Executive Summary

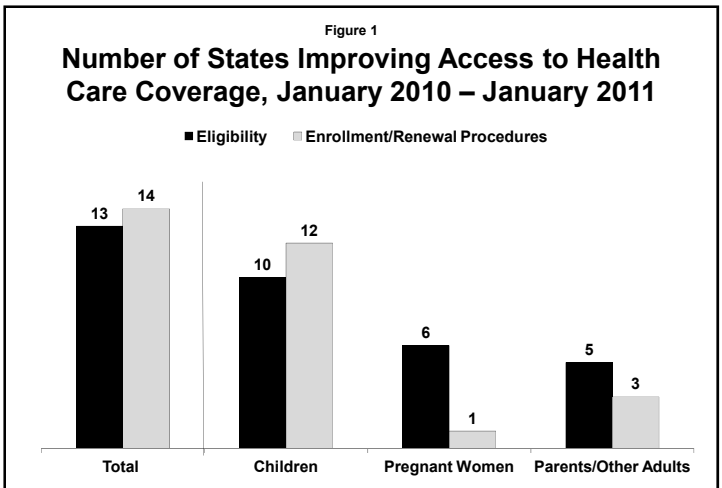
Introduction

Over the past year, as the nation's attention was focused on the country's continuing economic problems and the debate over the passage of broader health care reform, Medicaid and the Children's Health Insurance Program (CHIP) continued to play their central role of providing coverage to millions of people who otherwise lack affordable coverage options. In 2010, this role was more pronounced than ever as families losing their jobs and access to employer-based coverage turned to public programs in growing numbers. Without Medicaid and CHIP, many more individuals would have become uninsured, adding to the 50 million currently without coverage. Based on a survey of state officials in all 50 states and the District of Columbia conducted by the Kaiser Commission on Medicaid and the Uninsured and the Georgetown University Center for Children and Families, this tenth annual report provides an overview of state actions on eligibility rules, enrollment and renewal procedures, and cost sharing practices in Medicaid and CHIP during 2010, as well as the status of coverage as of January 1, 2011, for children, parents, pregnant women, and other non-disabled adults.

As the survey findings illustrate, families could turn to Medicaid and CHIP because nearly all states "held steady" or made targeted improvements in their eligibility and enrollment rules in 2010, with a total of 13 states expanding eligibility and 14 states making improvements in enrollment and renewal procedures (Figure 1). This striking stability in public programs can be directly attributed to the federal government's decision both to provide temporary Medicaid fiscal relief to states through June 2011, and to require states to maintain their Medicaid and CHIP eligibility rules and enrollment procedures until broader health reform goes into effect.

Figure 1

Number of States Improving Access to Health Care Coverage, January 2010 – January 2011



SOURCE: Based on the results of a national survey conducted by the Kaiser Commission on Medicaid and the Uninsured and the Georgetown University Center for Children and Families, 2011.

During 2010, states also were starting to look ahead to implementation of the Affordable Care Act (ACA) and, in some instances, to take advantage of early options to improve Medicaid coverage. Health reform provides a broad expansion in coverage that will take effect in 2014, including extending Medicaid to a new national eligibility floor of 133 percent of the federal poverty level ($24,352 for a family of three and $14,404 for an individual in 2010). However, it is important for states to begin taking steps now to address the technological changes necessary to develop the online, consumer-friendly enrollment process envisioned under the ACA. Although there has been some progress in 2010, the survey highlights that states still have a significant amount of work to be prepared in 2014. Looking ahead, it will be important for state policymakers to continue moving forward on implementation while sustaining the gains and progress made in coverage to date.

Key Findings on Eligibility and Enrollment Procedures

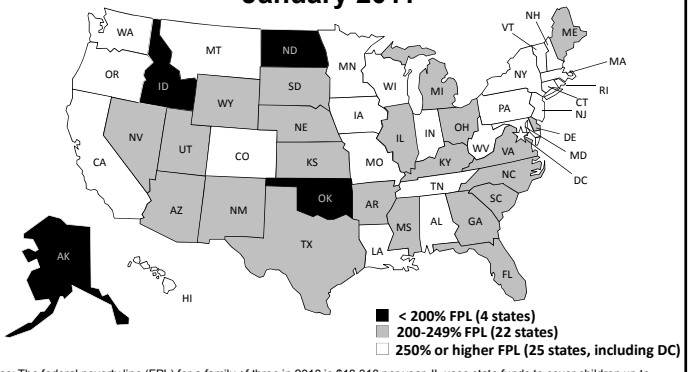
Nearly all states (49, including DC) held steady or made targeted improvements in their Medicaid and CHIP eligibility rules and enrollment procedures in 2010. By doing so, they maintained the central role of Medicaid and CHIP in providing affordable coverage to children and, to a lesser extent, their parents and other adults, many of whom lost jobs and their access to employer-based coverage in the ongoing economic downturn. This stability can be directly attributed to provisions in the American Recovery and Reinvestment Act (ARRA) adopted in February 2009, that required states to maintain their Medicaid eligibility rules and enrollment procedures as a condition of receiving a significant, temporary increase in the federal Medicaid matching rate. The ACA also included a maintenance-of-effort (MOE) requirement designed to keep Medicaid coverage steady for adults until broader reform goes into effect in 2014 and for children until 2019, as well as to extend these protections to children covered by CHIP. Without the MOE requirements and enhanced federal funding, many states almost certainly would have needed to turn to cutbacks in coverage in 2010 as a result of continuing budget pressures. Two states (AZ and NJ) did make coverage reductions that were not subject to the MOE. States also made other changes such as cuts to provider reimbursement rates and benefits to reduce Medicaid spending growth in 2010.

Despite significant budget challenges, 13 states went beyond maintaining coverage to implement targeted eligibility expansions for children, pregnant women, and adults in 2010. These expansions varied in size and scope. Most of the expansions focused on providing increased coverage to uninsured children, and in a many cases, also produced some state savings by allowing the state to draw down federal matching funds for previously fully state-funded coverage.

Building on progress made over the past decade, 3 states (CO, KS, and OR) increased income eligibility in Medicaid/CHIP for children in 2010. As such, as of January 1, 2011, 25 states, including DC, cover children in families with income at least up to 250 percent of the federal poverty level ($45,775 for a family of three in 2010), although enrollment remains heavily concentrated among the lowest-income children (Figure 2). Oregon also added a buy-in program in 2010 that enables families with incomes above Medicaid and CHIP thresholds to buy into coverage.

Figure 2

Children's Eligibility for Medicaid/CHIP by Income, January 2011



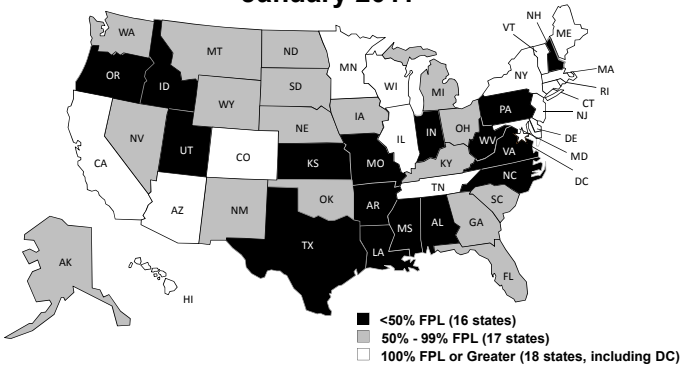
Notes: The federal poverty line (FPL) for a family of three in 2010 is $18,310 per year. IL uses state funds to cover children up to 300% of the FPL; OK has a premium assistance program for select children up to 200% of the FPL. AZ's CHIP program is currently closed to new enrollment.
SOURCE: Based on the results of a national survey conducted by the Kaiser Commission on Medicaid and the Uninsured and the Georgetown University Center for Children and Families, 2011.

In 2010, states continued to take advantage of the option to cover lawfully-residing immigrant children and pregnant women during their first five years residing in the country. The Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA) allowed states to draw down federal funding to cover these populations without imposing a 5-year waiting period. Six (6) states (DE, MN, MT, NE, NC, and WI) adopted the option for lawfully-residing immigrant children in 2010, resulting in a total of 21 states having eliminated this barrier for children as of January 1, 2011. In 15 of these states, coverage had previously been provided to these children with state-only dollars. In addition, in 2010, 5 states (DE, MN, NE, NC, and WI) adopted this option for lawfully-residing pregnant women, bringing the total number eliminating the "five-year bar" for pregnant women to 17. In 9 of these states, coverage had previously been provided with state-only dollars.

While states have made significant progress in expanding coverage for children, eligibility for their parents continues to lag far behind. In 2010, only one state (CO) expanded Medicaid coverage for parents. As of January 1, 2011, 33 states do not cover parents up to 100 percent of the federal poverty level ($18,310 for a family of three in 2010). The median eligibility threshold for parents remains at 64 percent of the federal poverty level and 16 states limit eligibility to below 50 percent of the federal poverty level ($9,155 for a family of three in 2010). In the absence of further expansions, these restrictive eligibility levels will leave most uninsured, low-income parents without an affordable coverage option until the health reform expansion goes into effect in 2014 (Figure 3).

Figure 3

Medicaid Eligibility for Working Parents by Income, January 2011



Notes: The federal poverty line (FPL) for a family of three in 2010 is $18,310 per year. Several states also offer coverage with a benefit package that is more limited than Medicaid at higher income levels.
SOURCE: Based on the results of a national survey conducted by the Kaiser Commission on Medicaid and the Uninsured and the Georgetown University Center for Children and Families, 2011.

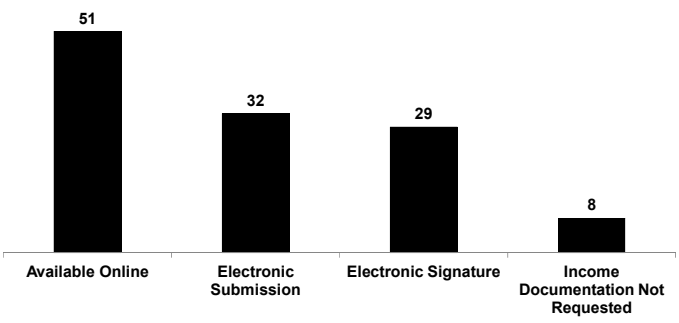
Low-income adults without dependent children remain ineligible for Medicaid in the vast majority of states. Under the ACA, Medicaid eligibility will be expanded to a minimum of 133 percent of the federal poverty level, ending the historic exclusion of non-disabled, non-pregnant adults without dependent children from the program. While this change is not required to be in effect until January 1, 2014, states have the option of moving early to cover these adults. In 2010, Connecticut and the District of Columbia took advantage of this option and moved low-income adults they had previously served through state-funded programs to Medicaid. Further, California received approval in 2010 for a waiver to continue and expand county coverage initiatives serving low-income adults. However, even with these expansions, as of January 1, 2011, only seven states (AZ, CT, DE, DC, HI, NY, and VT) provide Medicaid or Medicaid-equivalent benefits to adults without dependent children. Additional states offer more limited coverage to these adults, but in most states, low-income adults without children do not have access to public coverage regardless of their income.

States adopted improvements in their enrollment and renewal procedures in 2010 that helped to reduce burdens on families, streamline administrative processes, and achieve program efficiencies. In making these improvements, states often turned to options provided by CHIPRA. Specifically, 29 states took advantage of the CHIPRA option to more efficiently and accurately verify citizenship status by relying on an electronic data match with the Social Security Administration (SSA). A smaller, but still notable number of states, moved ahead with other simplification measures including the CHIPRA "Express Lane Eligibility" option, as well as long-standing strategies such as presumptive eligibility and continuous eligibility for children. Many appear to have done so at least in part to qualify for the Medicaid performance bonuses included in CHIPRA. These bonuses provide a financial reward and recognition to states that have implemented at least 5 of 8 simplification policies and that have reached specific enrollment targets for children in Medicaid. The Administration encouraged states in their efforts by launching the *Connecting Kids to Coverage Challenge*, a partnership of national and state organizations committed to enrolling all five million uninsured but eligible children in public programs.

States continued work to modernize their programs and begin preparing for health reform implementation by focusing on technological improvements. A number of states made program improvements such as offering applications that can be submitted online. Despite this early work, the survey findings highlight that states have a long way to go to develop the integrated, technology-driven, web-based eligibility systems for Medicaid, CHIP, and subsidized Exchange coverage that are envisioned and required under reform. For example, all states, including DC, post their Medicaid applications online, but only 32 accept the electronic submission of those applications. Among the 32 that accept electronic submission, 29 allow for the use of an electronic signature, but only 8 do not routinely ask families to submit paper documentation of information via mail or fax before checking other data sources to verify eligibility (Figure 4). In light of a rule proposed by the Administration at the end of 2010 to provide states with a 90 percent matching rate to prepare their Medicaid eligibility systems for health reform and the likelihood of additional guidance and funding opportunities in the months ahead, it can be expected that next year's survey will show more developments in this area.

Figure 4

Status of Online Applications for State Medicaid Programs, January 2011



Notes: In some states the online application is only available for children applying for coverage.
SOURCE: Based on the results of a national survey conducted by the Kaiser Commission on Medicaid and the Uninsured and the Georgetown University Center for Children and Families, 2011.

Conclusion

As implementation of broader health reform moves forward, the findings of this survey describe the foundation for coverage of low-income families and individuals through Medicaid and CHIP. These programs will play an even more substantial role in the years to come, particularly with the expansion in coverage for low-income adults. Valuable lessons can be learned from how states have streamlined and simplified their enrollment and renewal procedures in these programs, and while additional improvements will be necessary to further transform Medicaid and CHIP in order to fulfill the promise of reform, they provide a sound platform on which to begin.

Looking ahead, states face the challenge of implementing reform while at the same time dealing with significant budget pressures due to the nation's continuing economic problems and the corresponding increased need for Medicaid and CHIP. To continue forward progress on reform and keep the foundation solid, it will be important to focus on sustaining the coverage gains and progress made to date even in the face of these challenges. Health reform has the potential to markedly reduce the number of uninsured and provides states new opportunities to modernize, streamline, and continue to improve their Medicaid programs. While some of the most significant changes in health reform do not go into effect until 2014, it is important for states to lay the groundwork now. In 2010, there were initial signs of state Medicaid agencies preparing for health reform implementation, but more activity can be expected in 2011.