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WEST VIRGINIA'S MEDICAID REDESIGN: WHAT IS THE IMPACT ON CHILDREN?

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OVERVIEW

In May 2006, West Virginia received approval from the federal government to move ahead with a unique and controversial program to restrict access to certain health care services if Medicaid beneficiaries do not sign and/or comply with a "personal responsibility" agreement. Known as the "Medicaid Redesign," the West Virginia plan received widespread national attention.[1] The centerpiece of the initiative is an agreement that beneficiaries must sign with their doctors, promising that they will comply with a health improvement plan and outlining broad patient responsibilities such as "I will do my best to stay healthy." Children and their parents are the primary groups affected.

Beneficiaries who complete and return the agreement receive an "Enhanced" benefits package while those who do not get a "Basic" benefits plan. The "Basic" plan restricts prescription drugs to four a month, limits mental health services and access to physical and speech therapy. The enhanced plan does not include these limits and adds benefits designed to encourage wellness such as weight management and nutritional education. The state began implementing the plan in March 2007 in three counties; the program went statewide in November 2007.

The West Virginia plan reduces Medicaid beneficiaries' access to medical services if they — or, in the case of children, their parents — do not sign a Member agreement and/or are deemed to be out of compliance with a range of behavioral requirements. This unprecedented and far-reaching change to West Virginia's Medicaid program was approved by the federal government in just eight business days despite serious questions the plan raised about whether children would continue to receive needed health services. Two years later, these questions remain unanswered.

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KEY FINDINGS

- **Children, not adults, represent the vast majority of those affected by West Virginia's changes.** Eighty five percent of those affected by the changes so far are children – even though children cannot themselves sign the member personal responsibility agreement and are not where the bulk of Medicaid costs lie.[2]

- **More than nine in ten West Virginia children with Medicaid have had benefits restricted.** So far, according to the state's enrollment data, 93 percent of

children have had benefits restricted; these children are in the basic plan.[3] Children and eligible parents are automatically put into the basic plan if they do not execute a member agreement. Even newborns are automatically enrolled in the Basic plan.[4] Widespread confusion among families and physicians, and poor implementation by the state appear to be among the reasons why the vast majority of families are not executing the agreement.

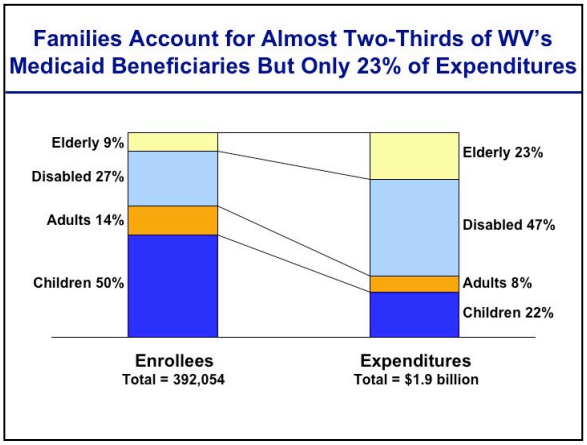
- **West Virginia's changes have not had any discernible impact on healthy behaviors**. Because so few families have successfully executed the agreement, West Virginia's changes have resulted in limiting benefits primarily for children with no discernible impact on the stated goals of improving beneficiaries' health and increasing healthy behavior. While the broad goals of the Medicaid Redesign are laudable, the design of the program and its implementation are seriously flawed.

What role does Medicaid play in providing health care to the children of West Virginia?

Thirty seven percent of the state's children receive their health coverage through public coverage programs.[5] In FY2007, West Virginia's Medicaid program provided health coverage to 230,000 children over the course of the year.[6] Medicaid's Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) program requires that states make sure that children served by Medicaid receive regular check-ups and all medically necessary treatment. Federal law ensures that children receive comprehensive coverage because low-income children are often in poorer health and their families have limited incomes to pay for non-covered services.

Despite the fact that Medicaid provides health care to more than one out of three of West Virginia's children, children are not the primary cost driver. As Figure 1 shows, children account for 50 percent of Medicaid's enrollees but only 22 percent of the cost.

Figure 1[7]



Which children are affected?

Almost all children and parents who receive Medicaid are subject to the new system. The changes were first implemented in three counties — Clay, Upshur and Lincoln. Despite the longer implementation time, the number of children enrolled in the enhanced benefits plan remains very low in these counties– just 15 percent.[8]

Children who receive Medicaid because they are determined eligible for disability payments are excluded from the changes, but many children receiving Medicaid who do not receive disability payments suffer from chronic and serious health conditions. Thus the limits on benefits are affecting many children with high health care needs.[9]

Why aren't families signing the agreement?

Parents must sign the agreement for their children, regardless of whether the parent is enrolled in Medicaid. (It is common for low-income children to be enrolled in Medicaid when their parents are not enrolled because

West Virginia extends coverage to children at much higher income levels than their parents.) It is not totally clear why parents are not signing the agreement but given the extremely high numbers, -- 93 percent statewide -- it seems apparent that the process is not working as currently structured.

A review of the materials sent to Medicaid beneficiaries suggests that poor implementation is a major contributing factor. Beneficiaries receive a mailing saying that their benefits will change to "Basic" within 90 days of their eligibility redetermination date unless they sign the Member agreement but are not informed of when the clock starts. Nor does the information clearly state that their child is at risk of losing benefits. In addition, no information is included on where and how to send the completed Member Agreement.

Is compliance with the agreement being enforced?

One of the more controversial aspects of the Medicaid changes was the issue of putting doctors in the position of monitoring compliance with the agreement that could result in doctors' decisions denying patients their needed benefits. In response to this, the state said that HMO claims data would be used to monitor compliance, but to date, it appears that this system has not been implemented. Thus at this point all children whose benefits have been restricted have lost their coverage as a result of shortcomings in the system that have led most families not to sign the agreement.

Conclusion

Programs designed to change personal behaviors based on positive or negative incentives can be valuable but they are complex and are dependent on beneficiary understanding and active participation. West Virginia's low participation rate underscores that families do not understand the Medicaid Redesign. Moreover children are the primary group affected – those least likely to have control over and be able to change their health habits. Unfortunately the state's changes have resulted in many of these children losing access to benefits they may need.

Endnotes

[1] See for example, G. Bishop and A. Brodkey, "Personal Responsibility and Physician Responsibility – West Virginia's Medicaid Plan," *New England Journal of Medicine* 355(8): 756-758 (2006).
[2] Georgetown University Center for Children and Families analysis of Mountain Health Choices enrollment data as of July 2008.
[3] Ibid.
[4] The Health Plan, Mountain Health Choices Member Handbook, p. 4.
[5] Urban Institute and Kaiser Commission on Medicaid and the Uninsured estimates based on the Census Bureau's March 2006 and 2007 Current Population Survey (CPS: Annual Social and Economic Supplements)
[6] Georgetown CCF analysis of the Statistical Enrollment Data System (SEDS) FY 2007 Master File (February 11, 2008).
[7] FY 2007 expenditures do not include state-only funds or adjustments made for federal spending reporting purposes. Data reported by the Bureau of Medical Services, MMIS. Source: West Virginia Center on Budget and Policy, "Medicaid Matters: Part 1 - An Overview of the Medicaid Program in West Virginia" (May 29, 2008).
[8] Georgetown CCF analysis of Mountain Health Choice Count data as of July 2008.
[9] See Mann, C. and Kenney, E. "Differences That Make A Difference: Comparing Medicaid and the State Children's Health Insurance Program Federal Benefit Standards," Georgetown Center for Children and Families, (October 2005).

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