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Blueprint for Opportunity No. 16-B/C

Implementation Memo

TO: Governor Ritter
Members of the 66th Colorado General Assembly

FROM: The Bell Policy Center – Robin Baker, Senior Policy Analyst,
and Blair Woodbury, Public Policy Fellow

DATE: January 9, 2007

RE: **Implementing Bell's Blueprint recommendation No. 16-B/C
to expand and streamline delivery of Medicaid and CHP+**

In the 2006 Blueprint for Opportunity, the Bell Policy Center recommends:

Strengthen the health care safety net

Strengthening the health care safety net is a complex and significant undertaking. The Bell Policy Center made several interrelated recommendations; they are addressed in three memos. This memorandum addresses the following recommendations:

The next governor and legislature should look for opportunities to streamline the way health care is organized, delivered and financed to improve the efficiency and effectiveness of the entire health care system. (*See Blueprint, page 23*)

Colorado should also increase its outreach and public awareness campaigns to make sure more people who are eligible for Medicaid or the Child Health Plan Plus (CHP+) actually enroll. (*See Blueprint, page 23*)

This memorandum briefly discusses the issues surrounding this proposal, describes steps for implementing it, outlines some of the factors to consider and lists sources for additional information and resources.

If you are interested in pursuing this issue further, we are prepared to work with you. Please contact the authors of this memo directly at (303) 297-0456 or baker@thebell.org, or Rich Jones, director of policy and research, at (303) 297-0456 or jones@thebell.org.

Overview of the issue

Since the mid-1990s, Colorado and other states have expanded public health insurance to low-income children through Medicaid and the State Children's Health Insurance Program (SCHIP). Colorado's state children's health plan was implemented in 1997 and is called the Child Health Plan Plus (CHP+).

Research shows that Medicaid and SCHIP expansions have substantially reduced the number of uninsured low-income children.

Expansions also protected children from the recent economic downturn and helped offset the decline in employer-sponsored health coverage.

Despite these gains, in 2005, 35 percent of SCHIP-eligible children nationwide were not enrolled.¹ The Colorado Covering Kids and Families coalition estimates that in 2005, 47 percent of CHP+ eligible children in Colorado were not enrolled: about 90,000 children are eligible for CHP+ but only 41,979 were enrolled.



What works to increase enrollment.

Streamlining and simplifying the application process and targeting children at risk of being uninsured increases SCHIP enrollment. One of the easiest ways to streamline SCHIP is to integrate it with the state's Medicaid program.

A 2006 study by the Rand Corporation² found that SCHIP-eligible children are four times more likely to be enrolled when the state administers its SCHIP program as an expansion of its Medicaid program. Further, the study found that when SCHIP and Medicaid are integrated, the application process is more simple and easy to understand.

Strategies for streamlining, such as adopting a 12-month continuous eligibility and renewal process, help children get and stay enrolled and prevent them from getting caught up in eligibility shifts between Medicaid and SCHIP. Streamlining also reduces state and county administrative costs without increasing the number of kids enrolled in a program for which they are not eligible.³

Research comparing Colorado's Medicaid and CHP+ program found that the programs, while slightly different, are compatible with one another. Expenses for the Medicaid program tend to be somewhat higher because children with special needs and pregnant young women are more likely to be enrolled. However, if a similar population were enrolled in CHP+, the current benefit package would be able to cover the cost.⁴

Colorado has not streamlined Medicaid and CHP+. Colorado is one of 34 states that have not integrated SCHIP and Medicaid programs.⁵ Lack of integration, combined with non-standardized application processes, creates unnecessary barriers for low-income families with children.

Colorado also has not adopted 12-month continuous eligibility for Medicaid beneficiaries.⁶ The Colorado Department of Health Care Policy and Financing (HCPF) rules do not explicitly state that counties should adopt continuous enrollment, but the option is implied. Currently:

- Some Colorado counties require income tests more frequently in Medicaid than in CHP+.

- Complex and inconsistent application procedures under Medicaid and CHP+ make parents and program administrators jump through unnecessary hoops to keep a child continuously enrolled.

Lack of integration between the programs results in other problems as well:

- The disconnect between Medicaid and CHP+ creates additional hassle for low-income families. For example, it is not unusual for siblings to see different doctors because one child is enrolled in Medicaid and the other in CHP+.
- In Colorado, children with a family income below 133 percent of the federal poverty level (\$22,078 annually for a family of three) qualify for Medicaid if they are 5 or younger. Once they turn 6, however, they are only eligible for Medicaid if their family's income is below 100 percent of the federal poverty level (\$16,600 annually for a family of three). Children in families with incomes above the Medicaid threshold but below 200 percent of the federal poverty level (\$33,200 annually for a family of three) qualify for insurance coverage through the CHP+ program.

Colorado is increasing outreach efforts.

Since the passage of Amendment 35, which increased taxes on tobacco products, and Referendum C, which exempted the state from some TABOR restrictions for five years, the legislature has been able to lift the enrollment cap on CHP+ and appropriate funds for outreach. The state signed a contract with Maximus, a company with experience in organizing outreach campaigns for state Medicaid programs, in the spring of 2006.

Maximus is sending out newsletters about public health care programs and purchasing advertising on billboards, on television, on radio and in print. To meet its contract, the agency hired seven regional outreach coordinators to work with schools, organizations and public event coordinators to spread knowledge about the program.

Much of the media effort is being directed toward eligible Hispanic children, who have the highest rates of uninsurance. Colorado Covering

Kids and Families estimates that in 2003, more than half of Colorado Hispanic children were uninsured.⁷

The Colorado General Assembly also passed HB06-1270 in 2006, creating a demonstration project in which school employees in selected districts will determine children's eligibility for public health programs at the time they enroll children for free and reduced-cost lunches. An evaluation of the pilot is to be submitted to the House and Senate health and human services committees in 2010. At that time, the legislature may determine whether to expand the program statewide.

Implementation steps

Colorado needs to take several steps to streamline its Medicaid and CHP+ programs. Some are administrative and some require legislation.

- **The Colorado legislature should coordinate CHP+ with the Medicaid program** by revising the Medicaid eligibility levels for children outlined in CRS 25.5-5-205. Medicaid eligibility for children between 6 and 19 should be increased from 100 percent of the federal poverty level to 133 percent of the federal poverty level.
- **Colorado's Medicaid renewal rules should be clarified to make both CHP + and Medicaid income eligibility continuous for one year.** The renewal rules are outlined in the Code of Colorado Regulations 25-5-10-8.100.7. If children are enrolled in a public health insurance program for an entire year before they need to renew their enrollment they will be bounced between programs less frequently. www.chcpf.state.co.us/HCPF/StateRules/pdf_Rules/100elig.pdf
- **The state should evaluate its contract with Maximus and consider an extension of up to four years.** The current CHP+ outreach campaign should be evaluated after one year by the Legislative Council or the Department of Health Care Policy and Finance, which should look at the change in enrollment since Maximus began working with the state. Social workers and others involved in enrolling children in the CHP+ and Medicaid programs should also be interviewed regarding Maximus's performance. If the legislature determines the outreach program is successful, Maximus's contract with the state should be renewed.



Factors to consider

Both Medicaid and CHP+ are federal-state programs and both receive a federal matching rate based on a state's relative per capita income. To encourage participation and expand health insurance coverage for children, the federal government assumed a larger share of SCHIP financing compared to Medicaid.

In addition, when Congress established SCHIP, states were allowed one of three options in designing their SCHIP program: expand their Medicaid program, develop a separate child health program that functions independently of Medicaid, or combine the two approaches. Colorado chose to design a program separate from Medicaid.

The differences in Medicaid and SCHIP/CHP+ financing, benefits and cost sharing make streamlining and program coordination challenging.⁸ For instance, federal funds for Medicaid are guaranteed with no pre-set limits. Colorado receives a \$1 federal match for every \$1 the state spends. Medicaid also guarantees a defined set of benefits for eligible beneficiaries. Before the Deficit Reduction Act of 2005 (discussed below), states were not allowed to impose cost sharing or premiums on Medicaid enrolled children under age 18.

In contrast to Medicaid, CHP+ federal funds are capped. Colorado receives about \$2 in federal matching funds for every \$1 the state spends. Under federal SCHIP guidelines, eligible beneficiaries are not entitled to a defined set of benefits, however, Colorado's CHP+ and Medicaid benefit programs are similar.⁹ Under SCHIP, states may charge families premiums and co-payments. Families enrolled in Colorado CHP+ program pay an annual fee and may also have co-payments depending on family income.

Recent changes included in the Deficit Reduction Act of 2005 will allow states to apply some SCHIP-like principles to the Medicaid program. These changes may create additional work for state and county administrators unless Medicaid and SCHIP programs are carefully planned and coordinated.¹⁰

Medicaid and SCHIP play an important safety-net role during economic downturns. If, as proposed in the president's 2007 budget, federal funding for these programs does not increase, states will not have the funds needed to keep pace with inflation and enrollment growth. Without a reliable source of funding for these safety-net programs, the state will see growing numbers of families and children without health insurance and providers shifting uncompensated care cost to private payers.

In 2005, Colorado's Department of Health Care Policy and Financing submitted a proposal for a HIFA waiver to combine the Medicaid and CHP+ programs. While streamlining the programs is highly supported, the waiver proposal was rejected due to spending limit concerns and recommendations that streamlining could best be accomplished by revising state statutes dealing with the public insurance programs.

Information and resources

Tara Trujillo, Colorado Children’s Campaign

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Stacey Moody

Colorado Community Health Network

📧 www.cchn.org

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Karen Spink

Health District of Northern Larimer County

☎ (970) 224-5209

Colorado Consumer Health Initiative

📧 www.cohealthinitiative.org

☎ 303-839-1261

Colorado Coalition for the Medically Underserved

📧 www.ccmu.org ☎ (303) 832-7727

Polly Anderson

Colorado Covering Kids & Families

☎ (303) 861-5165 x 246, 📧 polly@cchn.org

Christine Dauchot, Maximus

Colorado CHP+ marketing and outreach

☎ (303) 830-3558

📧 Melodie Beck, Memorandum: Medicaid Managed Care Update, Joint Budget Committee, Sept. 20, 2006.

www.state.co.us/gov_dir/leg_dir/jbc/09-20-06managedcarememo.pdf

📧 Colorado Department of Health Care and Policy Financing (2004), [Comparative Analysis: Colorado Children Enrolled in the CHP+ and Medicaid Programs](#). Prepared by JEN Associates, Inc., Cambridge, Mass.

📧 Kaiser Family Foundation (2005) [Enrolling Uninsured Low-Income Children in Medicaid and SCHIP](#). Kaiser Commission on Medicaid and the Uninsured.

Kaiser Commission on Medicaid and the Uninsured (2006). Health Coverage for Low-Income Populations: A Comparison of Medicaid and SCHIP. Kaiser Family Foundation.

📧 www.kff.org/medicaid/upload/7488.pdf

Kaiser Commission on Medicaid and the Uninsured (2006). Outreach Strategies for Medicaid and SCHIP: An Overview of Effective Strategies and Activities. Prepared by Health Division, Children’s Defense Fund for the Kaiser Family Foundation.

📧 www.kff.org/medicaid/7495.cfm

Rudowitz, R. & Schneider, A. (2006). “The Nuts and Bolts of Making Medicaid Policy Changes: An Overview and a Look at the Deficit Reduction Act.” Kaiser Commission on Medicaid and the Uninsured.

📧 www.kff.org/medicaid/7550.cfm

📧 [SB05-221 HIFA Waiver committee hearings, 2005.](#)

📧 [Colorado HB06-1270.](#)

“Concerning the Authority of Public School Personnel to Make Determinations of Eligibility for Certain Public Medical Benefits.” Bell Policy Center Opportunity Note, April 2006.

📧 www.thebell.org/pdf/OpNOTE06-1270.pdf



End notes

- ¹ Seid, M., Stevens, G.D., Varni, J.W., Halfon, N., Mistry, R. & Yu, H. (2006). "Triple Jeopardy for Vulnerable Children: Greater Health Needs, Less Access, Poorer Primary Care," Rand Corporation, Rand Health Care. Santa Monica, Calif.
[Ⓜ] www.rand.org/pubs/research_briefs/2006/RAND_RB9215.pdf
- ² Ibid.
- ³ Kaiser Commission on Medicaid and the Uninsured (2006). "Outreach Strategies for Medicaid and SCHIP: An Overview of Effective Strategies and Activities," prepared by the Health Division of the Children's Defense Fund for the Kaiser Family Foundation.
[Ⓜ] www.kff.org/medicaid/7495.cfm
- ⁴ Colorado Department of Health Care and Policy Financing (2004). [Comparative Analysis Colorado Children Enrolled in the CHP+ and Medicaid Programs](#). Prepared by JEN Associates, Inc. Cambridge, Mass.
- ⁵ Seid, et.al., end note No. 1.
- ⁶ Colorado has a joint application for Medicaid and CHP+, but counties are not required to use it. According to HCPF rules, the only time eligibility must be reviewed more than once a year is when a beneficiary has an income change.
See [Ⓜ] www.chcpf.state.co.us/HCPF/Pdf_Bin/CHP%20English%20Application%20Final.pdf for more detail.
- ⁷ Colorado Covering Kids and Families (2005). "Medicaid and CHP+: The Health Insurance Safety Net for Children and Families in Colorado Fact Sheet."
[Ⓜ] <http://coveringkidsandfamilies.org/projects/files/COMedicaidFactsheet.pdf>
This fact sheet notes that the Colorado Household Survey, which measures insurance rates, does not separate child data from adult data for race. It is assumed that the proportion of uninsured Hispanic children mirrors the proportion of uninsured adult Hispanics. In Colorado, 57 percent of uninsured adults are Hispanic.
- ⁸ Both programs are administered by the state within broad federal guidelines, and both programs receive federal matching dollars according to an annual formula. The SHCIP program is set to expire in 2007 and will need to be reauthorized; the Medicaid program does not require reauthorization.
- ⁹ Colorado Department of Health Care and Policy Financing (2004), end note No. 4.
- ¹⁰ The federal Deficit Reduction Act of 2005 (DRA), was signed into law on Feb. 8, 2006. The DRA changes Medicaid policy and affects almost all aspects of the Medicaid program (i.e., eligibility, benefits and cost-sharing, provider payments and program integrity). For example, the DRA allows states to limit Medicaid benefits for certain populations or expand home and community based services through a State Plan Amendment (SPA) process instead of using a waiver.