Why Eligible Children Lose or Leave SCHIP

Findings from a comprehensive study of retention and disenrollment

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PART I: WHY STUDY SCHIP RETENTION AND DISENROLLMENT?

In 2000, the National Academy for State Health Policy (NASHP), with support from The David and Lucile Packard Foundation, invited states to work together in teams to address concerns about the State Children's Health Insurance Program (SCHIP) implementation. SCHIP is a federal/state sponsored health insurance program for children in low-income households who might otherwise be uninsured. Seven states identified the issue of disenrollment, reflecting growing national interest in rates of retention in and disenrollment from SCHIP. Initially, states tended to focus on promoting SCHIP and encouraging low-income families to enroll because SCHIP was a new health coverage program. However, now that SCHIP is several years old, states are focusing on retaining eligible families in the program. When verifying ongoing eligibility for SCHIP, states began to identify families who had left SCHIP but who appeared to remain eligible for coverage. These families did not complete the annual renewal process required to stay in the program or fell behind in their premium payments. Concerns about disenrollment rates fueled speculation that significant numbers of children were leaving or being dropped from SCHIP, despite remaining eligible for it. Because this is a relatively new focus for states, there is little data or information about why families lose SCHIP coverage.

NASHP—with the seven states, Alabama, Arizona, California, Georgia, Iowa, New Jersey, and Utah—undertook a project to examine SCHIP disenrollment and how to retain enrollment of those children who continued to be eligible for the program but failed to complete the renewal process or make their premium payments. The states were diverse, but all operate a separate SCHIP program and four operate a Medicaid/SCHIP expansion as well. All seven states came to the project interested in identifying ways to increase the retention of eligible children. They wanted to learn more about the extent of disenrollment and the reasons why eligible children were disenrolled. Over two and a half years, they have worked with NASHP to map their current processes and procedures, and analyze current program operations.

Understanding Terminology

Federal SCHIP rules require states to redetermine enrollee eligibility for SCHIP at least annually. All seven states in this study determine eligibility on an annual basis. Those enrollees found no longer eligible for the program under current state and federal rules can no longer participate in the program. Examples of why enrollees become ineligible for the program include obtaining health insurance through an employer, becoming eligible for Medicaid, "aging out" of the program at 19, moving out of the state, or an increase in family income that exceeds program eligibility thresholds.

The term "disenrollees" is a catch-all phrase that includes both children who become ineligible for the program because their family circumstances no longer meet program rules, as well as children who remain eligible but whose coverage lapses. This latter group of eligible children – referred to as "lapsed" – generally fall out of SCHIP because their parents fail to complete the renewal process or do not pay their premium payments. It is these "lapsed families" – not *all* disenrollees – that are the focus of this project. This project seeks to understand why they leave SCHIP and to gain insights into program improvements that would help lapsed families remain in the program.

NASHP commissioned the national research firm of Lake Snell Perry & Associates to conduct an extensive research study that involved six focus groups in three of the seven states and a survey in all seven states. Both current enrollees and lapsed families participated in the study to lend insight into the aspects of SCHIP that help children remain enrolled overtime, and the circumstances that can lead to lapsed coverage. The seven states working with NASHP identified those families in each state who records indicated had lapsed coverage; they were disenrolled because renewal was not completed or premiums were not paid.

Attempts to reach and interview lapsed families resulted in a surprising finding: roughly two-thirds of the families identified in state records as "lapsed" reported that they were, in fact, ineligible for the program. In fact, most of these families said they disenrolled because they had found private coverage, had an increase in household income, or were otherwise no longer qualified for SCHIP. This unintended finding suggests that state data may not tell the whole story about how and why families lapse. It seems families who get other insurance or otherwise decide they are ineligible for SCHIP do not report this to the states, rather they simply stop paying premiums or do not renew their child's coverage. Figures A and B below illustrate this gap between state records and how parents describe their reasons for disenrolling from SCHIP.

Figure A: State Records

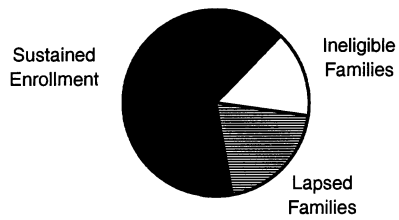
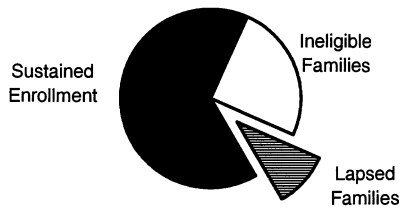


Figure B: Parents Report



The difference between states' and parents' understandings of SCHIP status is evident when looking at the distribution of families who lapsed coverage. According to state records (Figure A) a larger share of families are lapsed (black stripes) than are ineligible (white). However, when we attempted to survey these lapsed families, a large number – roughly two-thirds – reported that they had left the program because they were, or believed themselves to be, ineligible for SCHIP. When parents' perspectives are taken into account, as they were in the survey, we see that a large share of "lapsed" families are indeed ineligible (Figure B). Put another way, according to parents, lapsed families make up a much smaller share than state records suggest.

This unanticipated finding affects the study in two ways. First, it is in and of itself an important finding. It seems that truly lapsed families – that is, disenrollment of eligible children – is a smaller problem than might have been expected. Second, it was much harder to find eligible families to participate in this research study since the pool of lapsed families ended up being much smaller than predicted. Nevertheless, the seven states remain concerned with *any* eligible enrollee who lapses coverage, no matter how small a group this may be.

The study discusses findings reported from this sub-set of lapsed families and how states are responding to improve retention of those who are likely still eligible.

PART II: RESEARCH FINDINGS

This study was undertaken to learn about families whose SCHIP coverage has lapsed. In particular, the seven states participating in the project – Alabama, Arizona, California, Georgia, Iowa, New Jersey and Utah – wanted to gain insight into the circumstances that lead to a family's losing SCHIP coverage. At the same time, states wanted to learn what keeps families enrolled over the long-term, the aspects of SCHIP that seem to be working and helping families remain enrolled.

Methodology

The study included six focus groups in three states and a telephone survey in all seven states. The telephone survey was conducted in summer 2001 and included 3,780 parents: 2,780 parents of current SCHIP enrollees who had been in the program six months or longer and 1,000 parents of "lapsed" children.[1] The lapsed families consisted of: 411 parents who said they did not pay the premiums; 291 parents who said they did not complete the renewal process; 178 parents who said they do not know why their children's SCHIP coverage lapsed; and 120 parents who said other administrative problems caused their children's coverage to lapse.

It is important to note that the research findings reflect parents' perceptions of SCHIP and why their children's coverage lapsed. These perceptions may or may not mirror how SCHIP actually works or all of the circumstances that led to their coverage lapsing. Indeed, parents report throughout the study that they are lacking information about the program and are confused by SCHIP rules and processes. However, parents' perceptions of SCHIP – whether accurate or inaccurate – influence whether their children remain in the program and, therefore, must be considered by states seeking to improve retention in the program.

Overview

A number of important insights emerge from this study of lapsed families and SCHIP retention, including:

- States may be overestimating the number of lapsed children who may still be eligible for SCHIP. When reached for the survey and asked why their child is no longer enrolled in SCHIP, two-thirds of the presumed lapsed families indicate that they actually left SCHIP for reasons that would make the child ineligible for the program.

- Parents appreciate SCHIP and lapsed families want to re-enroll their children in the program. They praise the medical care, prescription drug coverage, dental care, and other aspects of the program.

[1] The survey was fielded from July 11, 2001, through September 8, 2001. Interviews were conducted in English and Spanish by professional interviewers. The margin of error for the current enrollees is plus or minus 2 percentage points. The margin of error for the lapsed families is plus or minus 3 percentage points.

- For most parents, neither the renewal process nor the premium payments are barriers to retention. Most consider renewal to be straightforward and fairly easy, including the majority of lapsed families. Likewise, most parents, including lapsed families, consider their premium payment to be reasonable and many feel good about contributing toward their child's coverage. However, there are aspects of the renewal process and the payment of premiums that are hard for some families and which may lead to lapsed coverage.

- Some parents were unaware that they need to renew annually; they say they were never told about this process. Likewise, a number of parents feel overwhelmed by the paperwork requirements for renewal.

- Some parents say that there are times when paying their premiums is difficult, even though most of the time it is not a problem. When many bills are due at once, these parents explain they must pay food and rent first.

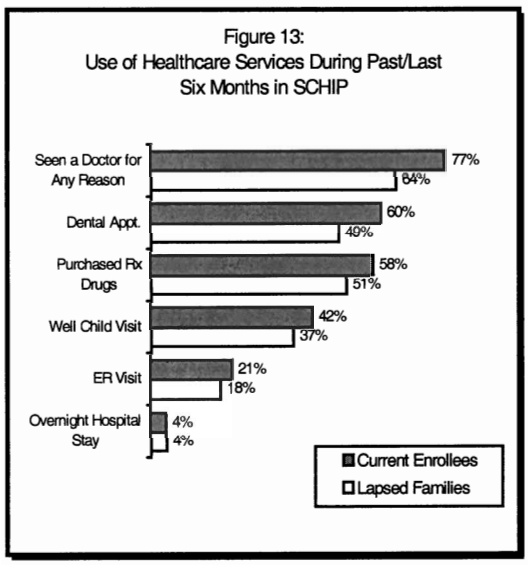
- Finally, parents' busy lives affect their ability to comply with SCHIP rules. Some lapsed families indicate that they forgot to renew or simply did not get around to it. Some lapsed families also say they forgot to pay their premiums.

These and other insights are described in greater detail on the following pages.

Findings in Detail

FEWER LAPSED CHILDREN THAN EXPECTED

State records overestimate the number of lapsed children who still may be eligible for SCHIP. Based on survey results, most of the lapsed children are not in fact lapsed, but disenrolled for reasons which make them ineligible for the program.



To conduct the telephone survey, the seven states provided names of disenrollees whose coverage had lapsed. Based on state records, these were families who lapsed either because they failed to complete the renewal process or did not pay their premiums. In theory, these were families with children who still might be eligible for SCHIP. However, when these families were reached and asked why their children were no longer enrolled in SCHIP, only about one-third (31%) reported renewal, premium, or other administrative problems. Rather, the majority of these families (69%) reported their children were no longer enrolled in SCHIP for other kinds of reasons – primarily, that the family obtained private health insurance or their income changed – which, in most cases, would make the child ineligible for SCHIP. (See Figure 1.)

Many parents who disenroll their children from SCHIP may not be informing the program why they are leaving – and so are recorded as lapsed families.

It is likely that many parents who leave SCHIP because they obtain private insurance, because their income increases and they do not believe they still qualify, or for some other reason fail to report this to the program. Instead, they do not complete their renewal when it is time, or stop paying their premiums. A useful analogy may be magazine subscriptions: most people simply do not renew the subscription if they do not want to receive the magazine anymore and do not contact the magazine to explain why. This same scenario appears to be happening when families leave SCHIP, which explains why state records may not accurately reflect why families disenroll.

The implication of this finding – which is consistent across all seven states – is that the number of eligible families lapsing from SCHIP may not be as large as state records indicate.

Rather, families no longer enrolled in SCHIP are much more likely to have been disenrolled from the program for reasons consistent with state policy – such as their income increased, they switched to Medicaid, or they believe their child was too old to still qualify – or because they obtained private insurance.

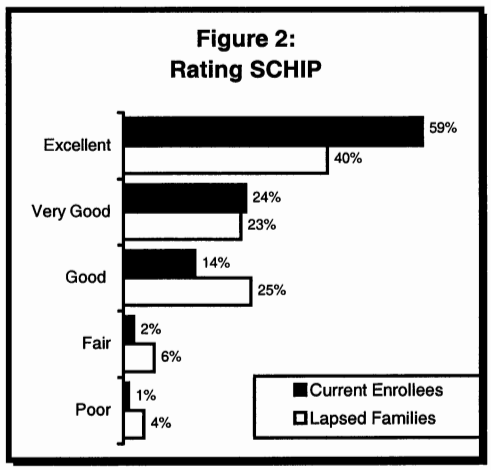
Please note: The remaining survey findings reflect only the views of the 31% of families (N=1,000) who reported that they were lapsed and of 2,780 current enrollees.

PRAISE FOR SCHIP

The majority of parents rate SCHIP as an excellent or very good program, including a majority of lapsed families.

Most current enrollees (83%) and lapsed families (63%) rate SCHIP as an "excellent" or "very good" program. They give high marks to SCHIP's medical care and prescription drug coverage. While they also give high marks to SCHIP's dental coverage, they are less likely to give it an "excellent" ranking. Parents in the focus groups use words like "safe" and "secure" to describe how they feel about having their children enrolled in SCHIP. (See Figure 2.)

Figure 2:
Rating SCHIP



Most lapsed parents who enrolled their children in private health insurance plans after they left SCHIP say that SCHIP compares favorably to their private coverage.

Seven in ten lapsed families (72%) who enrolled their children in private insurance plans after they left SCHIP say that their coverage is more expensive than SCHIP, and 11% say it is about as expensive. Only 8% say their private coverage costs less. Similarly, the majority (73%) say their private insurance covers less or about the same services as SCHIP. Only 14% say their private coverage is more comprehensive. The focus groups shed light on why some parents of lapsed children who are now privately insured prefer SCHIP. Those with private insurance say they now have deductibles, as well as higher premiums and co-pays, and most say the care their children receive is no better.

Above all else, parents value SCHIP's affordability.

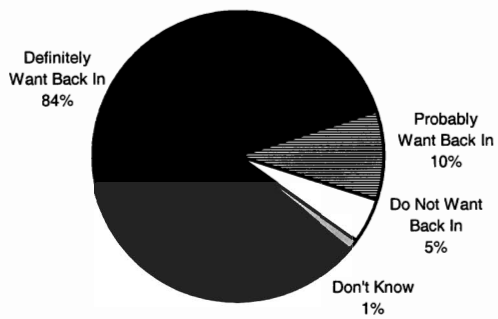
When survey respondents with positive assessments of SCHIP were asked to describe, in their own words, what they liked best about the program, current enrollees and lapsed families gave similar responses. As shown in Table 1, first and foremost they appreciate the program's low cost (or lack of cost); over half (54%) mention this attribute. However, parents volunteer that they appreciate that the program provides comprehensive coverage and high quality care, too.

Table 1: What Parents Like About SCHIP

	Current Enrollees	Lapsed Families
Affordable / Cheap / Free	54%	54%
Comprehensive Coverage / Good Benefits	19%	22%
Access to Doctors and Specialists/ Choice of Providers	12%	12%
Good Doctors / Good Medical Care	10%	13%
Access to Preventive and/or Emergency Care When Needed	8%	6%

Notes: Open-ended question. Multiple responses accepted. Asked of those who rated SCHIP excellent, very good or good. Total exceeds 100% because multiple responses accepted. Only answers given by over 5% of participants listed.

Figure 3:
Would you like your child back in SCHIP?
N=1,000 Lapsed Families



Evidence that parents have positive views toward SCHIP is that the overwhelming majority of lapsed parents say they would like their children back in the program.

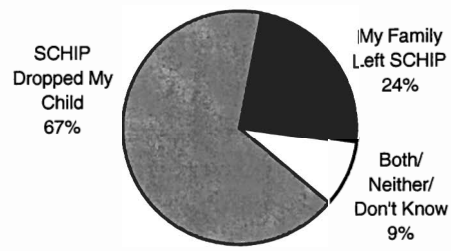
Eight in ten (84%) lapsed families report that they would "definitely" want their children back in the program, including 83% of those parents whose children are now privately insured. Only 5% of all lapsed families say they do not want their children re-enrolled in SCHIP. (See Figure 3.) It should be noted, however, that it is unclear how many of these lapsed children would actually be eligible to re-enroll in SCHIP.

LAPSING IS NOT INTENTIONAL

Most lapsed families report that they did not choose to leave SCHIP.

Only one-quarter of lapsed families (24%) report that they intentionally pulled their children out of SCHIP. For two-thirds of lapsed parents (67%), however, leaving SCHIP was unintentional. These parents perceive the program dropped their children. (See Figure 4.)

Figure 4: Did You Choose to Leave SCHIP Or Did SCHIP Drop You?
N=1,000 Lasped Families



Many lapsed parents say they are still unclear why their children are no longer enrolled in SCHIP.

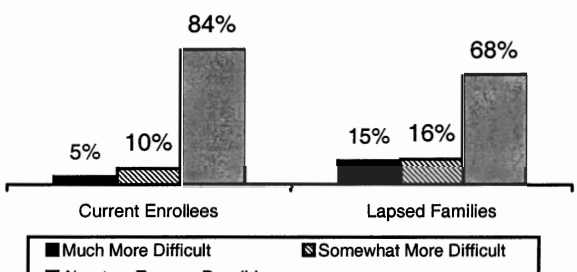
Not only is lapsing unintentional for most, but many lapsed parents reported that they still do not understand why their children were disenrolled from SCHIP. Illustrating this confusion, some parents recruited for the focus groups were unaware that their children had, in fact, been disenrolled from SCHIP, since they had not used health services in a while. In addition, 18% of lapsed families participating in the survey reported they still do not know why their children were terminated from the program.

SCHIP's Renewal Process – Not a Problem for Most

Most parents find SCHIP's annual renewal process to be as easy as possible.

As Figure 5 shows, the majority of current enrollees (84%) and lapsed families (68%) perceive SCHIP's annual renewal process to be about "as easy as possible." Only 15% percent of current enrollees say the process is much more or somewhat more difficult than it needs to be. On the other hand, about twice as many lapsed families (31%) describe the renewal process as much more or somewhat more difficult than it needs to be.

Figure 5:
Is the renewal process much more difficult than it needs to be, somewhat more difficult than it needs to be, or about as easy as possible?

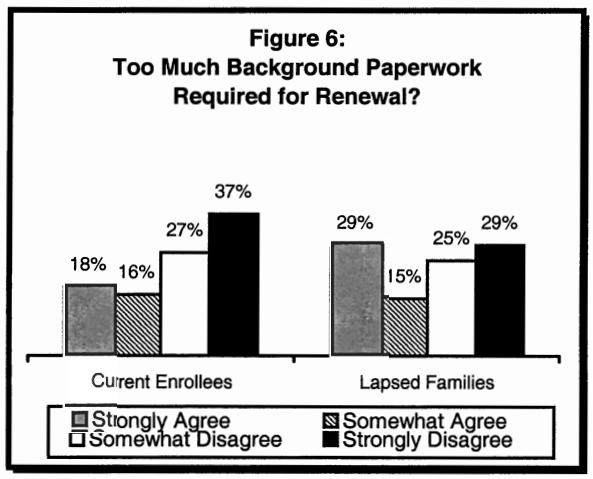


Parents have similar opinions about the renewal forms they must complete; most feel they are fairly simple, but a few find them problematic. The majority of current enrollees (92%) and lapsed families (80%) agree that "the SCHIP program has made the renewal forms easy to fill out." Only 5% of current enrollees and 16% of lapsed families feel the forms are too complicated.

Parents are more likely to complain about gathering the information and paperwork required for the renewal process.

A common concern about the renewal process – voiced in both the focus groups and the survey – is that the required background information can be difficult to obtain. In the survey, a third (34%) of current enrollees strongly or somewhat agree that in the renewal process "they ask you for too much background paperwork, such as pay stubs or income documentation." Lapsed families are even more likely to feel this way (44%). (See Figure 6.)

Figure 6:
Too Much Background Paperwork Required for Renewal?



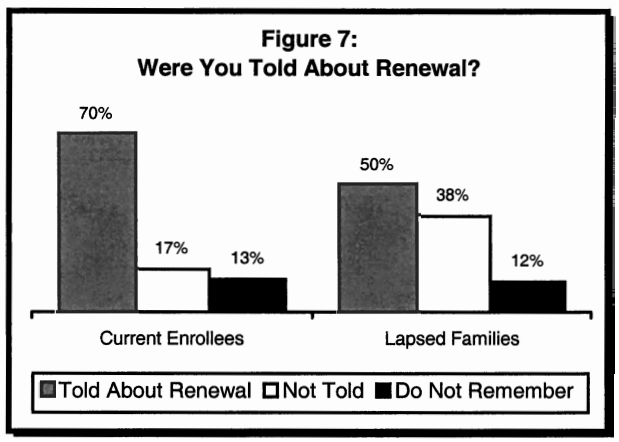
Focus group results suggest parents in atypical work situations have more trouble than others with SCHIP's income verification requirements. One mother, for example, had trouble verifying her income because her employer

pays her by personal check. She explained: "[SCHIP] wouldn't accept that. I had to get certified papers stating how much money I make per week. It was a real pain...It took approximately three months." Income verification is especially challenging for parents who change jobs frequently or are self-employed. Farmers and seasonal workers in the focus groups said it was difficult to provide income information because they do not receive a regular paycheck and because their incomes vary widely from month to month. One current enrollee shared her frustration when she said: "My husband is in the National Guard [and that] always throws them off, because [his pay] is different every month."

Some parents – particularly those with lapsed children – reported that they were never told they needed to renew.

All parents in the survey were asked whether they were informed that they needed to renew annually in order for their children to stay enrolled in SCHIP.[2] As Figure 7 shows, current enrollees (70%) are much more likely to say that they were told about renewal, whereas only half of lapsed parents (50%) say they were told. Notably, almost four in ten lapsed parents (38%) reported that they were not told about renewal. It is important to note that information about the renewal process was likely included in program materials parents received when enrolling their children in SCHIP; however, it is unclear if parents took note of this information at that time.

Figure 7:
Were You Told About Renewal?



PAYING PREMIUMS –MOST OF THE TIME, NO PROBLEM

Most parents – including those with lapsed children – perceive SCHIP's premium amount to be reasonable. Even lapsed families who paid a higher premium (more than $20 a month) agree the amount is "about right."

Most parents who pay premiums feel they are reasonable.[3] As Figure 8 shows, the strong majority of current enrollees (90%) and lapsed families (83%) feel the premiums are reasonable. Even among those lapsed families whose premium was over $20 a month, the majority (75%) feel that their premium was reasonable; however, one in five (20%) feel their premium was too much.

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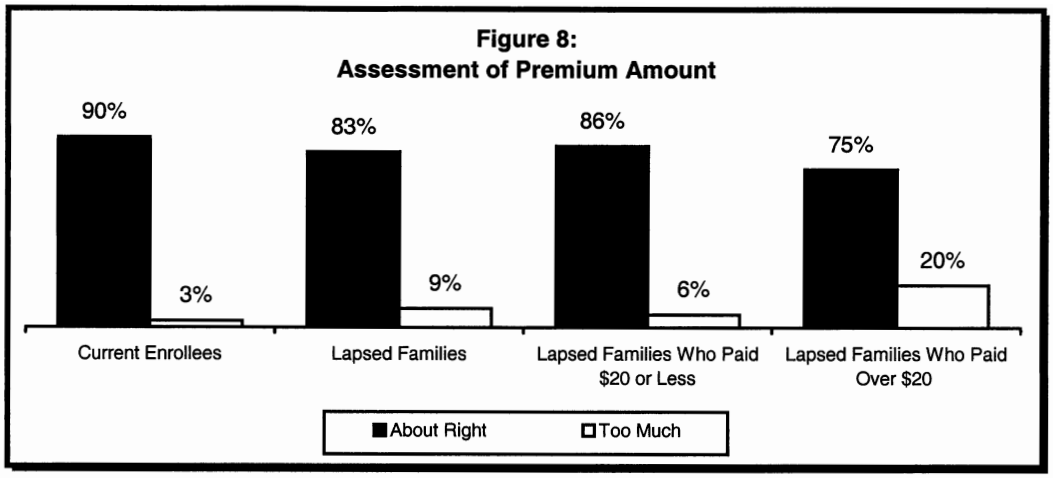
[2] Six of the seven states involved in this study require that parents actively renew their child's enrollment: Alabama, Arizona, California, Iowa, New Jersey, and Utah. Georgia has automatic or "passive" renewal, so parents from Georgia did not participate in questions about renewal.

[3] Five of the participating states – Arizona, California, Georgia, Iowa, and New Jersey – charge monthly premiums for at least some of their SCHIP enrollees. In some states, less than half the participants have a premium, in others, almost all do, and premium amounts differ from state to state. Alabama has a yearly premium, and Utah does not charge a premium at all. Taking into account these differences, the focus groups and the survey explored in six of the states (AL, AZ, CA, GA, IA, and NJ) how premium payments affect retention in SCHIP.



Most parents say they are comfortable contributing to the cost of their children's care.

Table 2: Parents' Views about Premiums

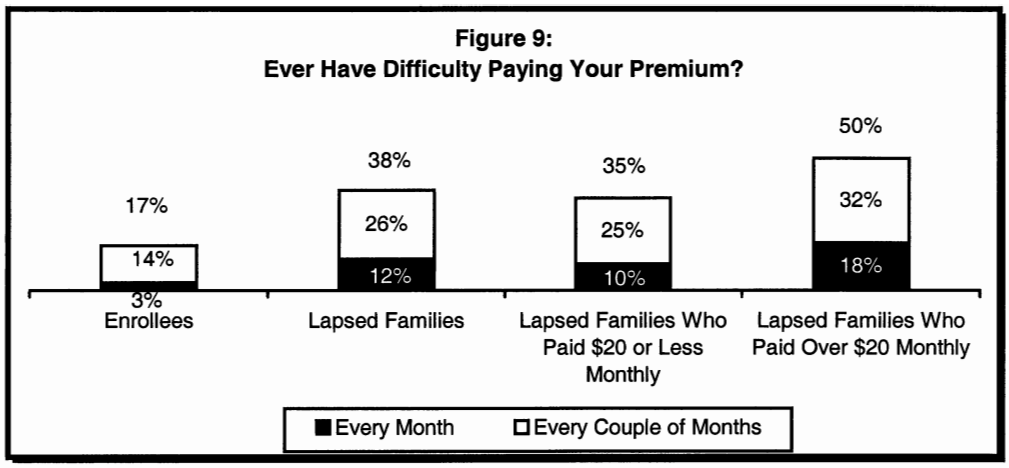
	Current Enrollees	Lapsed Families
	% Who Strongly Agree	
Paying the premium is worth it for peace of mind.	93	86
Care and coverage are worth the cost of the premium.	90	81
I feel better paying part of the cost of my child's coverage.	84	83

A majority of current enrollees and lapsed families report that paying the premium is worth it for the peace of mind they receive in return. Likewise, there is widespread agreement that the premium is justified by the care and coverage available though SCHIP. Also, strong majorities agree that they were "happy to pay the premium because I feel better paying part of the cost for my child's healthcare coverage." (See Table 2.)

Despite stating that the premiums are reasonable and that they should contribute, some parents say they sometimes have difficulty paying the premiums.

Parents in the focus groups explained that while paying their monthly premium is not usually a problem, it can become overwhelming if they have unexpected expenses. This is particularly true of lapsed families. Parents also said that when money is tight, there are competing priorities. Rent, food, groceries and other bills can take precedence over premiums. As one lapsed parent explained: "When you are choosing between spending $50 a week on groceries or insurance... then you tend to put [insurance] on the back burner. It's not a necessity at the moment." Simply put, immediate and basic needs usually trump paying a premium for health insurance.

The survey confirms the focus group findings. Figure 9 shows that almost two in ten (17%) enrollees say they have trouble paying their children's premium at least every couple of months. Notably, almost four in ten lapsed families (38%) have experienced problems paying their premiums. Furthermore, lapsed families who paid more than $20 a month in premiums are more likely to have trouble than those who paid $20 or less.

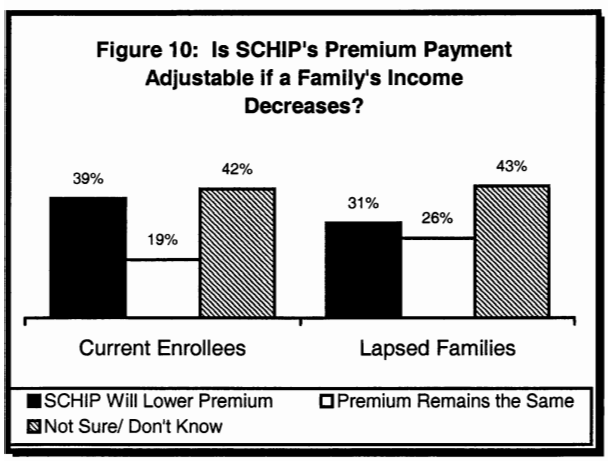


A few parents question whether paying the premium is really worth it because their children are healthy and do not use health services.

A few parents revealed in the focus groups that they sometimes question whether being enrolled in SCHIP is worth it because their children are healthy. As one enrolled parent explained: "I almost let [my son's enrollment] lapse this time. My son was on SCHIP, and I didn't even know if he was on it or not, because he never got sick in an entire year." Another parent added: "For me, health care coverage is down on the list of priorities. My kids are pretty healthy." This feeling was expressed in the survey as well. One in ten current enrollees (10%) reported they "sometimes feel that paying the premium is a waste of money." The feeling is even more prevalent among lapsed families (21%) and could be a factor in why a few parents let their children's SCHIP enrollment lapse.

Some parents report that their children's coverage lapsed because SCHIP was too slow in processing their payment or that state records showed that the family did not pay when, in fact, they did.

Some parents in the focus groups believe that delays and miscommunication on SCHIP's part can result in children being incorrectly disenrolled from the program for not paying their premium. Several lapsed families said they had received termination letters from SCHIP stating that they had not paid their premiums. These parents insisted that they were paid-up, and a few parents even brought cancelled checks to the focus groups as proof. The survey results tell a similar story. Over a quarter of current enrollees (28%) and lapsed parents (29%) report that, at some point, SCHIP told them they "did not receive a payment, even though they knew that they had sent the payment."



Most parents do not know that premiums are flexible – that is, that premium amount can be adjusted to reflect decreases in family income.

In four of the six states[4] that charge premiums, SCHIP may lower or eliminate a family's premium if their income drops. However, few parents know this. As Figure 10 shows, only four in ten (39%) current enrollees know that premiums can be adjusted downward; two in ten (19%) say they don't know, and a plurality (42%) say they are not sure. Lapsed families are even less likely to know that premiums can be adjusted (31%) and more likely to believe that they cannot (26%).

BUSY LIVES CAN MAKE IT DIFFICULT TO COMPLY WITH SCHIP RULES

Busy lives and fluctuating incomes can make SCHIP retention difficult.

Numerous parents in the focus groups explain that they have busy lives which can make adhering to SCHIP rules difficult. Returning renewal forms, making premium payments promptly, and gathering the required documentation can be hard for busy parents, who sometimes forget or put the paperwork aside and lose track of time. Fluctuating incomes and job situations can also make a steady paycheck impossible, which can impact a family's ability to pay the premium payment. Busy lives can also limit a parent's ability to communicate with SCHIP to resolve enrollment problems. Some parents explain that they cannot make calls from their jobs during working hours or cannot reach their SCHIP worker during evenings or weekends.

Families who lapsed because they did not complete the renewal process are most likely to say "they forgot" or simply "did not get around to it."

When lapsed families who failed to complete SCHIP's renewal process (291 of the 1,000 lapsed families participating in the survey) were asked why they did not renew, the most common response, given by 35%, was that they "forgot or did not get around to it" or "that they did not complete the forms" or "that they returned the forms late." However, parents also point to communication problems with SCHIP as reasons why they did not renew. (See Table 3)

Table 3: Which Best Explains Why You Did Not/Could Not Complete the Renewal Process?

	Lapsed Families Who Said They Did Not Complete the Renewal Process *N=291*
Forgot or just did not get around to doing the paperwork/ Incomplete paperwork/Late paperwork	35%
Never received renewal documents from SCHIP	15%
Didn't know you had to renew	12%
Sent in all the materials, but they said you did not send them	9%
The program wanted background information you couldn't get	8%
Were planning on getting other insurance so you didn't renew	7%
(Vol.) Did not think you would qualify any way	2%
You just did not want your child to be in SCHIP anymore	2%

Notes: Only responses given by over 1% reported. Responses marked "Vol." were not part of the list read to participants and were volunteered by participants.

[4] Arizona, California, Iowa, and New Jersey.

Similarly, one of the primary reasons families who lapse because they failed to pay their premiums give for their non-payment is that they "forgot" or "did not get around to it."

As Table 4 shows, families who say they lapsed because they did not pay their premiums (411 out of the 1,000 lapsed families) are most likely to explain they simply did not have the money (56%). However, the next common response, given by 30%, is that they "forgot" or "did not get around to it."

Table 4: Which Best Explains Why You Did Not Pay Your Premium?

	Lapsed Families Who Said They Did Not Pay Their Premiums *N=411*
Didn't have the money / Loss of income/ Unemployed	56%
You forgot or just did not get around to it	30%
(Vol.) Payment sent but not received	3%
Wanted to leave the program	2%
They changed your premium amount without telling you	2%

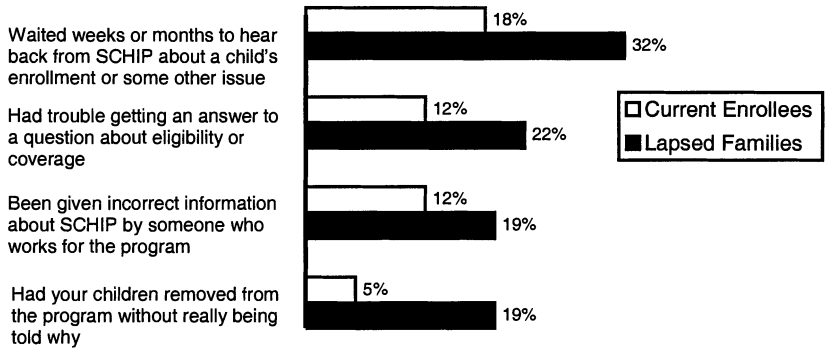
Notes: Only responses given by over 1% reported. Responses marked "Vol." were not part of the list read to participants and were volunteered by participants.

COMMUNICATION PROBLEMS BETWEEN SCHIP AND FAMILIES

The survey shows that lapsed families are more likely than current enrollees to have experienced communication problems with SCHIP.

The survey provides evidence of problems and frustrations of some parents – and of lapsed families in particular – when interacting with SCHIP. As Figure 11 illustrates, almost two in ten enrollees (18%) say they had to wait weeks or months to hear back from SCHIP about enrollment or some other issue. Lapsed families (32%) are even more likely to have had this experience. Similarly, current enrollees had trouble getting questions answered (12%), but this is a more frequent complaint of lapsed families (22%). Lapsed families are especially likely to perceive they have been given incorrect information about SCHIP (19% vs. 12% of current enrollees) and to have had their children removed from SCHIP without being told why (19% vs. 5%).

Figure 11:
Problems When Interacting with SCHIP



SCHIP Staff Play a Key Role in Retention

Focus group results suggest SCHIP staff play an important role in whether or not an eligible family remains in SCHIP.

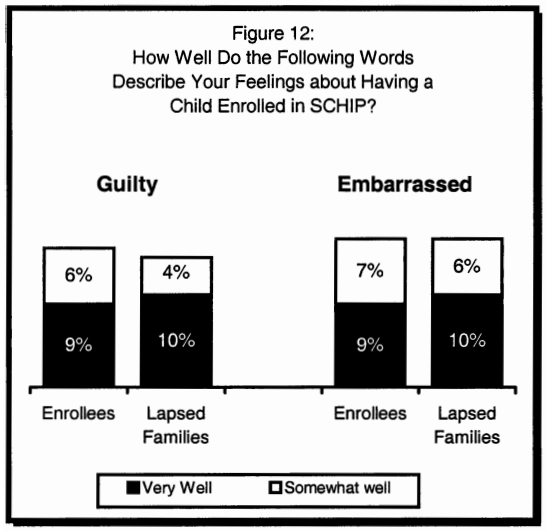
According to parents, SCHIP staff who are helpful, polite, and knowledgeable can help eligible families stay enrolled. Those staff who are insensitive, disrespectful, or ill-informed can make sustaining enrollment difficult. As one parent of a lapsed child said:

> The [SCHIP] worker can make all the difference in the world. Some workers want [clients] to tuck their tails in and go running out of the building and say: "I'm not going to qualify, they are making me jump through all of these hoops." Others are there to help you; they want to find a way. They will do everything they can to help you, and that makes all the difference in the world.

On balance, the survey shows that most parents – current enrollees and lapsed families alike – consider SCHIP staff to be helpful and knowledgeable. However, lapsed families are more likely to have experience with staff who are not helpful or informed.

While both current enrollees and lapsed families found staff to be helpful, enrollees were more likely than lapsed families to say staff has been "very" or "somewhat" helpful (94% vs. 83%). Parents were a little less likely to find SCHIP staff to be knowledgeable than helpful. Current enrollees were more likely than lapsed families to consider SCHIP staff to be "very" or "somewhat" knowledgeable (87% vs. 76%). Of note, only 15% of lapsed families report that SCHIP staff are "somewhat" or "very" uninformed.

PRIDE AND STIGMA ARE NOT MAJOR FACTORS



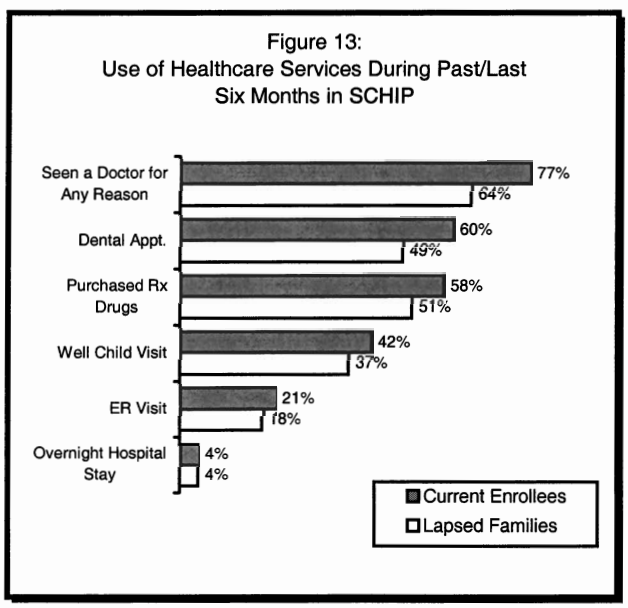
Pride, stigma, and guilt about receiving health coverage through SCHIP are not significant factors in why families lapse coverage.

Most parents in the focus groups decried those who would put pride before their child's health and turn down help if they needed it. In the survey, only a few parents volunteered that guilt or embarrassment were primary factors in the decision to leave the program. As Figure 12 shows, a small number of parents indicate they feel "guilty" or "embarrassed" about having their children enrolled in SCHIP. However, these feelings are no more prevalent among lapsed families than among current enrollees, suggesting they are not a major factor in why some families lapse coverage.

Fewer than one in ten parents say they were treated unfairly because their child was a SCHIP enrollee.

In response to a different survey question, fewer than one in ten current enrollees (8%) and lapsed families (8%) say they or their children have been treated unfairly by someone in a healthcare facility as a result of being enrolled in SCHIP. Most often this interaction was with a dentist, at the front desk of a medical or dental office, or a doctor (27%). Fewer say nurses have treated them poorly.

FAMILIES USING HEALTH SERVICES REMAIN IN SCHIP



The survey findings suggest that families who use health services are likely to remain enrolled in SCHIP.

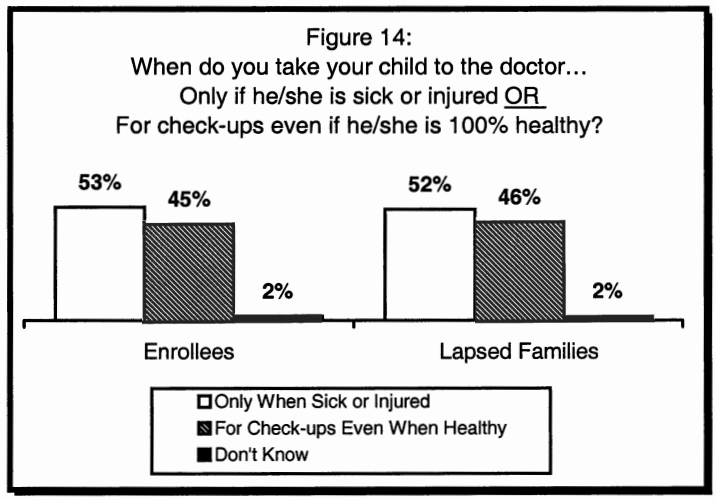
As Figure 13 shows, current enrollees were slightly more likely to use various health services than lapsed families. However, because the question was asked in terms of the last six months, the results may only imply that lapsed families were less likely to use health services in their final months on the program.

The survey does not support that "healthier" children are more likely to leave SCHIP.

Indeed, the survey findings may suggest the opposite – i.e., that lapsed families are "sicker" than their enrolled counterparts. The survey finds that lapsed families are more likely than current enrollees to report that at least one child in their household is in poor health (17% lapsed families vs. 10% current enrollees). The meaning of this survey finding is difficult to interpret. For example, it is unclear if the health status of the lapsed child has deteriorated since leaving SCHIP, or if their poor health pre-dates their disenrollment. It is also unclear if this finding is actually measuring parents' worry about their lapsed child (most of whom are currently uninsured), instead of the child's health status. More research is needed to understand this finding.

Both current enrollees and lapsed families are more likely to say they only take their children to the doctor when they are sick or injured.

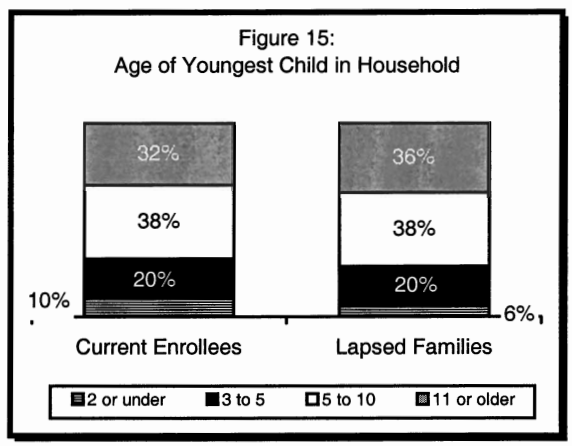
Even among parents in the survey with a very young child or infant (child in their household aged two or less), four in ten (41%) report that they only take their children to the doctor in the case of injury or illness. (See Figure 14.)



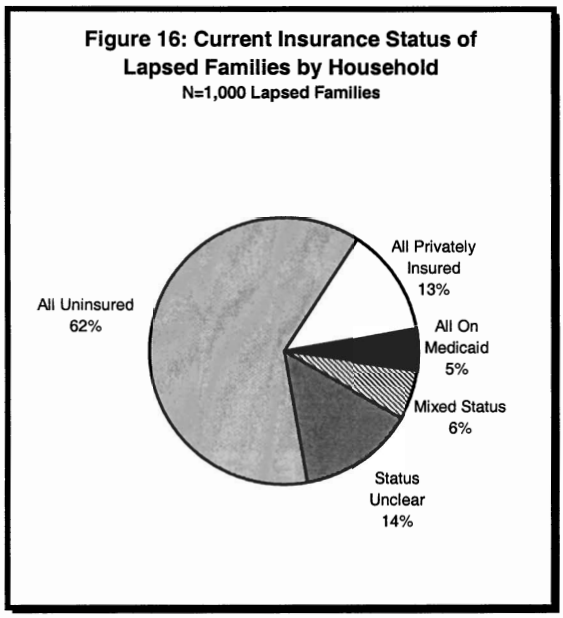
AGE OF CHILD NOT STRONGLY RELATED TO SCHIP RETENTION

Parents of older children are not more likely to let their SCHIP enrollment lapse.

For the most part, current enrollees and lapsed families look the same in terms of age of their children. As Figure 15 shows, current enrollees are slightly more likely than lapsed families to have a child age two or under in their household (10% vs. 6%). Lapsed families (36%) are slightly more likely than current enrollees (32%) to say their youngest child is age 11 or older. However, these slight differences between enrollees and lapsed families offer little evidence that parents are leaving SCHIP as their children age.



MOST LAPSED FAMILIES ARE NOW UNINSURED



The survey finds that most lapsed families are currently uninsured.

More children leave SCHIP for private coverage than lapse coverage, but a troubling finding from the survey is that two-thirds of families (62%) whose coverage lapsed are now uninsured. However, it should be noted that families who left SCHIP because they obtained other insurance were excluded from this survey (i.e., if a family reported that they left SCHIP "because they obtained other insurance coverage," they were not considered a lapsed family). In addition, this question concerns the insurance status of the entire family, not just the lapsed child. Nonetheless, this finding underscores the importance of reaching out to lapsed families to determine if they are eligible for SCHIP or other health programs. (See Figure 16.)

Study Implications

The findings from this study offer insights for all states looking to improve retention in SCHIP and reduce the number of lapsed families. The survey results are remarkably consistent across the seven states. In addition, the states participating in this project – Alabama, Arizona, California, Georgia, Iowa, New Jersey, and Utah – offer a diverse cross-section of the United States in terms of urban/rural, and race, but their programs are not unique. In this regard, the findings from the survey have national implications for SCHIP retention efforts.

This study also offers ideas for improving SCHIP practices and procedures to help eligible families remain enrolled. Indeed, the seven states participating in this project are already making changes based on these findings and can act as a resource for other states. Survey findings suggest states should consider the following ideas to improve SCHIP retention:

- **Follow-up with lapsed families.** Most states likely overestimate the number of families that have actually lapsed from SCHIP. To better understand how many families have truly lapsed and how many families have disenrolled because they are no longer eligible, states may want to consider providing parents with a convenient way to report changes in their status. This could include a postage-paid postcard sent with renewal forms giving parents the opportunity to indicate if they are leaving SCHIP and to tell why. Another idea is to follow-up with lapsed families through telephone calls to discover their reasons for leaving and to determine if they are still eligible for SCHIP or other health programs.

- **Educate families about the renewal process.** The survey found that some families report that they were never told they needed to renew to keep their children enrolled in SCHIP. This finding implies families are not being told about the process or are ignoring information provided by SCHIP that explains the process. Either way, better and more strategic kinds of information to explain the renewal process would likely help retain eligible families.

- **Enhance communication pathways between SCHIP and enrolled families.** Parents, particularly lapsed families, point out a number of communication problems with SCHIP – i.e., that it takes a long time to hear back about problems, that the SCHIP program says it did not receive a family's premium payment when the family knows they paid, etc. These findings suggest quicker and clearer responses from SCHIP, and fuller explanations to families about why they are experiencing problems, could help families stay enrolled.

- **Make allowances for families' fluid economic and personal lives.** Some families have a difficult time staying in compliance with SCHIP's rules because of fluctuations in their personal and financial lives. In most cases, SCHIP already is flexible enough to accommodate these shifts in families' lives – such as adjusting their premium payments to reflect a lower income – but families do not know this. This suggests that families need to be better informed about these options. In other cases, there may not be enough program flexibility to allow families to miss a couple of premium payments but remain enrolled.

- **Provide additional training and support for SCHIP staff.** Since SCHIP staff play such a key role in retention, states may want to invest in additional training to enhance staff's ability to troubleshoot and keep eligible families enrolled in the program.

PART III: STATES' EFFORTS TO INCREASE RETENTION AND DECREASE DISENROLLMENT OF LAPSED FAMILIES

From the start of this project in 2000, the states and NASHP have been engaged in quality improvement efforts and have been taking steps to develop, test, and refine state policies and procedures aimed at reducing the number of lapsed families. That work continues in 2002, informed and enhanced by the survey and focus group findings detailed in this report. What follows is a summary of activities that the seven states have taken to date to improve the retention of eligible families who have lapsed coverage.

Follow up with Lapsed Families

Realizing the importance of following up with lapsed families, one state has drafted two surveys to be used monthly. The first is a Customer Satisfaction Survey that will be used to evaluate the application process, the amount of time it takes to process the application, and communication between SCHIP staff and families. This survey will be sent to 10% of enrolled families each month. The second survey is for families who do not renew their eligibility or leave for undetermined reasons. This state's goal is to further determine why families don't renew or why they leave the program. It will be sent to 5 to 10% of families who fail to renew or leave for undetermined reasons. Both surveys will provide space for families to offer comments, suggestions, or options.

One state is currently developing a survey for lapsed families who are disenrolled for non-payment of premiums.

One state has focussed on telephone follow-up with families whose renewal form had not been received by the due date or for whom coverage had lapsed due to non-return of necessary paperwork. In this state, it is required that the family submit a completed renewal form prior to the renewal date in order to have a determination made regarding coverage. Income is by self-declaration, therefore there is no additional documentation required of the family other than the renewal form itself. Failure to return this form in a timely manner results in the child's lapsed enrollment from SCHIP.

In this state, temporary staff members were employed to pilot this intervention strategy. Response from parents was positive regarding the contact. Most were interested in either completing the renewal process or re-applying for coverage. SCHIP staff was also able to correct coding when a parent indicated that the reason for the lapse in coverage was different than that recorded in the system. This resulted in more accurate data and a re-enrollment opportunity for numerous children. But because of administrative issues and computer systems, the state decided that this intervention would be more useful if it were operationalized in a different entity of state government, and it was postponed and slated for implementation on a wider scale as soon as staff and resources could be allocated.

Educating Families about Renewal, Enhancing Communication, and Reducing Paperwork

Currently, four of the seven project states allow for self-declaration of income to simplify the renewal process and reduce paperwork, and all states send reminders to enrollees to renew prior to the end of their eligibility period.

One state began mailing postcards announcing that renewal was approaching and asking families to be on the lookout for renewal packets that would be mailed within the following two weeks. This was in response to focus group data showing that families were not always aware of the need to renew their children's coverage or of when renewal was to take place. This "coming-attraction" postcard is followed by a "reminder" card sent two weeks after the renewal packet is mailed to encourage the family to complete the paperwork and return it by the due date. Postcard mailings have become an on-going aspect of this state's renewal process.

As of October 16, 2000, one state began accepting self-declaration of income thereby eliminating income verification documentation. This policy change not only streamlined the renewal process, it also reduced the number of children whose coverage lapsed for failure to provide income verification. In this state, the average number of children whose coverage lapsed per month in 1999 for failure to provide income information at renewal was 30%. In 2001, the number of children whose coverage lapsed for non-renewal decreased to 10%.

To be implemented in February 2002, one state is clarifying its renewal notice so that the information being requested is formatted in "five easy steps" as opposed to being explained in a paragraph. This will allow parents to check off when they have completed the necessary steps to renew their child's enrollment. A "How to Prove Income" box has also been added. This box includes a statement that reads "*IMPORTANT: Make sure to tell us if income is going to stop, start, or change. If you work only part of the year, like a construction worker or a schoolteacher, you need to tell us how much you earn over a year*". This change is being made because oftentimes parents know at the time of renewal that there are going to be changes that may affect their ability to pay a premium. This will assist SCHIP staff in making sure parents know how the changes in income affect their premium obligations.

In December of 2000, one state created and implemented a one-page renewal form: one side in English and the other in Spanish. No information that the state already has is requested at renewal. A self-addressed, postage paid envelope is also provided to encourage return of the renewal application. Prior to using the new form, the state used a computer-generated form that was long and confusing. The new renewal form has greatly reduced the time that it takes to process a renewal; approximately 85% are returned accurately and completely. During 2001, 97% of the renewal applications were approved. Another unique feature is that the renewal form is printed on blue paper. When a parent calls with questions about the form, SCHIP staff members are able to reinforce the message: "When it's blue, it is time to renew."

One state sent out its first edition of its SCHIP programs' semi-annual newsletter in August 2001. The newsletter focuses on program updates designed to inform parents of any program changes or highlights and has the added benefit of noting changed addresses and reminding families to contact SCHIP staff if they are planning on moving.

One state prints on its premium coupons different messages each month:

Month	***Message***
1	*IMPORTANT: Your child will not be enrolled until your first premium payment is received.*
2	*IMPORTANT: Thank you for helping us to improve the program by returning the survey.*
3	*IMPORTANT: Call your health plan if you have questions about your benefits.*
4	*IMPORTANT: If your children need a check-up, please see your doctor.*
5	*IMPORTANT: Are your children's shots up to date?*
6	*IMPORTANT: If your income has gone down, you may no longer owe a premium.*
7	*IMPORTANT: Is it time for your children's dental check-up?*
8	*IMPORTANT: Call your health plan if you have questions about your benefits.*
9	*IMPORTANT: If your income has gone down, you may no longer owe a premium.*
10	*IMPORTANT: Remember to send in your renewal form so coverage can continue.*
11	*IMPORTANT: Call your health plan if you have questions about your benefits.*
12	*IMPORTANT: Thank you for helping us to improve the program by returning the survey.*

One state, in March 2001, developed a joint renewal form with its Medicaid Agency and its state's Child Caring Foundation. This joint renewal form allows for children who are ineligible for SCHIP at renewal to be referred to either Medicaid or the Caring Foundation. This state hopes that this administrative change will enable children who are no longer eligible for SCHIP to enroll expediently in the appropriate program, thus lessening the likelihood of having a period without insurance.

One state has changed the way it notifies families about outstanding premiums. Previously, renewal notices to families who still owed a premium for the preceding year did not reflect the outstanding premium. Once the renewal form was received, that family would be notified of the amount owed; and the renewal would be delayed until the premium was received. Now the renewal form that is sent to families includes notice of any outstanding premium and clearly states that unless the outstanding premium amount is paid in full the child will not be allowed to renew coverage. Additionally, a tear-off portion of the renewal notice was added, thereby allowing families who did not wish to renew their coverage a standard format in which to forward that information to SCHIP staff. This is an opportunity for parents to notify the SCHIP staff of changes that they believe makes them ineligible for renewal or their desire not to renew for any reason.

Making Allowances for Families' Fluid Economic and Personal Lives

The survey findings suggest that enrollees who pay premiums in excess of $20 per month are more likely to lapse and suggest the need for flexibility in premium payment. Of the seven project states, five have monthly premiums ranging from $4.00 per child per month to $100 per family

per month; one has an annual premium in which a family pays no more than $150 per year; and two do not to have premiums. The different premium levels reflect diversity in eligibility levels: four states cover children in families with income up to 200% FPL, one state up to 235%, one state up to 250%, and one state up to 350%.

Of the six states that have premiums, three states use a sliding scale; premiums increase as family income increases. The three other states have a flat premium amount. The two states that cover families at both low- and high-income levels use sliding scale premiums so lower income families' pay less than the higher income families. Five states have grace periods, providing children access to services for a specific length of time even after premiums have not been paid. This allows families time to catch up on past payments prior to lapsing coverage. Grace periods range from 30 days to 12 months. In four of the states, a family's premium may be lowered if income decreases or the family faces a financial hardship.

One state's legislature approved the implementation of a hardship waiver for premiums effective October 1, 2001. As a result, parents may avoid termination of coverage resulting from non-payment of premium by showing the existence of a hardship. A hardship is defined as medical expenses or health care premiums for family members not covered under SCHIP or repairs to home or to vehicles used to get to work which cumulatively exceed ten percent of the family's gross income. The death of a family member in the household is also considered a hardship. As of November 2001, of the 63 requests for a hardship waiver eight were approved. The reasons for denial were failure to provide verification of expense (39) or ineligible expenses (7). Five were returned in the mail with no forwarding address; three did not meet the 10% requirement; and one family paid the premium.

One state, as of February 2002, will update their notices sent to families to make program rules and process more clear and easier to understand. Approval notices are being clarified to remind families that they need to pay the premium every month. This is to address those situations where coverage lapsed because parents did not understand that they had to pay the premium even if their child did not access services for that month. The back of every notice is being modified to include information on how to report changes (including a statement that if income goes down families may no longer owe a premium) and on a family's right to have a complete Medicaid eligibility determination. Information about the right to appeal is currently on all notices.

In April 2000, one state changed its reinstatement policy for children whose coverage lapses because the premium was not paid. Originally, this state required that two months of future premium payments be made to reinstate a child whose coverage lapsed for non-payment of premium. With the revised policy, parents are only required to submit payment for the month of reinstatement before the child can be re-enrolled in the program. For families who had a payment arrive late, this policy ensures that the children are automatically reinstated the following month.

Providing Additional Training and Support for SCHIP Staff

Effective April 1, 2001, one state established both a Renewal Unit and a Change Unit. The Renewal Unit processes renewal applications. The Change Unit is responsible for processing changes of address and income, for fair hearings, for expediting applications, and for various other specialized functions. Prior to establishing the Change Unit, address and income changes were not being processed regularly. Failure to process changes of address contributed to the loss of contact with families resulting in the families' not receiving renewal notices, which resulted in lapsing coverage. The Renewal Unit is now processing current renewal applications, and the

Change Unit, during the first eight months of existence, processed over 3,000 changes of address alone.

As of September 2001, one state developed a Retention Unit dedicated to sustaining the enrollment of all eligible children. This Unit tracks renewal applications that were not returned and makes follow-up telephone calls and home visits to families.

Conclusions and Next Steps

This study provides the first data to illuminate the complex issue of SCHIP retention and disenrollment. Contrary to worry and conjecture in the field, disenrollment of SCHIP enrollees who are still eligible for the program is relatively small. Most of those families who are disenrolling from SCHIP leave because they are no longer eligible, not because of renewal, premium, or administrative problems. Those who do lapse coverage report they generally like SCHIP, want to return to it, and generally found the renewal process and premiums reasonable. Nevertheless, reasons for lapsing coverage most often cited include problems with communication about the program, occasional problems paying the premium, and finding it difficult to make time to renew.

The seven states that worked with NASHP to launch this study conducted it as part of a broader quality improvement effort, one aimed at making policy and programmatic changes that would improve retention rates of those who remain SCHIP eligible. Armed with detailed information from the focus groups and survey conducted by Lake Snell Perry & Associates, the states are continuing to develop and fine-tune their responses to these challenges.

In the months ahead, NASHP will publish with Lake Snell Perry & Associates a technical report providing more detailed information about the study, and individual state data will be provided to each participating state. NASHP and the seven states will work to expand upon the interventions reported here and will continue to test and measure strategies to improve retention. NASHP will provide regular updates in print and on our website (www.nashp.org) to track and report on what strategies appear to be most effective in the states.

Finally, NASHP will work with Lake Snell Perry & Associates to address the questions raised in the study and to learn more about both those families who lapse SCHIP coverage despite on-going eligibility for it and those who become ineligible due to current program rules.

APPENDICES

Appendix A: Selected State Policies of Study States
Appendix B: Background Information on SCHIP

Appendix A: Selected State Policies of Study States

	Alabama	Arizona	California	Georgia	Iowa	New Jersey	Utah
Eligibility for Separate SCHIP Program as of September 2001	0-5 from 133-200% 6-18 from 100-200%	Infants 140-200% 1-5 133-200% 6-18 100-200%	Infants 200-250% 1-5 133-250% 6-18 100-250%	Infants 185-235% 1-5 133-235% 6-18 100-235%	Infants 185-200% 1-18 133-200%	Infants 185-350% 1-5 133-350% 6-18 133-350%	0-5 133-200% 6-18 100-200%
Premium amounts charged PMPM= per member per month PFPM=per family per month	150-200% $50 annual premium per child w/$150 maximum	176-200% $15 PMPM w/$20 max 150-175% $10 PMPM with $15 max	150-250% $7-$9 PMPM w/$27 max 100-150% $4-$6 PMPM w/$14 max	100-235% $7.50 PMPM w/$15 max	150-200% $10 PMPM w/ $20 max	301-350% $100 PFPM 251-300% $60 PFPM 201-250% $30 PFPM 151-200% $15 PFPM	None
How/where can premiums be paid	Mail in	Mail in	Mail, pay cash at local Rite Aid store, use credit card using 1-800 number, or sign up for electronic fund transfer. Parents may choose to pay for a single month or to pay for 3 months and receive a 4th month free.	Mail in monthly using coupon book. No premiums for children under age 6.	Mail in payment with 12-month coupon book.	Mail in	Not applicable. No premiums charged.
Copayment price range	$1 to $5	$5 non emergency use of ER (only copayment)	$5 for non-institutional and non-preventive services.	None	$25 non emergency use of ER (only copayment)	151-200% $1 to $10 201-350% $5 to $35	100-150% $2 to $5 151-200% $4 to $30
Grace period for non-payment of premium	12 months (Has an annual premium that must be paid in full at time of renewal.)	2 months	2 months	Premiums are due the first day of the month prior to the coverage month.	One 30-day grace period annually.	1 month	Not applicable

	Alabama	Arizona	California	Georgia	Iowa	New Jersey	Utah
Premium Process	Annual premium due at initial application and renewal. If premium is required, the family may pay the full amount or pay in installments at any time during the 12 months of enrollment. The premiums must be paid in full in order to renew. If premium is not paid by the renewal date then coverage cannot be re-instated until premium is satisfied.	If premium is required (depending on family income) monthly payment is expected. Three notices are sent prior to eligibility lapsing. A parent can apply for a financial hardship waiver. Parents are instructed to notify SCHIP staff if their income decreases. If their income is reduced to a lower tier of premiums the premium will be reduced accordingly.	A child who has lapsed coverage for non-payment of premium must wait 6 months before that child can reenroll, certain exception apply. Parents are instructed to notify SCHIP staff if their income decreases. If their income is reduced to a lower tier of premiums, the premium will be reduced accordingly.	For unpaid premiums, families receive 2 late notices. If a premium is not received by the 20th day of the month (20 days late), the child's coverage will be cancelled. A parent may call during the month of cancellation and request reinstatement. If the premium payment is received within 45 days of the request, the child will be reinstated effective the month of the request.	Family is provided with a coupon booklet and postage-paid return envelopes. Payments are mailed to a bank lock box for processing. A child who has lapsed coverage for non-payment of premium can only be reinstated in SCHIP one time during their 12 months of eligibility. Parents are instructed to notify SCHIP staff if their income decreases so the premium may be reduced accordingly.	Premium is based on income and household size. If required the family is initially billed for the first two months of eligibility. Once the initial premium is received the family is enrolled. Premiums are then mailed monthly and parents are expected to stay current. If the family fails to pay its premium they will receive two notices and have 45 days to submit payment before they are terminated from the program. Families will be given a 30-day grace period before coverage is cancelled for non-payment. Parents are instructed to notify SCHIP staff if their income decreases. If their income is reduced to a lower tier of premiums the premium will be reduced accordingly.	Not applicable.
Parents must renew eligibility every	12 months	12 months	12 months	12 months	12 months	12 months	12 months
Renewal notice sent	60 days prior to enrollment expiring	60 days prior to enrollment expiring	60 days prior to enrollment expiring	60 days prior to enrollment expiring	60 days prior to enrollment expiring	60 days prior to enrollment expiring	45 days prior to enrollment expiring
Documentation required at renewal	Renewal form only. Everything else is self-declared.	Renewal form only. Everything else is self-declared.	Must submit income documentation and renewal form along with changes in family status and size.	Everything is self declare. Family is instructed to notify SCHIP staff within 10 days of any change in family circumstances.	Must submit income documentation and renewal form.	Must submit income documentation and renewal form.	Renewal form only. Everything else is self-declared. (Income verification is only required if parent changed jobs.)
Languages renewal packet is available in	English	English and Spanish	English, Spanish, Chinese, Vietnamese, and Korean	English and Spanish	English and Spanish	English, and Spanish translation is forthcoming	English with a Spanish phrase instructing Spanish speaking families to call to renew over the phone with a Spanish speaking person

	Alabama	Arizona	California	Georgia	Iowa	New Jersey	Utah
Renewal Process	States sends parent renewal form 60 days prior to eligibility expiring. 2 weeks prior to this, a postcard is sent asking the parent to be expecting the renewal form. 2 weeks after the renewal form is sent, a second postcard is sent to remind the parent to complete and return the renewal form. If an annual premium is charged and there is an outstanding balance, this amount is included in the renewal information. If annual premium for the previous year's coverage is not received, child's eligibility is not renewed.	Renewal packet sent 45 days prior to enrollment expiring. If no response received in 25 days a reminder notice is sent and SCHIP staff attempt to call the family.	Renewal packet sent with pre-printed renewal form 60 days prior to enrollment expiring. If no response received in 30 days a reminder postcard is sent. SCHIP staff attempt 3 phone calls to family. Health plan is also notified and given opportunity to attempt to contact family.	A renewal form is sent to parent 60 days prior to eligibility expiring. If there are any changes in family situation family should notify SCHIP staff. If no changes, no need to notify and child's eligibility will be renewed.	Preprinted renewal form sent to parent 60 days prior to eligibility expiring with a reminder letter sent 15 days later. 2 reminder phone calls at 30-45 days.	Preprinted renewal application sent 60 days prior to eligibility expiring with 3 reminder notices sent at 45, 30, and 15 days. The renewal application is updated by the family and returned. The Retention Unit is available to place reminder phone calls and complete home visit to assist family if necessary.	Preprinted computer generated renewal form which includes most current enrollee information including names of all household members, dates of birth, household members on SCHIP, total monthly income and availability of private insurance coverage is sent to parent about 45 days prior to enrollment expiring. If parent does not respond a reminder call and/or letter notifies parent the need to return form. Renewal can be done by phone, mail or fax. 60 days following enrollment expiration, SCHIP staff conducts a follow up phone survey. If child still qualifies eligibility will be renewed.

Appendix B: Background Information on SCHIP

In August 1997, the Balanced Budget Act was passed and included the authorization of Title XXI of the Social Security Act, known as the State Children's Health Insurance Program or SCHIP. The SCHIP program was passed by Congress to assist state efforts to initiate and expand the provision of insurance, primarily in the form of health benefits coverage, to uninsured, low-income children.

Through SCHIP, states could create a separate child health program, expand their Medicaid program, or use both approaches in combination. To be eligible to receive federal matching funds, states needed to receive approval of the program design from the U.S. Secretary of Health and Human Services.

When states were designing their programs in the fall of 1997 and 1998 they had many policy choices to make within the guidelines provided by SCHIP rules. Some of those choices included:

- program type: separate, Medicaid expansion, or both;
- income eligibility level;
- premiums;
- benefits; and
- eligibility redetermination.

Within every policy choice, program rules had to be created and processes set within the rules. States moved quickly to implement their SCHIP programs with "bugs" to be worked out at as they were brought to the attention of SCHIP directors and staff. States and the Centers for Medicare & Medicaid Services (CMS) (formerly know as the Health Care Financing Administration (HCFA)) worked together formulating federal and state policy as programs were being implemented. States with separate programs were required to limit expenditures for outreach and administration to 10% of program costs.

Federal Eligibility Policies for Medicaid and SCHIP

Federal Medicaid law sets different eligibility levels for different age groups of children. Under Medicaid, states must cover:

- children under age six in families with income at or below 133% of the federal poverty level;
- children ages six and older, born after September 30, 1983, with family income at or below 100% of the federal poverty level; and
- children born before September 30, 1983, who are under age 19 whose families would have qualified for AFDC in their state on July 16, 1996 (effectively 17 or 18 on June 30, 2000).

SCHIP is designed to provide health coverage to low-income children who:

- are under age 19;
- live in a household with a family below a state specified limit that may not exceed: 200% of the federal poverty level or that is no more than 50 percentage points over the state's Medicaid income eligibility as of June 1, 1997;
- are uninsured; and
- are not eligible for Medicaid based on the state's eligibility criteria as of March 31, 1997.

Children who may not receive SCHIP coverage include inmates of public institutions, patients in an institution for mental diseases, and children whose family are eligible for a state employee benefits plan. Children must also be uninsured.