



12-Month Continuous Eligibility for Medicaid Can Improve Child Health Outcomes and Reduce State Costs

Missouri has experienced one of the steepest drops in Medicaid enrollment in the country. Although Medicaid is critical to the health of low-wage families and children, many Missouri families have lost their coverage in recent months, despite still being eligible. By allowing children to maintain coverage for a full year, Missouri can stabilize the enrollment of eligible families, improve children’s health, reduce state administrative costs, and enhance the state’s ability to measure the quality of care children receive in Medicaid through contracted managed care plans.

Medicaid’s State Option for Continuous Eligibility Strengthens Care

States can opt to provide children up to 19 years of age with twelve months of continuous eligibility for their Medicaid and CHIP programs, providing children consistent care without the need for the state to process additional paperwork.

Implementing this policy in Missouri would:

- Increase the continuity of care for children, resulting in improved health outcomes that have a lifetime impact;
- Stabilize access to care for families who have fluctuating incomes, such as seasonal workers and farmers; and
- Generate cost savings for Missouri by reducing both administrative and state-paid health costs that could have been avoided.
- Enable the state to measure the quality of health care that children receive in Medicaid and CHIP through managed care plans that are contracted to deliver care.

Because of the multiple, proven benefits, 24 states have enacted 12-Month Continuous Eligibility in Medicaid, and 26 states use the policy for their CHIP population.¹

Improves Child Health and Educational Achievement

Children who have health insurance without gaps have better health outcomes.² Stable, continuous coverage:

- Allows doctors to develop relationships with children and their parents and increases their ability to track the health and development of the children they serve.³
- Promotes access to age-appropriate preventive and primary care, as well as treatment for unexpected health issues.⁴
- Ensures that children can access the medication they need to control their asthma or treat diabetes, and avoid unnecessary hospitalizations or catastrophic episodes.

When a child is healthier, they not only miss fewer days of school, but are able to actively participate in learning. Kids who have access to Medicaid do better in school, miss fewer days of school due to illness, and are more likely to finish high school and attend college.⁵ Moreover, studies have found that children who were covered by Medicaid or CHIP as children attained higher incomes and paid more in taxes as adults.⁶

Prevents Unnecessary Loss of Coverage Due to Income Fluctuations

Because Medicaid coverage in Missouri is based on monthly income, modest fluctuations in family income can result in kids losing eligibility for Medicaid and CHIP temporarily.

- Parents with shifting hours, like those who work in retail or service industries, can see modest income changes from month-to-month.
- Farmers and seasonal workers generate much of their income when they harvest

or sell their products. Their children may lose eligibility during this boost, but as the family's income drops after harvest, the children become eligible again.

These fluctuations in family income result in kids cycling on and off of Medicaid coverage throughout the year. This “churn” in Medicaid not only disrupts access to coverage and preventive care for kids, but the potential loss of coverage can act as a disincentive to work for parents who may be concerned that increasing their income temporarily, by working overtime for instance, would harm their child.

Saves Money

The administrative and increased state-paid medical costs associated with Medicaid “churn” create unnecessary expense for the state.

- Churning can cost a state \$400 to \$600 per person per episode (disenrolling and reenrolling one time) due to administrative costs alone.⁷
- State-paid medical costs also increase due to churning when patients lose Medicaid coverage temporarily and can't access affordable preventive services and routine medical and dental care, resulting in more expensive treatment or emergency room visits.⁸
- States that have implemented 12-month continuous eligibility have found that they are able to effectively reduce churn, and reduce unnecessary administrative and hospitalization costs.⁹

As Missouri begins to implement quarterly reviews of household income using a third-party verification system, churning and the associated costs will increase. Implementing 12-month continuous eligibility can significantly reduce the documented and unnecessary costs that would result.

NOTES

1. Centers for Medicare & Medicaid Services, “Continuous Eligibility for Medicaid and CHIP Coverage,” via Medicaid.gov, <https://www.medicaid.gov/medicaid/outreach-and-enrollment/continuous-eligibility/index.html>
2. Child Trends, “Health Insurance Coverage Improves Child Well-Being,” May 2017, available at https://www.childtrends.org/wp-content/uploads/2017/05/2017-22HealthInsurance_finalupdate.pdf
3. Georgetown University Health Policy Institute, Center for Children and Families, “Program Design Snapshot: 12-Month Continuous Eligibility,” available at <http://ccf.georgetown.edu/wp-content/uploads/2012/03/CE-program-snapshot.pdf>
4. U.S. Institute of Medicine, Committee on the Consequences of Uninsurance, Washington, DC, National Academies Press; 2002
5. Sarah Cohodes et al., “The Effect of Child Health Insurance Access on Schooling: Evidence from Public Insurance Expansions,” October 2014, available at <http://www.nber.org/papers/w20178.pdf>
6. National Bureau of Economic Research, “Medicaid as an Investment in Children: What is the Long-Term Impact on Tax Receipts?,” January 2015, available at <https://www.nber.org/papers/w20835.pdf>
7. Katherine Swartz, et al., “Reducing Medicaid Churning: Extending Eligibility for Twelve Months or To End of Calendar Year is Most Effective,” *Health Affairs* 34, NO. 7 (2015): 1180-1187.
8. IBID
9. Leighton Ku, et al., “Continuous-Eligibility Policies Stabilize Medicaid Coverage For Children and Could Be Extended to Adults With Similar Results” *Health Affairs* 32, NO. 9 (2013): 1576–1582.