

The Children's Health Insurance Program Reauthorization Act of 2009

Resources Available for Florida's Kids Starting April 1, 2009

Summary

The Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA), signed into law on Feb. 4, 2009 by President Barack Obama, both supports and potentially expands the Children's Health Insurance Program (CHIP) throughout the United States. The potential to expand, however, depends heavily on actions by states to take advantage of additional federal dollars.

The Reauthorization Act, which goes into effect April 1, 2009, has dozens of elements. Among the most important, it:

- Funds the federal-state Children's Health Insurance Program (CHIP) through 2013 with \$68.9 billion in federal money, starting with \$10.6 billion in 2009. That's enough to cover the 7 million children currently on the program and to expand it to an additional 4.1 million children. While the federal government bears most of the cost, it does not bear it all: For every CHIP dollar spent, states pay about 30 cents.
- Offers states incentives to dramatically decrease the number of uninsured children, especially those who are already eligible for CHIP or Medicaid.
- Continues to allow states to get federal matching CHIP money to provide coverage for children in families with incomes up to three times the federal poverty level. (In Florida that would mean up to an annual household income of \$63,600 for a family of four. Florida currently sets the income level at two times the federal poverty level which is an annual household income of \$41,400 for a family of four.)
- Allows state CHIP programs to access government databases to electronically document citizenship status for enrollees.
- Allows states to cover pregnant women and legal immigrant children.
- Puts the onus on states to significantly increase enrollment of uninsured children and improve retention of children already participating. If Florida does not spend its two-year allotment on current and new CHIP enrollees by April 1, 2011, the unspent money will be redistributed to other states.

Overview

Florida, which pioneered the idea of providing low-cost health insurance to children in low-income working families, has moved from leader to follower over the past decade.

Florida KidCare, developed under then-Governor Lawton Chiles and one of the models for the national State Children's Health Insurance Program, now ranks among the bottom three states in terms of percentage of eligible children enrolled. Roughly one in five Florida children are uninsured, nearly double the national rate, according to the Henry J. Kaiser Family Foundation.

But the recent federal reauthorization of CHIP offers Florida a golden opportunity to rebound, say children's advocates. It not only promises states enough matching CHIP money to cover currently enrolled children for the next 4½ years; it includes financial incentives to states that increase their enrollment.

More than 70 percent of uninsured Florida children are eligible for Florida KidCare, the state's umbrella program for both Medicaid and CHIP. Estimates of the total number of uninsured Florida children range from 548,000 to 870,409 (University of Florida).

Under the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA), Florida can be assured of receiving enough federal matching dollars to cover the more than 221,000 children currently enrolled in the CHIP program through 2013, said Karen Woodall, outreach and education director for the independent, non-partisan Florida Center for Fiscal & Economic Policy.

But while the \$69 billion reauthorization is aimed at adding 4.1 million currently uninsured children to CHIP rolls nationwide, Florida cannot add its proportionate share of children – or draw down its share of federal money – unless it streamlines and simplifies its CHIP program. With just two years to spend

Florida's new KidCare allotment, the longer Florida legislators wait to invest in the required streamlining and simplification measures, the more likely the state will come up short, advocates say.

Background:

New guidelines under CHIPRA change the way federal matching funds are allocated. Instead of basing payouts largely on the number of uninsured children in states, there will be rewards – and penalties – based on actual enrollment and whether enrollment is increasing. Simply put, states that do a good job of enrolling and retaining children will get more money, at the expense of states that do not.

The Florida Legislature this session is considering two similar bills – one in the Senate, the other in the House of Representative – that address many of the changes the state is required to make to both satisfy new requirements under CHIPRA and significantly decrease the number of Florida's uninsured children.

The two measures are Senate Bill 918, sponsored by Sen. Nan H. Rich, Sunrise, and House Bill 1329, sponsored by Rep. Jimmy Patronis, Panama City.

Neither bill attempts to expand the number of children eligible for CHIP; one of the goals and opportunities presented by the federal reauthorization. Their more modest goal is to help Florida KidCare add the roughly 170,000 Florida children who are already eligible for the program but not enrolled in it while also improving the retention rate of those who are currently enrolled.

To achieve that modest goal will require rolling back actions taken by the Florida Legislature in 2003-04 that advocates say created administrative barriers to both enrollment and retention in the CHIP program. Florida CHIP enrollment has dropped by more than a third since its peak of 336,000 in 2004, according to the Florida KidCare Coordinating Council's 2009 annual report.

Jodi Ray is project director for Florida Covering Kids and Families, a statewide coalition at the University of South Florida aimed at reducing the number of

uninsured children. She has authored a detailed analysis—in collaboration with members of the Coalition— that describes what CHIPRA requires and allows. It also compares how current Florida KidCare rules and procedures match up, and outlines what changes and investments Florida would have to make to take advantage of the opportunities offered under the reauthorization law.

“We’re emphasizing that there are [additional] resources we can get from the federal government if we just do what we need to do,” Ray said, resources that would allow Florida to make significant inroads into its high number of uninsured children.

“In times that are so [economically] tough, we shouldn’t turn away money,” Ray said. “We’ve done that in the past, which is painful.”

Proposed Florida Legislation:

Ray and other advocates highlight a number of significant elements in the CHIP reauthorization law, which is funded by a federal 61-cents-per-pack cigarette tax increase.

There are a number of provisions in the bills of Sen. Rich and Rep. Patronis that are designed to help Florida draw down more federal money. Some examples:

- Reduce wait periods from 60 to 30 days for re-enrollment following late premium KidCare payments: Families whose children are in CHIP must pay monthly premiums of either \$15 or \$20, depending on their income. If they're late with a premium payment, their children are disenrolled and must wait 60 days to re-enter the program. Cutting that wait in half would increase CHIP enrollment through retention. The total cost of the change would be \$7.1 million, but the federal government would pay nearly two-thirds of it. Cost to Florida: \$2.1 million.

- Provide electronic verification of income when possible: Paper documentation of income is often burdensome to low-income families and creates a barrier to enrollment. Cost to Florida to allow electronic rather than paper documentation: zero.
- Reduce the wait period for children with other insurance from 6 months to 2 months. If a family covered by employer-based health insurance drops out because the premiums have become too high for them to afford, their children currently must wait at least 6 months before being eligible for CHIP. Reducing that wait, as allowed under the reauthorization law, would increase CHIP enrollment. The total cost of the change would be \$1 million, but the federal government would pay two-thirds of it. Cost to Florida: \$305,000.

- Provide for a seamless transition from the Medicaid program to CHIP: Families

whose income rises to the point they are no longer eligible for Medicaid but are eligible for CHIP now have to go through an application process that often disrupts their children's insurance coverage. This provision would allow Florida's CHIP program to provide

continuity of care as is done in other KidCare program components and allows families up to 60 days to make their initial premium payment. The total cost of the change would be \$39 million, but the federal government would pay two-thirds of it. Cost to Florida: \$12.2 million.

Medicaid and CHIP

Medicaid is a federal-state matching program that provides free health insurance to children in low-income families based on family size and income. Income eligibility under Medicaid is based on the child's age -- once a child reaches age 6, the family's annual income must be at or below the federal poverty level. (The federal poverty level for a family of four is \$21,200.) In Florida, CHIP provides low-cost health insurance to children in families whose incomes are up to twice the federal poverty level.

More needed for outreach?

“The federal government has met us more than half way. We need to step up to meet it,” said Melanie Hall, child advocacy director for St. Joseph's Children's Hospital of Tampa.

Nevertheless, Florida has fallen short on helping low-income children get that access, Hall said. “In the past we’ve given [federal] money back that then gets siphoned to other states that do a better job of signing up and retaining children.”

Ray, author of the detailed CHIP reauthorization analysis, said it won’t be enough for Florida to simply remove barriers for enrollment. The state needs a proactive outreach program, the kind it had in place before July 2003, when both state and federal funding for the Florida KidCare outreach program was eliminated.

Although Ray generally likes both the House and Senate bills, she is disappointed they do not include any provisions for outreach. “That’s a huge deficit,” Ray said. “It’s essential that policymakers understand how many opportunities there are to draw down federal resources. There are \$100 million available in federal outreach dollars that require no state match. It’s free money.”

There also is federal bonus money available to states that implement at least five of eight recommended measures designed to streamline enrollment and retention procedures and achieve certain enrollment goals in Medicaid. Florida already complies with two of the required five measures, said Jennifer Lloyd, external affairs director for Healthy Kids Corporation. It could satisfy another required measure by allowing income to be verified electronically where possible. This would call for a change in current Florida law, which requires families to provide paper documentation. This change is proposed in current House and Senate bills.

For Hall of St. Joseph’s Children’s Hospital, this policy change is a win-win for legislators. Creating an information technology network allows for easier documentation. “It not only makes things

easier for families, there have to be savings realized by administratively simplifying the renewal process.”

Such simplification also would have a double-barrel effect, Ray explained, because IT streamlining would benefit both Medicaid and CHIP programs, both of which come under the Florida KidCare umbrella.

“There’s something everybody seems to be missing: If we don’t provide for simplification and outreach, we’ll have a difficult time fully utilizing the federal dollars that are available,” Ray said.

According to the Agency for Health

Care Administration, Florida has \$185 million in unspent federal CHIP money that could have been accessed in 2008.

Nevertheless, worries about money may trump any funding increases this year, cautioned Lloyd of Healthy Kids, the public-private organization that administers health insurance for the bulk of CHIP enrollees.

Lloyd, who has been with Healthy Kids since 1997 and follows the Florida Legislature closely, said that most members have shown zero interest in the new initiatives, and there currently is no available funding for any new or expanded initiatives.

While the CHIP program has avoided significant cuts up to now – “for every [CHIP] dollar we spend, 69 cents of it is coming from the feds” – legislators worry that expanding the program will cost the state money it can’t afford, Lloyd said.

“The reality is there are very limited funds this year,” she added. When it comes to state support for CHIP, “just holding steady is important.”

However, Gov. Charlie Crist’s budget already includes \$52 million for CHIP. That’s enough money, according to Hall, to support the streamlining efforts needed to increase enrollment and qualify for additional federal money.

Karen Woodall is also optimistic. “The federal government has passed legislation that offers states a vehicle so that all of the children eligible for the CHIP program can be covered. But just because the key is there doesn’t mean we can turn on the car. The state will lose a lot of our federal money if they don’t make the changes.”

How is CHIP financed?

CHIP is a federal-state matching program. This means that for any qualifying health services that Florida provides to an eligible child, Florida is assured that the federal government will share the cost as long as it is within our annual allotment. Florida’s current federal CHIP matching rate is 31 percent. In effect, the state draws down 69 cents in federal funding for every dollar it spends on children in the state’s CHIP program.

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