

Kansas Department of

Social and Rehabilitation Services

Gary J. Daniels, Acting Secretary

Joint Committee on Children's Issues

November 5, 2004

EXPANSION OF SCHIP FROM CONCEPTION

Health Care Policy

Scott Brunner, Director of Medical Policy / Medicaid

785.296.3981

For additional information contact:

Public and Governmental Services Division

Kyle Kessler, Director of Legislative and Media Affairs

Docking State Office Building
915 SW Harrison, 6th Floor North
Topeka, Kansas 66612-1570
phone: 785.296.3271
fax: 785.296.4685
www.srskansas.org

**Kansas Department of Social and Rehabilitation Services
Gary J. Daniels, Acting Secretary**

Joint Committee on Children's Issues
November 5, 2004

EXPANSION OF SCHIP FROM CONCEPTION

Chairman Jordan 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 information concerning the State Children's Health Insurance Program.

Background

The State Children's Health Insurance Program (SCHIP) (Title XXI) is a Federal/State partnership created to expand health insurance coverage to children whose families are not eligible for Medicaid based on Federal income guidelines. 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 presently directed by Kansas SCHIP statutes, allows SRS to provide children and eligible families with uniform and consistent 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.

Expansion of SCHIP from Conception

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.

SCHIP currently covers prenatal care for pregnant women up to age 19 who meet the SCHIP eligibility requirements stated above. In October 2002, a revision to the Federal SCHIP

regulations was issued to expand the definition of “targeted low-income children” to allow states the option of making individuals between conception and birth eligible for coverage. This permits states to make available medical services to benefit unborn children independent of the mother’s eligibility status. However, SCHIP funds may not be spent when the mother is eligible for Medicaid. In that case, Medicaid funds would cover prenatal care expenditures.

States continue to have the authority to set eligibility requirements under their plans, including age limits. States are not required to extend coverage to this population. States that choose this option must submit a state plan amendment, subject to approval by the Secretary of U.S. Department of Health and Human Services.

Citizenship and immigration status requirements applicable to Medicaid also apply to SCHIP. Immigrants who are legally residing in the U.S. and meet the other Medicaid eligibility requirements are eligible for emergency care coverage. Those who legally resided in this country prior to August 22, 1996 are eligible for the full range of Medicaid services if a state chooses to cover them. Illegal immigrants are only eligible for emergency care. The Federal government is interpreting this revised definition of targeted low-income children to include unborn children of both legal and illegal immigrants. Presently illegal, and some legal immigrants, are not eligible for Medicaid and SCHIP, but the Federal government's position is that unborn children do not have status as aliens so they can receive benefits if the State chooses to exercise the option to cover unborn children.

SCHIP eligibility is limited by Federal statute to targeted low-income children and there must be a connection between the benefits provided and the health of the unborn child. Services for care after delivery, such as postpartum care, could not be covered as part of the SCHIP plan because they are not services for an eligible child unless the mother is eligible for SCHIP on her own.

The Federal rule provides for no new funding for this option. As a result each state must set its own priorities regarding the populations and services to be covered within this SCHIP allocation. States may choose not to exercise this option because they lack sufficient funds or for other reasons. This choice is left to each state. Kansas is projected to use the entirety of the Federal portion of its SCHIP funds by November 2007. Expansion of the population covered would result in these funds being depleted sooner.

As of October 2004, 33,941 children were enrolled in HealthWave XXI. Total expenditures for State Fiscal Year (SFY) 2005 to date for these children are \$18,668,816. At the same time, 50,338 children were enrolled in HealthWave XIX along with 10,368 adults. Total expenditures for SFY 2005 to date for HealthWave XIX are \$36,523,297.

Based on the rate of pregnancies of the currently eligible SCHIP population, SRS estimates that at least 714 pregnancies a year would be included if coverage were expanded to include individuals between conception and birth under SCHIP.

As an alternative, Medicaid coverage for pregnant women could be increased to 200 percent of the Federal poverty level. 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 block grant allotment sooner than November 2007, including carryover and redistributions from other states. More importantly, under federal SCHIP regulations, women who have even minimal health insurance cannot be covered.

An expansion of Medicaid to 200 percent of the FPL for pregnant women 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.

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