



## THE KAISER COMMISSION ON **Medicaid and the Uninsured**

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### **Update on the Florida SCHIP Enrollment Freeze**

In December 2003, the Kaiser Commission on Medicaid and the Uninsured released a report on six states that had stopped enrolling children in their SCHIP programs. The report, *Out in the Cold: Enrollment Freezes in Six State Children's Health Insurance Programs Withhold Coverage from Eligible Children* (<http://www.kff.org/medicaid/4159.cfm>), presented the findings of a survey by the Center on Budget and Policy Priorities. Since the report was issued, four of the states have lifted their SCHIP freezes and are once again enrolling children in their programs. Only Florida and Utah continue to impose freezes on SCHIP enrollment. Below is an update describing how program rules and procedures have changed in Florida.

#### *The Freeze Persists, but the Waiting List Has Been Eliminated*

The SCHIP freeze in Florida was implemented in July 2003 and currently remains in place. By the height of the freeze in March 2004, the waiting list had grown to include some 90,000 children found to be eligible for KidCare — Florida's SCHIP program — as well as an additional 27,000 children not eligible for SCHIP, mostly legal immigrants who had previously been eligible for state-funded coverage. Ultimately, as a result of pressure from some legislators, providers, advocates and others concerned about the serious problems arising from the freeze, state funds were allocated to enroll the SCHIP-eligible children who had been on the waiting list as of March 11, 2004. At the same time, the state disbanded the waiting list. Thus, families of children who had joined the list after March 11 were informed they would have to reapply during a future, unspecified open enrollment period.

In addition, new legislation made several eligibility and procedural changes that have ramifications for the future ability of children to secure and retain health coverage. Among the major changes that went into effect in July 2004 are the following:

- Open enrollment is limited to no more than two 30-day periods in September and January, but does not *require* any open enrollment periods. Only a small number of children with special health care needs (120) will be permitted to enter Florida KidCare when enrollment is closed.
- Children are no longer eligible for KidCare if they have *access* to health insurance through a family member's group health plan or employer health plan, regardless of whether they are actually *enrolled* in that coverage, unless the cost of the child's coverage is more than five percent of the family's income. This rule holds, regardless of the benefit package available through the private plan. (Families may still be eligible to "buy in" to KidCare.)

- New verification requirements are imposed when families seek to renew their children's KidCare coverage. In the past, if a family experienced no change in income or other family circumstances, the family was not required to mail in a renewal form or any documentation. Coverage was continued as long as the KidCare program received the family's monthly premium.

Families are now required to produce written documentation of income including current pay stubs for one month, wage and earnings statements (W-2 forms), the prior year's federal tax return *and* any award letters for benefits such as Social Security, unemployment benefits, child support, etc.

- Children whose families are late with their premium payments will be barred from the program for six months. In the past, under such circumstances, the law stated that children would lose coverage for at least 60 days.
- Dental benefits were reduced.

#### *Where Do Things Stand Today?*

Florida's SCHIP enrollment freeze is still in effect, but the state no longer maintains a waiting list of eligible children. Families inquiring about the program are told they must wait for an open enrollment period to apply, but if and when open enrollment will be scheduled is not specified.

Since funds were made available for enrollment, only a portion of the 90,000 children previously on the KidCare waiting list have been enrolled in the program. The state is considering allowing some additional exceptions to the KidCare enrollment freeze — for example, children who are no longer eligible for Medicaid due to their age, but who qualify for KidCare may be permitted to enroll during a freeze — but there has been no definitive word on whether such exceptions will be made or how they will be implemented.

Of serious concern are the new, more rigorous verification requirements which stand to impose significant challenges on families that will have to collect and submit numerous documents in order to protect their child's eligibility for KidCare coverage. Eligible children are at risk of losing coverage not because they no longer qualify, but because their families may be unable to understand and comply with new procedures.

Finally, the effect of the KidCare freeze on children who qualify for Medicaid is problematic. According to state data, roughly 43 percent of applicants to Florida Healthy Kids (the largest KidCare program component) turn out to be Medicaid-eligible. News reports and other public messages indicating that KidCare enrollment is closed are likely to deter families from submitting an application. They may not realize that a KidCare application will still be screened to determine whether a child is eligible for Medicaid coverage and if so, the child will be enrolled. Thus, they may be forgoing the opportunity to secure health coverage through a program that remains open and can provide critical health services.