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Testimony on HB 728
By Delisi

The Center for Public Policy Priorities appreciates the opportunity to comment on HB 728, which would postpone the extension of 12-month continuous eligibility for Children's Medicaid until June 2005.

We recognize that the revenue crisis faced by our state means that all prudent savings that will not result in undue hardship must be considered, and that HHSC has estimated that holding at 6 month eligibility will reduce average monthly enrollment of children in 2005 by over 221,000, for a biennial GR spending reduction of $255 million at HHSC and another $29 million at TDH. Under these circumstances, we believe HB 728 as filed represents a reasonable approach. **However, we strongly believe that under no circumstances should Texas revert to month-to-month eligibility, or to any period less than the current 6 months.** The Center would also strenuously oppose the re-imposition of mandatory face-to-face interviews for application or re-certification of children's Medicaid.

Chairman Delisi's approach in HB 728, i.e. postponing implementation until June 2005 without repealing continuous eligibility, is the only acceptable approach to achieving these spending reductions during this revenue crisis.

Why 12-month Eligibility was a part of SB 43,

and Why Children's Medicaid Simplification Remains Important

· Prior to Texas' implementation of SCHIP in 2000, about 600,000 of the estimated 1.4 million uninsured children in the state - close to half -- were believed to be in families income-eligible for Medicaid.

· When it first implemented SCHIP, the state opted to make it easy for families to enroll their children in coverage by allowing them to mail in application and renewal forms, allowing self-declaration of assets, streamlining documentation requirements, and offering 12 months of continuous eligibility. In contrast, the families with children eligible for Medicaid enjoyed none of these simplifications.

· Before SB 43, the family of 4 earning **$19,000** per year could enroll and renew children's CHIP coverage by mail, with 12 month continuous eligibility, while the family of 4 earning **$18,000** per year had to report to a DHS office every 6 months for a face-to face interview (often waiting hours before being seen), and were subject to losing children's coverage every month due to minor fluctuations in income, such as an extra payday.

· The barriers generated by the far more onerous Medicaid enrollment process were starkly apparent. In the first 12 months of SCHIP operations, **140,080** children applying for SCHIP through the TexCare application were referred to Medicaid because their family income fell below the SCHIP eligibility level. Of these, **only 34,232 (24%)** successfully navigated the Medicaid application process and were enrolled in Medicaid.

· **In sharp contrast, 340,874 children were newly enrolled in Medicaid during the first 10 months of simplified eligibility for children (January to October 2002).**

· Children's Medicaid Simplification has primarily benefited the working poor and near-poor. Prior to SB 43 (in April 2001), 67% of the families of children subject to simplification reported earned income (the remainder were dependent on SSI disability, SSDI, or child support). As of January 2003, that percentage has increased to 79%. The

children who lose out when bureaucratic hurdles are used to reduce caseloads are the children in working families — the ones we all want to reward.

· The chances that these low-income families will have access to private health coverage are slim - only 13% of Texans in families below poverty get insurance through their work (or the work of a parent or spouse).

· Over this same period, the number of adults on Medicaid (who did not enjoy the same simplifications) increased only 6%, suggesting that it was primarily the simplifications that generated the enrollment increases among children, rather than economic conditions that also would have driven enrollment increases among adults.

Medical, Public Health, and Fiscal Benefits of Continuous Eligibility

· Twelve month eligibility significantly increases a child's connection to a provider, or "medical home", where the child's health status is known and her records are kept.

· Parents are more likely to get the checkups and early preventive services if they know who to call. The experience of Medicaid children cycling on and off the program under the old month to month system was a barrier to getting the checkups and preventive care needed to identify medical problems early and treat them before they become more serious and costly.

· Shortened eligibility simply saves money by leaving our poorest children uninsured, while shifting many of their costs to local taxpayers or to private insurers. Both local taxes and the costs of private insurance are much too high to bear an increased burden of cost-shift due to more uncompensated care, especially when the alternative is to draw instead a 60% federal match.