



Continuous Eligibility Should Be Restored

April 2003

The deficit reduction plan for state fiscal year 2003, which was enacted in February, eliminated continuous eligibility for children in HUSKY. Continuous eligibility allows children to remain eligible for HUSKY for up to one year after their enrollment or renewal, regardless of any changes in income or family structure that would otherwise make them ineligible.

In March, almost 7,000 families were notified that their children would lose coverage on April 1 due to the elimination of continuous eligibility (CE). A temporary restraining order has reinstated coverage for these children for now. For over five years, continuous eligibility has played a vital role in ensuring that Connecticut's low-income children do not experience gaps in health coverage.

Since HUSKY was created in 1997, significant progress has been made in reducing the number of uninsured families and improving access to health care by expanding eligibility, simplifying the application process, and improving the retention of families enrolled in the program. CE was a cornerstone of this effort. Sixteen states have continuous eligibility for children in Medicaid and twenty-three states have CE in their State Children's Health Insurance programs (SCHIP).¹

The Department of Social Services (DSS) started implementing CE in July 1998, and it has been refined and improved over the last five years. Between 2001 and 2003, overall enrollment in HUSKY A increased by 15%.² Since CE was

implemented, an average of over 6500 children have been in the continuous eligibility coverage group each month. These children would have otherwise lost their HUSKY coverage.

Reduces Gaps in Health Care Coverage

Continuous eligibility addresses the "churning" that was common in Medicaid, as families cycled on and off the program with temporary changes in their income. Low-income families experience more changes in family structure, more mobility, and more wage fluctuations than do those with higher incomes.

For example, if a parent with a child in continuous eligibility worked additional hours for the holiday rush, the child might be over income for HUSKY A for a month or two before returning to the old income level. Without CE, the family would have to switch the child's coverage to HUSKY B, and then back to HUSKY A. These rapid transitions often result in gaps in coverage, leaving low-income families with bills they cannot afford. Continuous eligibility helps children maintain their HUSKY coverage, preventing interruptions in care and excessive paperwork.

Nationally, about one-fifth of low-income children and one-sixth of low-income adults who have Medicaid at the beginning of a given year become uninsured by the end of that year.³ Without CE, there would be more uninsured children and families with gaps in insurance. In Connecticut, a recent Office of Health Care Access survey found

¹ Personal communication with Donna Cohen Ross, Center on Budget and Policy Priorities.

² Children's Health Council, "HUSKY A Enrollment: More Children are Keeping Health Coverage," January 2003.

³ L. Ku and D. Cohen Ross 2002. *Staying Covered: The Importance Of Retaining Health Insurance For Low-Income Families*. Center on Budget and Policy Priorities. New York, NY: Commonwealth Fund.

that children were less likely than adults to experience fluctuations in health care coverage.⁴ However, fluctuations in coverage for children are likely to increase with the elimination of CE.

Improves Quality of Children's Care

A recent study found that children with continuous health coverage were more than four times as likely to have a primary care provider as children who went on and off of Medicaid. Furthermore, having both continuous coverage and a PCP significantly improved the treatment children received for ear infections.⁵

Saves the State and Providers Money

- A national study found that 12-month continuous eligibility could *lower* state administrative costs by reducing the staff effort needed to process applications and handle related paperwork. Reinstating CE for children could reduce such costs between two and twelve percent.⁶
- The state would realize savings from providing preventive and primary care, instead of paying for more costly hospital emergency room visits. Treating serious conditions that deteriorate due to a lack of primary and preventive care is also more costly. A national study found that children with less continuity of care are more likely to visit the emergency room and be hospitalized, and that these risks are higher for children on Medicaid.⁷
- Maintaining continuous HUSKY coverage for families is cost-effective. Research shows that the monthly cost of providing health care drops as individuals are enrolled for longer periods.⁸

⁴ Connecticut Office of Health Care Access. "Stability of Health Care Coverage: A Look at the Intermittently Insured." March 2003.

⁵ S. Berman, J. Bondy et al. "The Influence of Having an Assigned Medicaid Primary Care Physician on Utilization of Otitis Media-related Services," *Pediatrics* 104:5, November 1999.

⁶ C. Irvin, D. Peikes, C. Trenholm et al. 2001. *Discontinuous Coverage in Medicaid and the Implications for 12-Month Continuous Coverage for Children*. Cambridge, Mass.: Mathematica Policy Research, Inc.

⁷ D. Christakis, L. Mell et al. "Association of Lower Continuity of Care with Greater Risk of Emergency Department Used and Hospitalization in Children," *Pediatrics*, 103: 3, March 2001.

⁸ See note 3.

Interruptions in coverage are costly for managed care organizations and providers struggling to keep eligibility records up to date.

Conclusion

Continuous eligibility has improved access to health care services for Connecticut children. CE has decreased administrative costs resulting from frequent fluctuations in income, and has increased provider satisfaction with the HUSKY program. Reinstating CE would allow Connecticut to maintain the gains it has made in ensuring health coverage for children.