

Insure Texas Kids Campaign

Overview on CHIP/Medicaid Enrollment Decline

November 3, 2006

- **CHIP enrollment has dropped by 185,918 children (37%)** since state budget cuts took effect in 2003.
- **Children's Medicaid, which had grown steadily since CHIP outreach first began in 2000, has also declined by 118,214 children since December 2005.**¹ The sharp enrollment loss is due to multiple factors:

2003 POLICY CHANGES

In response to a budget deficit, the 2003 Texas Legislature adopted significant benefit and eligibility changes to reduce CHIP enrollment. While most health benefits were subsequently reinstated, major eligibility changes remain in place, preventing many working, low-income parents from enrolling their children:

- Parents must reapply every 6 months to keep coverage (reduced from annual renewal policy)
- A 90 day waiting period remains in place for new enrollees, including newborns
- Child support and childcare expenses are no longer deducted in determining income
- A CHIP asset test prevents families with small savings accounts and certain vehicles 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.
- Physician and provider reimbursement cuts remain in place.

2005 POLICY CHANGES AND PROCESSING ERRORS

- In December, 2005, the private contractor Accenture began processing applications.
- At the same time, the state imposed new policy changes that increased the documentation that families must submit with renewal applications and required verification of income and assets every six months. The contractor's technology was not ready to handle the numerous policy changes. As a result, novice private call center staff with limited training tried to compensate for computer system shortcomings, while also running new verifications that had never before been required in CHIP.
- In addition, state eligibility staff have been cut by over 45% since 1999, and HHSC eligibility offices lost an average of 100 staff a month after job reduction and office closure plans were announced in October 2005 because of the outsourcing of eligibility to Accenture. By September 2006, one-third of state eligibility jobs were filled by temporary workers.

The combination of policy changes, staffing shortages, technology limitations and contractor processing errors have caused lengthy delays in processing applications and wrongful disenrollment of eligible children. **Ten months after the transition, serious and numerous processing problems persist:**

- Computer errors still prevent eligible families from completing the cycle of enrollment, even though all information has been submitted;
- There is evidence that contractor staff still are unable to locate missing information that families have provided, causing delays in processing applications;
- Applications are not transferred between Medicaid and CHIP in a timely manner, causing serious delays in renewals, even though children's Medicaid and CHIP have used a joint application since 2001;
- Delays in processing children's Medicaid applications and renewals have caused an unprecedented decline in children covered by that program; and
- Children with chronic health care conditions are being wrongfully cut from coverage.

¹ All enrollment statistics based on HHSC reports available as of 11/3/2006

CASE EXAMPLE: ELIGIBLE AND DISENROLLED

Devante Johnson, a 13 year old child with cancer of the kidneys went without health coverage for four months while his mother attempted to renew his Medicaid coverage.

- February, 2006: Devante's mother submits his renewal application, two months before his Medicaid is to expire.
- The application sits for six weeks before being processed because of a staffing shortage. By federal law, Medicaid cases must be processed within 45 days.
- When an eligibility worker finally looks at the application, the worker determines that Devante's family earns too much to qualify for Medicaid and appears to be eligible for CHIP. The worker forwards the application to Accenture.
- The paperwork then gets lost in the system. Devante's mother submits at least two more renewal applications - - one through the financial counselor at Texas Children's Hospital - and faxes and calls the CHIP hotline numerous times. She grows more and more desperate as attempts to track the application down and reinstate Devante's coverage are unanswered.
- In the meantime, Devante's condition is getting worse. Devante receives care through clinical trials at Texas Children's Hospital but the treatment isn't working. Doctors recommend a promising new treatment option at M.D. Anderson cancer center, but Devante can't be admitted without health insurance.
- In late August, State Representative Sylvester Turner's office intervenes and restores Devante's coverage. Two days later, Devante is able to start the new treatment, and right now his doctors are optimistic.
- However, this chronically ill—and eligible—child went without health coverage for months due to staffing shortages, processing errors and serious delays.

RESEARCH ON BARRIERS TO ENROLLMENT CONFIRMS DEVANTE'S STORY

Devante's experience was not an isolated event, as confirmed by an independent analysis conducted by the University of Florida Institute for Child Health Policy in April and May, 2006. The study, commissioned by the Texas Health and Human Services Commission, interviewed over 1,700 caregivers of children on Medicaid and CHIP and found that:

- **The majority of parents in both programs returned their renewal packet if one had been received (73% in Medicaid and 89% in CHIP).**
- **A high percentage of CHIP parents who returned renewal packets but still lost coverage for their children were told they had missing information in their renewal packet.** For CHIP respondents, 60% of those who lost coverage for their children were asked for missing information. For Medicaid respondents, just 24% of those whose children lost coverage at renewal were told that they had missing information.
- **Of the parents whose children lost coverage at renewal and were asked for missing information, a large majority reported that they provided the requested missing information but still lost coverage.**
 - 89% of CHIP parents whose children lost coverage at renewal reported that they provided requested missing information. Among them,, 61% indicated that they had two weeks or less to provide missing information.
 - 86% of Medicaid parents whose children lost coverage at renewal reported that they provided requested missing information. Among these respondents, 63% indicated that they had two weeks or less to provide missing information.
- **Few children who lost Medicaid or CHIP coverage were able to access private insurance coverage for their children. 76% of children who lost Medicaid and 72% of children who lost CHIP were uninsured at the time of the interview.**