



What Will West Virginia's "Medicaid Redesign" Mean for Children?

Overview

On May 3rd, 2006, the state of West Virginia received approval from the federal government to make changes to its Medicaid program — known as the “Medicaid Redesign.” These far-reaching changes reduce Medicaid beneficiaries’ access to medical services if they — or, in the case of children, their parents — are deemed to be out of compliance with a range of behavioral requirements. These changes were made through a “state plan amendment” under a new federal law known as the Deficit Reduction Act (DRA). The federal government approved the state plan amendment in just eight business days, despite the fact that very basic questions about whether and how children will continue to receive needed health services remain unanswered.

Roughly three in four of the beneficiaries who will be affected by West Virginia’s Medicaid Redesign are children, making them by far the largest group who will be required to participate in the new system.¹ The approved state plan amendment suggests that these children will lose access to a number of medically necessary services that are now covered if their health care provider or HMO says that the family is not complying with a set of behavioral requirements.

WEST VIRGINIA



What role does Medicaid currently play for children in West Virginia?

As of January 2006, West Virginia’s Medicaid program provided health coverage to more than 158,000 children in the state.² Federal law requires that children served by Medicaid receive a comprehensive set of all medically necessary benefits, known as Early and Periodic Screening, Diagnostic, and Treatment (EPSDT). 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. The DRA maintained the EPSDT guarantee for children. However, under the Medicaid Redesign, it is not clear whether West Virginia’s children will continue to receive all EPSDT services; the approved state plan amendment has contradictory language on this point.

Which children will be affected?

All families who receive Medicaid as a result of their low income will be subject to the new system. The changes will first be implemented in three counties — Clay, Upshur and Lincoln, affecting approximately 5,000 children. Children who receive Medicaid because they are determined eligible for disability payments will be excluded from the changes, but studies have shown that many children receiving Medicaid as a result of their low incomes (and not receiving disability payments) suffer from chronic and serious health conditions.³

“Roughly three in four of the beneficiaries who will be affected by West Virginia’s Medicaid Redesign are children”

What are families being asked to do?

Parents will be required to sign a “Member Agreement” stating that they will comply with a broad and sometimes vague set of requirements aimed at promoting healthy behaviors. These include seeking preventive care, adhering to health improvement programs prescribed by their doctors, and “doing their best to stay healthy.” It appears that parents will be required to 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 more moderate income levels than their parents.)

What happens to families who encounter difficulties?

Those deemed to be compliant will receive an “Enhanced” package of benefits — those that do not sign or do not comply will receive the “Basic” plan which does not cover mental health services, diabetes care, and a number of other services routinely provided by the state today. Children apparently will be placed in the Basic plan if their parents fail to comply with the agreement on their behalf.

The state plan amendment says that children will continue to receive EPSDT benefits. However, this statement contradicts another provision that says children will be enrolled in the Basic plan (with its reduced package of benefits) if their parents are deemed non-compliant. The Basic plan for children, for example, will cover only four prescriptions a month, raising the question of what happens if more than four are medically necessary to a child’s care.⁴

What does it mean to exercise “personal responsibility”?

Many Americans struggle with following their doctors’ instructions on medications, check-ups, diet, and exercise. Low-income families face the same barriers as other Americans, but often must contend with additional barriers such as inflexible jobs that do not offer time off to take children to the doctor during regular business hours or unreliable transportation. West Virginia has entered uncharted territory by seeking to encourage “responsible” use of health care services by using the “stick” of cutting off coverage for needed health services. The implications of such a strategy are particularly troubling with regard to children because, in

most cases, parents make the decisions surrounding diet, exercise, and going to check-ups, but it is the child whose benefits will be cut if these responsibilities aren’t fully met.

Who will enforce the Medicaid Member Agreement?

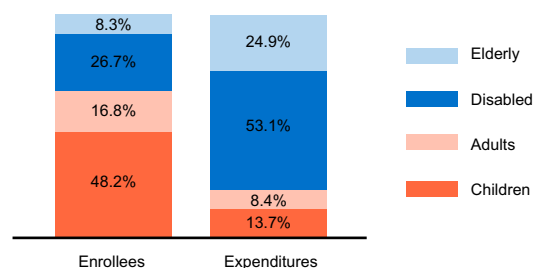
The plan indicates that “The HMO/Medical home will partner to monitor and report compliance with these responsibilities.” Such a structure may create many ethical and legal dilemmas for doctors and other providers who are asked to evaluate and report on their patients’ confidential behaviors. For example, pediatricians will be asked to make a decision regarding a parent’s “compliance” that could result in needed treatment not being available to a child.

Will the state save money?

Governor Joe Manchin has said that cost savings are a driving force behind the decision to restructure West Virginia’s Medicaid program, noting, “We need desperately to get this program under control and better utilize our limited dollars.”⁵ The Medicaid Redesign, however, primarily targets low-income children and some nondisabled adults. As Figure 1 indicates, these two groups make up nearly two-thirds (65%) of West Virginia’s Medicaid population, but account for less than a quarter (22%) of all spending. In addition, children and their parents accounted for only 26% of West Virginia’s Medicaid expenditure growth rate from 2000 to 2003, indicating that it is neither children nor their parents who are driving Medicaid cost growth.⁶

Figure 1

Families Account for Almost Two-Thirds of WV’s Medicaid Beneficiaries But Only 22% of Expenditures



Note: Totals exclude children in foster care and BCCA women. Numbers may not add to 100% due to rounding. Source: FY 2003 CMS MSIS Tables.

1 Georgetown University Center for Children and Families’ analysis based on CMS MSIS data 2003.

2 Enrollment data from January 2006. Phone interview conducted with Andy Mullens, West Virginia Bureau of Medical Services, May 2006. In West Virginia, the monthly income for a family of three must be below \$1,383 for school-aged children to qualify for Medicaid; children under age six are eligible if their monthly income is below \$1,840.

3 S. Allen, A. Croke, *Faces of Medicaid*. Center for Health Care Strategies, November 2005.

4 See W. Va. state plan amendment, Section 3.1-C-Attachment 2, page 2. http://www.wvdhhr.org/bms/oAdministration/bms_admin_WV_SPA06-02_20060503.pdf.

5 S. Finn (2006), “Medicaid Changes Approved.” *Charleston Gazette*, May 14.

6 Georgetown University Center for Children and Families’ analysis based on CMS MSIS data 2003.

