



Keeping New York Children Insured: The Revolving Door of Recertification - New Options

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Keeping New York Children Insured : The Revolving Door of Recertification - New Options

Every year, the families of children enrolled in Medicaid or Child Health Plus must recertify their eligibility for the program in a process that mirrors initial enrollment; families must resubmit verification of items that are subject to change, including household income, family size, and residence, and Medicaid recipients must appear for a face-to-face interview, which is usually held at the Medicaid office.

Federal requirements for recertification are minimal for Medicaid and nonexistent for separate state programs like Child Health Plus (CHP). Most current requirements derive from New York state law, regulation or policy. Recertification requirements are based on a concern that families may become ineligible for public health insurance during the year if their household income increases, if they have enrolled in employer-based insurance, if their family composition has changed, or if they have moved out of the state or plan catchment area. They also derive from a concern about federally imposed financial penalties for high Medicaid “error rates,” or claims filed for people who don’t look Medicaid-eligible. Inappropriate denials may also lead to sanctions. Questions exist, however, as to whether Medicaid error rates apply to children and the methodology for calculating error rates under New York’s 1115 Medicaid managed care waiver.

There is a natural tension between the state’s dual responsibilities to guard the public trust and to ensure access. From the families’ perspective, the requirement to recertify each child each year poses a barrier to continuous enrollment. In New York State and around the country, families frequently fail to recertify their children for publicly funded health insurance. No comparable requirement exists in the private insurance market or the Medicare program, where eligibility is not income-based.

Recent federal and state legislation seeks to increase children’s enrollment in public health insurance and simplify the enrollment process; less attention has been paid to the challenge of keeping eligible children enrolled. The barriers New York families face at initial enrollment in Medicaid or Child Health Plus, including lack of knowledge regarding requirements and burdensome paperwork are similarly posed at annual recertification. Given the large percentage of eligible but uninsured children, the sharp decline in Medicaid enrollment since 1995, and high disenrollment rates, this is an appropriate time to examine how New York can develop a strategy to simplify recertification requirements while minimizing enrollment of ineligible children.

How Many Children are Affected?

Estimates of the number of children that fail to recertify for Medicaid or CHP underscore the urgency of reform in this area. New CHP data (for 27 of 29 plans) from the State Department of Health reveal that of all children disenrolled during the first half of 1999:

- 50% (18,299) were disenrolled for failing to provide sufficient documentation at recertification;
- 35% (12,912) were disenrolled because their family “chose not to re-enroll.” According to the state, this category often includes families that do not respond to recertification notices;
- less than 1% (229) were disenrolled because of their income; and
- 5% (1,897) were disenrolled due to age, residency or enrollment in Medicaid or other private health insurance.

Some plans, however, report that as many as 40-50% of children *enrolled* are lost at recertification.

The State Department of Health is in the process of compiling statewide data on Medicaid recertification rates for children. Current estimates regarding disenrollment of both adults and children reveal:

- Overall, Medicaid recertification rates have remained steady at low levels over the past decade;
- A recent United Hospital Fund/NYU analysis found that spells of coverage for Medicaid/cash assistance recipients are getting shorter, with less than half retaining Medicaid without breaks for 18 months;
- New York City estimates that 40-50% of Medicaid-only recipients (those not receiving cash assistance) annually do not respond to recertification notices and are disenrolled. Of the 50-60% of enrollees who do respond, most are found eligible for continued enrollment. This contrasts sharply with the lower completion rates (50%) in CHP, as noted above; and
- Two studies report an average of 5-6% disenrollment per month for Medicaid managed care, or approximately 60-70% per year, due largely to involuntary disenrollment stemming from failure to recertify and case closings. Monroe County reports that disenrollment rates are cut in half when information obtained from supplemental tapes (which catch late recertification) is included.

Why Recertification Matters

Failure to recertify for Medicaid or CHP and the disenrollment that ensues can lead to disruptions in a child's care and unpaid medical bills. Managed care plans and local Medicaid offices spend time and money helping families recertify their children, and when that fails, re-enrolling children who have dropped off the rolls, commonly referred to as "churning." In addition, because of the gap between the time children are disenrolled for failure to recertify and the time their providers learn that coverage has lapsed, clinicians may unintentionally provide charity care to patients who appear for care, thinking they are still enrolled. Overall, breaks in coverage pose challenges to both delivering and monitoring the quality of care.

When children are disenrolled from Medicaid or CHP, parents face the following options: reapply immediately or when the child gets sick; if they don't reapply, delay a child's care or go without care; pay for care themselves; or rely on the emergency room. These options all involve unnecessary expenses for families, plans, providers, or the government, and can adversely affect children's health.

Why Families do not Recertify their Children

Families fail to recertify their children for Medicaid or CHP for a variety of reasons. They can include:

- families don't understand the recertification notice;
- a sense that it is easier to disenroll and reapply on the short Medicaid form than to recertify using the long form;
- lack of assistance in completing the process, although some managed care plans or Medicaid offices send up to four notices prior to disenrollment, make evening reminder calls and offer other support;
- difficulties in appearing for the face-to-face Medicaid interview, often due to work or child care constraints.
- difficulties in collecting the documentation, particularly the proof of income for families who have multiple sources of income or who work off the books; and
- insurance is no longer needed or, for CHP premium-paying families, affordable.

Calculating annual income to determine eligibility for public health insurance offers and example of the challenges facing families. For a family of four, income fluctuations between \$22,000 and \$27,000 can push a child from eligibility for Medicaid (at \$22,000), to eligibility for CHP and paying no premiums (\$22,154 to \$26,654), to eligibility for CHP and paying \$18 a month (more than \$26,654). These income levels also change annually with the federal poverty level and occasionally as dictated by new state legislation. Eligibility changes also occur when children turn one or six years old. Unsurprisingly, families facing recertification report difficulties figuring out for which program they are eligible. Other recertification challenges are illustrated in the box above.

Whose Interests are at Stake?

Some incentives for enrolling children in public health insurance may not exist at recertification. At initial enrollment, stakeholders can include parents seeking immediate care for their sick child and hospitals seeking reimbursement, especially for inpatient services. In addition, Prenatal Care Assistance Program providers facilitate enrollment of pregnant women and newborns. At recertification, there may be fewer interested parties. If a child is not sick, parents may not see an immediate need. The hospital probably no longer has a stake because the child has long since been discharged. PCAP providers no longer advocate for the family because the child has outgrown the program. These realities make recertifying a child less likely and more challenging from an operational perspective.

In addition, issues of adverse selection may emerge. Parents of children who need health care have more incentive to recertify than parents of healthy children. This may result in an adverse selection of sicker children into the enrollee pool. If this perceived trend is documented, it will have financial implications for both managed care plans and the state; actuarial estimates of the costs of care for Medicaid managed care and CHP may need to be adjusted upwards to reflect such adverse selection.

Legal Requirements

Federal requirements for recertification are minimal for Medicaid and nonexistent for separate state programs like CHP. Since enactment of the State Children's Health Insurance Program (CHIP) in 1997, the federal government has urged states to simplify access to Medicaid and CHIP. New suggestions for streamlining Medicaid recertification will be included in a forthcoming "Dear State Health Official" letter from the Health Care Financing Administration (HCFA). Most current requirements in New York derive from state law, regulation or policy.

Medicaid Under Medicaid regulations, states must conduct redeterminations at least every twelve months. States can satisfy this federal requirement by simply inquiring if beneficiaries have experienced a change in financial status, residency or other related eligibility can easily recertify by reporting any changes on a preprinted application that is returned by mail.

Medicaid regulations require states to conduct redeterminations more often than every twelve months if they have not adopted continuous eligibility, or “promptly upon notification of a change in the child’s circumstances that may affect eligibility.” New York’s 1998 child health insurance expansion allows for twelve months of continuous eligibility for children on Medicaid, even if there is a change in family income, residence or composition that would make a child ineligible.

Although there is no federal requirement for a personal interview, New York State has long required Medicaid enrollees who are not aged, blind or disabled, or in a nursing home, to have a personal interview upon application and recertification. Families are notified that they must appear at a specific time for their interview, and while an option theoretically exists for changing the appointment time, families report that doing so is difficult. Most of these interviews have been conducted during business hours at the Medicaid office. In New York City, families receiving Medicaid alone can recertify only at the Manhattan central office and not their local office. Beginning this year, community-based facilitated enrollers also have the authority to conduct these interviews, a promising increase in access for children and their families.

Other state policies that pose a barrier to families are the recertification form and verification requirements. New York State currently requires families to use the complicated 8-page Medicaid application to recertify a child, even though initial applications can be submitted on the simplified, two-page form. Verification of income and other information is addressed below for both programs. Finally, these requirements for remaining enrolled in Medicaid may vary depending on the reason why a child qualified for Medicaid. For example, in families receiving cash assistance, Medicaid recertifications generally are processed through the cash assistance eligibility worker rather than the Medicaid office.

Child Health Plus The federal government does not require recertification for CHP or other non-Medicaid CHIP programs. HCFA notes that a state “may wish to conduct periodic redetermination of a child’s continued eligibility for CHIP utilizing the same methods and criteria as in the initial determination, or it may propose some alternate method of conducting follow-up screening, such as requiring families to notify the program when they become covered under another insurance plan.” States are simply required to cancel coverage under CHIP if they learn that a child no longer meets the definition of a “targeted low-income child.”

New York State has required annual recertification for CHP since its inception. In contrast to Medicaid, however, the state does not provide 12-months continuous eligibility, in part due to federal requirements that Medicaid-eligible children be enrolled in Medicaid. As with initial enrollment, CHP recertification can be completed through the mail and no interview is required. However, meetings with families and plans indicate that documentation continues to be burdensome for applicants, particularly income verification.

Both Programs Despite the relaxed federal requirements, New York State recertification requirements for Medicaid and CHP mirror the stringent requirements of initial enrollment. New York requires extensive verification of information, particularly regarding income, and a face-to-face interview to recertify for Medicaid.

For both programs, at application and recertification, New York State has broad flexibility to determine verification requirements, and may allow self-declaration of income. For Medicaid alone, states are required to obtain proof of immigration status for qualified alien applicants and applicants’ or recipients’ Social Security numbers. A Social Security number is optional for CHP applicants and members of the household not applying for benefits.

Forum Recommendations

With new federal and state legislation, New York is making strides in revamping the enrollment process for public health insurance, especially Medicaid. New York State also has the opportunity to similarly remodel the recertification process and, in so doing, to improve the health of children while reaping administrative savings. To increase the number of children who stay continuously enrolled, the Forum proposes the following recommendations for targeted systemic change, comprehensive systemic change and operational change.

Targeted systemic change

Allow families to use short form for Medicaid recertification. While parents are afforded the option of completing an easy, two-page application for Medicaid for their children, they currently must use the longer eight-page application to recertify. This

is partly because the computer systems currently cannot distinguish between redetermination notices for children only and those for families. Eligibility workers and families report that it can be easier to disenroll and reapply on the short form than to complete the long Medicaid form to recertify. Discussions are underway about using the new joint Medicaid/WIC/CHP application to redetermine child-only cases, with pilot projects already approved in New York City. This is a simple and critically needed step in reducing the paperwork required for Medicaid recertification.

Reduce verification requirements. Currently, the paperwork requirements for recertification include significant duplication of the application process. These requirements pose a significant barrier to families, as documented in new statewide CHP data which indicate that up to 85% of disenrolled children failed to provide sufficient documentation at recertification or did not respond to recertification notices. The CHP data further indicate that income level triggers disenrollment for less than 1% of children who are disenrolled, suggesting that time consuming income verification requirements in particular may be excessive. A less burdensome option adopted by some states is to ask for verification *only* where information has changed. According to the Center on Budget and Policy Priorities, Colorado does not use a recertification form; enrollees simply provide any new information over the phone and then submit verification of such changes. Where information has not changed, allowing families to attest without proof to the child's birth date, family size, residence, and income would greatly ease the recertification process.

Local or individual interpretations of policy also present challenges in this area. For example, although New York currently prohibits CHP plans or local Medicaid offices from requiring proof of date of birth to recertify, CHP and Medicaid enrollees both report that resubmission of birth certificates is often required each year to facilitate the process *in case* documents were misplaced.

Deduct Child Health Plus premiums from earned income tax credit. For families living from paycheck to paycheck, premium payments can be difficult to meet. Many families at this income level do not have checking accounts. While the Department of Health allows plans to accept cash, most plans do not accept cash payments, forcing families to purchase money orders to pay their monthly premiums. Failure to make premium payments can cause a child to be disenrolled. Many families eligible for CHP are also eligible for the state Earned Income Tax Credit. If these families could deduct their CHP premiums from their Earned Income tax credit, it would help them meet enrollment and recertification requirements.

Eliminate Medicaid interview at recertification. Requiring families to have an interview at the Medicaid office is particularly burdensome for working families who encounter difficulties obtaining time off from work, and for those families without transportation or childcare. New York is newly allowing the Medicaid interview for children to be conducted by designated facilitated enrollment workers outside the Medicaid office. An important next step would be to eliminate the interview at recertification. Having evaluated the applicant in person during the initial interview, most states find little if any need to do so again each year.

Allow mail-in Medicaid recertification. Thirty-seven states already allow Medicaid applications to be submitted by mail and most of these states also conduct redetermination by mail. Allowing families to recertify by mail would substantially reduce the burden of reapplying.

Lengthen the eligibility period for both programs to two years. The vast majority of children enrolled in Medicaid or CHP who complete the recertification process remain eligible for the program in which they are enrolled. Estimates from select local Medicaid offices and plans range between 75 and 98%. The State's new CHP data document that only 6% of children disenrolled are found ineligible at recertification due to age, income, residency or enrollment in other health insurance, including Medicaid. One Florida-based study found that 20% of all enrollees in their non-Medicaid program experienced a change in eligibility conditions each year. Adopting a two-year recertification period would not, thus, result in large numbers of ineligible children remaining in the program. On the other hand, such extended eligibility periods would reduce administrative burdens for plans, Medicaid offices and families, increase continuity of coverage, and care for children. In order to satisfy the Medicaid requirements of annual recertification, pre-printed applications could be used for recertification during the two-year period.

Comprehensive Systemic Change

Many of the reforms identified above typically are included in the more comprehensive process of automatic recertification described below.

Automatic recertification: Precedent exists for automatic recertification in New York State. Some counties including New York City currently allow Medicaid enrollees who also receive Social Security to automatically recertify by simply signing and

mailing a recertification form stating that no relevant conditions have changed. A similar model could be developed for children. Automatic recertification could be piloted with a subset of children living in families that are most unlikely to experience a change in eligibility. The challenge is to identify a relevant set of conditions to define these children.

Preprinted applications. New Jersey and North Carolina send preprinted applications for recertification. Much like a preapproved credit card application, families can make any necessary changes to the preprinted application, return it by mail and easily recertify their children for Medicaid or their separate state program. According to the NYC Medicaid office, current computer systems cannot produce a preprinted application that enrollees could understand. Such a system could be developed.

“Passive re-enrollment,” with random audits as a back up. Years ago, Florida simplified its Healthy Kids recertification process through “passive re-enrollment.” Recipients are sent a letter each year asking if there has been a change in income status since original enrollment. Even if the state does not hear back from the family, they recertify the child on the assumption that no changes have occurred. HCFA has approved this program, which relies on random audits as a back up to enrollee self-reports. Florida is seeking to adopt this process with Medicaid.

Operational Change

Recertification computer software. Tracking eligibility expiration of each enrollee is challenging for Medicaid offices and plans. In some smaller Medicaid offices, these same staff are also administering the cash assistance programs. The Bronx Health Plan, one of the oldest plans participating in CHP, has developed a computer software program that tracks member eligibility expiration, generates reports, and allows staff to monitor problems closely. The software is windows-based and user-friendly, and staff regard it as an important tool in addressing the problem of recertification.

Assign staff specifically to recertification. As with initial enrollment, families require personal assistance in completing recertification forms. Notwithstanding the small staffs of some county Medicaid offices and plans, making staff available for calling families, making home visits, and helping people fill out forms would improve recertification rates.

Send recertification notices to people close to the family. Working and other families have complex lives, and may overlook or not receive the mailed recertification notices. Sending Medicaid and CHP recertification notice reminders to a third party chosen by the family, and asking those people to remind the family to recertify, may help families assemble the paperwork by the required date. Such people could include the school nurse, grandmother, or pediatrician’s office.

Include recertification deadline date in medical chart. Including providers in a hands-on way may help spur families to re-enroll their children on time. Pediatricians could include the Medicaid or CHP recertification deadlines in the medical charts, and providers could remind parents to re-enroll when their children come for health care.

Extend office hours for face-to-face interviews. Most Medicaid offices are not open on evenings and weekends. In June 1999, the New York City Medicaid office extended office hours and began offering enrollees interview appointments outside traditional office hours. Flexible scheduling is particularly important for working parents.

Sources for Spotlight

Supporting Families in Transition: A Guide to Expanding Health Coverage in the Post-Welfare Reform World, HCFA.

Responses to Questions about the State Children’s Health Insurance Program, question 54, November 26, 1997, HCFA, www.hcfa.gov.

Letter to State Health Officials, HCFA, September 10, 1998, www.hcfa.gov.

To be released in the near future

Letter to State Health Officials on Recertification, HCFA.

Survey on Application and Enrollment Procedures for Medicaid and CHIP-funded Separate Programs, Center on Budget and Policy Priorities.

The New York Forum for Child Health

The New York Forum for Child Health is a broad-based collaborative body dedicated to enhancing the health of all children in New York State by improving access to health insurance and quality health care services. Through its diverse membership, the Forum seeks to provide a strong and objective voice on child health by advising state government, serving as a resource for information, and coordinating existing data on child health for policymakers and the broader children's health community. With more than 45 members from the public and private sectors, including clinicians, researchers, advocates, health plan administrators, community organizations, and government officials, the Forum is operated by the New York Academy of Medicine with support from the Foundation for Child Development.

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