

## Children's Coverage Bill: Keeping Children Connected to Care Reduces Costs and Improves Outcomes

HB 342 by Rep. Cortez & SB 637 by Sen. Zaffirini

**Changes Child Medicaid continuous eligibility to 12 months to align with  
the Texas Children's Health Insurance Program (CHIP)**

**Texas has the highest uninsured rate for children in the country, and it's getting worse, with more than 10% of Texas children without health coverage.** Twelve-month continuous eligibility removes red tape, increases efficiency in Medicaid, reduces workload and administrative costs for the state, and prevents eligible children from cycling on and off of insurance during the year. Across the country, this approach is the recognized best practice—and the single most effective step our state can take to reach the roughly 350,000 remaining uninsured children who are eligible for Medicaid or CHIP, but are not enrolled.

**New HHSC data shows that Texas' current non-continuous eligibility system is causing thousands of children to lose Medicaid coverage every month due to paperwork issues and not because they no longer qualify.**

Improving eligibility efficiency by providing continuous coverage in Medicaid has broad support from Medicaid Managed Care health plans, physicians who see Medicaid patients, and the families whose children rely on the program because:

**Ensuring that children have continuous coverage improves health outcomes and continuity of care**

- Children who go without coverage, even for a brief period, may end up seeking more expensive health care services, like an emergency department visit for a preventable asthma attack. The many of these children are re-enrolled, and thus Medicaid retroactively pays for this more expensive avoidable care anyway.
- Children with health coverage are more likely to get early diagnoses of serious illnesses, get eyeglasses they need for school, attend regular check-ups, and continue therapies they need for disabilities or developmental delays.
- Children who churn out of Medicaid for a prolonged period of time may re-enroll with a different managed care health plan and lose any continuity of care they had with a previous provider and care manager.
- When a child stays in a single plan for a longer period of time, average per-member-per-month costs decrease because plans can help better manage and coordinate the child's health care needs.

**Quality-based value initiatives in Medicaid Managed Care are reducing the overall cost of Medicaid, but they are undermined by the current inefficient system for children's enrollment**

- HHSC has ramped up requirements on Medicaid managed care plans to ensure more of their payment structures are paying for quality and value, not just quantity of services provided.
- If eligible children churn out of Medicaid coverage only to later be reenrolled, a health plan's ability to contract and work with a provider to provide quality-based care is greatly hindered. Health plans are also unable to track quality data if children are enrolled for less than a year.

**Administrative costs to the state, Medicaid managed care health plans, and physicians could be reduced**

- Children going on and off of the Medicaid rolls require additional unnecessary eligibility determinations.
- The state's current multiple checks of income verification databases during the second six-month period each year of a child's Medicaid eligibility result in some families getting multiple messages from HHSC. Confusion over the many checks results in eligible children losing coverage. ***The vast majority of children losing coverage because of an income check are disenrolled due to a so-called "procedural denial," and not because they are found to be over income.***
- New data from HHSC show that 9 out of 10 children kicked off Medicaid each month due to income checks are losing coverage simply due to paperwork issues. This is an average of 4,100 Texas children per month who fall through the cracks because of red tape.

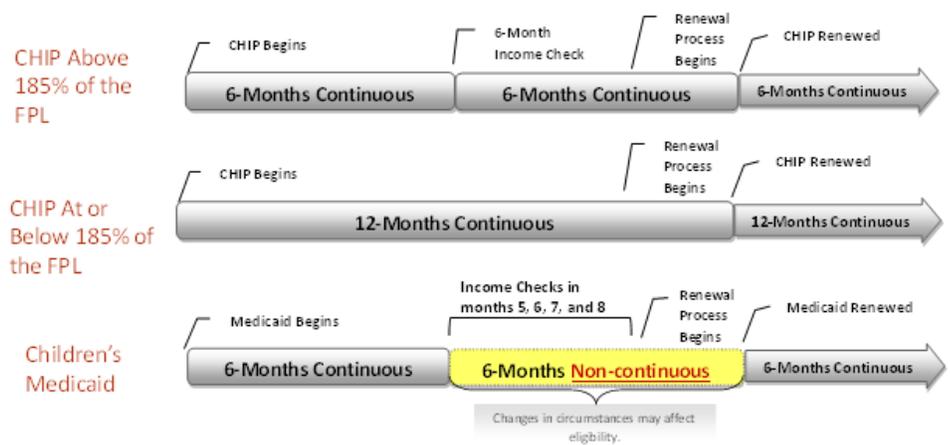
- **Fewer than 400 kids per month are denied due to being over income**—so we are cutting 10 times as many children from the rolls due to red tape, compared to those who have been found to have increased income.
- Texas Medicaid must reconcile payments for services provided to eligible children who have interruptions in coverage, and physician offices and community health centers spend extra, unproductive time resolving a child’s change in coverage, rather than providing health care services.

**Additional Background:**

- From 2002 to 2013, Texas Medicaid provided children with six-month segments of continuous eligibility, so coverage was not lost during a six-month segment unless a child moved out of state or turned 19.
- In 2014, the HHSC changed the eligibility process for children. Under the new process, children now can be required to provide paperwork, and risk losing coverage at several points during the year. After the first six months of each year they are enrolled in in Medicaid, Texas kids are switched to “month-to-month” coverage, and are subject to income checks at months 5, 6, 7, and 8 (see Figure). **With multiple income checks and the lack of continuous coverage, children in Medicaid continue to fall through the cracks and get disenrolled from insurance—even if they are still eligible.**
- According to data from HHSC, a total of 47,014 children in 2017 and a total of 52,875 children in 2018 were kicked off Medicaid simply for excessive bureaucratic hurdles.
- Notably, about 40% of the children who are kicked off Medicaid as a result of Periodic Income Checks return to either Medicaid or CHIP coverage within 6 months. This strongly suggests that many of these kids were eligible for coverage all along.

- Under federal law, states cannot require Medicaid and CHIP enrollees to actively renew coverage more often than every 12 months.
- Today, Texas only offers 12 months continuous coverage for higher-income children who are in CHIP.
- Children in Medicaid get one 6-month segment of continuous coverage per year. After that, their coverage can be lost on a month-to-month basis as HHSC checks family income sources.
- During the second six months of a child’s Medicaid coverage, a change in family circumstance can impact a child’s eligibility.
- Some families get multiple messages from HHSC, and confusion over multiple income checks also results in some eligible children losing coverage: “procedural denials.”

## Texas Children’s Medicaid and CHIP Coverage Timelines



### Support Continuous Coverage in Children’s Medicaid

- ✓ Most effective step Texas can take to reduce our child uninsured rate, the largest in the country
- ✓ Enables quality-based value initiatives in managed care to better reduce overall costs
- ✓ Improves health outcomes and continuity of care for children
- ✓ Reduces red tape and administrative costs for the state, health plans, providers, and families