

Policy Brief

Parents' Views of Children's Health Insurance Programs: A Survey of Denied Applicants for Kaiser Permanente's Child Health Plan

Prepared by

The Center for Children's Access to Health Care
Institute for Health Policy Studies
University of California, San Francisco

Funded by The California HealthCare Foundation, and The Kaiser Family Foundation,
as part of an evaluation of Kaiser Permanente's Child Health Plan.

Background

In 1997, Kaiser Permanente inaugurated the Child Health Plan, a program initially designed to offer subsidized Kaiser membership to uninsured children in California with family incomes between 200% and 250% of the federal poverty level (FPL). During the first year of the program, enrollment levels were low, in part, due to the large number of children denied coverage because their family incomes were too low. Many of these applicant children were potentially eligible for Healthy Families or Medi-Cal. At the time these applicants were denied by the Child Health Plan (September 1998 to July 1999), income eligibility for Healthy Families was 100% to 200% of the FPL, depending on the child's age. Income eligibility for Medi-Cal was up to 100% of the FPL, except for young children for whom eligibility was up to 133% of the FPL.

The purpose of this study was to determine why parents elected to apply for the Child Health Plan when their child was likely eligible for another, lower cost program. We also sought to learn about parents' experiences with the Child Health Plan application and informational materials, the enrollment process, and their views about the Child Health Plan, Healthy Families and Medi-Cal.

Study Methodology and Participants

We interviewed the parents of children ages 0 to 19 who completed an application for the Child Health Plan but were denied coverage because their family incomes fell below the eligibility threshold. These parents were interviewed over the phone in either English or Spanish based on their language preference. Telephone calls were made to the 759 parents in the sample between October 11 and November 7, 1999. In total, 317 calls were completed, of which 242 (76%) were in English and 75 (24%) were in Spanish, reflecting an overall response rate of 42%.

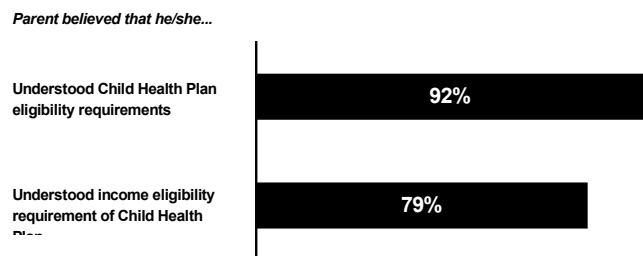
The majority of children in the sample (62%) were under the age of 11, though 38% were between the ages of 11 and 19. Nearly 60% of the respondents identified their child as Hispanic. One-fifth of the children were White, non-Hispanic and 12% were African American. About half of the respondents had incomes below \$20,000, another 30% reported incomes between \$20,000 and \$30,000, and 21% had incomes above \$30,000. The majority of families (89%) had at least one parent employed; only 11% of the respondents indicated that there was no employed adult in their household. The vast majority of children (92%) were reported to be in excellent or good health.

Key Findings

- **Parents were confused about the eligibility criteria for the Child Health Plan, as well as for Healthy Families and Medi-Cal.**

While the children of survey participants had been denied Child Health Plan enrollment due to low income, the vast majority of parents reported that they understood the eligibility requirements for the program and also indicated that they were specifically aware of the income eligibility requirements (Figure 1).

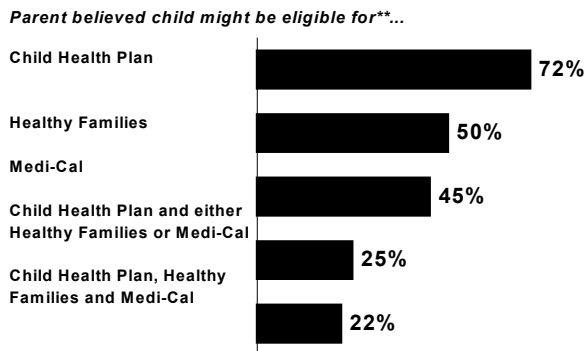
Figure 1: Understanding of Child Health Plan Eligibility Requirements *



* At time of Child Health Plan application.

Given their reported awareness of the Child Health Plan eligibility requirements, it is surprising that 72% of parents believed that their children were eligible for the program when, in fact, their incomes were too low to qualify (Figure 2). Many parents also believed that their children were eligible for Healthy Families and Medi-Cal. Half of the parents believed that their child was eligible for Healthy Families and almost the same proportion thought their child was eligible for Medi-Cal. The proportion of parents who believed that their child was eligible for all three programs is relatively high. We calculated that 22% of all respondents believed that their child was eligible for all three programs, and 25% thought their child was eligible for the Child Health Plan and either Healthy Families or Medi-Cal.

Figure 2: Perceptions About Eligibility for Child Health Programs*



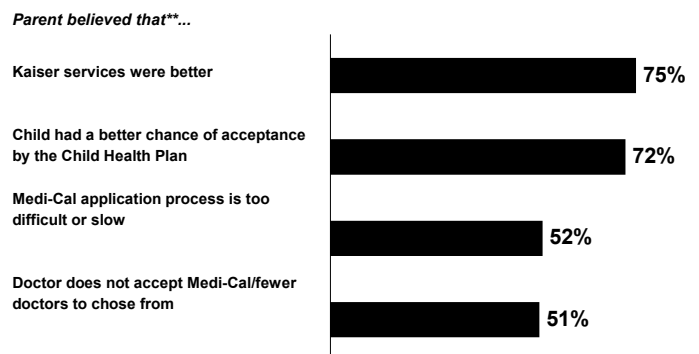
* At time of Child Health Plan application.
 ** Reflects three separate questions.

The reasons for such confusion about eligibility requirements were not specifically explored in this study. Previous research¹ has found that the complex maze of multiple programs, with different eligibility requirements, applications and benefit packages, contributes to, if not directly causes, such confusion among parents.

- **The top two reasons cited for choosing Child Health Plan: Kaiser Permanente services are better and a better chance of program acceptance.**

Parents in this study indicated that they applied for the Child Health Plan instead of Medi-Cal or Healthy Families primarily because they perceived Kaiser Permanente medical services to be better. Three-quarters of parents cited better services as an important or very important reason for choosing the Child Health Plan instead of Medi-Cal. A high proportion of parents also believed that their child had a better chance of being accepted by the Child Health Plan (Figure 3).

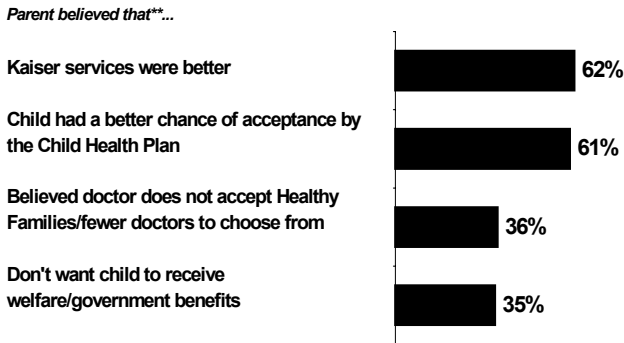
Figure 3: Reasons for Choosing Child Health Plan Instead of Medi-Cal*



* Top reasons for choosing the Child Health Plan. (very/somewhat important)
 ** Includes multiple answers.

Parents' primary reasons for choosing the Child Health Plan instead of Healthy Families were similar. Sixty-two percent of parents cited Kaiser's better medical services as the reason for their preference and 61% reported better chances of acceptance by the Child Health Plan as the reason for their choice (Figure 4).

Figure 4: Reasons for Choosing Child Health Plan Instead of Healthy Families*



* Top reasons for choosing Healthy Families. (very/somewhat important)
 ** Includes multiple answers.

Despite responses indicating they think Kaiser Permanente medical services are better, parents tended to rate the Medi-Cal and Healthy Families programs fairly high. The majority of those with an opinion rated Healthy Families and Medi-Cal as “very good” or “good,” yet a large proportion of respondents indicated that they did not know enough about the programs to rate them. Respondents were more likely to rate Healthy Families as “very good” or “good,” compared to Medi-Cal (Figure 5).

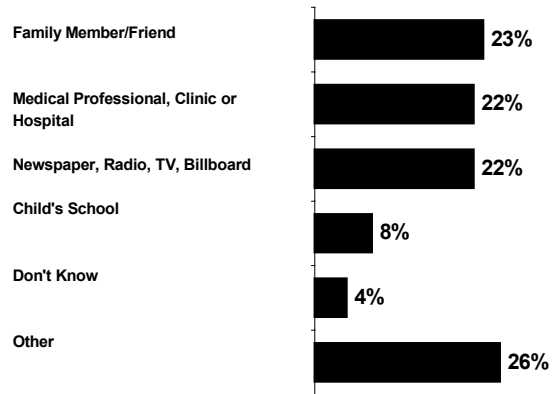
Figure 5: Perceptions of Medi-Cal and Healthy Families

	Very Good Program	Good Program	Bad/Very Bad Program	Don't Know Enough to Say
Medi-Cal	12%	33%	18%	37%
Healthy Families	17%	24%	3%	56%

- **Parents learned about the Child Health Plan primarily through informal sources.**

Outreach for the Child Health Plan initially focused on dissemination of program information to statewide children-related organizations and schools as well as some community service announcements and radio public service announcements. Parents in this survey reported that they learned about the Child Health Plan primarily through family members or friends (23%), the media (22%), a medical professional, clinic or hospital (22%) or another, unspecified source (26%). Only a small proportion (8%) learned about the program through their child’s school (Figure 6).

Figure 6: How Parents Learned about the Child Health Plan*



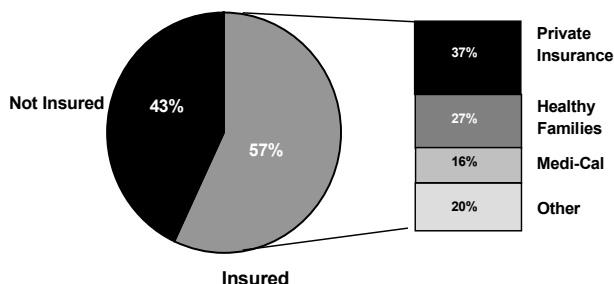
* Includes multiple answers

The relatively high proportion of respondents who indicated that they learned about the program through the media is surprising, since there was relatively little advertising through newspapers, billboards, television or radio. It may be that parents confused the Child Health Plan with Healthy Families and Medi-Cal, which received substantial media coverage.

- **A high proportion of children obtained insurance subsequent to applying for the Child Health Plan.**

As a means of providing context for understanding the survey results, we asked respondents to provide information about their children’s current health insurance status. More parents reported that their child had insurance than indicated that their child was still uninsured (57% vs. 43%) (Figure 7).

Figure 7: Child's Insurance Status at Time of Survey



Of those with insurance, 43% received public insurance (either Healthy Families or Medi-Cal), 37% had private insurance, and another 20% had “other.”

Suggestions for Program Improvement

The widespread confusion regarding program eligibility requirements found in this study and others suggests that far more could be done by the Child Health Plan, Healthy Families and Medi-Cal to inform parents about eligibility rules as well as how to initiate the enrollment process. To address this problem, we offer three major suggestions, each with different levels of complexity and difficulty. We have organized these suggestions in terms of their ease of implementation, with those relatively easier listed first.

1. *More effectively communicate eligibility criteria for the Child Health Plan.*

The Child Health Plan could more clearly communicate the program's eligibility criteria to the public. At a minimum, this effort could include an information campaign with explicit messages about eligibility rules that uses more formal methods of outreach rather than the informal avenues, cited by study respondents, such as friends and family, and medical professionals. While informal avenues of communication are essential, the opportunities for misinformation are greater. Outreach plans should also include closer coordination with Healthy Families and Medi-Cal.

Since this study was fielded, efforts have been made by Kaiser Permanente and state officials to coordinate outreach efforts among Medi-Cal, Healthy Families and the Child Health Plan, which may improve communication with consumers. However, such coordination should be carefully planned and executed so as to improve the public’s understanding of the programs, and not further confuse families. The state agencies responsible for Healthy Families and Medi-Cal have implemented a uniform outreach and enrollment program through a joint application form and a joint media campaign. Ironically, these well-intentioned efforts may have contributed to the confusion by blurring the distinctions between the programs and inadvertently conveying the impression that parents have a choice among the various programs.

2. *Simplify the eligibility rules and enrollment process for all programs.*

As important as clear communication is, there is a limit to which it can resolve the confusion among parents regarding the eligibility rules and the enrollment process. Given the multitude of children's programs that currently exist and the complexity of eligibility rules governing them, it is difficult to convey genuinely clear information about the programs. Consequently, it may be unreasonable to expect that parents can discern which program their child is eligible for. As this and other studies demonstrate, families face other real and perceived enrollment barriers to Medi-Cal and Healthy Families – as well as the Child Health Plan – including burdensome applications and requirements for extensive documentation. Thus, additional steps may be needed to assist parents in navigating the current maze of children's health insurance programs in order to enroll their children. As others have suggested, policy makers and program administrators could:

- Make income eligibility rules consistent for children of all ages across Medi-Cal, Healthy Families and the Child Health Plan so that if one child in a family is eligible for a health insurance program, then other children in that family can be eligible;
- Fully uncouple Medi-Cal from the welfare system to remove the multiple eligibility criteria which evolved from the historical welfare link and subsequent expansions and to ensure that applications are assessed by health departments;
- Adopt “presumptive eligibility” within Medi-Cal and Healthy Families, whereby children would be presumed eligible based on a statement of family income and other essential information, for the period of time during which the application is being processed.

3. *Integrate children's health insurance programs.*

One solution to the problems of children's access to health programs would be the elimination of the complex array of fragmented programs and various eligibility criteria. Many have proposed that California integrate these various programs.² However, categorical programs continue to flourish with at least five major state-operated children's health programs in California³ and two major private sector children's programs (Kaiser Permanente's Child Health Plan and CaliforniaKids). California used its State Child Health Insurance Program (SCHIP) funds to create a stand-alone program independent of Medi-Cal, but it could consider combining these two programs. A single program that combines Healthy Families and Medi-Cal would greatly reduce the current confusion among consumers. In addition, the state could take steps to integrate other children's health programs so as to create a single, simplified and seamless system. The most straightforward method of integration would be through the use of technology to meld the various programs into a unified administrative and eligibility system that is unnoticeable to the consumer.

Conclusion

The creation of the Child Health Plan, along with Healthy Families and the recent Medi-Cal expansions, provides an opportunity to help low income children obtain health insurance and needed health care. However, it is clear that the availability of health insurance, even highly subsidized or free coverage, is not sufficient. Parents have experienced considerable confusion about the programs, particularly with respect to eligibility criteria. In order to help parents take advantage of the opportunities to cover their children, all programs, whether public or private, could aggressively simplify their eligibility criteria and enrollment processes as well as effectively

communicate with the public about benefits. Rather than completely redesigning the current system, it may be more feasible to develop an administrative overlay of the various programs that is invisible to families. Whatever the strategy may be, it is clear that relieving parents from the burden of navigating complex eligibility rules and confusing enrollment

processes would allow California to make greater progress in covering uninsured children.

¹ See, for example, Halfon N, Inkelas M, and Wood D. Non-financial barriers to care for children and youth. *Annual Review of Public Health*. 1995;16:447-472; Harvey B. Toward a national child health policy. *JAMA* 1990;264(2):252-253; Gardner S. *Failure by fragmentation*. San Francisco, CA: California Tomorrow, Fall, 1989.

² See, for example, Dorn, S. *Red-tape epidemic: health coverage for working families at risk*. San Francisco, CA: Health Consumer Alliance, April 26, 1999; Kronick R, Gilmer T, Wulsin L, Villarejo D, and Brown ER. *Expansion of health care to the working poor*. Berkeley, CA: California Policy Research Center, University of California, 1999; Hughes D. *Delivering the future: recommendations for the AB 99 Steering Committee regarding health care for women, children, and adolescents in California*. Sacramento, CA: California Department of Health Services, 1992.

³ These include AIM (Access for Infants and Mothers), Healthy Families, Medi-Cal, CHDP (Child Health and Disability Prevention), and CCS (California Children's Services).

Acknowledgments

This study was made possible with generous funding from the Kaiser Family Foundation and the California HealthCare Foundation. In addition, we would like to specifically acknowledge Larry Levitt and Janet Lundy from the Kaiser Family Foundation, and Jill Yegian and Marian Mulkey of the California HealthCare Foundation who provided invaluable technical expertise as well as support through the financial assistance of their organizations. In addition, Claudia Page of the Medi-Cal Policy Institute generously provided her time in reviewing a draft of the report. We also appreciate the significant assistance and knowledge of the Kaiser Permanente Child Health Plan staff, particularly Jean Nudelman and Karen Quintal. Finally, we also want to acknowledge the ongoing help of Joan Tanzer, consultant to the Child Health Plan, who served many useful roles during the project.

The Full Report and Toplines for this study, "Parents' Views of Children's Health Insurance Programs: A Survey of Denied Applicants for Kaiser Permanente's Child Health Plan," can be found at www.kff.org and www.chcf.org.

For further information, contact:
Dana Hughes, DrPH
Center for Children's Access to Health Care
Institute for Health Policy Studies
University of California, San Francisco
3333 California Street, Suite 265
San Francisco, CA 94143-0936
(415) 476-0780