



KIDS CONNECTION: Cost-Effective Healthcare for Low- Income Nebraska Children

Healthcare provided to children through Medicaid and Kids Connection is cost-effective. It has the potential to successfully close the coverage gap for our state's children and provide access to comprehensive healthcare, which will keep our children healthier and more productive while saving our state money in the long run.

Medicaid Mandatory Services

- *Nursing facility services for individuals age 21 or older.*
- *Inpatient hospital services (other than Institutions for Mental Diseases).*
- *Physicians' services.*
- *Outpatient hospital services and rural health clinic services.*
- *Home health services.*
- *Laboratory and X-ray services.*
- *Early and periodic screening and diagnosis and treatment (EPSDT).*
- *Medical supplies.*
- *Family planning services and supplies.*
- *Nurse practitioner services.*
- *Medical and surgical services of a dentist.*
- *Nurse-midwife services.*

Medicaid Optional Services

- *Prescribed drugs.*
- *Home and community-based services for persons with mental retardation/developmental disabilities (MR/DD).*
- *Intermediate care facilities for the mentally retarded (ICF-MR).*
- *Home and community-based services for aged persons and persons with disabilities.*
- *Dental services.*
- *Rehabilitation services.*
- *Case management for persons with mental retardation/developmental disabilities (MR/DD).*
- *Personal care services.*
- *Durable medical equipment.*
- *Medical transportation.*
- *Vision related services.*
- *Speech therapy.*
- *Physical therapy.*
- *Chiropractic services.*
- *Occupational therapy.*
- *Optometric services.*
- *Podiatric services.*
- *Hospice services.*

What is Medicaid?

The Nebraska Medical Assistance Program, also known as the Medicaid Program, is a program that is jointly funded by the state and the federal government to provide medical services to those who cannot afford to pay for medically necessary services. The federal government matches Nebraska Medicaid spending at a rate of 59.6%. In other words, the federal government provides \$1.60 for every \$1.00 spent by Nebraska.

The Nebraska Medicaid Program covers a wide range of medically necessary services. These services include everything from preventive screenings and annual physicals to hospitalizations and long term treatment. Vision and dental services are also included, as are a range of home health services.

Medicaid Eligibility

Following are the Nebraska income guidelines related to the Federal Poverty Level (FPL) for Medicaid based on guidelines set by the federal government.

These are for medical services only. If a family receives Aid to Dependent Children or has special needs or disabled children, other income guidelines apply. Federal Medicaid funds are provided as follows:

- *Pregnant women in families with incomes up to 185% FPL (\$30,710 for a family of three).*
- *Infants under age 1 in families with income up to 150% FPL (\$25,900 for a family of three).*
- *Children ages 1 to 6 in families with incomes up to 133% FPL (\$22,078 for a family of three).*
- *Children ages 6 to 19 in families with incomes up to 100% FPL (\$16,600 for a family of three).*

Children up to age nineteen, who live in families with incomes that are above these limits but less than 185% FPL (\$30,710 for a family of three), may qualify for Kids Connection, Nebraska's Children's Health Insurance Program (CHIP).



Why is Medicaid Important to Nebraska's Children?

Medicaid is a critical healthcare safety net for low-income children. On an annual basis, Medicaid pays for almost 40% of Nebraska births.

- A total of 64% of all individuals on Medicaid are children.
- About 14% of the Medicaid population are children under the age of one.
- 36%, or the majority of the Medicaid population are children ages 6-18.

Without public health insurance most of the children enrolled would have no medical coverage.

EPSDT Services for Children

The Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) Program is a provision of the Medicaid Program that ensures eligible children receive regular health screenings. As a result of this provision, treatment services are provided when problems are diagnosed. With early intervention, disability can be prevented or minimized. For other developmental, mental or physical disabilities in children such as retardation or cerebral palsy, Medicaid is a critical benefit. Medicaid can make a tremendous difference for those who need it by enabling or maximizing the developmental and educational attainment of children.



Is Medicaid Cost-Effective?

Medicaid is an essential, cost-effective support for Nebraska children. Children make up the majority of Nebraska's Medicaid population, but are the least costly group to cover.

This year, Medicaid will provide health insurance coverage to approximately 137,000 Nebraska children.

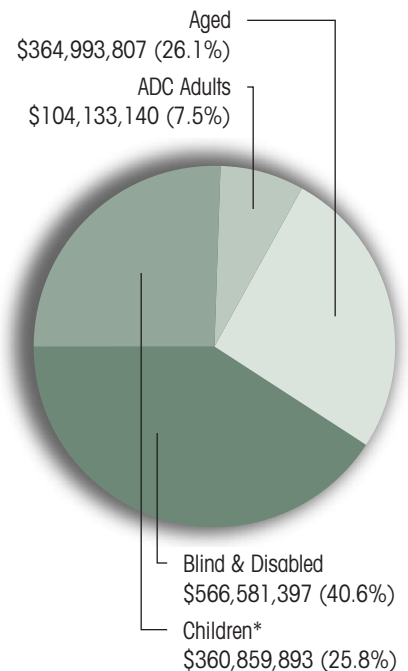
- More than 64% of the individuals enrolled in Medicaid in Nebraska are children.
- Children represent only 25% of Medicaid spending.
- Over 66% of Medicaid expenditures provide care for aged, blind and disabled persons.
- Many of the children on Medicaid have one or both parents in the workforce.
- Each Medicaid enrolled child, not including children with disabilities, costs the state less than \$2,900 per year.

Medicaid is a particularly cost-effective way to insure children. In fact, on a per person basis it is much less costly than private insurance. A national study evaluating costs found that Medicaid-covered children with similar healthcare needs had a cost 31% lower than the private sector. Nationally, the administrative costs of private insurance are also almost double that of Medicaid – 13.6% compared to just under 7% for Medicaid.

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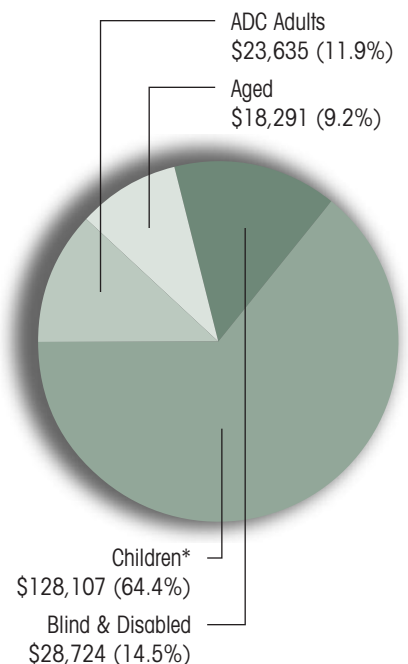
Nebraska Medicaid Expenditures By Eligibility

Fiscal Year 2005 (Total \$1,396,568,237)



Nebraska Medicaid Average Monthly Eligible Persons By Category

Fiscal Year 2005 (Total \$198,757)





Medicaid is good for the state's economy and good for our children

Medicaid spending is good for Nebraska's economy because of the jobs that are generated and the dollars that come into the community. According to Families USA's Medicaid Good Medicine for State Economies 2004 update, for every \$1 million invested in state Medicaid spending, Nebraska gains \$2.8 million in business activity and gains almost 32 jobs.

Access to comprehensive healthcare is fundamental to child well-being. When children do not receive necessary medical services, their overall health suffers and so does their ability to learn, grow and develop to their maximum potential. Public health insurance has been remarkably successful in insuring low-income children and providing access to comprehensive healthcare. In Nebraska, close to 137,000 children are insured annually through Medicaid and SCHIP. However, almost 22,000 children in Nebraska have no health coverage, and a vast majority of those uninsured children are income-eligible for public health insurance.

What Do We Know About Uninsured Children?

The Nebraska Health Insurance Policy Coalition met for over a year, gathering data from employer and household surveys as well as focus groups. A report was released in August 2005 describing the problem of uninsured and underinsured individuals in Nebraska. It pointed out that, "While Nebraska's number of uninsured is below that of most other states; at least 145,000 people in Nebraska are without health insurance coverage. Many other people in Nebraska do not get needed health care services because of inadequate health insurance coverage. Unfortunately, the magnitude of the problem is growing, and the net result is that timely access to basic health care services for many individuals is severely threatened."

Characteristics of the Uninsured

For those who are uninsured, overall health and quality of life are significantly and adversely impacted. The Nebraska survey completed in 2004 by the Nebraska Center for Rural Health Research at the University of Nebraska Medical Center found that:

- Seventy-six percent of people with insurance coverage rated their health as excellent or very good compared to only 61% of the uninsured respondents.
- People with coverage are more likely to have a usual source of care (94% of insured compared to only 73% of uninsured). Thus, people without health care coverage are less likely to receive timely preventive care or medical attention for conditions such as diabetes and asthma. Delay in treatment often leads to more intensive treatment and higher costs.
- People without coverage are more worried they will not be able to cover the cost of care, ultimately foregoing or delaying treatment. This is also true for people who are underinsured. Many employers offer coverage, but the policies may have high deductibles and co-pays.
- The majority of the uninsured have low incomes and work for small employers, or are self-employed. Over 63% have incomes below 200% of the FPL (\$33,200 for a family of three) and 79% earn less than 300% of the FPL (\$49,800 for a family of three).
- The percent of uninsured is slightly higher in rural areas (11%) compared to urban areas (9%).
- Young adults (ages 19-34) constitute the largest uninsured group at 34%.
- 27% of the Hispanic population are uninsured.

Additional characteristics of uninsured children identified by Families USA include:

- Nationwide, uninsured children live in households where at least one parent is working.
- Children make up almost 7% of the uninsured with older children being more likely to not have coverage. This increases dramatically once a young person reaches 19 and Medicaid coverage is not an option.

Furthermore, the Nebraska Hospital Association has documented that treating uninsured patients costs Nebraska hospitals and clinics more than \$22 million per year in uncompensated care or charity care.

How Can We Insure More Children?

From 1999 to 2006, *Voices for Children in Nebraska* led the Covering Kids & Families Initiative in Nebraska, funded by the Robert Wood Johnson Foundation. Through the work

of a statewide coalition, partnering with the Nebraska Health & Human Service System, as well as Community Action Agencies and other private entities, Nebraska launched a highly successful Kids Connection program, and information was carried to potentially eligible families through numerous innovative and creative outreach efforts.

What is CHIP?

The Children's Health Insurance Program (CHIP) provides healthcare coverage for low-income children who do not qualify for Medicaid coverage. Nebraska's CHIP program is called Kids Connection. Kids Connection is a seamless expansion of Medicaid, meaning that a family found eligible for Kids Connection might not know whether funding comes from Medicaid or CHIP. Children may be eligible if the family income is over the Medicaid eligibility limit but less than 185% of the Federal Poverty Level (\$30,710 for a family of three). For Kids Connection the federal government provides an even higher level of funding than for Medicaid. Approximately 72% of the cost of CHIP is provided federally and the State contributes the remaining 28%, as well as any excess spent above the federal allotment.

Kids Connection, including Medicaid and CHIP, provided health coverage for 136,996 Nebraska children in 2005. In other words, nearly 30% of all Nebraska children ages 18 and under rely on public health care coverage.

With funding from The Robert Wood Johnson Foundation, *Voices for Children in Nebraska* convened a Covering Kids and Families coalition and worked with HHS to develop and implement a number of outreach and simplification efforts for Kids Connection. These efforts include, but are not limited to the following:

- a shortened Medicaid application form.
- allowing mail-in application forms.
- disseminating information on Medicaid eligibility and the application process to low-income community events.
- creating and translating information pamphlets and brochures.

Some of the early benefits of the program were:

- improving the access and continuity of care for Medicaid recipients.
- establishing a consistent medical home that focuses on preventive care.
- improving provider willingness to accept Medicaid clients by reducing administrative burden and decreasing the amount of unreimbursed care.
- reducing state administrative burden to establish eligibility.
- improving Medicaid's goal of an easier and faster enrollment/eligibility process.

The funding from The Robert Wood Johnson Foundation has ended, and *Voices for Children in Nebraska* is optimistic that partnerships established during the seven-year initiative will continue identifying outreach efforts that will extend to families who have never been enrolled and do not know they might be eligible.

- Providing information through the schools has been highly effective and will hopefully continue.

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Voices for Children in Nebraska will work toward the goal of keeping all Nebraska children healthy and ready to learn by:

- *Leading public education campaigns to help community leaders understand the value of providing quality health care for all of our children.*
- *Continuing to work for the most inclusive, accessible and seamless Kids Connection program possible.*
- *Promoting public-private partnerships to increase the ability of small businesses and entrepreneurial Nebraskans to access quality health care coverage.*

The future of our children's health and the well-being of our state hangs in balance between the private and public sector decisions being made today at both the state and federal level.

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- The school lunch program is a particularly promising gateway to identify uninsured children who might be eligible for public health insurance. Nationally, the school lunch program reaches 3.7 million uninsured children. Unfortunately Nebraska has a lower than average participation rate in School Lunch and Breakfast programs so efforts to improve that ranking could prove beneficial to both programs.
- Many potentially eligible children are enrolled in other programs for low-income children and families that have similar eligibility requirements to Medicaid and CHIP such as food stamps, WIC, Child Care Assistance, and the National School Lunch Program. Public support programs can provide a link to low-income children to help facilitate their enrollment in public health insurance.
- In 1998 Nebraska reduced its twenty-plus page application to a simple, non stigmatizing four page application. It appears that more use is being made of the longer form again and it would seem beneficial to reconsider that practice.
- Utilization of free tax preparation VITA Sites by low income families could also serve as a highly beneficial outreach effort.

Several policy and practice issues have diminished the enrollment and effectiveness of Kids Connection since its inception in 1998.

- In 2002, in a Special Budget Cutting Session of the Nebraska Unicameral, some of the eligibility guidelines were modified, resulting in 15,000 children losing their Kids Connection coverage.
- Workers and recipients report that the longer, more confusing application form is again being used extensively to calculate whether families might be eligible for additional public assistance programs. Sadly, some of those families are too intimidated by this form or too proud to be considered for programs they believe carry a more negative stigma. Ultimately the form actually deters them from applying.
- At the federal level, the Deficit Reduction Act of 2005 changed the rules governing state Medicaid programs, giving states more flexibility in determining cost sharing, premiums and benefit design, while requiring more stringent documentation of citizenship. It is feared these requirements will increase costs for both the client and the state agency and again lead to more confusion and intimidation, deterring completion of the application.
- Finally, in Nebraska during the 2006 Legislative Session, LB 1248 passed for the purpose of reforming Medicaid in order to cut costs to the state. It is feared these cost saving measures, possible co-pays, premiums and deductibles, will again result in reducing the number of Medicaid recipients while increasing HHS administrative costs, increasing the number of uninsured, and increasing the costs to clinics and hospitals.

It is important to remember the high cost of health care is a problem faced by most Nebraskans. Individuals are experiencing higher insurance premiums, co-pays and deductibles. In business and industry the "bottom line" is being threatened by higher premium costs. The lack of coverage and higher co-pays and deductibles leads to less preventive care and greater delays in treatment, resulting in more serious illness with longer, more expensive treatment. These are problems being faced by all Nebraska citizens, not just Medicaid recipients. Therefore, it is important that considered policy reforms address the issue broadly.