

Kansas Department of

# **Social and Rehabilitation Services**

Janet Schalansky, Secretary

For additional information contact:

## **Joint Committee on Children's Issues**

### **State Children's Health Insurance Program Response to Committee Questions**

**Division of Health Care Policy**  
Laura Howard, Deputy Secretary  
785.296-3773

Office of Planning and Policy Coordination  
Jared Holroyd, Director

Docking State Office Building  
915 SW Harrison, 6<sup>th</sup> Floor North  
Topeka, Kansas 66612-1570  
phone: 785.296.3271  
fax: 785.296.4685  
[www.srskansas.org](http://www.srskansas.org)

**State Children's Health Insurance Program  
Followup to Joint Committee on Children's Issues**

At the August meeting of the Joint Committee on Children's Issues, the Committee asked that SRS provide some followup information related to the State Children's Health Insurance (SCHIP) program. In Kansas the SCHIP program is known as HealthWave. The HealthWave program also includes children and families eligible for Medicaid:

1. What are the trends in the number and percentage of uninsured children in Kansas since the State Children's Health Insurance Program began?

Tracking the number of uninsured children over time is difficult. Estimates from surveys vary widely based on the differing methodologies of the surveys. Although this variance in the data makes it difficult to draw strict conclusions, the following data demonstrates that the percentage of uninsured Kansas children has declined since the SCHIP program began.

A 1997 Kansas Health Insurance Survey reported that 9.4% of children under age 19 were uninsured on a statewide basis, comprising almost a third of all uninsured persons in Kansas (error rate of +/- 3.46%). The same survey in 2001 indicated that the percentage of uninsured children had decreased to 7.8% (error rate of < +/- 1.0%). In both surveys, most children without health insurance are between the ages of 6 and 17.

An American Academy of Pediatrics survey reported a decrease in the percent of uninsured children in Kansas from 10% in 1998 to 8% in 2000. More recent figures were not available.

Under both survey methodologies, there was a downward trend in the number of children who are uninsured since the State Children's Health Insurance Program began. This means the number of uninsured children in Kansas has fallen from an high estimate of as many as 74,000 in 1997 - 1998 to a low estimate of 50,000 in 2001.

As of August 2003, just over 30,000 Kansas children are covered through the Title XXI portion of HealthWave. In addition, since the inception of the State Children's Health Insurance program in 1999, an additional 70,000 children eligible for Medicaid have enrolled in the Medicaid program.

2. What has been the effect of repealing the statutory provision requiring a six-month waiting period for persons with private insurance coverage?

The 2001 Kansas Legislature passed S.B. 29, deleting the requirement that children be without health insurance coverage for six months before becoming eligible for coverage

under the State Children’s Health Insurance Program. The six-month provision was originally included in the law to address federal concerns regarding the potential of “crowd-out,” that is, the substitution of HealthWave coverage for private group health plan coverage. The state law change was precipitated by changes in federal requirements. In January 2001, the then federal Health Care Financing Administration (HCFA) has issued new regulations allowing states to eliminate the six-month waiting period, and instead monitor for “crowd out.” HCFA had determined that little evidence existed to suggest that “crowd-out” was occurring. Prior to the change in law at the state level, approximately 35 children were denied coverage each month under the HealthWave program because they had been covered by employer-sponsored health insurance at some point in the prior six-month period. Since the statutory provision was repealed by the 2002 Legislature, we have continued to see a small number of applications for children with some form of private health insurance in the past six months. In the majority of these circumstances, the private insurance is either no longer available to the child, or the level of coverage of the private plan is minimal. SRS has discerned no signs of increasing “crowd out.”

3. Please detail out the service costs compared to the administrative costs for the State Children’s Health Insurance Program for each year since the program began.

The administration costs for the State Children’s Health Insurance program includes the costs of processing applications at the centralized clearinghouse, benefits management, consumer and provider relations, and outreach and marketing. The table below details the percentage of administrative costs to total program costs since the SCHIP program began.

The slightly higher percentage for administration in the first year of the program reflects start-up costs associated with implementation and initial marketing and awareness efforts associated with a new program of which there was little public awareness.

Federal Fiscal Year	Assistance Costs	Administration Costs	% Admin/Assistance
FFY 99	\$12,204,478	\$1,657,562	13.58%
FFY 00	\$17,733,181	\$1,524,163	8.59%
FFY 01	\$34,226,716	\$2,668,982	7.80%
FFY 02	\$49,811,709	\$4,501,205	9.04%
FFY 03 (2 qtrs)	\$25,270,791	\$2,399,425	8.60%