

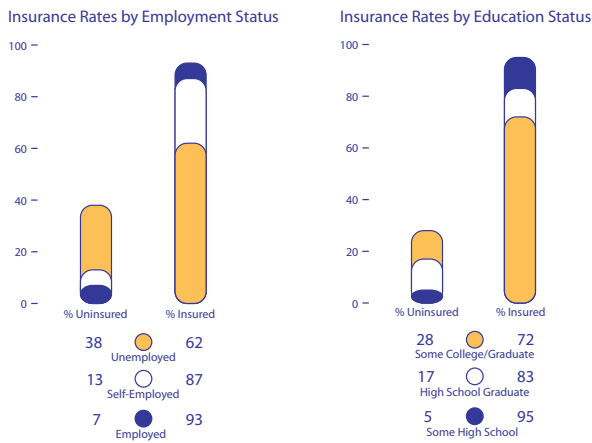


Medicaid and CHP+: The Health Insurance Safety Net for Children and Families in Colorado

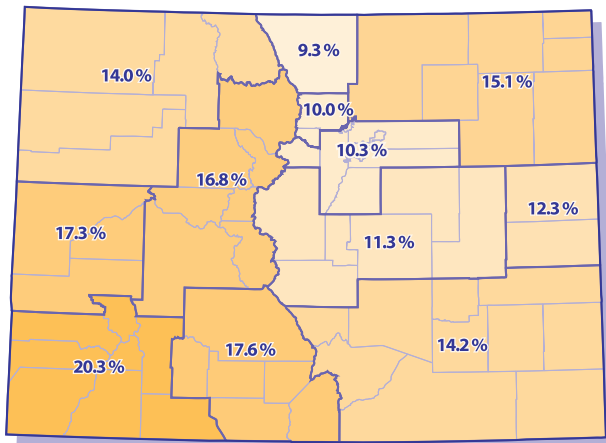
Uninsured Children in Colorado

The Kaiser Family Foundation estimates that 168,800 children are uninsured in Colorado. This represents 14% of all Colorado children.¹ According to the 2001 Colorado Household Survey (CHS), the rate of uninsurance for Colorado children is 9.7%.² This is slightly less than the adult uninsurance rate for Colorado.

Many factors place children at increased risk for being uninsured. The graphs below illustrate several factors that play a significant role in Colorado, including the education and employment status of a child's parents.³



The geographical region of the state in which the child's family resides also correlates to the child's likelihood of being uninsured. **Children living in Denver proper are much more likely to be uninsured (23.7% rate of uninsurance) than their counterparts in the Denver suburbs (4.5% rate of uninsurance).** Also, children living on the Western Slope and in the Mountain regions of the state tend to have higher uninsurance rates than children living in the south and southeastern areas of the state.



Rate of Uninsurance in Colorado

Nationally, the rates of uninsurance are very high for Latino and Native American children, and these trends are consistent in Colorado. The CHS does not separate child from adult data for race, but the overall trend—that 57.3% of uninsured Coloradans are Latino—indicates that the same proportions hold for Colorado children. Other factors that increase the risk of being uninsured, such as poverty and primary language spoken in the home, also indicate that Latino children are at greater risk for uninsurance.

The Importance of Health Insurance

Health insurance is a necessity to keeping kids healthy. Research shows that insured children are more likely to have well-child care, dental, and specialty visits than uninsured children. An American College of Physicians study revealed that uninsured children are about 6 times more likely to go without needed medical, dental, or other health care than their insured counterparts.⁴ Moreover,

- Children enrolled in Colorado's CHP+ program are more likely to receive preventive care and less likely to use emergency rooms than uninsured children.⁵
- Health care improves school readiness, class attendance, and participation in extracurricular activities. A 2001/2002 Denver Public Schools survey revealed that 11% of families kept their child out of an athletic event because they would not be able to pay for their child's care in the case of an injury.
- Because "women most likely to have the best birth outcomes are also women who have the highest number of prenatal visits," health insurance is key to driving the health of the mother and the fetus during pregnancy.⁶

The Urban Institute estimates that 74,400 of uninsured Colorado children qualify for a public health insurance programs like CHP+ or Medicaid.⁷ This represents 44% of all uninsured children in Colorado. Because children with insurance have such remarkably greater health outcomes than those without, enrolling children into appropriate, available programs is crucial to ensuring their health and well-being.

contacts

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Medicaid

Created by the U.S. Congress in 1964, Medicaid provides medical assistance to Colorado's lowest-income families and children. As an "entitlement" program, it is mandated to cover many of the lowest income Coloradoans. Anyone who meets the Medicaid eligibility requirements can enroll in Medicaid and cannot be denied benefits. In fiscal year 2002-03, Medicaid will have covered over 322,000 children and adults in Colorado.⁸ Medicaid provides insurance to 20% of all children and 41% of low-income children in the U.S.⁹

Colorado has a state-supervised, county-administered Medicaid system. The state Department of Health Care Policy and Financing is responsible for setting the rules and regulations of the program, as well as for paying providers for services rendered to Medicaid recipients. Colorado's 64 county departments of social/human services are responsible for:

- determining eligibility
- notifying families of eligibility requirements and
- renewing applications

Medicaid Programs

The Medicaid program offers Coloradoans a number of programs under which to insure children and families.

1931, or family Medicaid, provides medical insurance to families receiving TANF (cash welfare assistance).

Baby Care/Kids Care, covers children and pregnant women under a range of eligibility categories.

- Children are eligible up to 133% FPL* under 6 years, 100% FPL from 6-19 years, if the family assets are less than \$2,500, including the value of a car.
- Pregnant women and teens are eligible up to 133% FPL. Pregnant women and teens receive a span of presumptive eligibility, or PE, during which a woman is assumed eligible based on her application. This allows women to receive prenatal care as soon as possible after they apply for Medicaid.

Newborns born to women on Medicaid at the time of birth automatically receive Medicaid for the first year.

Immigrants who are not eligible for comprehensive Medicaid insurance are eligible for emergency services, provided they meet all eligibility criteria other than immigration status. Labor and delivery are included under emergency Medicaid.

Waiver programs comprise a number of smaller programs for special populations, including Home and Community Based Services (HCBS) for those with developmental disabilities.

Medicaid Benefits and Services

Children enrolled in Medicaid receive a comprehensive benefits package known as EPSDT, or the Early and Periodic Screening, Diagnosis, and Treatment Program. EPSDT is the most comprehensive benefits package of any insurance program, public or private, and it is federally mandated. EPSDT provides children with four types of well-child screenings: medical, dental, vision, and hearing. States are required to provide any appropriate treatment to address issues that arise during the well-child screenings, even if the state does not provide those same services to adults.

EPSDT also includes a statewide network of Medicaid case managers who educate families about and assist families in accessing Medicaid benefits for their children.

Adults receiving Medicaid also receive a package of benefits. These benefits include prescription drug coverage and long-term care services. Medicaid provides prenatal care and labor and delivery services including 60-days of postpartum care.

Child Health Plan Plus (CHP+)

The U.S. Congress created the State Children's Health Insurance Program, or SCHIP, in 1997 to allow states to provide affordable public health insurance to children whose family income was too high to be eligible for Medicaid but not high enough to afford private health insurance. In Colorado, this program is called the Child Health Plan Plus, or CHP+. For many parents who cannot afford the private insurance offered by their employers or who do not even have that option, CHP+ is an alternative that they have enthusiastically embraced.

The SCHIP programs are built on a model of public-private partnership. In Colorado, the Colorado Department of Health Care Policy and Financing oversees the rules and regulations that guide CHP+ and a private contractor administers the program.

* Federal Poverty Level, which is \$18,400 for a Colorado family of four. 133% of FPL is \$24,472 annually.

The FPL is on-line: <http://aspe.hhs.gov/poverty/03poverty.htm>

CHP+: The Health Insurance Safety Net for Children and Families in Colorado

CHP+ for Children

Like Medicaid, CHP+ provides a comprehensive benefits package for low-income Colorado children. Income eligibility requirements for CHP+ cover children from the upper limit of the Medicaid requirements to 185% of the Federal Poverty Level (FPL).±

As of February 2003, 51,407 children were enrolled in CHP+. This means that 51,407 children had access to:

- dental exams
- regular physician visits
- eye examinations and eye wear
- care for routine illnesses
- prescriptions and routine doctors visits for chronic illnesses such as asthma and diabetes

Prenatal CHP+

Comprehensive prenatal care contributes to healthy fetal development and provides health services to the mother during a very vulnerable period of time. During the 2002 legislative session, Colorado’s lawmakers voted to expand CHP+ benefits to pregnant women who fit CHP+ income requirements. This program was implemented in October 2002.

Expectant mothers receive the comprehensive benefits that children’s CHP+ provides through the pregnancy and for 60 days after the birth of the child. As of April 2003, 480 women enrolled into prenatal CHP+.

Due to state budget cuts, Colorado’s legislators had to temporarily halt enrollment in the CHP+ Prenatal program during the 2003 Legislative session.

Applying for Medicaid and CHP+

Families who wish to apply for CHP+ or Medicaid fill out a joint application for both programs.

For Medicaid, only county departments of human/social services are allowed to determine eligibility. Medical Assistance sites, such as Community Health Centers or certain hospitals, provide application assistance to families. However, the application must then be sent to the family’s county department of social services for processing. Once an application gets to the county, it can take several months to process, due to the high volume. Each of Colorado’s 64 counties is responsible for determining Medicaid eligibility, which can create discrepancies in how the program’s myriad rules are interpreted by individual counties.

For CHP+, the program administrator is the sole determiner of eligibility. Child Health Advocates/Policy Studies, Inc (CHA/PSI), the CHP+ administrator from 1997-July 2003, established a system of Satellite Eligibility Determination (SED) sites across the state. SED sites are medical assistance centers that provide families with assistance filling out their applications. Families can also submit applications directly to the CHP+ administrator without using application assistance. The CHP+ administrator processes the application and sends the family their insurance information within a month.

If a county receives an application that is over-income for Medicaid, the county will forward it to the CHP+ administrator. Three Medicaid technicians work at the offices of the CHP+ administrator. These applications are ordinarily forwarded to the appropriate county department of human/social services. However, due to the caseloads for the county departments, the state Legislature authorized these three additional staff to support the counties.

In August 2003, CHP+ administration changed from CHA/PSI to Affiliated Computer Services (ACS).

Medicaid, CHP+, and Colorado’s Budget

Both Medicaid and CHP+ are considered “counter cyclical” programs, because they are intended to be largest during economically challenging times. Colorado’s budgetary crisis places both of these programs in jeopardy. The state does not have enough resources to fund Medicaid and CHP+ as they grow to meet the needs of Colorado’s low-income families. As low-income families are becoming unable to afford increasing private insurance premiums and losing jobs, they are accessing Medicaid and CHP+ for their children and themselves.

Medicaid and CHP+ differ significantly in their basic structure. Medicaid is an older program designed to benefit the most needy. Colorado has also made use of its ability to cover “optional” populations and create “optional” programs. It provides a smaller federal match than CHP+ but requires that certain eligibility categories be granted benefits. Unlike Medicaid, CHP+ has only one optional group and no groups to whom the state must provide benefits.

	Medicaid	CHP+
Federal Match	50% or 1:1 federal:state	65% or 2:1 federal:state
Entitlement Program	Yes. Colorado is required to provide Medicaid benefits to all eligible applicants	No. Colorado can choose not to provide CHP+ services or limit the number or recipients
Optional Populations/Programs	Many, including several waiver programs and certain groups of legal immigrants	Pregnant women (Program temporarily closed)

± 185% of the FPL is \$34,040 for a family of four.

Medicaid and CHP+: The Health Insurance Safety Net for Children and Families in Colorado

The issue surrounding optional populations and mandatory coverage is important, as it affects the way different programs react to budget cutbacks. Medicaid cannot impose a limit on the number of eligible families served, but must reduce and eliminate certain optional programs and populations in order to meet its requirement to serve the mandated populations.

The current budget crisis has caused Medicaid to do precisely this. In order to balance Colorado's budget, the Legislature has removed Medicaid eligibility from 3,500 legal immigrants, including elderly refugees and young children of working parents. New co-pays are affecting disabled children, and a specific group of pregnant women lost a state-funded prenatal care program.

CHP+ has only one optional program to eliminate before it can limit its enrollment: the prenatal care program. There is not enough money to cover all of the children that are expected to enroll in CHP+ next year, so the legislature suspended the CHP+ prenatal program. This will allow the state to place an enrollment cap on CHP+, limiting the number of working-class children that can enroll in health insurance.

Medicaid and CHP+ are Important to Families

Medicaid and CHP+ are invaluable as the health care safety net for families. When families are uninsured, children are less likely to have a "healthy home" and more likely to wait until illnesses are severe before seeking treatment. The Kaiser Commission on Medicaid and the Uninsured did an in-depth study of uninsured children in North Carolina that illustrated these and other disturbing trends.¹⁰

Most uninsured families incur financial hardships due to medical costs, while those of the lowest incomes report going with lesser quality food or without food at all. Likewise, most uninsured families delay seeking treatment while some children incur severe illnesses before the parents utilize medical services. It is common for parents to disallow their uninsured children to participate in extracurricular sports, for fear of not being able to pay for injuries.

Overall, the quality of life for uninsured children is less than that for insured children. The availability of Medicaid and CHP+ allows families to grow more fully and comfortably. Preserving the health care safety net is a priority for supporting the growth of Colorado's children.

Medicaid's Fiscal Impact on Colorado

Medicaid is widely regarded as one of the biggest drains on most state budgets. In Colorado, health care is the second biggest expenditure of the state's general fund, after education. Because Amendment 23 of the state constitution protects much of the education budget, Medicaid is a prime target for cuts during lean budgetary times.

Cutting Medicaid, however, may not be a good budget-balancing move. A recent report by Families USA demonstrates that Medicaid spending strengthens and grows state economies by having a significant, positive impact on business activity, jobs, and wages.¹¹ Because Medicaid spending generates revenue in the form of federal matching dollars, it has a greater positive impact on the state's economy than other forms of spending.

Families USA estimates that Colorado spent just over \$1.1 billion on Medicaid in FY 2001-2002. That spending generated over \$2.5 billion in new business activity in the state. Colorado's Medicaid spending in FY 2001-2002 also created 28,612 new jobs, generating \$967 million in wages.¹²

Cuts in Medicaid spending deprive the state of that growth. In FY 2003-2004, for every \$1,000,000 in Medicaid cuts, Colorado will lose

- \$2,290,000 in business activity
- 24.02 jobs
- \$860,000 in employee wages

¹ Urban Institute and Kaiser Commission on Medicaid and the Uninsured estimates, based on pooled March 2001 and 2002 Current Population Surveys. Kaiser Family Foundation, State Health Facts Online. [On-line] Available: <http://www.statehealthfacts.kff.org>.

² HRSA State Planning Grant, Colorado Household Survey, 2001. Interim Final Report, April 2002.

³ The graphs appear on pages 26 and 28 of the CHS report, respectively. The data for the geographical region map appears on page 17.

⁴ "No Health Insurance? It's Enough to Make You Sick: Scientific Research Linking the Lack of Health Coverage to Poor Health," American College of Physicians and American Society of Internal Medicine. Washington, DC, 1999.

⁵ "Effect of Child Health Insurance Plan Enrollment on the Utilization of Health Care Services by Children Using Public Safety Net System," Sheri Eisert, PhD and Patricia Gabow, MD, Pediatrics, Vol. 110, No. 5, November 2002

⁶ "The Benefits of Prenatal Care: Evidence from the PAT Bus Strike," William Evans and Diana Lien. Working Paper. March 2002. [On-line] Available: http://www.bsos.umd.edu/econ/evans/wpapers/evans_lien_bus_strike_2.pdf

⁷ The Urban Institute, 2002. Released August 1, 2002. Based on merged March 2000 and 2001 Current Population Survey data, weighted to represent one year, with adjustments for reported changes in Medicaid and SCHIP as of December 2001

⁸ Colorado Department of Health Care Policy and Financing, Report to the Joint Budget Committee, December 2002

⁹ For comprehensive information, see the Medicaid Resource Book by Kaiser Family Foundation at: www.kff.org/content/2003/2236/. This demographic information can be found on page 9.

¹⁰ "The North Carolina Health Choice Enrollment Freeze of 2001." The Kaiser Commission on Medicaid and the Uninsured. January 2003.

¹¹ "Medicaid: Good Medicine for State Economies." Families USA. January 2003. [On-line] Available:

<http://fusa.convio.net/site/DocServer/GoodMedicineReport.pdf?docID=275>

¹² "Medicaid: Good Medicine for State Economies." Pages 6-7.