ISSUE BRIEF: EARLY CHILDHOOD CONTINUOUS ELIGIBILITY

FIRST FOCUS ON CHILDREN

BACKGROUND

Children are the future of our country's economy and success, and their healthy development is essential for our country's development. Providing children with healthcare coverage is a proven investment in their futures and our future. In the U.S, Medicaid and the Children's Health Insurance Program (CHIP) cover more than one-in-three children, or about 45 million children.[1,2] In some states, as many as half of all children are covered by Medicaid/CHIP.[3]

However, Medicaid/CHIP eligibility and coverage may not be continuous or consistent for children. Children risk moving in and out of coverage (known as "churning") if their family's income fluctuates or if their family struggles to renew their coverage. Children attending school, often over the age of 6, have access to school-based outreach programs that help ensure eligible but unenrolled children are covered and that coverage is maintained.[4] Children under the age of 6 may not have access to such outreach and therefore need early childhood continuous eligibility, allowing a child to remain eligible for Medicaid/CHIP through age 5, despite fluctuations in their family's income. Early childhood continuous eligibility would make coverage and care both consistent and affordable, and it would reassure parents that their children can get the care they need.

HOW WOULD EARLY CHILDHOOD CONTINUOUS ELIGIBILITY BENEFIT CHILDREN AND THEIR FAMILIES?

Having uninterrupted healthcare coverage from birth to age 6 allows children to have consistent access to well-child visits, vaccinations, and specialty care. During these first five years, children need regular, routine checkups. The American Academy of Pediatrics suggests such visits occur at birth, three-to-five days after birth, at 1, 2, 4, 6, 9, 12, 15, 18, 24, and 30 months and that they continue once a year until adulthood.[5] Young children need these visits to ensure any social, emotional, or developmental delays are detected early and before beginning school.[6] If a pediatrician detects an issue at a visit, they can make referrals to a specialist for advanced care, such as speech therapy or cancer screening. Without these checks and referrals, care may be delayed until it is too late, and

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1 Joan Alker and Alexandra Corcoran, *Children's Uninsured Rate Rises by Largest Annual Jump in More Than a Decade,* Georgetown University Center for Children and Families (Oct 2020), https://ccf.georgetown.edu/wp-content/uploads/2020/10/ACS-Uninsured-Kids-2020_10-06-edit-3.pdf

2 Medicaid and CHIP Payment and Access Commission, *EXHIBIT 32. Child Enrollment in CHIP and Medicaid by State, FY 2019 (thousands)* (Dec 2020), https://www.macpac.gov/wp-content/uploads/2015/01/EXHIBIT-32.-Child-Enrollment-in-CHIP-and-Medicaid-by-State-FY-2019-thousands.pdf

3 Kaiser Family Foundation, *Health Insurance Coverage of Children 0-18* (2019), https://www.kff.org/other/state-indicator/children-0-18/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Medicaid%22,%22sort%22:%22desc%22%7D

4 Sasha Pudelski, *Cutting Medicaid: A Prescription to Hurt the Neediest Kids,* The School Superintendents Association (Jan 2017), https://aasa.org/uploadedFiles/Policy_and_Advocacy/Resources/medicaid.pdf

5 American Academy of Pediatrics, *Recommendations for Preventive Pediatric Health Care* (Mar 2021), https://downloads.aap.org/AAP/PDF/periodicity_schedule.pdf

6 Centers for Disease Control and Prevention, *Developmental Monitoring and Screening* (Feb 2021), https://www.cdc.gov/ncbddd/childdevelopment/screening.html

children may suffer unnecessary, long-term harm. Medicaid and some CHIP plans specifically provide comprehensive coverage for children through the Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) benefit -- with little or no cost to families.

REAL STORIES FROM TEXAS

- **A child was disenrolled from CHIP when his parents made $150 above the income limit, despite the income increase being temporary. Luckily, they were able to reapply and gain coverage, but their child experienced a frightening and unnecessary gap in coverage.**
- **A 12-year-old boy who was unable to see a dentist had a root canal, lost a tooth, and has permanent jaw damage.**
- **A little boy who did not get the check-ups he needed to detect a simple bladder problem is now a 19-year-old dependent on dialysis for the rest of his life.**
- **A girl unable to fill a prescription for preventive inhalers has a three day hospital stay for an asthma attack.**

A child who churns in Medicaid/CHIP will experience gaps in both coverage and access to care that can be detrimental to their development; even a short gap in coverage can harm a child by reducing their access to necessary care.[7] If a coverage gap is prolonged, families may face expensive medical bills or may push off their child's care due to high out-of-pocket costs. Maintaining Medicaid/CHIP coverage through age five provides children with a long-term medical "home," where care is coordinated, efficient, and consistent.[8] Early childhood continuous eligibility will also ensure children have access to the same provider networks and benefits.[9] Churning or fluctuating from Medicaid/CHIP to private coverage due to income changes forces families to search for new in-network providers and navigate new cost-sharing rules, burdening families and complicating a child's access to necessary care.

Children who are Black, Latino, or multi-racial are more likely to be enrolled in Medicaid/CHIP, so providing continuous eligibility until age 6 would ensure these children are entering school on the same ground as their white peers.[10] Furthermore, families with a low income, who have less education, or who are Black or Hispanic are more likely to have changes in income within a year that would change a child's eligibility for Medicaid/CHIP, increasing the likelihood of churn.[11] These families may already be struggling to make ends meet and allowing their children to churn in and out

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7 Salam Abdus, *Part-year Coverage and Access to Care for Nonelderly Adults,* Medical Care (Aug 2014), https://journals.lww.com/lww-medicalcare/Abstract/2014/08000/Part_year_Coverage_and_Access_to_Care_for.6.aspx

8 Georgetown University Center for Children and Families, *Improving Enrollment and Retention in Medicaid and CHIP: Federal Options for a Changing Landscape* (Aug 2009), https://ccf.georgetown.edu/wp-content/uploads/2012/03/Federal-medicaid-policy_ny-federal-options.pdf

9 Sarah Sugar, Christie Peters, Nancy De Lew, and Benjamin D. Sommers, *Medicaid Churning and Continuity of Care: Evidence and Policy Considerations Before and After the COVID-19 Pandemic,* Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services (Apr 2021), https://aspe.hhs.gov/sites/default/files/private/pdf/265366/medicaid-churning-ib.pdf

10 Tricia Brooks and Allexa Gardner, *Snapshot of Children with Medicaid by Race and Ethnicity, 2018*, Georgetown University Center for Children and Families (Jul 2020), https://ccf.georgetown.edu/wp-content/uploads/2020/07/Snapshot-Medicaid-kids-race-ethnicity-v4.pdf

11 Dean Jolliffe and James Patrick Ziliak, *Income Volatility and Food Assistance in the United States*, W.E. Upjohn Institute for Employment Research (Oct 2008), https://research.upjohn.org/cgi/viewcontent.cgi?article=1015&context=up_press

of Medicaid/CHIP may cause irreversible, lifelong harm.

CURRENT POLICIES THAT CONTRIBUTE TO CHURNING

When renewing children's Medicaid/CHIP coverage, some states use strict redetermination and renewal policies that make it difficult for families to maintain their children's coverage. States can only review eligibility information and renew coverage once every 12 months.[12] The Trump Administration proposed a rule in 2020 that would have allowed states to conduct renewals more than once a year, undermining this process.[13] While the Proposed Rule was rescinded, states are still able to use their own data and regularly request information from beneficiaries they believe have had a change in income.[14,15] Some states give families just 10 days to respond with the required information.[16] This quick turnaround is often too short for families — who may be balancing multiple needs of their children — to determine what information is needed, locate it, and send it back to their state. Because of these strict policies, eligible children may lose their coverage if their parents don't respond in time. This is especially a concern in states with low-income eligibility levels for children because even a minor, temporary increase in family income can cause a child to be ineligible and lose their coverage.[17]

THESE POLICIES HAVE DISPROPORTIONATELY HARMED CHILDREN IN RECENT YEARS.

For instance, in Missouri in 2018, the state began redetermining eligibility and required families to return an information form in the mail within 10 days, preventing renewal if a family's address changed or if messaging was unclear.[18] More than 130,000 individuals lost coverage, and almost 80% of those were children.[19] Only upon arrival at the doctor's office did families suddenly find their vulnerable newborns and children with disabilities to be without coverage for essential care.[20] After these 100,000 children were unnecessarily purged from Medicaid, families had to fight to re-enroll them, spending months and long call center wait times navigating the overrun system.[21,22]

Additionally, about half of all births in the U.S. are covered by Medicaid, and babies born to Medicaid-covered mothers are automatically enrolled in Medicaid and are continuously eligible

12 42 CFR § 435.916 - Periodic renewal of Medicaid eligibility, https://www.law.cornell.edu/cfr/text/42/435.916

13 Strengthening the Program Integrity of the Medicaid Eligibility Determination Process, proposed April 20, 2020, https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=201904&RIN=0938-AU00

14 Ibid, 12.

15 Cathy Hope, *Statement by Joan Alker on Withdrawal of the "Strengthening the Program Integrity of the Medicaid Eligibility Determination Process" Proposed Rule,* Georgetown University Center for Children and Families (Mar 2020), https://ccf.georgetown.edu/2020/03/25/statement-by-joan-alker-on-withdrawal-of-the-strengthening-the-program-integrity-of-the-medicaid-eligibility-determination-process-proposed-rule/

16 Sandra Jordan, *More than 50K eligible children dropped from Medicaid in MO*, The St. Louis American (Feb 2019), http://www.stlamerican.com/news/local_news/more-than-k-eligible-children-dropped-from-medicaid-in-mo/article_54ae22d6-2ef9-11e9-9d98-776256fd3473.html

17 Ibid, 9.

18 Ibid, 16.

19 Data from Missouri Department of Social Services, https://dss.mo.gov/mis/clcounter/history.htm

20 Conversation with Dr. Timothy McBride, The Brown School at Washington University in St. Louis

21 Data from Missouri Department of Social Services, https://dss.mo.gov/mis/clcounter/history.htm

22 Ibid, 16.

until age 1.[23,24] After age 1, the child should move from infant coverage to children's coverage and continue to have checkups at 15, 18, and 24 months, and once a year after that.[25,26] However, according to one study, many children get lost in this transition and lose their coverage for these essential checkups.[27] Having continuous eligibility for children up to age 6 would ensure that no child experiences a coverage gap — whether because of fluctuations in family income, strict renewal policies, or turning 1 year old.

WHAT HAS BEEN DONE SO FAR?

In order to reduce churning and alleviate unnecessary harm, the original CHIP legislation authorized a state plan option that allows children to have 12 months of continuous eligibility in both Medicaid and CHIP, even if their family's income fluctuates.[28] Unfortunately, not all states have taken up this option. Only 24 states have implemented this option for both Medicaid and CHIP, and six states have implemented it for CHIP only.[29] Data shows this policy has been extremely effective: Children living in states with 12 months continuous eligibility in Medicaid are less likely to have a coverage gap or have unmet health needs.[30] Lawmakers must build on this policy and provide continuous eligibility from birth to age 6 to ensure children have healthy development and have consistent health care coverage before entering school.

In the Families First Coronavirus Response Act (FFCRA), a maintenance of effort (MOE) was enacted that requires states, in order to receive a 6.2% increase in their Federal Medical Assistance Percentages (FMAP), to maintain old and new Medicaid beneficiaries' enrollment until the end of the public health emergency (PHE), even if their income changes.[31] FMAP are the percentage rates used to determine the matching funds states receive. Because of this policy, Medicaid enrollment has been increasing throughout the PHE, more so than applications.[32]

The Build Back Better Act that passed the House on November 19th, 2021 would require states to extend 12-month continuous coverage for children on Medicaid and CHIP.

HOW WOULD EARLY CHILDHOOD CONTINUOUS ELIGIBILITY

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23 42 CFR § 435.117 - Deemed newborn children, https://www.law.cornell.edu/cfr/text/42/435.117

24 Medicaid and CHIP Payment and Access Commission, *Medicaid's Role in Financing Maternity Care* (Jan 2020), https://www.macpac.gov/wp-content/uploads/2020/01/Medicaid%E2%80%99s-Role-in-Financing-Maternity-Care.pdf

25 Ibid, 5.

26 Ibid, 23.

27 Kay Johnson, Sara Rosenbaum, and Morgan Handley, *The Next Steps To Advance Maternal And Child Health In Medicaid: Filling Gaps In Postpartum Coverage And Newborn Enrollment,* Health Affairs (Jan 2020), https://www.healthaffairs.org/do/10.1377/hblog20191230.967912/full/

28 Balanced Budget Act of 1997, 42 U.S.C § 1396a(e)(12) (1997), https://www.govinfo.gov/content/pkg/PLAW-105publ33/html/PLAW-105publ33.htm

29 Tricia Brooks and Allexa Gardner, *Continuous Coverage in Medicaid and CHIP*, Georgetown University Center for Children and Families (Jul 2021), https://ccf.georgetown.edu/wp-content/uploads/2021/07/Continuous-Coverage-Medicaid-CHIP-final.pdf

30 Leighton Ku and Erin Brantley, *Continuous Medicaid Eligibility for Children and Their Health*, Center for Health Policy and Research at the George Washington University (May 2020), https://www.communityplans.net/wp-content/uploads/2020/06/GW-continuous-eligibility-paper.pdf

31 Families First Coronavirus Response Act, 42 U.S.C. § 1396d(b) (2020), https://www.congress.gov/116/plaws/publ127/PLAW-116publ127.pdf

32 Centers for Medicare and Medicaid Services, *CMS Releases August Medicaid and CHIP Enrollment Trends Snapshot Showing Continued Enrollment Growth* (Dec 2020), https://www.cms.gov/newsroom/press-releases/cms-releases-august-medicaid-and-chip-enrollment-trends-snapshot-showing-continued-enrollment-growth

HELP STATE AND FEDERAL GOVERNMENTS?

When children churn in and out of coverage, state employees are constantly disenrolling and re-enrolling children and doing unnecessary work, as evidenced in Missouri. The average administrative cost of churning is $400-$600 per beneficiary.[33] With continuous eligibility through age 5, employees would no longer need to check state data and reach out to families to redetermine eligibility multiple times a year. Instead, states could provide continuous eligibility and invest money currently spent on renewals and administration on other aspects of children's coverage or in other state programs.

Children less than 6 years old are less likely to be uninsured compared to older children, so providing continuous eligibility until age 6 would not drastically increase the number of new children states would cover — it would just ensure that eligible children under 6 are continuously enrolled and don't arbitrarily lose coverage.[34] Further, having children churn in and out of coverage can cause health issues to go undetected or unmanaged, requiring the state to pay for more complicated and expensive care in the long run.[35] For example, an uninsured child with unmanaged Type 1 Diabetes may have severe complications, such as nerve damage or renal failure, that require emergency room treatment, the costs of which will come back to the state and the local, tax-paying community.[36] According to one study, children who are enrolled in Medicaid longer cost a state less money monthly.[37] Continuous eligibility would allow states to save money per enrollee and thereby decrease their capitated payments to their managed care organizations (MCOs).[38] MCOs could also better coordinate quality care for children if they remain continuously enrolled.[39]

Children who grow up with Medicaid/CHIP coverage do better in school, make more money, pay more taxes as adults, and have fewer health complications as adults.[40,41,42] By investing in children's continuous eligibility now, state and federal governments will reap the financial benefits in later years.

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33 Katherine Swartz, Pamela Farley Short, Deborah R. Graefe, and Namrata Uberoi, *Reducing Medicaid Churning: Extending Eligibility For Twelve Months Or To End Of Calendar Year Is Most Effective*, Health Affairs (Jul 2015), https://www.healthaffairs.org/doi/full/10.1377/hlthaff.2014.1204

34 Jennifer M. Haley, Genevieve M. Kenney, Clare Wang Pan, Robin Wang, Victoria Lynch, and Matthew Buettgens, *Uninsurance Rose among Children and Parents in 2019*, The Urban Institute (Jul 2021), https://www.urban.org/sites/default/files/publication/104547/uninsurance-rose-among-children-and-parents-in-2019.pdf

35 Ibid, 9.

36 Children's Defense Fund, *In Harm's Way: True Stories of Uninsured Texas Children* (2009), http://www.cdfny.org/wp-content/uploads/sites/8/2018/07/in-harms-way-2009.pdf

37 Leighton Ku, Erika Steinmetz, and Tyler Bysshe, Continuity of Medicaid Coverage in an Era of Transition, Department of Health Policy and Management at the George Washington University (Nov 2015) http://www.communityplans.net/Portals/0/Policy/Medicaid/GW_ContinuityInAnEraOfTransition_11-01-15.pdf

38 Ibid, 29.

39 Ibid, 29.

40 David W. Brown, Amanda E. Kowalski, and Ithai Z. Lurie, *Medicaid as an Investment in Children: What is the Long-Term Impact on Tax Receipts?,* National Bureau of Economic Research (Jan 2015), https://www.nber.org/system/files/working_papers/w20835/w20835.pdf

41 Sarah Cohodes, Daniel Grossman, Samuel Kleiner, and Michael F. Lovenheim, *The Effect of Child Health Insurance Access on Schooling: Evidence from Public Insurance Expansions*, National Bureau of Economic Research (May 2014), https://www.nber.org/system/files/working_papers/w20178/w20178.pdf

42 Laura R. Wherry, Sarah Miller, Robert Kaestner, and Bruce D. Meyer, *Childhood Medicaid Coverage and Later Life Health Care Utilization*, National Bureau of Economic Research (Jan 2015), https://www.nber.org/system/files/working_papers/w20929/w20929.pdf

WHAT SHOULD BE DONE NEXT?

Before these pandemic-era policies end, we must act to ensure that Medicaid/CHIP coverage remains steady and that children remain eligible and enrolled from birth to age 6. As state agencies prepare to resume normal operations after the PHE, children will yet again be at risk of being disenrolled and losing coverage. Both state and federal governments can pursue various policies now to ensure eligible children do not slip through the cracks. These include:

State Policy Options

Section 1115 Waiver Demonstration

States can pursue continuous eligibility for children from birth to age 6 by submitting a Section 1115 demonstration waiver to the Centers for Medicare & Medicaid Services CMS.[43] Two states (Oregon and Washington) have reviewed how such a waiver could impact children in their states and Oregon released a waiver request in December 2021 that provides early childhood continuous eligibility.[44,45] CMS can work with states to encourage the submission of these waivers and approve them for federal funding.

State Budget

California proposed an additional route to continuous eligibility, through legislation and the annual budget. The California Legislature proposed providing $1.8 million each year to provide continuous eligibility for children through age 5.[46] While not included in the final budget signed by the Governor, this route differs from submitting a Section 1115 waiver because the state would not need federal approval. The state also would not receive its federal match for providing continuous eligibility.

Federal Policy Options

State Plan Amendment

Congress can pass legislation to offer a state plan amendment (SPA) that would allow states to adopt continuous eligibility through age 5 — without having to submit a waiver or act as the sole funder. A SPA is therefore less demanding on states — both administratively and financially — but would remain optional and therefore may not be adopted by all states.

Program Requirement

While states consider waiver and budgetary routes to providing continuous eligibility through age 5, the federal government must also act. Congress can amend the Medicaid and CHIP statutes to require continuous eligibility through age 5 as a condition of federal funding, just as legislation has in the past when expanding benefits or adding new eligibility groups. This would ensure that every child in every state has continuous eligibility in Medicaid/CHIP until they enter school at age 6.

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43 Tricia Brooks, *States Move Toward Multi-Year Continuous Eligibility for Children in Medicaid*, Georgetown University Center for Children and Families (Jun 2021), https://ccf.georgetown.edu/2021/06/03/states-move-toward-multi-year-continuous-eligibility-for-children-in-medicaid/

44 Oregon Health Authority, *2022-2027 Medicaid 1115 Demonstration Application* (December 2021), https://www.oregon.gov/oha/hsd/medicaid-policy/pages/waiver-renewal.aspx

45 S.B. 5092, 2021 Regular Session. (2021). http://lawfilesext.leg.wa.gov/biennium/2021-22/Pdf/Bills/Senate%20Passed%20Legislature/5092-S.PL.pdf?q=20210426132913

46 Assembly Budget Committee, *Subcommittee Report 2021-22 Budget* (June 2021), https://abgt.assembly.ca.gov/sites/abgt.assembly.ca.gov/files/Subcommittee%20Report%20of%20the%202021-22%20Budget%20%28June%201%2C%202021%29.pdf

CONCLUSION

The future and success of our country depend on how we invest in our children. Continuous eligibility until age 6 is a valuable investment in children's health and well-being, and it would pay off down the line. Children are one of the most vulnerable populations, and, from birth to age 6, their brains are developing at a rapid pace. Having health care coverage ensures children will access and receive necessary preventive and diagnostic care and will be prepared to enter school and contribute to society. It is vital that every child in the U.S. has consistent and continuous coverage as they develop during these influential years.

Providing continuous eligibility up to age 6 in Medicaid/CHIP would relieve low-income families from having to constantly complete paperwork to ensure their children are able to continuously have the same coverage that individuals with private insurance and Medicare continuously have. No family should ever have to stress about minor fluctuations in income that could cause their child to lose coverage, and no child should ever have to suffer a gap in coverage that could cause health care needs to go unaddressed. Families have been stretched thin during the COVID-19 pandemic and ensuring children under the age of 6 remain covered in Medicaid/CHIP after the public health emergency ends will allow families to recover faster.

For questions, contact Carrie Fitzgerald, VP Child Health Policy, at carrief@firstfocus.org.