

Ensuring Eligible Texas Kids Can Enroll in Health Coverage and Stay Covered

Recommendations to State Leaders to Proactively Enroll Eligible Children and Address Current Bureaucratic Barriers Facing Families

Executive Summary

We appreciate that Texas leaders have shown a growing interest in ensuring eligible children can enroll in health insurance and remain enrolled while they are eligible. Health insurance plays a critical role in ensuring children can attend regular check-ups; identify disabilities or developmental delays and receive early interventions; address mental health challenges; get healthy and back to school when they're out sick; and even catch cancer before it spreads.

Texas kids in families with low incomes typically are eligible for insurance either through Medicaid or Children's Health Insurance Program (CHIP) if they are U.S. citizens or lawfully present in the U.S. Unfortunately, Texas lags behind when it comes to eligible children's enrollment: Nationally, about 91.9% of eligible children participate in Medicaid or CHIP, but only 84.5% of eligible kids in Texas participated in these programs in 2019. As a result, Texas has by far the highest children's uninsured rate in the nation.

State leaders could slash the Texas children's uninsured rate by improving enrollment of currently eligible kids. Of the 995,000 uninsured Texas children in 2019, over 400,000 (40 percent) were eligible for Medicaid or CHIP but not enrolled.

Texas leaders can ensure more eligible children are able to enroll and stay enrolled while they are eligible by:

- 1) Proactively enrolling eligible children by revitalizing the state's health coverage outreach effort, implementing Express Lane Eligibility (ELE), and taking other steps; and
- 2) Addressing unintended bureaucratic barriers and delays that families encounter when they attempt to apply or remain enrolled, including barriers in the state's online, phone, mail, and in-person enrollment systems; the shortage of state eligibility staff; and barriers facing newborn babies.

It is particularly urgent for state leaders to take these steps before the pandemic Public Health Emergency (PHE) ends and Texas begins executing its plan to process 3.7 million Medicaid renewals in just six months.

Many Texas Children are Eligible for Insurance through Medicaid or CHIP – But Not Enrolled.

Health insurance is critical for reliable, consistent, timely health care for Texas children. It helps children attend regular check-ups; identify disabilities or developmental delays and receive early interventions; address mental health challenges; get healthy and back to school when they're out sick; and even catch cancer before it spreads. When children get the health care they need, they are more likely to succeed in school, graduate from high school and attend college, earn higher wages, and grow up into healthy adults.¹

Unfortunately, Texas has by far the highest children's uninsured rate in the nation, reaching 12.7 percent in 2019, before the pandemic disrupted data collection². The high uninsured rate includes children of all backgrounds, with White, Black, Asian, Hispanic, and American Indian children in Texas all facing higher uninsured rates than the national average for kids.³ There are also significant health coverage disparities, with higher uninsured rates in Texas for Hispanic and American Indian children compared to other Texas kids.

The children's health coverage problem in Texas is different than the adult health coverage problem. Under the state's income eligibility policies for Medicaid insurance, most Texas adults below the poverty line are not eligible unless they are pregnant or have a significant, documented disability. However, **Texas children in families with low incomes typically are eligible for insurance** either through Medicaid or CHIP if they are U.S. citizens or lawfully present in the U.S.

Unfortunately, Texas lags behind other states when it comes to ensuring **eligible** children can successfully enroll and stay enrolled in health coverage, such as Medicaid or CHIP. **While nationally about 91.9 percent of eligible children participate in Medicaid/CHIP, only 84.5 percent of eligible children in Texas participated in these programs in 2019.**⁴ This means many Texas children are eligible for health insurance but not getting connected – resulting in a high number of uninsured children in the state. **Of the 995,000 uninsured Texas children in 2019,**⁵ **over 400,000 (about 40 percent) were eligible for Medicaid or CHIP but not enrolled.**⁶

At the Legislature, There's Growing Attention to this Challenge.

In March 2022, Texas House Speaker Dade Phelan announced that health care will be a priority again in the 2023 session and that a new legislative committee will focus on health care during the interim.⁷ One of the tasks of this new Select Committee on Health Care Reform is to “Study ways to improve outreach to families who are eligible for, but not enrolled in, Medicaid or CHIP, including children in rural areas.”

The announcement builds on bipartisan steps the Texas House and Senate took during the 2021 session when they passed HB 290 (as an amendment to HB 2658) to address the problem of mistakenly removing eligible children from Medicaid insurance due to inaccurate mid-year eligibility reviews.

There's Also Increasing Urgency – and Risk of Dire Results – if Texas is Not Prepared for the End of the Public Health Emergency (PHE).

When the federal government ends the PHE, potentially in October 2022, Texas will have to process 3.7 million Medicaid renewals – the vast majority for children – after pausing renewals and disenrollments during the pandemic.

While most states plan to dedicate 9 to 12 months to that process, Texas plans to do it in six months. That would be hard to achieve even with a high-functioning system, but we know the Texas enrollment and renewal system is already struggling with delays, technical difficulties, staffing shortages, office closures, and other challenges.

If Texas manages the process in an orderly way, eligible children will remain enrolled and children who are no longer eligible for Medicaid will be seamlessly transferred to CHIP or the Marketplace. If the Texas plan falls short, there will be chaos for families and health care providers.

Texas Is Missing Opportunities to Proactively Enroll Eligible Children in Coverage.

Texas should revitalize the state's health coverage marketing, outreach, and application assistance efforts, including funding for community-based organizations – such as food banks or local health centers – to conduct outreach and provide application assistance to families. During the 2000s, the Legislature provided funding for a robust children's health coverage marketing and outreach strategy, but the state no longer conducts those efforts. The lack of a funded outreach program makes it more difficult for the state to manage the end of the PHE. It also limits the state's ability to communicate to families who may not know their children can enroll or know how to enroll, including families in rural communities, immigrant families with U.S. citizen children, and others.

Texas can adopt Express Lane Eligibility (ELE), a flexibility that offers states important avenues to ensure that children eligible for Medicaid or CHIP have a more efficient, simplified process for having their eligibility determined or renewed. Under ELE, the Texas Health and Human Services Commission (HHSC) would rely on information – including income, household size, and other factors of eligibility – from another program, such as SNAP, to expedite and simplify enrollment in health coverage. Many Texas families participate in agency programs

for which they have already provided income and other information to establish eligibility. **By following other states such as Alabama, Louisiana, and South Carolina in adopting ELE, Texas could use already-verified information from other programs to verify eligible children and enroll them in health coverage.**

An evaluation of South Carolina's ELE program, which uses ELE for enrollment and renewal, found that it greatly reduced unnecessary loss in children's coverage each year and decreased the number of staff needed to process paperwork, which lowered costs.⁸ **In fact, South Carolina's ELE program reduced staff time by 90 minutes per application and 25 minutes per renewal, which saved the state about \$1.6 million annually.** And South Carolina was able to meet federal guidelines for processing Medicaid applications even though the state had been facing significant workforce shortages. Particularly as Texas HHSC continues to face staffing shortages (as discussed below), adopting ELE in Texas would reduce duplication of administrative effort, help save the state money, and protect families from having to jump through unnecessary bureaucratic hoops.

If Texas allowed schools to receive Medicaid reimbursement for health or mental health services, it would provide a pathway to connect more eligible Texas children to care and health coverage. Schools have become an increasingly important place for children to access services, such as physical therapy, speech therapy, and nursing care, as well as mental health support with the approval of their parents. Currently, under the School Health and Related Services (SHARS) program, Texas schools are able to receive Medicaid reimbursement for delivery of certain health-related services, but only for students with disabilities who have an Individualized Education Plan (IEP).⁹ Changes to the federal "Free Care" policy in 2014 have enabled schools in other states to be reimbursed for Medicaid-covered health services provided to a Medicaid-eligible student, regardless of whether the student has a disability or whether their service is under the IEP.¹⁰ This policy change has allowed for 13 states — such as Florida, Missouri, South Carolina, Louisiana, and Utah, among others — to broaden the scope of services offered in schools, serve more students, and cover costs through a mix of federal and state Medicaid funds.¹¹ **However, Texas has not used this option.** Some Texas school districts are able to identify *local* funding to partner with community mental health providers and provide mental health support to students with their parents approval; but Texas currently does *not* provide dedicated funding to support these school-based mental health services.

If Texas lawmakers allowed schools to receive Medicaid reimbursement for services — such as mental health, physical therapies, and nursing care — delivered to a Medicaid-enrolled student, this would better leverage federal funding and improve access to mental health care for students. This step would also have the effect of encouraging schools to identify whether a child might be eligible for Medicaid or CHIP and distribute educational materials to parents about health coverage options and how to sign up.

Other states have also found that accepting Medicaid expansion funding to provide insurance to parents with low incomes indirectly increases eligible children's enrollment by improving families' understanding of health coverage. Texas is one of 12 states that has not taken advantage of this opportunity.

Families Run into Unintended & Fixable Bureaucratic Barriers When They Attempt to Enroll their Children in Health Coverage or Keep Them Enrolled.

Despite the hard work of staff at Texas HHSC, families are facing several unintended barriers connecting with the state's eligibility and enrollment system. For example:

- **Online barriers:**
 - The YourTexasBenefits website – the Texas website to sign-up, renew coverage, and update address, income, or family size changes – essentially becomes unusable for Texans who forget their user ID or password. While many of us have trouble remembering this information for all the websites and apps we navigate, typically we can recover or reset them over email. However, for YourTexasBenefits, clients must call 2-1-1 during business hours, which is often an unsuccessful process, as explained below.
 - When clients do know their password, they need a "full case access" account to report changes or update contact info via the YourTexasBenefits app or website. However, getting a full case access account is confusing, difficult to set up, and often requires calling 2-1-1.
 - Additionally, families in many communities, including rural areas, often have limited access to reliable internet connections.
- **Phone barriers:** Families often must call 2-1-1 to check on their application status, reset their user ID or password, or report any changes, such as address, family size, or income. However, based on information we have received from application assisters at safety-net health centers and other community organizations helping families, clients typically have to wait on hold for 45 minutes – and often more than an hour – and in many cases they are dropped from the call.
- **In-person barriers:** In-person applications or renewals are inaccessible for many working parents because field offices are not open on weekends or evenings, or have been permanently closed during the pandemic.
- **Mail barriers:** The state sends Medicaid renewal information to families through the mail, a practice the state agency says it will rely on when the PHE ends. Families who have moved to a new home – a particularly common experience as rents skyrocket in many Texas communities – must navigate the barriers outlined above to update their address. As a result, many families are unable to successfully update their address and will not receive their renewal information from the state, resulting in a Medicaid denial for not returning the renewal packet.

There are multiple consequences when families are unable to successfully enroll their children in the health insurance they need. Some families may never manage to begin the application or renewal process. Others may start an application or renewal but discover they are unable to successfully complete or submit it. Others will end up submitting applications or renewals that contain errors. Some families who succeed will do so after significant delays, potentially causing their children to miss doctor's appointments.

For families who overcome these barriers and properly submit applications or renewals, there are still system challenges that can slow down the process or send them back to square one.

For a variety of reasons, Texas HHSC has lost about 1,000 eligibility workers, contributing to long delays in processing new applications.¹² In fact, eligibility worker vacancies have quadrupled over the last two years with 1,031 open positions as of February 2022.¹³ Shortages of HHSC eligibility workers have prevented Texas from meeting federal guidelines for processing Medicaid and SNAP applications in a timely manner in recent months.¹⁴ While processing delays were a challenge even before the pandemic, the average number of days from client application to eligibility determination has significantly worsened. The average number of days from client application to case decision increased by an extra week for Medicaid and by an extra one to two weeks for SNAP between 2019 and 2022, according to data we received from HHSC.

The Texas Workforce Commission (TWC) has reliable quarterly wage data that could reduce the administrative burden on HHSC staff and families, but the eligibility system does not use TWC wage data efficiently. The system only uses TWC wage data from the most recent quarter — instead of using the last three quarters — an agency-imposed system limitation that results in more red tape for families to submit paperwork and leads to additional delays in confirming a child's eligibility for Medicaid.

For newborn babies, Texas also erects additional barriers to Children's Medicaid.

Some Texas newborns are falling through the cracks and not getting connected to coverage after birth, which may lead to missed medical care during a critical time in a baby's development. If a woman is enrolled in Medicaid when she delivers her baby, her newborn is automatically eligible for Medicaid for the full first year of life. However, Texas moms enrolled in Medicaid during their pregnancy **must** call 2-1-1 to report that their baby has been born. This is the **only** way to activate the newborn's Medicaid coverage; there are no email or online notification options. Families must put aside time in the hospital to call 2-1-1 to report their newborn. As noted above, the 2-1-1 line can only be reached during business hours and typically has long wait times — often more than one hour — according to information we have received from application assisters who help families at local health centers. Some hospitals send families a form for them to notify the Medicaid agency of the newborn's birth, but this is not a consistent practice.

Additionally, mothers in CHIP Perinate during their pregnancy must submit a **new** application for their baby once the child is born, which is a long process and faces similar constraints with the additional new application processing time. Pediatric clinics must inform patients that they will be responsible for any medical bills that are not covered by insurance. According to reports from home visitors and community organizations working with new mothers, fear about medical bills is resulting in delayed medical care and missed well-baby check-ups, which are especially important in the days and weeks after birth.

Based on analysis of Texas state reports to the federal government, data suggest that many newborns eligible for Children's Medicaid are not enrolled in Medicaid during that first year of life.¹⁵ During 2018, Texas reported that 237,458 children under the age of one are eligible to be enrolled in Medicaid. At the same time, however, it showed only 173,683 infants continuously enrolled in Medicaid for at least 90 days. These numbers indicate that about 27 percent of Texas infants under age one who *should* be eligible for Medicaid are not enrolled in Medicaid for at least 90 days. Since automatic and continuous enrollment of infants for a full year should be guaranteed, these two numbers should match. **But instead, 63,775 Texas babies had some type of coverage interruption during the first year of their life.**

Not getting connected to coverage early in a baby's life can lead to missed or delayed care and ripple effects for a child's physical and brain development. In addition to medical care at the hospital or in the NICU, newborns need multiple well-child check-ups, hearing screenings, immunizations, and other medical care in the weeks and months after birth. For example, the American Academy of Pediatrics recommends well-child visits when a baby is 5 days old, 1 month old, 2 months old, 4 months old, 6 months old, and 9 months old. Well-child visits help families and health professionals identify signs of disabilities or developmental delays and facilitate referrals to early interventions if needed.

Fortunately, the Legislature Can Address these Missed Opportunities and Barriers.

Texas should maximize opportunities to proactively enroll eligible children in coverage.

- **The Legislature and HHSC should** adopt necessary laws and policies while providing funding to:
 - Revitalize the state's health coverage marketing, outreach, and application assistance efforts, including state funding for community-based organizations, such as food banks or local health centers, to conduct outreach and provide application assistance to families.
 - Leverage SNAP enrollment as an indicator of Medicaid or CHIP eligibility under the Express Lane Eligibility option that is currently used in Alabama, South Carolina, Iowa, and Louisiana, among

other states.¹⁶ HHSC would use already-verified information — such as income, household size, and other factors of eligibility — from the SNAP program to simplify health coverage enrollment.

- Work with schools to help connect eligible children to health coverage:
 - Encourage schools to distribute materials about health coverage options during the registration process and to consider asking a question about the insurance status of incoming students on registration forms to identify families who could be assisted with enrolling their children in options like Medicaid and CHIP.
 - Allow schools to receive Medicaid reimbursement of school-based health services (such as physical therapy, mental health, and nursing care) through the School Health and Related Services (SHARS) program. This step will encourage schools to help eligible children enroll in Medicaid. Currently, Medicaid SHARS is only available for students with disabilities with an Individual Education Plan (IEP).

Texas should modernize technology and reduce bureaucratic barriers.

- **The Legislature should provide funding to HHSC to:**
 - Modernize HHSC eligibility and enrollment technology, invest in 2-1-1 call centers and infrastructure, and modernize capabilities within YourTexasBenefits website and app.
 - Reduce the significant number of HHSC eligibility worker vacancies (over 1,000 vacancies as of February 2022) and develop strategies for staff recruitment and retention, including but not limited to retention bonuses. These steps will help address workforce shortages and reduce delays in processing Medicaid applications.
 - Reopen eligibility offices that closed during the pandemic so more clients can apply and renew coverage in person at local offices, which can be very helpful for clients with limited broadband or tech literacy.
 - Revitalize the state’s health coverage outreach and application assistance efforts, including funding for community-based organizations, such as food banks or local health centers, to conduct outreach and provide application assistance to families.
- **The Legislature should encourage or require HHSC to address barriers that can be resolved administratively. For instance, HHSC should:**
 - Improve the efficiency of Medicaid renewals by removing agency-imposed hurdles. In particular, HHSC should fully leverage reliable third-party data sources to reverify eligibility and complete renewals, such as using Texas Workforce Commission wage data for the prior three quarters and using U.S. Postal Service data for updated address information.
 - Streamline enrollment processes so that newborn babies of a parent in Medicaid or CHIP Perinate can efficiently get connected to Children’s Medicaid. For example, HHSC should use current

information and claims data to generate and issue separate Medicaid identification numbers for newborns. HHSC should also develop and circulate a handout or flyer to hospitals to provide mothers with clear, easy-to-read instructions before families are discharged from a hospital or birthing center.

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 7. *Scanned Document - Texas House of Representatives*. <https://house.texas.gov/media/pdf/Proclamation-Select-Committee-on-Health-Care-Reform.pdf>.
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 11. As of 2021, at least 13 states have policies in place that allow schools to be reimbursed for Medicaid-covered health service provided to Medicaid eligible students, regardless of whether the student has a disability or whether their service is included in their IEP. For example, Missouri expanded Medicaid reimbursement for school-based behavioral health services, which allows community behavioral health providers to provide mental health services in schools if the district determines it is appropriate.
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