

INSURE TEXAS KIDS CAMPAIGN

Nationwide, CHIP and Children's Medicaid are extremely cost-effective, delivering comprehensive, affordable health coverage to millions of American children at a cost 31% lower than private insurance.

Texas children deserve that same effective care, so they can grow and learn, and so their parents can spend their days at work, not at the emergency room. Texas taxpayers deserve that same efficiency, so tax dollars are spent on health care, not correcting bureaucratic mistakes.

When Texas kids are healthy, everyone wins. This isn't about politics, it's about doing what's right for our kids.

Uninsured Children in Texas

- Texas has the nation's **highest rate of uninsured children**, with one in five kids lacking coverage.
- **More than 80% of uninsured children have at least one working parent**,¹ but private health insurance is often too costly for families to afford, averaging over \$900 a month according to the Texas Department of Insurance.
- More than **half of the 1.4 million uninsured children in Texas are eligible for but not enrolled in the Children's Health Insurance Program or Children's Medicaid**.
- **CHIP enrollment has dropped by more than 185,000 children (37%) since state budget cuts took effect in 2003. Medicaid enrollment dropped by more than 118,000 children in 2006.**²
- **More than 70% of Texas children that lost CHIP and Medicaid became uninsured**³. Children without health insurance are four times as likely to rely on emergency room treatment for routine care, at a staggering cost to local taxpayers.
- Texas has already **lost \$832 million in federal matching funds** by not fully funding CHIP.

The Cure - Cut the number of uninsured Texas kids in half by enrolling every eligible child in CHIP and Medicaid

- Implement 12 months continuous eligibility for CHIP and Children's Medicaid
- Fix problems with the Integrated Eligibility System to prevent eligible kids from losing coverage
- Provide adequate reimbursement for Medicaid and CHIP providers
- Invest in outreach and education to ensure that all eligible children get the care that they need
- Adopt these CHIP policies that encourage personal responsibility while helping low income families to achieve self-sufficiency:
 - Eliminate the asset test
 - Eliminate the 90 day waiting period for uninsured children
 - Deduct childcare and child support expenses when calculating income

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¹ U.S. Census Bureau Current Population Survey Annual Social and Economic Supplement 2005

² All enrollment statistics based on HHSC reports available as of 11/3/2006

³ 2006 University of Florida Institute of Child Health Policy study commissioned by Texas HHSC

Insure Texas Kids Campaign Recommendations

1. Implement 12 months continuous eligibility for CHIP and Children's Medicaid

- The current policy of requiring families to renew twice a year instead of once doubles the paperwork for the state and causes more children to spend months uninsured or to lose coverage altogether.
- According to an analysis by Texas Children's Health Plan, medical costs per child decrease the longer children are on coverage.
- 12 months eligibility helps children to maintain a medical home, which is especially critical in the early years when numerous vaccinations and regular checkups are required.
- 12 months continuous eligibility would make CHIP more consistent with private health insurance, which is renewed on an annual basis.
- Research by the Texas Health and Human Services Commission shows that at renewal many more children move from CHIP to Medicaid - with a lower federal match rate - than from Medicaid to CHIP. More frequent renewal not only means higher administrative costs, but also a higher state expenditure per child.
- The only "real savings" from more frequent recertification come from children who are uninsured after losing CHIP or Medicaid. According an independent analysis conducted by the University of Florida Institute for Child Health Policy in April and May, 2006, more than 70% of children that lost Medicaid and CHIP became uninsured. Children without health insurance are four times as likely to rely on emergency room treatment for routine care, at a much higher cost to local taxpayers.

2. Fix problems with the Integrated Eligibility System to prevent eligible children from losing health coverage

- The combination of a new private contractor, policy changes increasing documentation requirements for renewals and state eligibility staff reductions have caused a sharp decline in CHIP and Medicaid enrollment since December, 2005.
- Texas must take action to ensure that applications are processed in a timely manner and that eligible children are not disenrolled due to processing errors.
- Lawmakers should require adequate state staffing and training in the new eligibility system and better oversight of the private contractor to ensure that acceptable performance standards are being met.

3. Provide adequate reimbursement for Medicaid and CHIP providers

- Texas does not automatically adjust Medicaid fees paid to doctors and other health care professionals, which means that these rates lose buying power. Several years have passed without any rate increases.
- For physicians, rate cuts in 2003 reduced most fees below 1993 levels. Medicaid pays substantially less than Medicare or private insurance and, as a result, providers often limit their Medicaid patients or choose not to serve them at all. The percentage of doctors taking new Medicaid patients dropped from 67 % in 2000 to 38% in 2006.
- Texas should apply annual inflation increases to Medicaid fees and work to bring rates closer to Medicare rates.

4. Invest in outreach and education to ensure that eligible children are enrolled

- Texas leads the nation in uninsured children, of whom half are eligible for but not enrolled in CHIP or Medicaid. Comprehensive outreach is needed to educate and assist families trying to renew coverage.
- Funding for community based outreach organizations has been an effective strategy of helping parents to apply for coverage, to renew coverage and to teach parents how to use preventive services rather than seeking care in emergency rooms.

5. Adopt policies that encourage personal responsibility and help low income families to achieve self-sufficiency

- **Either eliminate the CHIP asset test, or modify it to make it appropriate for working families with modest incomes.** *Texas is one of only 3 states (Idaho, Oregon) that prevents enrollment in CHIP based not only on income, but also on the value of a family's assets.* Texas' current CHIP asset test was borrowed from the Food Stamp program, and designed for a much poorer population. Rather than preventing abuse by the wealthy, Texas' policy now prevents families with small savings accounts or more than one reliable vehicle from receiving CHIP. A second vehicle worth more than \$4,650 is counted as an "asset." Under this policy, a 1996 Chevy pick up truck with 140,000 miles is allowed, but more reliable transportation may cause a child to lose their coverage.
- **Eliminate the 90 day waiting period for uninsured children.** The current 90-day delay before new CHIP coverage starts denies care to newborns and to gravely ill or injured children, even if they have no access to, or have never had private coverage. A targeted policy would allow newborns and children who have been without coverage for 90 days or more to enroll.
- **Factor in childcare and child support expenses when calculating income.** Texas CHIP currently counts child support paid by one household to another as though that income were available to both families. Children whose parents are being responsible by faithfully paying child support are being denied CHIP as a result. Working families, especially single-parent families, need to be able to deduct a portion of their child care expenses, so they do not have to choose between work and health care for their children.