

The Last Piece of the Puzzle

Providing High-Quality,
Affordable Health
Coverage To All
Children Through
National Health Reform

May 2009

Executive Summary and Recommendations



Georgetown University Health Policy Institute
Center for Children and Families

Executive Summary



Introduction

A top priority for national health reform is to ensure that everyone has access to high-quality, affordable health insurance, especially the 45 million individuals, mostly adults, who are uninsured. Children also have a large stake in this debate—both because of its implications for their families and because more work is needed to ensure that all of America’s children have high-quality, affordable health care coverage that assures access to care that meets their unique needs.

The United States has taken significant strides forward in ensuring children have health coverage—nine in ten children in the United States are now insured. This progress has occurred largely on the shoulders of Medicaid and CHIP. The signing into law of the Children’s Health Insurance Program Reauthorization Act (CHIPRA) on February 4, 2009 was another major step forward but CHIPRA was never intended to be the broader reform needed to ensure all children have high-quality, affordable health coverage.

Almost nine million children are now uninsured and whether a child has health insurance can be a game of chance. It can depend on whether his mother works for a school district or a chain retail store, whether the family lives in Kansas City, Kansas or Kansas City, Missouri, or whether the family lives in a state with a simple or complicated Medicaid/CHIP application.

Even those children who have health insurance do not always get the child-specific care they need. In a country in which there is remarkably strong consensus that all children should have the health care coverage that they require to grow and thrive, it is clear that health reform needs to tackle these issues. The new CHIP law took us further in that direction, but now the goal is to put the last pieces of the puzzle in place by:

- Building affordable pathways to coverage for all of America's children;
- Taking further steps to ensure that every insurance card translates into children receiving the care that they need to develop and grow properly;
- Creating a unified, "no wrong door" enrollment and renewal process to ensure all families can easily access coverage; and
- Strengthening the financing of public programs, which serve as the backbone of the current coverage system for low-income children.

Gaps in Coverage, Gaps in Care

Children obtain their health coverage primarily through employer-sponsored coverage or public programs, specifically Medicaid and CHIP. But many children still fall through the cracks. Addressing these gaps in coverage and in care is critical to ensuring all children have high-quality, affordable health coverage.

- Most children receive coverage through a parent's job, but a working parent is not a guarantee of coverage. The rate of employer-based coverage has worsened in recent years, primarily due to rapidly rising health care costs.



- Millions of children are enrolled in Medicaid and CHIP, but barriers continue to keep many eligible children out. Despite considerable progress, complicated enrollment and renewal procedures and limited conformity among the programs and across states leave many eligible children uninsured.
- While most uninsured children are low-income, moderate-income families also can face serious challenges securing coverage. The individual market can be prohibitively expensive or simply unavailable to children with known health care conditions.
- Even with coverage children do not necessarily receive the care they need due to shortcomings in the health care delivery system, benefit limitations that fail to recognize the unique health care needs of children, and unaffordable cost sharing requirements.



What Children Need From National Health Reform

Health reform remains at the top of the domestic policy agenda, and congressional committees are moving forward to develop legislation. A key measure of success within this landscape will be whether national health reform ensures that all of America's children can secure health care coverage that promotes their healthy development. Achieving this outcome requires the following steps:

1. Building Affordable Coverage Pathways for all of America's Children

The remaining gaps in coverage for children and their families can be addressed by: 1) expanding Medicaid to cover everyone up to 150 percent of the federal poverty level (FPL) and CHIP to cover children up to 300 percent of the FPL (and providing flexibility for states wishing to expand further); and 2) creating affordable coverage options for other families through a new insurance Exchange and related subsidy program. Both of these coverage routes should be available to lawfully-residing immigrants, and optimally, undocumented children

2. Beyond Insurance—Ensuring Children Get the Care They Need

Health care reform offers the opportunity to ensure that children receive the care that they need to develop and grow properly by: 1) providing children with a child-specific benefit package (EPSDT in Medicaid and CHIP, and a pediatric benefit for Exchange plans); 2) improving children's access to care through

adequate reimbursement rates, support of medical home models, and improvements to quality; and 3) supporting coverage for children with special health care needs by strengthening the Family Opportunity Act.

3. Creating a Unified, "No Wrong Door" Enrollment and Renewal Process

Under a universal coverage system, it should be as easy for families to enroll their children in coverage as it is for them to sign up for employer-based insurance or to enroll their child in school. Implementing this type of system entails: 1) creating a "no wrong door" policy under which everyone can obtain coverage (whether Medicaid, CHIP, or subsidized coverage) regardless of where they originally apply using a simplified application process, including via an online portal; 2) implementing, across the system, easy-to-understand eligibility rules and simplified verification procedures that rely primarily on technology rather than paperwork to document eligibility; 3) implementing automatic enrollment efforts, such as ensuring all children born in the U.S. leave the hospital with an insurance card; and 4) providing children and others with 12-months of continuous eligibility for coverage.

4. Strengthening Financing for Public Programs—the Backbone of Coverage for Low-Income Children

Assuring that all people, including children, have access to affordable high-quality coverage will require major new federal resources for: 1) ensuring that states can sustain existing coverage initiatives and provide new coverage up to the federally required Medicaid and CHIP minimum levels; 2) providing financial support to states wishing to cover more children, parents, and other groups through Medicaid and CHIP; and 3) establishing an automatic mechanism for stabilizing Medicaid funding during economic downturns.



Conclusion

The nation has made significant progress in covering children, but nine million children still lack insurance and many more are at risk of not receiving the health care services that they need to develop and grow properly.

To address these issues, children will need to be an integral part of the much larger health reform debate now underway. Based on the research and the experience gained over decades of efforts to cover children, the full report (available at <http://ccf.georgetown.edu>) provides a blueprint of what children and families need from health reform, including an overview of where the remaining gaps are for children's coverage and recommendations on the key challenges that must be addressed in order to complete the puzzle.

Recommendations

1. BUILD AFFORDABLE COVERAGE PATHWAYS FOR ALL AMERICA'S CHILDREN

<p>Creating a consistent base of coverage for children and their families through Medicaid and CHIP.</p>	<ul style="list-style-type: none"> • Expand Medicaid to 150 percent of the FPL for children, pregnant women, parents, and adults and expand CHIP coverage for children to 300 percent of the FPL. (If income disregards and deductions are eliminated, the income level would need to be adjusted upward to reflect the changes.) • Require states to continue current eligibility levels for children in Medicaid and CHIP. • Allow states to expand above the new, higher minimum federal standards, maintain current flexibility to cover pregnant women in CHIP, and to cover parents in CHIP. • Apply Medicaid and CHIP cost sharing to the federal minimum standards: no cost sharing up to 150 percent of the FPL and limit cost sharing to five percent of family income for those at 151 percent of the FPL and above.
<p>Creating affordable coverage options for children not eligible for Medicaid or CHIP through an Exchange.</p>	<ul style="list-style-type: none"> • Provide coverage options through the Exchange to children, pregnant women, parents, and adults who are not eligible for Medicaid or CHIP. • Provide subsidies based upon an affordability standard that takes into account what families at different income levels can reasonably be expected to spend on health care (including premiums, deductibles, co-payments, and co-insurance) after paying for life's other necessities. • Monitor the affordability standard for the impact on families, and update as needed.
<p>Establishing further affordability protections for families.</p>	<ul style="list-style-type: none"> • Establish appropriate limits on what health plans can set for deductibles, co-payments, and co-insurance. • Ensure that preventive care services, including those for children, have no co-payments or deductibles. • Apply cost-sharing limits on a quarterly basis, versus annually. • Establish federal standards for tracking families' out-of-pocket expenses. • Establish firewalls for families facing high medical costs.
<p>Extending affordable coverage options to lawfully residing immigrants.</p>	<ul style="list-style-type: none"> • Provide coverage to all lawfully residing immigrants, and optimally cover all immigrants.



2. BEYOND INSURANCE - ENSURE CHILDREN GET THE CARE THEY NEED

<p>Ensuring children receive a child-specific benefit package.</p>	<ul style="list-style-type: none"> • Continue and strengthen EPSDT in Medicaid through greater federal leadership. • Extend EPSDT to children in CHIP. • Provide children enrolled in Exchange plans with a pediatric benefit that draws on key elements of EPSDT.
<p>Improving children's access to care, including by requiring adequate reimbursement rates.</p>	<ul style="list-style-type: none"> • Create access standards for children in the Exchange plans, with comparable provisions added to Medicaid and CHIP. • Aim standards at ensuring that children receive necessary benefits, that the care is affordable, and that enough providers are able and willing to treat children given payment rates and policies. • Require that Medicaid and CHIP reimbursement rates are as good as or better than Medicare's rates for comparable services.
<p>Building on efforts to improve work in CHIPRA.</p>	<ul style="list-style-type: none"> • Integrate child-specific quality initiatives in CHIPRA into oversight of Exchange plans. • Establish stronger child health measure reporting requirements in Medicaid and CHIP.
<p>Supporting the establishment of medical home models.</p>	<ul style="list-style-type: none"> • Provide federal leadership and funding to evaluate and disseminate medical home models for children.
<p>Ensuring strong coverage for children with special health care needs.</p>	<ul style="list-style-type: none"> • Require all states to adopt the Family Opportunity Act, with the support of additional federal resources, and expand the income cap.

3. CREATE A UNIFIED, “NO WRONG DOOR” ENROLLMENT AND RENEWAL PROCESS

<p>Creating a simplified and uniform strategy for enrolling and renewing children in coverage.</p>	<ul style="list-style-type: none"> • Allow families to enroll in any program (Medicaid, CHIP, or Exchange plan) through different avenues using one application. • Coordinate enrollment through an online enrollment and renewal portal that could be accessed at home, in hospitals, at doctor’s offices, and public agencies. • Provide federal support for assistors to help families with applications and renewals in community-based settings. • Establish helplines to assist families.
<p>Aligning and simplifying application rules to support family-friendly enrollment.</p>	<ul style="list-style-type: none"> • Require Medicaid, CHIP, and the new subsidy program to implement standard eligibility and verification rules. • Ensure verification rules primarily rely on technology rather than paperwork. • Establish 12-months of guaranteed coverage and eliminate face-to-face interviews, waiting lists, and asset tests. • Establish a single category of eligibility and eliminate income disregards and deductions (note: minimum federal income standards would need to be adjusted upward to account for the loss).
<p>Maximizing use of automatic enrollment.</p>	<ul style="list-style-type: none"> • Use the simplified rules to implement automatic enrollment for large numbers of uninsured children, such as through public programs or the tax system. • Require that every child born in the U.S. leave the hospital with an insurance card.



4. STRENGTHEN FINANCING FOR PUBLIC PROGRAMS - THE BACKBONE OF COVERAGE FOR LOW-INCOME CHILDREN

Financing the cost of Medicaid and CHIP expansions.	<ul style="list-style-type: none"> • Provide federal financial assistance to states to cover much or all of the cost for covering newly eligible children, parents, pregnant women, and adults in Medicaid and CHIP. • Provide states required to maintain existing coverage with enhanced federal assistance. • Provide states that want to expand coverage above the new federal levels or to parents in CHIP with additional federal support.
Establishing a simplified financing structure in Medicaid and CHIP.	<ul style="list-style-type: none"> • Create a new, single “blended” federal matching rate for those previously eligible and newly eligible, such as for all children in Medicaid and CHIP. • Potentially use the new blended rate to help finance improvements in participation rates and access to care for children.
Establishing an automatic mechanism for stabilizing Medicaid funding during economic downturns.	<ul style="list-style-type: none"> • Create an automatic mechanism for adjusting federal Medicaid payments to states during economic downturns.
Eliminating the cap on federal CHIP funding to ensure eligible children can enroll in coverage without a waiting period.	<ul style="list-style-type: none"> • Eliminate the caps now imposed on national CHIP allotments.

The full report is available at <http://ccf.georgetown.edu/index/health-care-reform>.



Center for Children and Families
Georgetown University Health Policy Institute

Box 571444
3300 Whitehaven Street, N.W., Suite 5000
Washington, DC 20057-1485
Phone (202) 687-0880
Fax (202) 687-3110

childhealth@georgetown.edu
ccf.georgetown.edu
www.theccfblog.org

