

American Academy of Pediatrics (AAP) Medicaid and SCHIP Update October 18, 2004

PLEASE NOTE: ALL REPLIES SHOULD BE SENT TO schip@aap.org

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New and Noteworthy

1. *Memisovski* Ruling an Enormous Victory for Children's Medicaid Access

On August 23, Judge Joan H. Lefkow in the US District Court for the Northern District of Illinois ruled that the Illinois Medicaid program in Cook County, which includes Chicago and the surrounding suburbs, is in violation of federal Medicaid law, inappropriately denying access to care to children in the program. This ruling in the case, *Memisovski v Maram*, is an enormous victory for the 600,000 children enrolled in Medicaid in Cook County, and the 800,000 children in Medicaid across the state.

The court ruled on a number of points in the case. First it determined that the state has failed to provide children with access to care from physicians that is required in the "equal access" provision of federal Medicaid law. This section of Medicaid law requires that payments to physicians are "consistent with efficiency, economy, and quality of care and are sufficient to enlist enough providers so that care and services are available under the plan at least to the extent that such care and services are available to the general population in the geographic area." Judge Lefkow ruled that the state has failed to meet this obligation, that evidence brought forth in the case shows that Medicaid payments in Illinois are insufficient to entice providers to participate in the program, and that children in Medicaid in Cook County "simply do not have access to medical services which is equal to that of privately insured children." The court also ruled that the state has failed to provide Early and Periodic Screening, Diagnosis and Treatment (EPSDT) services to children in Medicaid on a timely basis. Additionally, the court found that the state's use of managed care organizations (MCOs) has not provided the appropriate levels of preventive health care.

Several pediatricians testified in this case. A remedy has not yet determined, but this ruling is likely to have a profound impact on the care children in Medicaid receive in Cook County and across Illinois. More information on the ruling can be obtained at:

<http://www.illinoisaap.org/Memisovski.htm>

2. Governing Magazine: New Medicaid Auditors Being Sent to States

An article appearing in the September issue of Governing magazine indicates that the Centers for Medicare and Medicaid Services (CMS) is sending new auditors – at least two – to each state. These auditors are being sent reportedly in an effort to crack down on abuse, such as intergovernmental transfers that CMS has reportedly frowned upon. A former state official is quoted as saying that CMS

may be trying to make it harder to justify current spending so that states will look more favorably at a capped block grant approach. This article is available online at:

<http://www.governing.com/archive/2004/sep/medicaid.txt>

3. Kaiser Surveys Detail Cuts to Medicaid/SCHIP

Two new survey reports from the Kaiser Commission on Medicaid and the Uninsured (KCMU) indicate that while, once again this year, Medicaid and SCHIP have helped to offset growth in the uninsured population for children, states continue to face budget pressures that could limit public coverage in these programs. "Continuing Medicaid Budget Challenge: State Medicaid Spending Growth and Cost Containment in Fiscal Years 2004 and 2005" reveals that every state took at least one new cost-containment action in FY 2005. The report details that over the past four years, 38 states took actions to cut some eligibility to either program, and 34 states acted to limit benefits in some capacity. The second survey, "Beneath the Surface: Barriers Threaten to Slow Progress on Expanding Health Coverage of Children and Families" shows that nearly half of states (23) took actions that made it more difficult to secure or retain health coverage for children and families between April 2003 and July 2004. Eleven (11) of these states reversed previously adopted simplifications to their programs. Both reports are available online at:

<http://www.kff.org/medicaid/kcmu100404pkg.cfm>

4. Health Affairs Focuses on Children's Health

The September/October issue of Health Affairs focuses almost exclusively on child health, offering numerous articles and editorials on the state health care for children today. Included are reports that:

- * examine how overall insurance coverage rates for children have held steady over the last quarter century, thanks to public coverage;
- * examine state enrollment simplification efforts and the positive effect these have on children's coverage;
- * study the successes and shortcomings of the SCHIP program;
- * highlight the positive effect SCHIP has had on children's access to and satisfaction with health care among low-income children in three very diverse states;
- * examine resistance points in the health care setting, at which patients drop from the system;
- * look at childhood vaccine financing and safety issues; and
- * detail the gap in social welfare spending between children and the elderly, among others.

Abstracts of these articles can be found online at:

<http://www.healthaffairs.org>

5. Kaiser Issue Brief Examines Express Lane Eligibility in California

A new Issue Brief from the Kaiser Commission on Medicaid and the Uninsured (KCMU) examines California's experience with Express Lane Eligibility (ELE) to enroll more eligible children in Medicaid and SCHIP. ELE uses strategies to find and enroll the nearly seven million children in California who are eligible but not enrolled for Medicaid or SCHIP. To do so, the program: (1) targets large numbers of eligible children where they can be found – in other public benefit programs like school lunch and food stamps; and (2) expedites children's enrollment by using information already submitted by parents when they enrolled their children in these other programs. The Issue Brief examines how the state built ELE; how the program became operational; successes and areas for improvement. It can be found online at:

<http://www.kff.org/medicaid/7173.cfm>

6. Access to Children's Mental Health Services Examined in Urban Institute Study

“Access to Children’s Mental Health Services Under Medicaid and SCHIP,” a review of coverage policies for mental health services in Medicaid and the State Children’s Health Insurance Program (SCHIP), provides information on the prevalence of mental health problems and the use of mental health services among children enrolled in these programs. The Urban Institute assessed Medicaid’s and SCHIP’s child mental health coverage policies by conducting telephone interviews with officials in 13 states between mid-August and mid-October 2003. Analysis of data from the 2002 National Survey of America’s Families provided information on the prevalence of emotional and behavioral problems and the use of mental health services among children nationwide, according to poverty level and insurance coverage. The report notes the importance of these programs in providing mental health services to children in Medicaid and SCHIP, but also notes the underutilization of mental health services by children overall. The report highlights the important role Medicaid and SCHIP play in expanding existing coverage for mental health services.

This report can be found online at:

http://www.urban.org/UploadedPDF/311053_B-60.pdf

7. State Revenue Update

A September State Revenue Report of the Nelson A. Rockefeller Institute of Government indicates that state tax revenue in the April-June 2004 quarter increased 11.3% over the same period in 2003. After adjusting for inflation and changes to tax laws, real underlying state tax revenue increased by 5.8% over the same period. This is the fourth straight quarter of real adjusted growth, following eight straight quarters of decline. Growth rates in revenues are now beginning to reach pre-recession levels, indicating that while many states have had budget shortfalls to overcome, state budgets are heading in a more positive direction. This report is available online at:

http://stateandlocalgateway.rockinst.org/fiscal_pub/state_rev/sr_reports/RR57.pdf

From the AAP

8. AAP Releases Policy on Overcrowding in Emergency Department

A new policy statement from the American Academy of Pediatrics calls on pediatricians to educate the public about emergency department (ED) overcrowding and to work on specific solutions with families, health professionals, legislators and policymakers. Each year more than 100 million Americans, including 30 million children, receive emergency care, a 600% increase since 1958. The result is overtaxed EDs and potentially substandard care. The new policy dispels the misconception that emergency department overcrowding is solely due to patients coming in with minor illnesses, and gives recommendations for how pediatricians can help to reform the system. This policy statement is available online at:

<http://pediatrics.aappublications.org/cgi/content/full/114/3/878>

From the Federal Government

9. HHS Approves Addition of Two New States to Medicaid Multi-State Drug Purchase Pool

On September 9, 2004 the US Department of Health and Human Services (HHS) approved plans that allow the states of Minnesota and Hawaii to save money on prescription drugs in Medicaid by joining a purchasing pool. Minnesota and Hawaii join Michigan, Vermont, New Hampshire, Alaska, and Nevada in the purchasing pool, which allows them to save money by banding together to negotiate lower prices on prescription drugs than they purchase for their state Medicaid programs. States participating in the current pool maintain their own preferred drug lists and exercise clinical oversight of those lists to assure adequate access to needed medications.

In addition to approving these states, CMS sent a letter to all state Medicaid directors September 9, providing guidance to states that wish to establish a similar pool. CMS also issued a paper outlining other proven approaches that states can use to save money, including encouraging the use of generic drugs and implementing disease management. This letter and enclosed paper can be found online at:

<http://www.cms.hhs.gov/states/letters/smd090904.pdf>

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UNSUB schip emailname@emailaddress
an example: UNSUB schip joesmith@email.com

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ABBREVIATIONS and ACRONYMS

AAP - American Academy of Pediatrics
CMS – Centers for Medicare and Medicaid Services
ED – emergency department
ELE – Express Lane Eligibility
EPSDT – Early and Periodic Screening Diagnosis, and Treatment program
FY – fiscal year
HHS – Health and Human Services, US Department of
KCMU – Kaiser Commission on Medicaid and the Uninsured
MCO – managed care organization
SCHIP - State Children's Health Insurance Program

The Division of State Government Affairs sends the Medicaid and SCHIP e-mail update to the Academy's Executive Committee, Board of Directors, District Vice-Chairs, Chapter Presidents, Committee on State Government Affairs, Committee on Federal Government Affairs, Chapter Executive Directors, other interested AAP members and staff, and other subscribers. Send comments or questions to SCHIP@aap.org or contact Dan Walter at the American Academy of Pediatrics at (800) 433-9016 ext 4086.

Previous updates are available on the AAP Web site at:

<http://www.aap.org/advocacy/schiprep.htm>

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