

American Academy of Pediatrics (AAP) Medicaid and SCHIP Update December 9, 2003

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

Previous updates are available on the AAP Web site at <http://www.aap.org/advocacy/schiprep.htm> .

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New and Noteworthy

1. CMS Questions States Seeking Waivers

The Centers for Medicaid and Medicare Services (CMS) has reportedly begun asking states a number of funding-related questions when they apply for Medicaid waivers. A September 30, 2003 letter from CMS to Illinois regarding a home and community-based services (HCBS) waiver application indicates the type of questions to which the agency is requiring answers. Specifically, CMS is looking for details on whether Medicaid providers retain 100% of funds provided, or if they are asked to return a portion of the funds to the state (such as through an intergovernmental transfer). Also, CMS asks the state to describe how the state portion of the financial estimates provided in the waiver is funded. Other questions surround the provisions of information on whether or not the state makes supplemental payments to providers, and whether or not a provider receives payments in excess of the reasonable cost of providing services. The federal government has been looking for ways to save Medicaid funding and may be trying to identify loopholes that states have used in the past to leverage federal dollars. A copy of the letter to Illinois can be found online at:

<http://www.cms.hhs.gov/medicaid/1915c/il0326rai.pdf>

2. AcademyHealth Issue Brief Examines HIFA at Age Two

A new issue brief from AcademyHealth (formerly the Academy for Health Services Research and Health Policy) offers insight into policy developments that can be gleaned from two years of approved and rejected state Health Insurance Flexibility and Accountability (HIFA) waiver proposals. The brief examines approved waivers and finds that several precedents have been set by their approval, including: SCHIP funds being used to cover childless adults; federal financial participation (FFP) for previously state-only funded programs; a state giving beneficiaries the choice between employee sponsored insurance (ESI) and state coverage; a state using unspent disproportionate share hospital (DSH) payments for demonstration programs; and a state denying services based on non-payment of co-pays, among others. The brief also examines the limits of HIFA flexibility by pointing out a number of proposals that were not approved by CMS. The entire brief can be found online at:

<http://www.statecoverage.net/pdf/issuebrief1103hifa.pdf>

3. CBPP Releases Several Reports on State Budgets

The Center on Budget and Policy Priorities (CBPP) has released several new reports examining state budgets and the current fiscal conditions facing states. Each reveals insights into the extent of the ongoing crisis:

* Twenty-one (21) states have been identified as facing budget shortfalls for FY 2005, totaling approximately \$40 billion. More information on pending state deficits can be found in the report, "State Budget Deficits Continue to Threaten Public Services," online at: <http://www.cbpp.org/10-22-03sfp2.htm>

* When adjusted for population and inflation, state spending declined by 1.4% from FY 2002 to FY 2003, and is budgeted to decline by 2.0% in FY 2004. More on state spending can be found in "Fiscal Crisis Shrinking State Budgets," online at: <http://www.cbpp.org/10-22-03sfp3.htm>

* State taxes as a share of the economy are lower now than they have been at any time in the last thirty years, with the exception of the double-dip recession in the early 1980s. More information can be found in "State Revenues Have Fallen Dramatically; Tax Increases So Far Have Failed to Fill the Gap," online at: <http://www.cbpp.org/10-22-03sfp.htm>

* Federal policies are costing states and localities approximately \$185 billion over the four-year course of the current fiscal crisis (FY 2002 – FY 2005). More on the effect of federal policies can be found in the report, "Federal Policies Contribute to the Severity of the State Fiscal Crisis," online at: <http://www.cbpp.org/10-17-03sfp.htm>

A summary of the main points of these four reports can be found in "A Brief Overview of State Fiscal Conditions and the Effect of Federal Policies on State Budgets," online at: <http://www.cbpp.org/10-22-03sfp4.htm>

4. NGA/NASBO and NCSL Reports – State Budget Shortfalls May Be Bottoming Out

New state budget reports from the National Governors Association (NGA)/National Association of State Budget Officers (NASBO) and the National Conference of State Legislatures (NCSL) provide some indication that state budget shortfalls may be slowing. This comes despite the fact that many states expect a difficult time maintaining a balanced budget for the rest of the year, and several expect a difficult time balancing FY 2005 budgets.

The reports indicate that fewer states are facing budget shortfalls so far this year, compared to the same time last year. Indeed, according to the NCSL November report, only ten states have reported budget gaps that have appeared since the fiscal year began on July 1, 2003, for an aggregate budget gap of \$2.8 billion. Many states were able to shore up their budget gaps for FY 2004 thanks in large part to the \$20 billion in federal fiscal relief that was passed as part of the federal tax cut legislation enacted in June.

However, the same report also indicates that state spending is exceeding appropriated levels in some portion of the budget in 22 states. Moreover, state revenue performance for FY 2004 is uneven across the states. On the positive side, 21 states report that revenues are performing above the original forecast. Revenues are on target in 13 others, and below estimates in 16 states. Last year the numbers were three, 10 and 37, respectively. Despite some of these encouraging signs, widespread concerns remain about the current fiscal year and FY 2005.

The NGA/NASBO Fiscal Survey of the States, December 2003 can be found online at:

<http://www.nga.org/cda/files/FSS1203.PDF>

A press release on the NCSL report – with info on ordering the complete report – is available online at:

<http://www.ncsl.org/programs/press/2003/pr031121.htm>

New from the AAP

5. New AAP Research Data Reiterates Importance of Medicaid and SCHIP for Children

AAP Research has released a series of reports on children's health insurance status, Medicaid/SCHIP eligibility and enrollment, and characteristics of Medicaid and uninsured children for 2002, based 1994-2003 March Current Population Surveys. Overall, there were an estimated 9.2M (11.9%) uninsured US children through age 18 in 2002. The uninsured rate did not increase significantly since 2000, primarily because Medicaid/SCHIP enrollment went up sufficiently to compensate for the decrease in employer-based coverage. Of a total of 30.3M children eligible or income-eligible for Medicaid or SCHIP, 38.8% were unenrolled. Of 9.2M uninsured children, 70.2% were income-eligible for either Medicaid or SCHIP but not enrolled. State specific reports are also available.

A new table shows the demographic characteristics of uninsured and Medicaid-enrolled children through age 18 in 2002. Some highlights include the following: almost 9 out of 10 uninsured children were US citizens, 4 out of 10 were non-Hispanic White, and almost half live in families below 300% FPL. Among uninsured children under age 18 who resided with one or both parents, 83% had one or both working parents and 75% had one or both full-time working parents. These reports can be found online at:

<http://www.aap.org/research/2003cps.pdf>

6. AAP Releases Policies on Increasing Immunization Coverage and Child Health Financing

The AAP has released two newly updated policy statements entitled "Increasing Immunization Coverage" and "Principles of Child Health Financing." The updated "Increasing Immunization Coverage" statement outlines steps physicians can take to improve childhood immunization rates, including 1) sending patient reminders for upcoming visits and recall notices; 2) using prompts during office visits to remind parents and staff about immunizations needed at that visit; 3) repeatedly measuring practice-wide immunization rates over time as part of a quality improvement effort; 4) having in place standing orders for nurses, physician assistants, and medical assistants to identify opportunities to administer vaccines.

The updated "Principles of Child Health Financing" statement highlights AAP advocacy efforts towards universal and guaranteed financial access to quality health care for all newborns, infants, children, adolescents, young adults, and pregnant women.

"Increasing Immunization Coverage" can be found online at: <http://www.aap.org/policy/s060014.html>

"Principles of Child Health Financing" can be found online at: http://aappolicy.aappublications.org/cgi/content/full/pediatrics;112/4/997?fulltext=principles+of+child+health+financing&searchid=QID_NOT_SET

7. AAP Research Releases Fact Sheet on Pediatrician Care and Research Resource Guide

A new fact sheet from the AAP highlights data showing that pediatricians are providing primary care for a growing proportion of US children. From 1991-2000, well child visits to pediatricians increased from 14.6% to 20.5% of total child visits to primary care physicians. Also, pediatricians' share of total child visits to primary care physicians increased from 61.7% in 1991 to 68% in 2000, with gains in all age groups. This fact sheet can be found online at: <http://www.aap.org/research/PASPoster2003.pdf>

Moreover, the AAP's Department of Practice and Research has released a Resource Guide, which provides assistance to those looking up AAP research reports. This Resource Guide is available online at: <http://www.aap.org/research/resourceguide.pdf>

SUBSCRIPTION INFORMATION

To unsubscribe to the update, send a message to listserv@listserv.aap.org with the following command in the body of the e-mail message (with no subject heading):

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

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ABBREVIATIONS and ACRONYMS

AAP - American Academy of Pediatrics
CBPP – Center on Budget and Policy Priorities
CMS – Centers for Medicare and Medicaid Services
DHS – Disproportionate Share Hospital
ESI – employee-sponsored insurance
FFP – Federal Financial Participation
FPL – federal poverty level
FY – fiscal year
HCBS – Home and Community-Based Services
HIFA – Health Insurance Flexibility and Accountability
NASBO – National Association of State Budget Officers
NCSL – National Conference of State Legislatures
NGA – National Governors Association
SCHIP - State Children's Health Insurance Program

Send comments or questions to SCHIP@aap.org or contact Dan Walter at the American Academy of Pediatrics at (800) 433-9016 ext 4086.

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