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Local Experience with Healthy Kids Enrollment Caps Issue Brief June 1, 2004

Overview

California counties have developed innovative programs to improve health insurance coverage and access to care for uninsured children. However, the State's budget crisis and ensuing cutbacks have severely constrained the ability of county and city governments to provide funding support for Healthy Kids programs at levels required to cover uninsured children ages 0-18 in families with incomes under 300% FPL and who are not eligible for Medi-Cal or Healthy Families. First Five Commissions have generally provided funding to cover the cost of Healthy Kids premiums for eligible children ages 0-5, and most counties do not anticipate demand for this age group surpassing available funding. For the greater number of Healthy Kids eligible children ages 6 through 18, local Children's Health Initiative (CHI) coalitions are struggling to raise enough local funding to cover all eligible children in the county. The difficulties faced in securing funding for older children has resulted in four of the operational CHIs to implement policies that cap enrollment for eligible children ages 6-18 in their Healthy Kids programs. Likewise, a number of the newly emerging CHIs are uncertain as to whether or not they will be able to secure adequate funding to launch their Healthy Kids programs for all eligible children ages 0 through 18.

The two strategies CHIs have implemented to manage enrollment in their Healthy Kids programs have been enrollment caps and enrollment freezes. **Enrollment caps** maintain a certain level of enrollment and as children leave the program, new children are enrolled. Santa Clara implemented an enrollment cap for children 6-18 in Healthy Kids as of May 2003. All CHIs with enrollment caps in place have created waiting lists. **Enrollment freezes** stop enrollment after a certain date. As children leave the program no new children are enrolled until a target enrollment level is reached and enrollment is reopened.

As of May 2004, four counties have capped enrollment in their Healthy Kids program. The high demand for these programs exceeds the amount of funds currently available, leaving counties with the difficult task of determining how to allocate limited resources. In general, the four CHIs have enrollment caps in place only for Healthy Kids eligible children ages 6-18. In almost all of the counties, sufficient funding for all children ages 0-5 has been available through the First 5 Commissions. Under these circumstances,

families enrolling their children in CHIs are often faced with difficult choices. If they have children of different ages, they may be able to enroll one child, who is between the ages of 0 and 5, immediately into Healthy Kids but are required to put their older children over the age of 6 on the waiting list for the same insurance program.

Below is a summary of the CHI counties and more detailed descriptions of the counties that have implemented enrollment caps as of May 2004:

County	Program Start Date	Total Enrollment	Enrollment 0-5	Enrollment Cap 0-5	Enrollment 6-18	Enrollment Cap 6-18	Waiting List for 6-18
Alameda	July 2000	1,635	234	No new enrollment	1,401	No new enrollment	N
Santa Clara	January 2001	13,000	2,754	N	10,246	10,000	Y (788)
San Francisco	January 2002	3,791	823	N	2,968	N	N
Riverside	September 2002	6,375	1,281	2,050	5,094	5,000	Y (300)
San Mateo	February 2003	5,183	984	N	4,199	4,800	N
Los Angeles	July 2003	3,219	3,065	N	154	N	N
San Bernardino	July 2003	1,287	390	1,795	897	899	Y (840)
San Joaquin	October 2003	1,183	238	750	945	1,000	Y (233)

Riverside and San Bernardino CHIs

Both Riverside and San Bernardino Healthy Kids’ programs are administered by the Inland Empire Health Plan (IEHP) and follow the same policies and procedures regarding their enrollment cap and waiting lists. Beginning in San Bernardino in October 2003 and in Riverside in March 2004, the counties established an enrollment cap and waiting lists for children ages 6-18. Names are added to the waiting list when applications for the Healthy Kids program are approved. As current members disenroll from the program or as funding increases, new children are enrolled based on the date of their approved application. When space opens up in the program, the family is contacted by phone to see if they are still interested in enrolling the child in the program.

When establishing the waiting lists, IEHP considered giving priority to children who had siblings ages 0-5 enrolled in the Healthy Kids program. However after considering the equity of this policy and concerns that, given the limited number of available slots, children without younger siblings would have a very small chance to enroll in Healthy Kids, IEHP chose to establish the waiting list on a first-come, first-serve basis. The only exception to this policy is for children who age-out of the First 5-funded part of the Healthy Kids program. IEHP has reserved a certain number of slots for these children in order to ensure continuity of care.

San Joaquin

In February 2004, San Joaquin implemented a waiting list for the 5-19 year-olds in their Healthy Kids program. Names are added to the waiting list once an application is complete and as current members drop off, children are enrolled based on the completed application date. When establishing the waiting list, the Health Plan of San Joaquin (HPSJ) looked at how to best move names from the waiting list to the program and decided the most equitable approach was to enroll children on a first-come, first-served basis. The only exception is for children when they turn five. HPSJ has reserved approximately 30 slots under their 5-19 enrollment cap for children aging out of the Healthy Kids program.

HPSJ and its partnering community-based organizations (CBOs) continue to do outreach for Medi-Cal, Healthy Families and Healthy Kids. If a child qualifies for Healthy Kids, s/he is notified of the waiting list and encouraged to complete the application so as to reserve a spot on the waiting list. If the child is undocumented, s/he is also encouraged to apply for emergency Medi-Cal. When space opens up in Healthy Kids, the child is contacted by the CBO that initially submitted the application on their behalf and the application is updated, if necessary, and the child is enrolled if still eligible. Thusfar program staff report that the enrollment cap for older age group under Healthy Kids has had a limited impact on enrollments in other programs. However, the cap still poses an equity issue for families who have a mix of younger and older children and are required to place their older child on a waiting list until a slot becomes available.

San Mateo

In order to delay the implementation of an enrollment cap San Mateo's CHI is proposing to increase the cost sharing for every income level by 50 percent, thereby raising funds to insure 136 additional children for a full year in the 6-18 age group. When establishing the cost-sharing rate of increase, the county was careful to stay within the federal SCHIP requirements for total family contributions so as not to jeopardize potential AB495 (the County Health Initiative Matching Fund) funding. San Mateo plans to submit for approval its plan for increased cost sharing to the state Department of Managed Health Care this summer.

Santa Clara

Santa Clara started its waiting list for children 6-18 in April 2003 and established the waiting list in May 2003. Applications are processed for eligibility and names are placed on the waiting list based on a first-come, first-serve basis. As of May 2004, the average wait time is 90 days from date of application. Santa Clara does make exceptions to the first-come, first-serve policy in order to ensure continuity of care. Priority is given to children who age out of First 5-funded part of the Healthy Kids program and who have just lost eligibility for Medi-Cal or Healthy Families in Santa Clara County. The names on the waiting list are routinely checked against the rolls for Medi-Cal and Healthy Families. If a child is already covered by insurance, s/he will be removed from the Healthy Kids waiting list and the family will be notified. For children remaining on the waiting list, when a slot opens up in the Healthy Kids program the Santa Clara Family

Health Plan calls the family to confirm they still want coverage and to see if their eligibility criteria have changed since the application was submitted.

Alameda Family Care Program

Alameda Alliance for Health, a not-for-profit health plan, established their Family Care program in 2000. The Family Care differs from the CHI model as it is designed to cover uninsured children and families, and receives most of its funding from the Alliance health plan. After over two years of enrolling children in its Family Care program, Alameda Alliance for Health (Alliance) implemented an enrollment cap and waiting list in October 2002. As children and parents disenrolled from the program, other eligibles from the waiting list were enrolled as family groups on a first-come, first-serve basis, in order to ensure that families as a whole had access to health care coverage.

The Alliance continued to accept applications for the program. In May 2003, an enrollment freeze was initiated, but the Alliance continued to add applicants to its waiting list, which included both children and parents. Its waiting list continued to expand through January 2004 and finally reached a point where those being added would most likely not be enrolled due to a lack of available funding. As a result of this tremendous need and the lack of sustainable funding, Alameda stopped accepting applications in February 2004.

Effective July 1, 2004, the Alliance will reduce membership in the Family Care program to a sustainable level by disenrolling members, both parents and children, beginning with the most recently enrolled. In other words, those with the most seniority in the program will continue to be enrolled. The Alliance currently has approximately 6,000 members and will reduce its enrollment by 4,000 to approximately 2,000 children and parents. Letters have been mailed to all affected individuals notifying them of their disenrollment. All disenrolled members can voluntarily be added to a contact list to be notified when the program begins accepting new applications.

Conclusion

Enrollment caps and freezes raise a number of issues around equity and sustainability of Healthy Kids programs as part of the larger Children's Health Initiative model. Counties considering enrollment caps will need to make important decisions about the systems and policies required to administer a waiting list in an equitable and effective manner. Some counties with enrollment caps indicate that a complicated priority system could not be easily or fairly administered.

For both enrollment caps and freezes, counties need to consider what kind of impact, if any, a Healthy Kids 6-18 waiting list will have on the 0-5 enrollment rate, as well as on enrollment for Medi-Cal, Healthy Families and other county programs. Several counties report frustrated families with children who qualify for the 0-5 First 5-funded portion of the program and others who qualify for the 6-18 part of the program but are placed on a waiting list due to lack of available funding.

In the past three years many states facing a budget crisis have needed to reduce spending on their SCHIP programs and many have implemented an enrollment cap or freeze.¹ Instead of creating waiting lists, some of the states established open enrollment periods, similar to the private market, where enrollment occurs usually once or twice a year. Open enrollment periods help states closely control enrollment as well as limit the administrative burden to specific times during the year. A number of states with a capped SCHIP program have also experienced a surge in retention rates. In Florida, for example, retention rates were so high that the state considered implementing a “hard cap” policy that would no longer automatically move children as they age-out of one program into the next program and would instead put them on a waiting list. Other states adopted alternative policies to enrollment caps such as reducing benefits and increasing cost sharing. Most states that adopted these types of cost-savings plans found that they did not significantly reduce spending to the desired level. In addition, many states decided that enrollment caps and freezes were easier to remove and would not have as much of a lasting impact as other cost-savings policies, such as benefit reductions or changes in eligibility.

There are no easy solutions in managing enrollment caps in local or state children’s coverage programs. Rather, the number of programs that have recently instituted caps reflects the difficulties that local programs face as they work to secure sufficient and sustainable funding to meet the large number of Healthy Kids eligible children, particularly in the older age ranges. Without a viable, long-term sustainability plan to address this gap it is likely that the number of local programs with caps in place will only expand.

¹ Pernice C, Bergman D, *State Experience with Enrollment Caps in Separate SCHIP Programs*, National Academy for State Health Policy, February 2004.