



Roadblocks to Coverage for Children: Implications of Procedural Cuts in Medicaid and CHIP

If the stability protections are rescinded, states can reinstitute red-tape barriers to enrollment as a “backdoor” strategy for discouraging eligible people from signing up for coverage. In the last recession, close to half of states adopted such a strategy to make it harder for eligible uninsured children to enroll in coverage.

For more than a decade, states have made significant advances in covering low- and moderate-income children through Medicaid and CHIP. As a result of these efforts, the number of uninsured children reached the lowest level on record in 2008 and 2009. Some of this progress is due to states expanding eligibility for Medicaid and CHIP, but a major factor also has been the efforts made to streamline and simplify application and renewal procedures. These simplifications have contributed significantly to the country’s remarkable success in covering children.

Despite unprecedented state budget problems, Medicaid and CHIP have remained stable in recent years. This has allowed them to provide much-needed help to families struggling to gain solid footing after turbulent economic times. The stability in the programs can be attributed to the short-term fiscal relief provided by the American Recovery and Reinvestment Act (ARRA) and the federal requirements that states maintain their Medicaid and CHIP eligibility rules and enrollment procedures until broader health reform is implemented (i.e., the “stability protections” or “maintenance-of-effort requirements”).

In Congress, there is some discussion of eliminating the stability protections. If this were done, states could not only scale back on children’s eligibility for coverage, but also add new red-tape barriers to enrollment. For example, states that long ago eliminated such practices could again require families to:

- **More frequent renewals** - Re-establish eligibility for their child’s coverage every three to six months instead of once a year.
- **In-person interviews** - Visit an agency office for an in-person interview instead of signing their child up for coverage online or by mail.
- **Increase paperwork** - Provide multiple paystubs to document income even when the state already has data available to verify the family’s income.

During the last recession states were not precluded from imposing new barriers to enrollment. As a result,

between April 2003 and June 2004, almost half of the states (23 states) made it more difficult for eligible children and families to secure and maintain coverage.¹ They did so through a combination of administrative hurdles, premium increases, and enrollment freezes. For example:

- **Washington** eliminated 12-month continuous coverage for children and instead required them to renew coverage every six months. In the two years that followed, more than 30,000 children lost coverage. When the policy was reversed, coverage levels were restored within a year.²
- **Texas** also dropped 12-month continuous eligibility in its CHIP program and began requiring families to renew coverage twice a year. In combination with other changes it made to discourage enrollment, the number of children with coverage dropped by 215,000 (42 percent) before the 12-month renewal period was reinstated in September 2007.³
- **Wisconsin** added new paperwork-intensive income and insurance verification requirements to its Medicaid expansion program. In the first four months following implementation, enrollment declined by nearly 13,000 or 11 percent.⁴

If the stability protections in the Affordable Care Act are eliminated, it could contribute to an unraveling of the nation’s success in covering children. While many states may be hesitant to directly reduce eligibility levels, “backdoor” cuts that put up administrative roadblocks in front of children who need coverage can be equally harmful.

Endnotes

1. D. Cohen Ross & L. Cox, “Beneath the Surface: Barriers Threaten to Slow Progress on Expanding Health Coverage of Children and Families,” Kaiser Commission on Medicaid and the Uninsured (October 2004).
2. Washington State Department of Social and Health Services, 2005, updated 2006.
3. A. Dunkelberg, “Texas Health Care 2008: What Has Happened and What Work Remains,” Center for Public Policy Priorities (September 2008).
4. op. cit. (1).