



## **Five Reasons Not to Add Red Tape to Your Child and Family Health Programs**

As fiscal pressures continue to mount, states may consider adopting policies that erect barriers to coverage for children and their families in order to save money. However, red tape not only keeps eligible children and families from receiving necessary coverage, it creates administrative burdens and drives up costs in the long run.

### **1. Keeping Coverage Affordable Promotes Cost-Effectiveness.**

- Increased copayments and other service-related cost sharing in Medicaid and CHIP, even when modest, can reduce utilization of necessary services, resulting in unmet needs.<sup>1</sup>
- Erecting barriers to needed primary care is likely to drive up costs and result in greater use of the emergency room.<sup>2</sup>

### **2. Simplified Enrollment Reduces Administrative Costs, and Helps Families.**

- After requiring renewal every six months and adding new verification steps, Washington saw the cost of administering the Children's Medical Program increase by more than \$5 million annually.<sup>3</sup>
- Louisiana has decreased the number of eligibility staff, while improving retention, due to the implementation of *ex parte*, telephone, and targeted administrative renewals. These changes save the state almost \$19 million annually in administrative costs.<sup>4</sup>

### **3. Keeping Children Covered Year-Round Improves Health Outcomes and Lowers Administrative Costs.**

- Children with gaps in coverage are less likely to have a usual source of care and receive well-child care, and are more likely to have unmet medical needs.<sup>5</sup>
- Over a three-year period in California, over 600,000 Medicaid-enrolled children were disenrolled, only to be later reenrolled. It cost the state over \$120 million to reprocess these children.<sup>6</sup>

### **4. Adding Red Tape Doesn't Address Fraud and Abuse**

- The risk of fraud by beneficiaries is, in fact, very low, and is much more likely to come from the provider side of the program; states looking to prevent fraud and abuse should focus efforts there.<sup>7</sup>
- The citizenship documentation requirement intended to reduce abuse has made it harder for many eligible children to obtain coverage and increased the complexity and costs of enrollment and renewal without any discernable impact on reducing fraud.<sup>8</sup>

### **5. Americans Overwhelmingly Support Maintaining Strong Coverage for Children in Good Times and Bad**

- Voters strongly support the successful coverage provided for children through Medicaid and CHIP and believe that maintaining this coverage should remain a priority for state leaders even in tight fiscal times.<sup>9</sup>

## **Endnotes**

<sup>1</sup> L. Ku & V. Wachino, "The Effect of Increased Cost Sharing in Medicaid: A Summary of Research Findings," Center on Budget and Policy Priorities (July 7, 2005); and S. Artiga & M. O'Malley, "Increasing Premiums and Cost Sharing in Medicaid and SCHIP: Recent State Experiences," Kaiser Commission on Medicaid and the Uninsured (May 2005).

<sup>2</sup> N. Wallace, et al., "How Effective Are Copayments in Reducing Expenditures for Low-Income Adult Medicaid Beneficiaries? Experience from the Oregon Health Plan," *Health Services Research*, 43(2): 515-530 (April 2008).

<sup>3</sup> L. Summer & C. Mann, "Instability of Public Health Insurance Coverage For Children And Their Families: Causes, Consequences, and Remedies," Georgetown University Health Policy Institute, (June 2006).

<sup>4</sup> R. Kennedy, "Saving Trees in Louisiana: Keeping Eligible Children Enrolled in Medicaid and CHIP with Paperless Renewals," Louisiana Department of Health and Hospitals (presentation, Chicago, IL, November 4, 2009).

<sup>5</sup> A. Cassidy, G. Fairbrother, & P. Newacheck, "The Impact of Insurance Instability on Children's Access, Utilization, and Satisfaction with Health Care," *Ambulatory Pediatrics*, 8(5): 321-328 (September/October 2008).

<sup>6</sup> G. Fairbrother, "How Much Does Churning in Medi-Cal Cost?," *The California Endowment* (April 2005).

<sup>7</sup> S. Rosenbaum, N. Lopez, & S. Stifler, "Health Care Fraud," *The George Washington University, School of Public Health and Health Services* (October 27, 2009).

<sup>8</sup> L. Summer, "Getting and Keeping Coverage: States' Experience with Citizenship Documentation Rules," Commonwealth Fund (January 2009); and Government Accountability Office, "States Reported That Citizenship Documentation Requirement Resulted in Enrollment Declines for Eligible Citizens and Posed Administrative Burdens" (June 2007).

<sup>9</sup> Center for Children and Families and Lake Research Partners, "Poll: Affordability and Health Care Coverage" (November 2009).