

Welcome to the American Academy of Pediatrics (AAP) Medicaid and SCHIP Update May 27, 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. National Governors Association (NGA) to Release Medicaid Reform Plan

The National Governors Association's (NGA's) Medicaid Reform Task Force is expected to release a new proposal for reforming the Medicaid program this summer, possibly as early as the beginning of June. The nation's governors formed this 10-governor task force earlier this year in order to address the growing concerns over Medicaid spending and the current state budget crises. The NGA task force has identified six key issue areas for states, including: coverage of dual eligibles, flexibility throughout the program, coverage of prescription drugs, the restructuring of long-term care, coordination with the private sector, and financing. A press release on a recent NGA task force meeting in Washington, DC, can be found online at:

http://www.nga.org/nga/newsRoom/1,1169,C_PRESS_RELEASE^D_5307,00.html

2. Report Provides Overview of Current Problems Facing Medicaid

A new article published in the May 22 issue of the New England Journal of Medicine provides a thorough overview of the many problems Medicaid is currently facing. With a number of Medicaid issues currently being debated federally and in state legislatures, John K. Iglehart's "The Dilemma of Medicaid" highlights the many developments over recent years that have brought so much attention to the program. The article examines the growth of Medicaid, the creation of the SCHIP program, efforts to reduce Medicaid's scope, the current fiscal plight of state governments, problems with physician participation because of low reimbursement, the Administration's new proposal, and the uncertain future Medicaid faces. The Academy's president, E. Stephen Edwards, MD, is quoted in the article regarding the necessity of paying physicians enough so that they can continue to provide care for low-income children. A summary of this article can be found online at:

http://content.nejm.org/cgi/content/extract/348/21/2140?maxtoshow=&HITS=20&hits=20&RESULTFORMAT=&fulltext=medicaid&searchid=1053636838079_15704&stored_search=&FIRSTINDEX=0&sortspec=Score+desc+PUBDATE_SORTDATE+desc&fdate=5/1/2000&tdate=5/31/2003&journalcode=nejm

3. AAP and National Association of Children's Hospitals (N.A.C.H.): Sustain and Strengthen Medicaid

As the nation's governors and Congress prepare to present plans to restructure Medicaid, the AAP and the National Association of Children's Hospitals (N.A.C.H.) urge lawmakers to recognize the enormous impact Medicaid reform will have on children. In a letter to the 10-member National Governors Association Medicaid Reform Task Force and all members of Congress, the AAP and N.A.C.H. have outlined steps to "sustain and strengthen" the Medicaid program for children. These steps include rejecting any caps on federal Medicaid spending and proposals that undermine SCHIP's progress, providing real fiscal relief to the states, improving Medicaid and SCHIP enrollment and retention, and maintaining and improving access to care for children.

4. General Accounting Office (GAO) Report Examines State Monitoring of Access to Care

A January 2003 report of the GAO indicates that states monitor access to care in Medicaid and the State Children's Health Insurance Program (SCHIP) to varying degrees. The GAO surveyed 16 states for this report.

With regard to Medicaid managed care, the report indicates that while states set varying requirements for participating managed care plan provider networks, states less frequently verify data that is submitted or independently collected to ascertain compliance with the requirements. States in the report that did monitor managed care plan compliance with set standards often were able to identify and address problems. The report indicates that states generally relied on one or more of three data sources or occasional special studies to assess the extent to which beneficiaries were actually receiving services, although in general the value of these data was questioned.

In the area of fee-for-service (FFS) Medicaid care, the report indicates that states did considerably less to establish requirements for or monitor provider availability, or to assess beneficiary utilization of services than in managed care programs. The report found that FFS payment rates in most states the GAO reviewed were significantly lower than those paid by other purchasers for comparable services, noting that this can discourage provider participation. The report indicates that anecdotal information and complaint data suggested that low payment rates, slow payment, and other administrative problems deterred physicians in primary care or in some specialties from participating in Medicaid.

The report indicates states generally used the same monitoring approaches for SCHIP as they did for Medicaid when the programs are connected. However, in states studied where SCHIP is a distinct program, states set few requirements or monitored provider's availability to SCHIP-eligible children. States with distinct programs also reported fewer efforts to monitor children's use of services.

"States Use Varying Approaches to Monitor Children's Access to Care" can be found online at:

<http://www.gao.gov>

Click on "GAO Reports," then "Today's Reports," then "February 14, 2003."

5. Interim SCHIP Report Highlights Program's Vital Role

While some states continue to deliberate funding priorities for FY 2004, a new report indicates that the SCHIP is a successful program popular among legislators, families, advocates, and providers alike. This interim report - the first from the congressionally mandated evaluation - draws on case studies in six of the ten states in the national evaluation (CA, CO, LA, MO, NY, and TX). The report indicates that knowledge of the SCHIP program is widespread and growing although not as great as that of Medicaid, that SCHIP enrollment has grown steadily, that SCHIP applications and enrollment have been considerably simplified, that enrollees have a high level of satisfaction with the program, that SCHIP benefits are generally adequate (despite noted problems with oral health in some areas), that access is generally good (although low reimbursement contributes to physicians dropping out of the program or limiting care) and that crowd-out is not occurring frequently, among other findings. The final report to Congress is due in 2004. The complete "Interim Evaluation Report: Congressionally Mandated Evaluation of the State Children's Health Insurance Program" can be found online at:

<http://aspe.hhs.gov/health/schip/interimrpt/part2.htm#XI>

6. State Budget Woes Continuing

The latest "State Budget Update: April 2003" from the National Conference of State Legislators (NCSL) indicates that the state budget crises continue. Cumulatively since FY 2001, states have had to close budget gaps approaching \$200 billion. A total of 39 states and the District of Columbia faced budget shortfalls in FY 2003, and with only two months left in the fiscal year, more than half of states have shortfalls to close, totalling \$21.5 billion. For FY 2004, a total of 41 reporting states have faced or are facing \$78.4 billion in shortfalls combined.

A press release of the new report can be found online at:

<http://www.ncsl.org/programs/press/2003/030424.htm>

The entire report can be downloaded by NCSL members via the Web site, or a print copy can be ordered for \$25.

7. Report Examines Online Enrollment

A new report of the National Academy for State Health Policy (NASHP) indicates that at least seven states now offer online enrollment statewide to Medicaid and/or SCHIP applicants, and five more are currently operating pilot projects. The report highlights several advantages over paper applications, including convenience for applicants, potential to lower administrative costs, fewer errors and more complete applications. The report also examines drawbacks such as initial costs and implementation issues to consider. "A State Guide to Online Enrollment for Medicaid and SCHIP" can be found online at:

http://www.nashp.org/Files/guide_to_online_enrollment_kw.pdf

8. New Kaiser Commission Releases Focus on State Prior Authorization and Cost-Sharing

New reports of the Kaiser Commission on Medicaid and the Uninsured (KCMU) examine state use of prior authorization and of the impact of premiums and cost-sharing in Medicaid programs.

"Prior Authorization for Medicaid Prescription Drugs in Five States: Lessons for Policy Makers," indicates that many states are planning to expand or create prior authorization systems in their programs this year, which would require pre-approval before selected drugs can be dispensed to Medicaid enrollees. The report examines five states, and indicates that well-designed and implemented prior authorization plans do not have as many problems for beneficiaries and providers as do plans in other states. The study suggests that for the most part states do not monitor the effects of prior authorization on beneficiaries or providers. This report can be found online at:

<http://www.kff.org/content/2003/4094/4094.pdf>

A second KCMU release indicates that even low premiums and cost sharing can negatively affect health care utilization and outcomes for low-income people. The fact sheet cites data from three states and shows that participation rates among eligible populations in health programs with premiums saw a participation decline from 57% to 18% as premiums rose from 1% to 5% of family income. The fact sheet also indicates that analysis of RAND data shows that low-income children in cost-sharing plans had only a 56% likelihood of receiving highly effective care for acute conditions relative to those with no cost-sharing. The complete policy brief and fact sheet can be found online respectively at:

<http://www.kff.org/content/2003/4071/4071.pdf> and <http://www.kff.org/content/2003/4072/4072.pdf>

9. New Data on Children with Special Health Care Needs (CSHCN) Available

New nationwide data on children with special health care needs and their families are now available. The National Survey of CHSCN sponsored by the Maternal and Child Health Bureau (MCHB) and conducted by the Center for Disease Control (CDC) National Center for Health Statistics (NCHS) provides national and state-level numbers of children with special health care needs, as well as information on access to care, health insurance coverage, use of services, unmet needs, and impact on the family for 750 individual CSHCN in each state. This data is accessible through Family Voices Web page, online at:

<http://www.familyvoices.org/drc/index.html>

10. Center on Budget and Policy Priorities: Noncitizens' Use of Public Programs Declined Since 1996

A new report of the Center on Budget and Policy Priorities (CBPP) indicates that receipt of Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), and food stamps by immigrant-headed households declined between 1996 and 2001. Moreover, the report indicates that US citizen-children account for the increases in Medicaid or SCHIP participation among low-income households headed by noncitizens. This counters recent claims indicating that there has been an increase in the number of "immigrant households" participating in Medicaid since 1996. However, CBPP data shows that while the percentage of immigrant-headed households in which any member receives Medicaid or SCHIP has increased, the percentage of non-citizens participating has actually decreased - the increase in household participation due to citizen family members who are eligible for the programs. CBPP analysis of Census Bureau data indicates that noncitizen adults experienced a sharp decline in Medicaid participation from 1996 to 2001. Only 13.4% of noncitizen parents with incomes below 200% of the federal poverty level (FPL) participated in Medicaid in 2001, a decline of nearly 1/3 since 1996. The share of low-income noncitizen children also fell.

"Noncitizens' Use of Public Benefits Has Declined Since 1996: Recent Report Paints Misleading Picture of Impact of Eligibility Restrictions on Immigrant Families," can be found online at:

<http://www.cbpp.org/4-14-03wel.htm>

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ABBREVIATIONS and ACRONYMS

AAP - American Academy of Pediatrics
CDC - Centers for Disease Control
CSHCN - Children with Special Health Care Needs
FFS - fee for service
GAO - General Accounting Office
KCMU - Kaiser Commission on Medicaid and the Uninsured
MCHB - Maternal and Child Health Bureau

N.A.C.H. - National Association of Children's Hospitals
NASHP - National Academy for State Health Policy
NCHS - National Center for Health Statistics
NCSL - National Conference of State Legislatures
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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