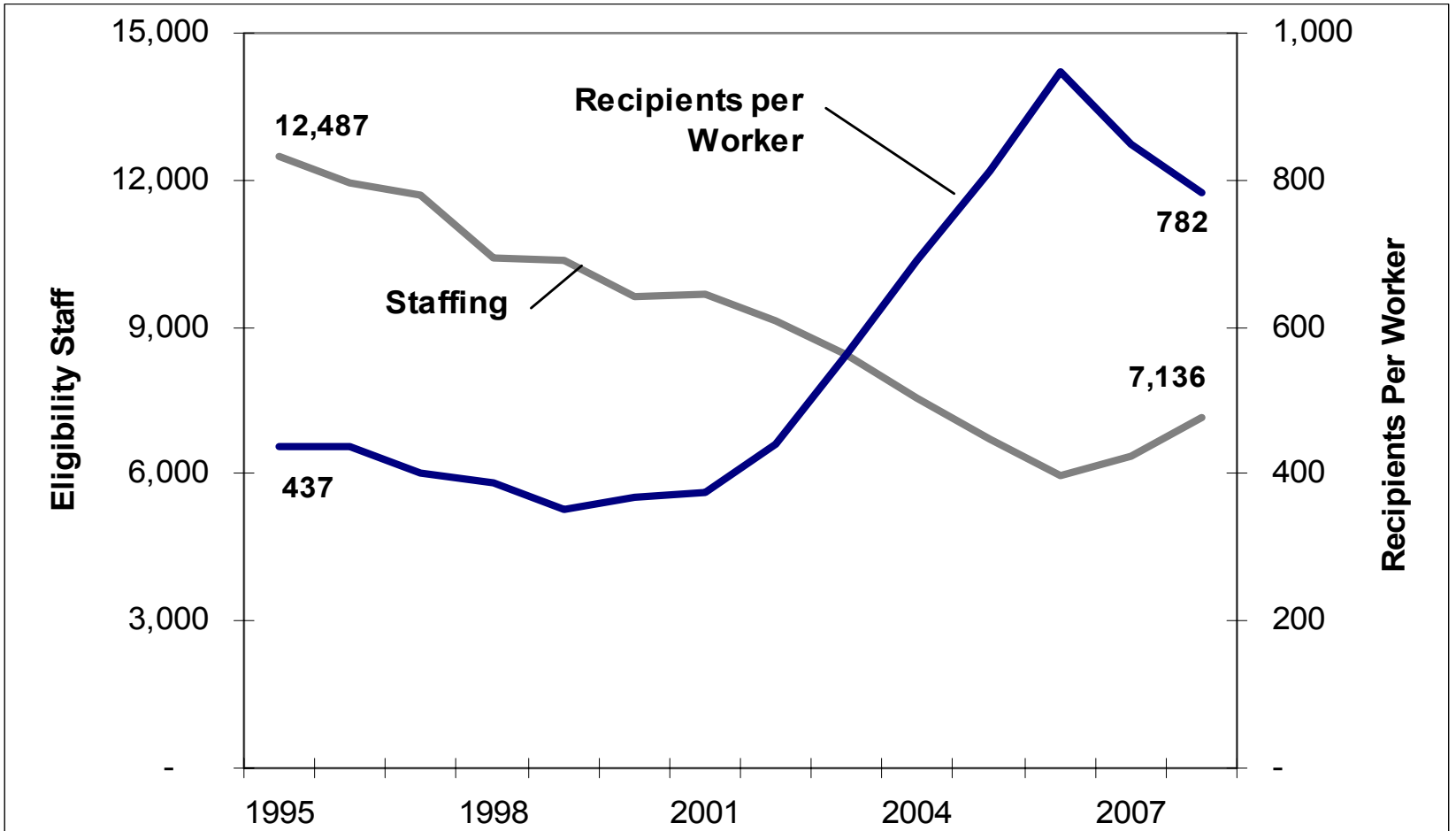
- We can provide access to affordable coverage for these families by allowing them to purchase CHIP coverage for their children, paying a premium that increases as their income rises.

To achieve these goals, the Texas CHIP Coalition outlines the following principles.

Improve and Simplify Enrollment systems: a Shared Responsibility of Parents and the State

- **Turn-around time for applications and renewals** in both public and private components of the CHIP and Medicaid eligibility systems **should meet or exceed federal and state standards (and be accurate); staffing numbers and computer systems** must be adequate to make this possible.
- **Eligibility system performance improvements must give high priority to speedy Medicaid and CHIP enrollment.** Louisiana Medicaid/CHIP averages eight (8) working days to enroll a child and three (3) working days for pregnant women. Texas can do it, too!
- **Implement 12 months of continuous eligibility for children in Medicaid, as we have for CHIP.** This is the one step most likely to reach and retain eligible uninsured children, and would also dramatically cut the workload for our state eligibility staff and boost their performance.

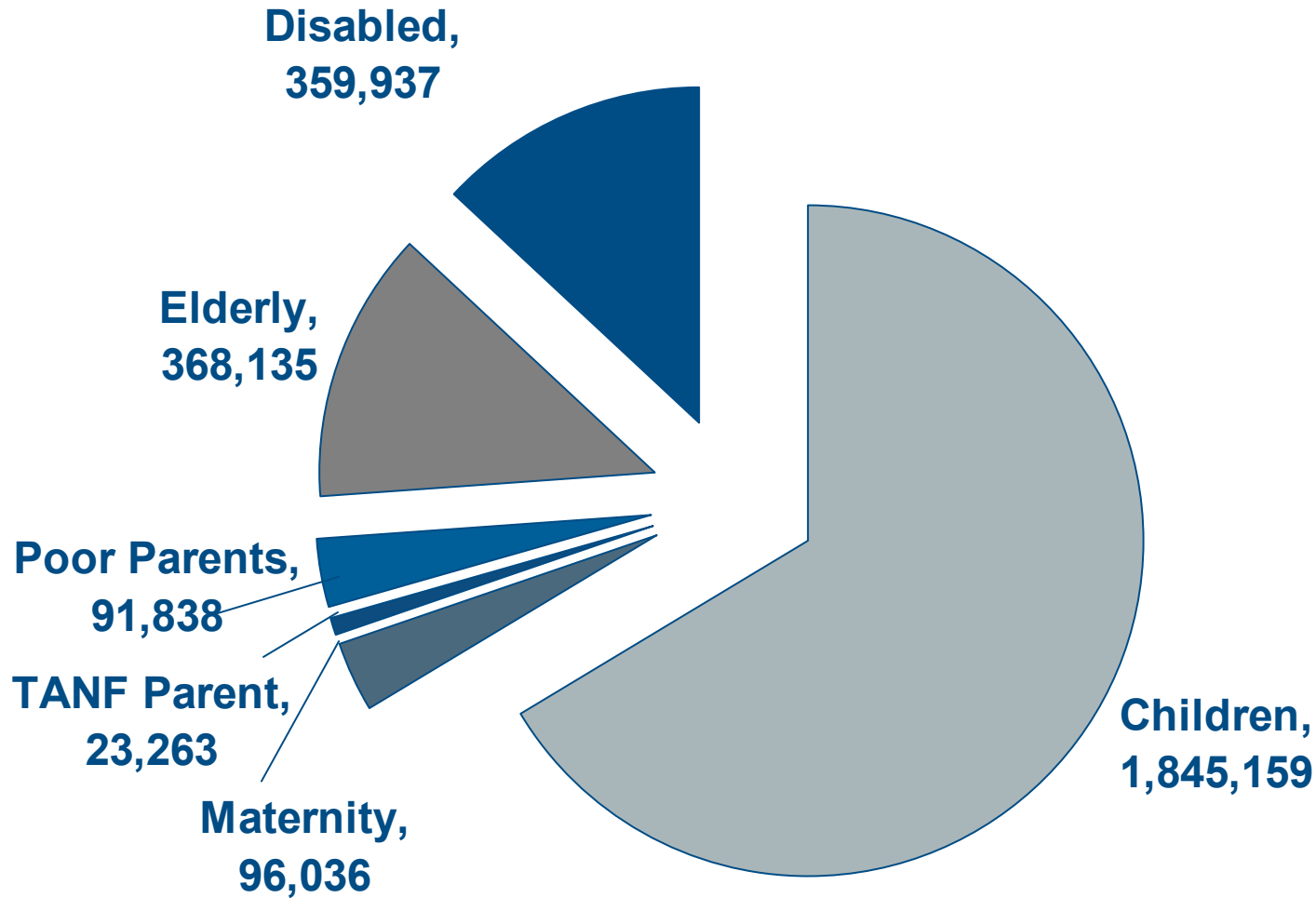
Eligibility Staff Shortage: A Vicious Cycle



Source: Texas Health and Human Services Commission, Data Report for H.B. 3575 Eligibility System Legislative Oversight Committee, April 2008. Fiscal 2008 are targeted amounts.

Texas Medicaid: Who it Helps

July 2007, HHSC data.



Total enrolled 7/1/2007: 2.79 million

Improve Outreach and Application Assistance

Responsible parents still need help understanding what is available, how to enroll children, and how to access care.

Ongoing outreach programs are vital to connecting children with a medical home and keeping them healthy.

Community-based organizations (CBOs), schools, health providers, and health plans can all play important roles in helping families submit documents correctly the first time, speeding enrollment and eliminating time spent requesting more documents.

Double the amount allocated—and spent—for outreach and marketing.

- Texas CBOs are now asked to serve twice as many Texans and multiple safety net programs (not just children's health insurance), but the dollars budgeted for their 2008-2009 work are below the investment in the first years of CHIP when the target population was much smaller. CBOs lack the resources to help families trouble-shoot enrollment problems, and to reach rural areas fully.
- A modest investment in outreach and assistance will reduce state staffing costs and support the modernization of Texas eligibility systems.

Build a Robust Partnership for Statewide Outreach

This partnership will invite stakeholders of every kind to help HHSC connect children with medical homes, providing an ongoing system of communication and training among all the parties that work with families. This partnership should:

- ensure that problems in enrollment systems are quickly identified and fixed;
- support awareness of and access to other critical HHSC programs for prenatal care, women’s health, and cancer prevention and treatment;
- pursue new performance goals to cut “procedural denials”—children denied care due to paperwork errors, not financial ineligibility—to the lowest possible level;
- share and replicate across the state successful Texas community- and school-based outreach programs.

Affordable Health Care for Every Texas Child

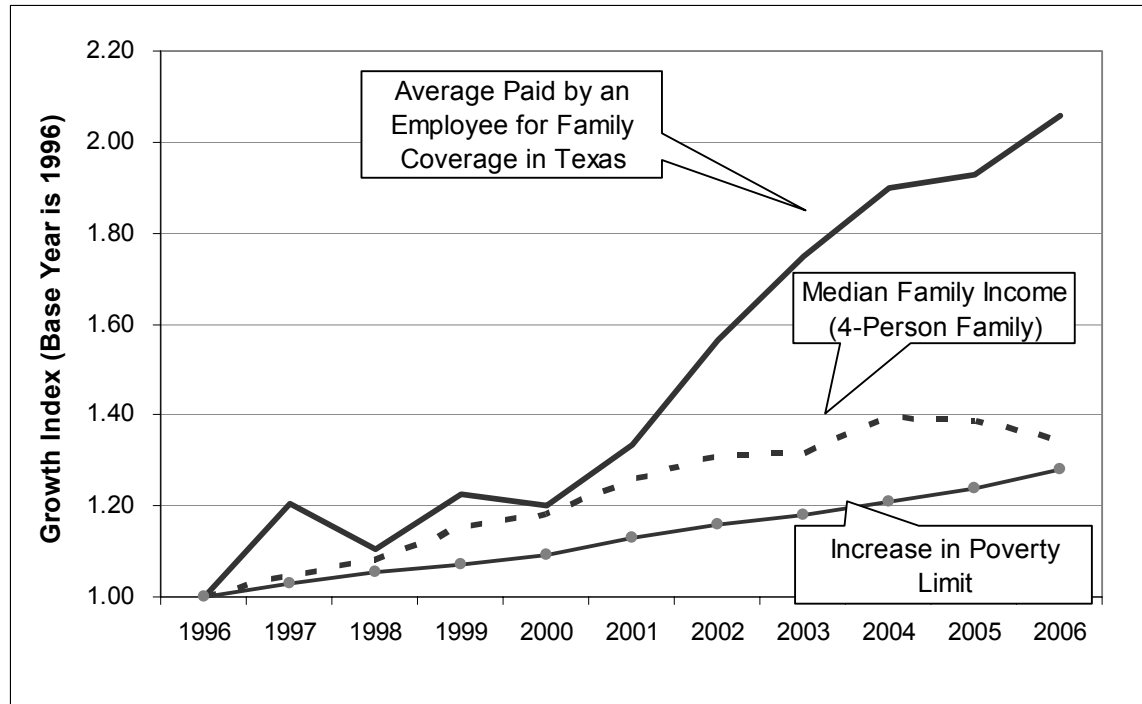
Employer-sponsored insurance (ESI) is unavailable or unaffordable for many working families.

According to TDI studies, private health insurance coverage for a family now averages about \$12,000 per year, and premiums since 2000 have grown far faster than family incomes—or the income cap for CHIP.

In Texas and nationwide, the majority of newly-uninsured children are in families above the CHIP upper limit of 200% of poverty.

- **Texas should ensure that there is an affordable insurance option for every child at every family income level.** Parents just above the CHIP limit need to be able to buy quality coverage at premiums they can afford.
 - Expanded Medicaid buy-in coverage for children with disabilities, improved coverage in the high-risk pool, and private market reforms that increase the availability and affordability of coverage should all also be pursued.
- **The CHIP Coalition continues to support reasonable premiums, enrollment fees and co-payments that are proportionate to families' ability to pay.**

Growth of Health Insurance Costs



Source: Georgetown University Center for Children and Families; Medical Expenditure Panel Survey Insurance Component Tables; U.S. Census Bureau; and U.S. Dept. of Health and Human Services.

Cost of ESI premiums are increasing 10x faster than income.

- In the U.S., premiums for family coverage increased 30% from 2001 to 2005, while policyholders' income increased just 3%.
- In Texas, premiums for family coverage increased **40%** from 2001 to 2005, while income increased just 3.5%.

Robert Wood Johnson Foundation, April 2008

Affordable Coverage for Every Texas Child: CHIP “Buy-In” Program

Texas Finish Line and other TCC partners believe kids just above 200% FPL need **affordable options now**.

- ***Left with no options, families are requesting pay cuts in order to qualify their children for CHIP.*** A raise or promotion is NOT an economic benefit to a family if it means the loss of their children’s CHIP health coverage, when private alternatives aren’t there or are unaffordable.

Buy-In concepts:

- **Help between 200-300% FPL:** Working parents earning between \$42,000 and \$63,000 a year could buy Discount CHIP coverage for their uninsured children, paying a “sliding” premium that increases with income.
- **Parents 200-300% FPL would pay about half the cost of CHIP on average, which limits costs to state budget, keeps enrollment moderate (~100,000)**
 - Unlike Texas’ basic CHIP program, this program would have MONTHLY PREMIUMS. Under federal law, premiums + co-pays can’t exceed 5% of family income.
- **Targeted to children whose parents do not have ESI option; includes multiple provisions to reduce adverse selection and “crowd out”**
- **Access above 300% FPL:** Working parents earning over \$63,000 with no ESI option would pay a premium that equals the full cost of covering their uninsured children through CHIP.
- Healthy Texas, SB 66 and SB 76 all deal with ESI. **To have an affordable option for every child, Texas needs a program for the kids who WILL—even if these good bills are passed—still lack access to ESI.**
- **www.txfinishline.org**

Strengthen Health Care Systems for Children and Mothers

Insurance coverage is only the first step toward medical homes and good health for Texas children. The Texas CHIP Coalition supports the following Legislative goals:

- **Eliminate waiting lists for the Children With Special Health Care Needs program.**
- **Invest in a community-based behavioral health infrastructure** that meets the needs of Texas infants, toddlers, and children.
- Develop a systematic approach to **supporting the transition of children with chronic illness and/or disability from pediatric to adult medicine**, addressing the changes in program eligibility and benefits so that the specialized care they need remains available.
- **Ensure that pregnant women and new mothers have early access to prenatal care and the services they need to have a healthy baby, support healthy early childhood development, and ensure future healthy babies.**
 - Smoking cessation, oral health care, mental health, and substance abuse services for pregnant women, and intensive outreach to women in Texas Medicaid and CHIP Perinatal after delivery can help improve the health of Texas babies.

Strengthen Health Care Systems for Children and Mothers

- **Begin applying annual inflation increases to Medicaid and CHIP provider payment rates, and implement a plan to bring rates up to Medicare levels.**
 - More Texas physicians and dentists accept new Medicaid children as the result of the Legislature's 2007 fee increases for the Frew lawsuit.
 - Still, many physicians, dentists, and mental health providers turn away Medicaid and CHIP patients because of inadequate pay—well below Medicare and commercial insurance rates.
- **Assess whether current CHIP dental coverage meets children's real-world treatment needs, and identify solutions to improve access to needed care if not.**
 - CHIP now limits dental treatments from \$280 to \$565 per year, depending on how long a child has been continuously enrolled. Solutions are needed for the modest number of children who need additional care.
- **Plan for and invest in strategies to ensure an adequate health workforce of physicians, nurses, and other health care professionals.**
 - Texas has a shortage of both primary care and subspecialists, ranking the state 43rd in terms of physician supply. Texas should reinvest state funding in Medicaid Graduate Medical Education so that more Texas medical school graduates can stay in the state.
 - Texas also has a critical nursing shortage, but turned away 8,000 applicants to Texas' nursing schools in 2007 due to lack of nursing faculty. The legislature should fund nursing education so Texas can double the number of nursing graduates by 2013.

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Additional Resources

CHIP - HB 109, 2007

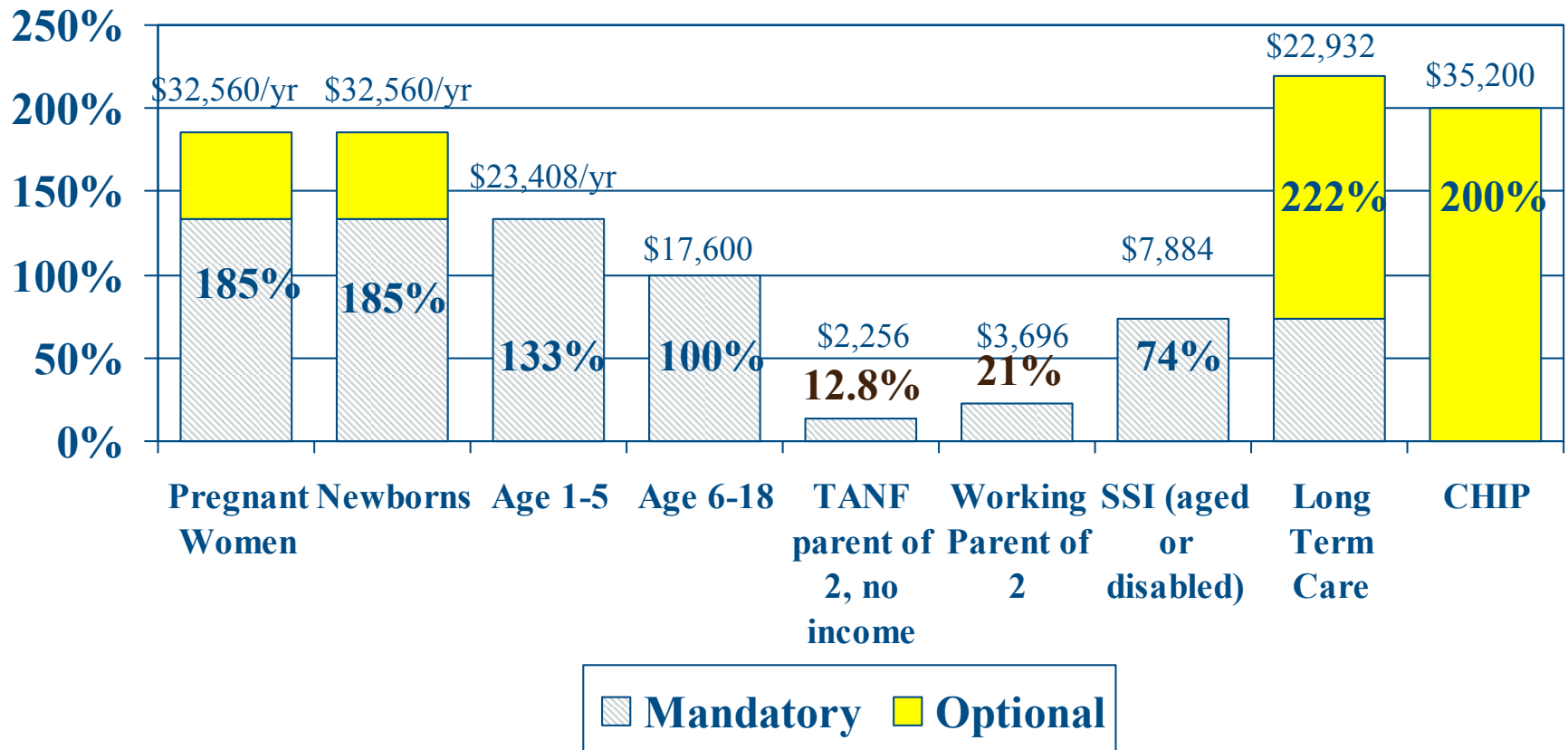
HB 109 by Representative Sylvester Turner (D-Houston) and Senator Kip Averitt (R-Waco) has added 165,000 Texas children to the CHIP rolls through the following measures:

- **12 months eligibility.** Families will fill out one paper application a year. Children above 185% of the federal poverty line (\$38,203 a year for a family of four) would have their income (not assets) reviewed after six months by the Texas Health and Human Services Commission (HHSC).
- Deducts (some) child care expenses when calculating income.
- Waives the 90 day waiting period for uninsured children. Only children who drop private health insurance (and do not qualify for an exception) will have to wait 90 days to enter the CHIP program. This restores the waiting period to the original 1999 Texas CHIP law.
- Doubles the asset test limit from \$5,000 to \$10,000.
- Community-based outreach program.
- Took effect on September 1, 2007 (except for the six month electronic check for families earning more than 185% of the federal poverty line, which was phased in Spring 2008).

What Does Insurance Cost in Texas?

- AVERAGE cost of Group Family coverage is now over \$12,000 per year, but many businesses cannot buy coverage anywhere near the average rate.
 - Averages don't matter in health insurance unless you get to pay the average.
 - In Texas there is almost no limit on the extent to which small group premiums can vary from the least to the most expensive groups. TDI reports highest small-group rates that are seven times the average premium, and some Texas companies pay as much as \$23,000 per worker!
 - About \$1,500 of that \$12,000 is direct result of costs of the uninsured.
- Many families working full time can't afford health coverage.
- Half of Texas families earn less than \$45,000, and half of Texas children live in families that earn less than \$42,400 (BEFORE taxes).

Income Caps for Texas Medicaid and CHIP, 2008



Income Limit as Percentage of Federal Poverty Income
Annual Income is for a family of 3,
except Individual Incomes shown for SSI and Long Term Care

Texas Kids' Uninsured Rate Drops, Thanks to CHIP and Medicaid

- **Texas CHIP and streamlined children's Medicaid have provided health coverage for 1.3 million more Texas children.**
 - **In May 2000 just under a million Texas kids had Medicaid, and there was no CHIP; today 2.3 million kids are covered.**
 - **Uninsured Texas children below 200% FPL have dropped from 35% in 1997 to 29% in 2007 (these are the kids potentially served by children's Medicaid and CHIP) .**