

Kansas Department of

Social and Rehabilitation Services

Janet Schalansky, Secretary

Joint Committee on Children's Issues

July 12, 2004

SCHIP Expansion and Re-enrollment

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Mister Chairman and members of the Committee, I am Scott Brunner, Director of Medical Policy/Medicaid, in the Kansas Department of Social and Rehabilitation Services (SRS). I am here to provide you some information concerning the HealthWave program, including the State Children's Health Insurance Program (SCHIP).

Background

SCHIP (Title XXI) is a Federal/State partnership created to expand health insurance coverage to children whose families are not eligible for Medicaid because their incomes are too high. Federal regulations refer specifically to targeted low income children who reside in families with incomes below 200 percent of the Federal Poverty Level (FPL) or incomes 50 percent higher than a state's Title XIX Medicaid eligibility requirement. In Kansas, SCHIP is available statewide to children from birth to age 19 who live in families with incomes up to 200 percent of FPL. These children must be residents of Kansas.

SRS implemented the SCHIP program in Kansas in January 1999, and integrated it with the state's Medicaid capitated managed care program in SFY 2002 for a seamless combined program known as HealthWave. Blending the two programs and providing coverage in a capitated format, as directed by the state SCHIP statutes, allows SRS to provide children and eligible families with uniform and seamless health care coverage, regardless of which program (i.e, Title XIX or Title XXI) funds the coverage. The State contracts with FirstGuard Health Plan Kansas, Inc. (FirstGuard), a managed care organization (MCO), to provide a full array of physical health care services. Through a contractual arrangement, the Mental Health Consortium provides mental health and substance abuse treatment services, while Doral Dental serves as the dental services Administrative Service Organization (ASO) for Medicaid HealthWave and the MCO for SCHIP HealthWave.

Children are ineligible for SCHIP if they are currently covered by other health insurance or are eligible for Title XIX Medicaid coverage. To be eligible for SCHIP coverage, families above 150% of the poverty level must agree to pay a monthly premium. Eligibility is determined annually and 12 months of continuous eligibility is applicable to both Title XIX and SCHIP enrollees even if family income increases above the income threshold during that time period.

Children enrolled in HealthWave XXI (SCHIP) receive a plastic identification card, good

for one year. HealthWave XIX (Medicaid) beneficiaries receive a monthly paper card. The State Fiscal Agent, EDS, has investigated the cost and implications of various options resulting in conversion of Medicaid beneficiaries to plastic identification cards and will present a report to SRS on July 26, 2004.

As of June 2004, 33,024 children were enrolled in HealthWave XXI. Total expenditures in SFY 04 for these children were \$49,446,645. At the same time, 52,435 children were enrolled in HealthWave XIX, along with 10,652 adults. Total expenditures in SFY 04 for HealthWave XIX were \$137,259,910.

SRS has received no information concerning continued funding for SCHIP after FFY 2007. Current estimates show, if Kansas does not receive any reallocated funds in future years, the federal funding will be fully expended by April 2007, including carryover and redistributions from other states.

Marketing and Outreach

Both marketing and outreach campaigns are used to encourage families eligible for HealthWave to enroll and re-enroll. Each campaign targets limited income families with children who have no health insurance.

- HealthWave *marketing* is a *broad-based* effort – performed by the enrollment broker, MAXIMUS, Inc. – to provide consistent information to the public regarding the HealthWave program. Many forms of media are used, including radio/TV ads, billboards, newspaper articles, inserts/direct mailers, theater slides, bus signs and premium items for events.
- HealthWave *outreach* is a *localized* effort by SRS Regional Offices that is targeted to specific populations. These efforts may include zip code mailings, door-to-door campaigns, and school-based outreach initiatives during school enrollment.

SRS personnel provide outreach services and information about all SRS programs available to Kansas citizens. These workers are located in Emporia, Hays, Hutchinson, Kansas City, Manhattan, Topeka, Wichita, Chanute, Garden City, Overland Park, and Lawrence. The HealthWave Program relies on these SRS staff to provide program and enrollment information and to distribute premium marketing items to draw attention to the health care programs available to low income Kansans.

Entry into the schools through school enrollment or special events has been one of the best resources for reaching parents. The face-to-face contact made possible by these events is critical to effective outreach because it provides an outlet for explaining the importance of insurance, for answering questions, and for encouraging re-enrollment.

Outreach workers use a variety of approaches to help schools enroll children and families in HealthWave. One popular and successful approach is the statewide distribution of school supply kits. These kits are ordered by area workers from MAXIMUS. The school supply kits are shipped to the area outreach workers for distribution in their respective areas for Kindergarten “Round Up” and similar school enrollment activities. The kits are clear plastic pouches printed with the HealthWave logo, the slogan “Low cost or no cost health insurance for Kansans,” and the toll-free HealthWave phone number. The kits contain two neon-colored pencils, a pencil sharpener, and erasers. This year 35,000 kits are being distributed across the state.

All areas report that they regularly supply school nurses, counselors, secretaries and local school board offices with program applications and brochures. Additionally, many attend events such as “back-to-school fairs,” “family activity night,” “back-to-school parties,” etc. Workers may also attend – or provide HealthWave program information and products to organizers of -- local health fairs, health care screening events, community information fairs in local shopping malls, etc.

The Wichita Regional Office has partnered with the United Way to conduct innovative back-to-school enrollment activities. The partnership has been very successful in identifying uninsured children who may qualify for HealthWave, and assisting their families on-site to complete enrollment applications and renewal forms for families who want to continue their coverage. An in-depth report is provided for your review.

Families whose children already have HealthWave coverage receive renewal notices over a month prior to the end of their twelve-months coverage period that explain what families must do to renew their children’s coverage. A new media campaign has added the slogan “Renew to Continue.” Currently airing are new radio ads in English and Spanish. TV ads and new billboards that reflect the new slogan, along with the message that “Kansas wants healthy families,” will begin later this month.

Pre-natal Coverage Expansion

Healthwave XXI currently covers pre-natal care for pregnant women up to age 19 who meet the SCHIP eligibility requirements stated above. Current federal regulations allow states the option of extending SCHIP coverage to individuals prior to birth, even though the mothers are not eligible for coverage. Over the past few months, SRS has been weighing the merits of such an expansion compared to expanding coverage to pregnant women in Medicaid, up to 200 percent of federal poverty level.

SRS has found it difficult to estimate the number of women who might seek coverage for prenatal care under either option. SRS originally estimated that 714 more women might seek coverage under the SCHIP expansion. This estimate was based on the number of unduplicated children under one year of age who were covered under Healthwave XXI. In its estimate, SRS noted that this was likely a low estimate.

Since that time, SRS has had an opportunity to examine more closely poverty and fertility rates of Kansas women. Based on this examination, SRS now estimates that potentially 2,700 women could be eligible for expanded Medicaid coverage; however, it should not be assumed that everyone who is eligible for a program seeks coverage. Therefore, 2,700 should be considered a high estimate.

The Fall 2004 consensus estimate for the cost of serving pregnant women through Medicaid in SFY2005 was \$610 per woman per month. This cost was used for this revised estimate because it includes a large number of persons in the group, the ages of the persons in the group are comparable in age with the proposed group, and there is extensive experience with the cost of serving persons in this group over time. In addition, for the same reasons, the average coverage period for this group of 5.5 months was also used in this revised estimate. The table below outlines our estimates for either an SCHIP or a Medicaid expansion.

Revised Estimate of the Cost of Covering Prenatal Care for Women Between 150% and 200% of the Federal Poverty Level		
	Lower Range Estimate	Upper Range Estimate
Estimated Number of Women	714	2,700
Average Cost Per Month	\$610	\$610
Average Number of Months of Coverage	5.5	5.5
Total Estimated Cost	\$2,395,470	\$9,058,500
State Funds for Coverage Under SCHIP – 27.33%	\$654,682	\$2,475,688
State Funds If Under Medicaid – 39.04%	\$935,191	\$3,536,438

While an expansion of SCHIP would result in a better match rate, it would also result in depleting the total federal allotment sooner than the projected April 2007 including carryover and redistributions from other states. In addition, under federal SCHIP regulations, women who have even minimal health insurance cannot be covered.

An expansion of Medicaid to 200 percent of the FPL would not have any limit of federal dollars to match legitimate state expenditures and, under Medicaid, women who have minimal health insurance can be covered by Medicaid as the payer of last resort.

EDS Payment Issues

Electronic Data Systems (EDS) is the designated fiscal agent for the Medicaid program

in Kansas. For the SCHIP program, EDS processes the monthly per member payment from SRS to FirstGuard, Doral Dental, and The Consortium. The three contractors are responsible for processing and paying claims from individual providers for SCHIP beneficiaries.

In regard to other payment issues, SRS met with EDS corporate representatives last week to candidly address the concerns with the system. EDS agreed to devote the necessary resources to ensure the stable functioning of the system. Corporate representatives currently are formulating a detailed plan to address all of the concerns. Once SRS receives the report from EDS, we will provide an update to providers. In the meantime, a process exists for identifying and resolving system defects. SRS and EDS will continue to address the system issues and concerns from providers.

This concludes my testimony. I would be happy to answer any questions at this time.