Continuous Eligibility Can Prevent Disruptions in Health Coverage for Children

Beginning in January 2014, most children below 400 percent of the federal poverty level will be eligible for Medicaid, the Children’s Health Insurance Program (CHIP), or the premium tax credits to help purchase health coverage through their states’ insurance marketplaces. Many of these children are predicted to experience mid-year changes in eligibility (caused by shifts in household income), which could cause them to move between health insurance programs one or more times a year. These movements, along with short-term spells of uninsurance, are called “churning.” Churning negatively affects children’s health and is a costly administrative burden for states.

One way states can proactively combat churning and help children maintain continuous coverage is to adopt or expand 12-month continuous eligibility policies. Continuous eligibility is a simple policy solution that allows children to maintain coverage in Medicaid or CHIP for a full year, regardless of fluctuations in family income. As states re-evaluate their eligibility systems and prepare for the full implementation of the Affordable Care Act, they should amend their state plans to adopt or expand continuous eligibility for their state’s children in Medicaid and CHIP.

For the purposes of this map, “some continuous eligibility” refers to either continuous eligibility in CHIP but not Medicaid, or continuous eligibility only for very young children or infants. “Full continuous eligibility” refers to continuous eligibility in Medicaid and CHIP, or in Medicaid where no separate CHIP program exists. Data are current as of January 2013.
Churning is a longstanding challenge that affects millions of children

- Millions of children are likely to experience churning due to changes in family income. Nearly one in three children in states without continuous eligibility is predicted to experience a change in household income that would affect his or her eligibility for health coverage under the Affordable Care Act within one year.³

- Millions of adults are likely to experience churning, which could affect their children’s coverage. One in two adults with an income below 200 percent of poverty is predicted to experience a shift in eligibility from Medicaid to subsidized marketplace coverage, or the reverse, within one year. Of the adults surveyed, 43 percent had children under 19 years old.⁴

Churning can be harmful for children’s health and costly for states

- Transitions between sources of health coverage can result in coverage gaps. In 2008 and 2009, in Massachusetts, 17 percent of those transitioning into MassHealth (Massachusetts’s Medicaid and CHIP program) from another public program experienced gaps in coverage.⁵ Transitions between public and private programs are also associated with coverage gaps.⁶

- Coverage gaps and transitions undermine access to care. Children with gaps in coverage are less likely to have access to routine care than those with a full year of coverage.⁷ Even for those who transition without gaps, changing coverage sometimes forces families to switch doctors, pay more out of pocket to see the providers that they trust, or discontinue some kinds of care for their children.⁸

- Without continuous health coverage, families find it hard to afford care. More than one in five children whose coverage is interrupted receive delayed care because of cost concerns; nearly one in seven do not receive the care that they need because their families cannot afford it; and nearly 10 percent do not receive prescription medications due to cost concerns.⁹

- Frequent transitions in and out of coverage are expensive for the state. In Massachusetts, nearly one-third of closed Medicaid and CHIP cases are reopened in less than 90 days, at a cost to the state of about $200 per enrollee per enrollment cycle.¹⁰

- Longer periods of coverage are less costly. In 2006, monthly Medicaid expenditures were about $469 a month when an adult was enrolled for 6 months, but went down to $333 a month when enrollment lasted a full year. Similar reductions were found in monthly costs for children.¹¹
Adopting 12-month continuous eligibility can reduce churning and its consequences

Twelve-month continuous eligibility is a state option in Medicaid and CHIP and can be adopted through a state plan amendment.\(^\text{12}\) It allows states to waive the federal requirement to immediately act on reported income changes that affect children’s eligibility, so that children can keep coverage in Medicaid or CHIP for a full year rather than being forced to change coverage mid-year. Thirty-six states currently provide 12-month continuous eligibility policies for at least some infants or children in Medicaid and/or CHIP.\(^\text{13}\)

- **Children in states with continuous eligibility are 10 times less likely to experience shifts in their eligibility for coverage.**
  In the first year of Affordable Care Act implementation, 30 percent of children in states without continuous eligibility are predicted to experience changes in family income that would affect their eligibility for health coverage programs. In states with continuous eligibility, only 3 percent of children are predicted to experience changes in program eligibility as a result of income fluctuations.\(^\text{14}\)

- **Twelve-month continuous eligibility policies contribute to higher retention rates.**
  In the first decade of the CHIP, continuous eligibility, along with other consumer-friendly policies, was an important factor in CHIP’s high retention rate. States with continuous eligibility policies were able to cover more children for longer.\(^\text{15}\)

States should adopt or expand 12-month continuous eligibility policies for children in Medicaid and CHIP

States that do not yet protect all children with continuous eligibility should do one of the following:

- **Adopt continuous eligibility for children.**
  Fourteen states and the District of Columbia do not currently provide 12-month continuous eligibility for any children.\(^\text{16}\)

- **Offer continuous eligibility for more children.**
  Some states do not provide continuous eligibility in all children’s health insurance programs, or they limit continuous eligibility to children below a certain age.\(^\text{17}\) States should expand continuous eligibility to cover all eligible children up to age 19.

Continuous Eligibility for Adults

Adults are also affected by churning. In order to adopt continuous eligibility for adults, states must obtain approval for an 1115 waiver or must amend an existing 1115 waiver (which allows states to make changes to their Medicaid program). For example, New York has received approval to adopt continuous eligibility for parents, pregnant women, and certain other adults in Medicaid.\(^\text{18}\) CMS guidance released in May of 2013 allows for 1115 waivers for continuous eligibility for all adult populations, including newly eligible adults.\(^\text{19}\)
Joy is a 6th grader enrolled in CHIP. In her state, the CHIP eligibility level is 250 percent of poverty ($38,775 for a family of two in 2013). Joy qualifies because her mom, Janelle, makes $32,000 a year. In order to help pay for her own insurance, Janelle receives a premium tax credit to use in her state’s health insurance marketplace.

When Janelle picks up a second job in May, her household income increases to $42,650 (about 275 percent of poverty). Janelle reports this change, and her premium tax credit amount is adjusted. When the second job ends in August, Janelle’s income goes back down to $32,000 a year, and she again reports the change.

**What will happen to Joy’s CHIP coverage when her mother’s income increases temporarily?**

**IN A STATE WITHOUT 12-MONTH CONTINUOUS ELIGIBILITY**

Joy would not be eligible for CHIP during the months that her mom Janelle has a second job. When Janelle’s summer job begins, and she notifies the marketplace of her extra income, Joy’s CHIP coverage would end.

In order for her daughter to be insured, Janelle would have to enroll her daughter in a plan through the marketplace. This might cause a gap in Joy’s coverage and/or might cause her to have to switch medical providers. Then, when Janelle’s summer job ends, Joy would again become eligible for CHIP.

**IN A STATE WITH 12-MONTH CONTINUOUS ELIGIBILITY**

Joy would be able to stay in CHIP and continue to receive consistent care. Her eligibility would be determined again only at the end of the coverage year.
Endnotes

1 “Continuous eligibility” has also been called “continuous enrollment,” “minimum guaranteed eligibility,” or “continuous coverage.” “12-month continuous eligibility” should not, however, be confused with a “12-month certification period” or “12-month renewal,” both of which imply that families are not required to proactively re-establish eligibility more than every 12 months, but neither of which guarantee 12 months of coverage.


4 Benjamin D. Sommers and Sara Rosenbaum, “Issues in Health Reform: How Changes in Eligibility May Move Millions Back and Forth Between Medicaid and Insurance Exchanges,” Health Affairs 30, no. 2 (2011): 228-236, available online at http://content.healthaffairs.org/content/30/2/228.abstract. These numbers are based on the assumption that all states expand Medicaid, and this rate does not include churn caused by changes in job-based coverage.


9 Lynn M. Olson, op. cit.

10 Robert Seifert, op. cit.


13 Kaiser Family Foundation, op. cit.

14 This data reflects continuous eligibility policies in place as of March 2012. The 3 percent figure represents children who have private coverage but become eligible for public coverage. Government Accountability Office, op. cit.


16 Kaiser Family Foundation, op. cit.

17 Kaiser Family Foundation, op. cit.


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