



FOUNDATION FOR CHILD DEVELOPMENT

## FIRST FOCUS POLICY RECOMMENDATIONS: CHILD HEALTH

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### ABOUT THIS SERIES:

When the economy takes a downturn, it often hits the most vulnerable children and families the hardest. The recent recession is no exception. In their paper, “The Effect of Recession on Child Well-Being: A Synthesis of the Evidence by PolicyLab, Children’s Hospital of Philadelphia,” Katherine Sell and colleagues at PolicyLab at The Children’s Hospital of Philadelphia (CHOP) Research Institute synthesize evidence of the effects of the recent and prior recessions on child well-being.

Among their takeaway messages is that it takes years post-recession for families to bounce back to pre-recession income levels, and low-income families take even longer to rebound. A second key finding is that public programs play a pivotal role in blunting the negative impacts of a recession.

As the economy weakens and state and local revenues dwindle, the need for public programs grows. The federal government can help by bolstering public programs and supporting states in their efforts to meet the needs of children and families.

This series of policy briefs will consider the role of public programs in the process of economic recovery and provide recommendations for improving the provision of services to vulnerable children and families as we bounce back from the most recent recession.

Sell and colleagues at PolicyLab found considerable support for the presence of a link between poverty and poor child health status. Importantly, their research suggests that record-high enrollment in public health insurance programs has helped to buffer the negative impact of lost employer-based insurance for families.

Yet as states struggle to balance budgets, Medicaid and the Children’s Health Insurance Program (CHIP) face cuts. The Patient Protection and Affordable Care Act (ACA) requires states with existing Medicaid expansion and CHIP programs to maintain these programs with the same eligibility standards, methodologies, or procedures already in effect, but we have yet to see how constraints on state budgets will impact these programs.

During the recession, the American Recovery and Reinvestment Act (ARRA) provided critical enhanced federal matching funds (FMAP) for Medicaid to states. A recent Kaiser Family Foundation report noted that the ARRA funding reduced state general fund spending in FY 2009 by an average of 10.9 percent, and in FY 2010 by 7.1 percent, reflecting an increase in the federal share of the spending.<sup>1</sup> Although the funds were set to expire at the end of 2010, Congress acted in August to extend the ARRA funding. The enhanced FMAP levels will now phase out during the first six months of 2011.

According to the Kaiser report, although the ARRA funding was critical for states, even with enhanced funding, states made cuts to Medicaid. In FY 2010, 48 states implemented at least one new cost control policy. Specifically, 39 states reported reduced provider payments, 20 reduced benefits, and 18 made cuts to long-term care.<sup>2</sup> And



states plan to continue cuts to Medicaid. In FY 2011, 47 states plan to implement cost-control policies. States will continue to face budget pressures in FY 2011 and FY 2012.

As the PolicyLab study notes, recent actions by a number of states indicate that programs serving children are vulnerable to cuts. As they suggest, because CHIP is not required under ARRA to maintain eligibility levels, as is the case with Medicaid, it is possible that CHIP will become a target for cuts as states seek to cope with budget deficits.

CHIP and Medicaid have been critical safety nets for children and have helped buffer the negative impacts of the recent recession. The overwhelming success of Medicaid and CHIP highlight the impact that targeted federal investments in the health care safety net make in the lives of children. As we navigate the current economic downturn, it is critical that we preserve Medicaid and CHIP in order to care for our most vulnerable children.

### Improving Access to Coverage for Uninsured Children – the Children’s Health Insurance Program Reauthorization Act (CHIPRA) and the The Patient Protection and Affordable Care Act (ACA)

As the economic downturn continues, recent federal advances on children’s health coverage and health care reform are helping to improve health infrastructure, making a tremendous difference for low-income families including those who are struggling financially as a result of the ongoing recession.

#### *CHIPRA: Express Lane Eligibility (ELE) and Outreach and Enrollment Grants*

CHIP provides health coverage to more than seven million low-income children in families whose income is too high to qualify for Medicaid, but who don’t earn enough to purchase private health insurance on their own. Despite the program’s enormous success, two-thirds of children eligible to receive coverage under CHIP and Medicaid remain unenrolled due to bureaucratic barriers and administrative red tape.

CHIPRA added important new provisions to the systems that facilitate enrollment and improve access to care and health coverage for children in low-income families. States can now take advantage of Express Lane Eligibility provisions and outreach and enrollment grants which allow states additional options to enroll children in and retain coverage for children eligible for Medicaid and CHIP. For example, CHIPRA allows states to use relevant data from other public programs, like foods stamps, school lunch and WIC, to determine a child’s eligibility for Medicaid or CHIP. These investments in systems infrastructure will go a long way toward enhancing the safety net so that when a recession strikes the safety net is in place for families in need of health care and other public services.

CHIPRA also established a new grant program to finance outreach and enrollment efforts that increase participation of eligible children in both Medicaid and CHIP, including: funding for a national enrollment campaign; grants to states, local governments, schools, and other non-profit organization; and targeted funding to improve enrollment of Native American children in public programs. By better publicizing the availability of key public health coverage programs, more families will know that if they face uninsurance low-cost or no-cost coverage is available for their children.

### Patient Protection and Affordable Care Act (ACA): No Wrong Door Enrollment Policy

While most of the provisions of the ACA are not effective until January 1, 2014, among the key components of the legislation are those that maintain the CHIP program including full funding through 2015, allowing states to continue their successful programs and enroll eligible children immediately into coverage.

An equally significant provision of the new law establishes a “no wrong door” approach to coverage which creates a single entry point for all applications to secure health coverage including coverage with or without subsidies through the new health insurance exchanges, and Medicaid or CHIP. The data is clear that for enrollment of vulnerable populations to be successful, the enrollment process must be readily accessible and easy to navigate. This “no wrong door” enrollment policy will go a long way toward directing individuals who seek coverage to the coverage that is most appropriate for them.

Similar to the Express Lane Enrollment provisions of CHIPRA, another essential element of health reform that will be helpful to families impacted by future recessions is the requirement that enrollment and renewal processes for Exchange subsidies and Medicaid/CHIP be fully integrated. This provision would ensure that eligible individuals are able to get enrolled in Medicaid and CHIP when they apply for Exchange coverage (and vice versa). States will play an important role in developing these systems which will not only reduce the bureaucratic obstacles that keep eligible individuals from enrolling in coverage but also save precious state and federal resources by eliminating duplication and creating a more efficient and seamless system. Medicaid agencies are to conduct eligibility and enrollment processes for their Exchanges. This strategy has been a successful part of Massachusetts’ efforts to create a seamless enrollment system.

The development of the Exchanges, the expansion of Medicaid eligibility, and the new tax-based subsidies for purchasing Exchange coverage will dramatically change the health care options available to many Americans. Therefore, states will need to conduct significant public education activities to educate families about the coverage that is available. At this point, it is unclear whether there will be a sufficient source of federal funds dedicated to this important awareness-raising campaign, however, Medicaid and CHIP-related outreach and enrollment activities provide a wealth of experience and states should be encouraged to apply best practices from these programs. Outreach efforts involving partnerships with community vendors (such as grocery stores) and which include public facilities (such as libraries and public transportation hubs), hospitals, clinics and churches also should be conducted to reach consumers in places they live and frequent.

The recession has meant widespread declines in state revenues. This, combined with the increasing burden being placed on safety net programs, has forced many states to seek alternative means of reducing costs – including cuts to Medicaid, CHIP, and other public health programs. Now is not the time to make cuts to these critical programs. States should take advantage of new Express Lane Eligibility provisions and outreach and enrollment grants in CHIPRA to improve access to coverage for children.

Moving forward, health reform must build on CHIP and Medicaid by protecting coverage for those who are currently enrolled and developing new systems that are better able to fill the gaps to be sure that when tough

economic times are upon us, families are able to get the health services they need for their children. Preserving and strengthening our nation's health care safety net is one of the most important steps we can take to help support families and ensure our recovery from the recent recession.

### Endnotes:

1 Smith, V.K., Gifford, K., Ellis, E., Rudowitz, R. and Snyder, L. (September 2010). *Hoping for Economic Recovery, Preparing for Health Reform: A Look at Medicaid Spending, Coverage and Policy Trends Results from a 50-State Medicaid Budget Survey for State Fiscal Years 2010 and 2011* Kaiser Commission on Medicaid and the Uninsured Kaiser Family Foundation.

2 Smith, V.K., Gifford, K., Ellis, E., Rudowitz, R. and Snyder, L. (September 2010). *Hoping for Economic Recovery, Preparing for Health Reform: A Look at Medicaid Spending, Coverage and Policy Trends Results from a 50-State Medicaid Budget Survey for State Fiscal Years 2010 and 2011* Kaiser Commission on Medicaid and the Uninsured Kaiser Family Foundation.