

Issue Brief



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Dynamics of HealthWave and Medicaid Enrollment: Into, Out of, and Between Two State Programs

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This is the second in a series of reports from the Kansas HealthWave Evaluation Project, a three-year evaluation of HealthWave, Kansas' State Children's Health Insurance Program (SCHIP) for low-income children.

Main Findings

- Nearly as many children leave the HealthWave and Medicaid programs each month as enter them, limiting growth in the number of publicly-insured children.
- While HealthWave may have been envisioned as a program reaching a new group of working class families not previously served by other assistance programs, most of the families have prior experience with Medicaid.
- While about one-third of children leaving HealthWave each month transfer directly into the Medicaid program, the insurance status of the remaining two-thirds is unknown and these children are at increased risk of being uninsured.
- Despite the intention to provide 12 continuous months of health care coverage to children enrolling in HealthWave and Medicaid, about one-third do not remain in the program for a full year. Both technologic and human factors may explain this.
- The high rate of enrollee flux into, out of, and between HealthWave and Medicaid suggests that system streamlining and integration could improve children's ability to receive necessary and continuous health care.

Background

The recent growth in the number of children enrolled in HealthWave and Medicaid is well-documented. This Issue Brief examines the dynamics underlying this growth, focusing on the movement of children into, out of, and between the two Kansas programs that

provide health insurance to eligible low-income children.

Data

Data obtained from the Kansas Department of Social and Rehabilitation Services (SRS) consist of enrollment records for non-disabled children under 19 years of age who were enrolled

in the Medicaid or HealthWave programs between July 1, 1998 and June 30, 2000.

Main Findings

There is significant turnover among HealthWave and Medicaid enrollees

During the first half of 2000, an average of 1,470 children per

Kansas HealthWave Evaluation Project

This three-year, \$1.4 million evaluation of the new HealthWave program includes a survey of 1,500 HealthWave and Medicaid families, focus groups with HealthWave families, analysis of enrollment and other administrative data, and extensive discussions with program administrators and health care providers from around the state. The project runs through September 2002. KHI serves as the lead organization for the project, where Robert St. Peter, M.D., is the principal investigator and R. Andrew Allison, Ph.D., is the project manager and co-investigator.

Collaborating Organizations

Kansas Health Institute

Kansas Department of Social and Rehabilitation Services

Kansas Department of Health and Environment

University of Kansas: School of Social Welfare

University of Kansas Medical Center:

Department of Health Policy and Management; School of Nursing; Department of Preventive Medicine, School of Medicine-Wichita

Kansas State University: Survey Research Laboratory

Kansas Foundation for Medical Care

Organizations Funding the Project

U.S. Agency for Healthcare Research and Quality

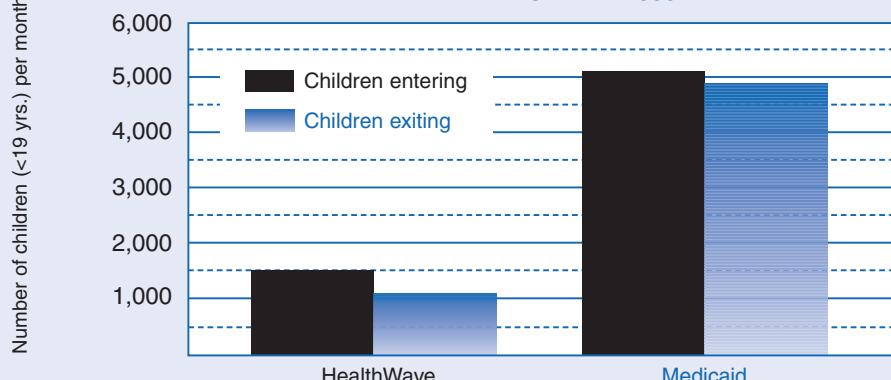
David and Lucile Packard Foundation

Kansas Health Foundation

United Methodist Health Ministry Fund

Prime Health Foundation

FIGURE 1 **MONTHLY TURNOVER IN HEALTHWAVE AND MEDICAID IN 2000**



Note: Medicaid data do not include disabled children enrolled in the SSI program.

Kansas Health Institute, 2001

month entered the HealthWave program, while 1,140 per month left (representing one out of fourteen children in the program). In Medicaid an average of 5,124 non-disabled children entered each month, while 4,784 left (representing one out of 24 children in the program). (Figure 1)

Many enrolling children have been in HealthWave or Medicaid before

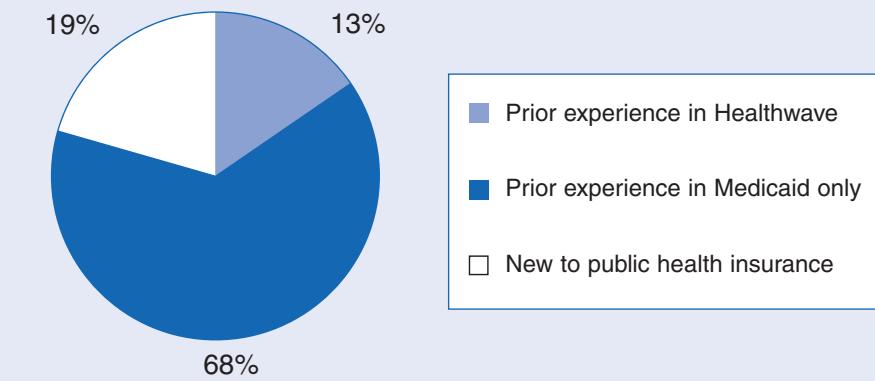
Some may have expected that HealthWave would serve a new population of children from working class families that did not have experience with welfare or other assistance programs. However, the findings suggest that in most cases HealthWave enrollees are not new to

public health insurance: seven out of ten children enrolling in HealthWave during the first half of 2000 had previously been in the Medicaid program, and only one out of five was new to public health insurance. (Figure 2)

Many children transfer between HealthWave and Medicaid

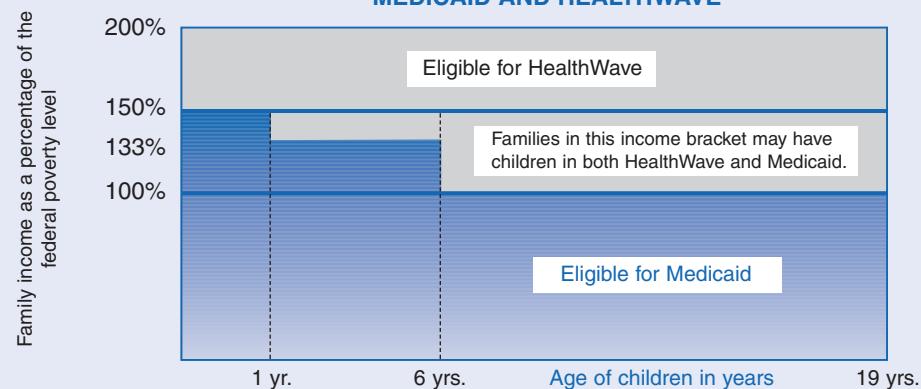
During the first half of 2000, more than a thousand children transferred between Medicaid and HealthWave each month. In fact, more than a third of the children leaving HealthWave moved directly into the Medicaid program.

FIGURE 2 **ENROLLMENT BACKGROUND OF CHILDREN ENTERING HEALTHWAVE IN 2000**



Note: Reflects enrollment histories since July 1998.

Kansas Health Institute, 2001

FIGURE 3**INCOME ELIGIBILITY THRESHOLDS FOR CHILDREN IN MEDICAID AND HEALTHWAVE**

Note: In 2000, 100% of the federal poverty level for a family of 4 was \$17,601 per year. *Kansas Health Institute, 2001*

The insurance status of the remaining two-thirds of children leaving HealthWave is unknown and these children are at risk of being uninsured.

There are a number of possible explanations for this movement between the two public health insurance programs. Monthly income can be less stable for low-wage workers, and these income changes may affect their child's eligibility for HealthWave and Medicaid. Since income eligibility thresholds are higher in HealthWave than in Medicaid, a child in a family with rising income might be required to transfer from Medicaid to HealthWave. Conversely, a HealthWave enrollee whose family's income drops may become eligible for Medicaid instead. Another reason for the movement between programs is that Medicaid's income eligibility thresholds fall in stair-step fashion as children age. (Figure 3) For example, as a child turns 6, he or she may become ineligible for Medicaid and gain eligibility for HealthWave even though the family's income did not change. The stair-step income

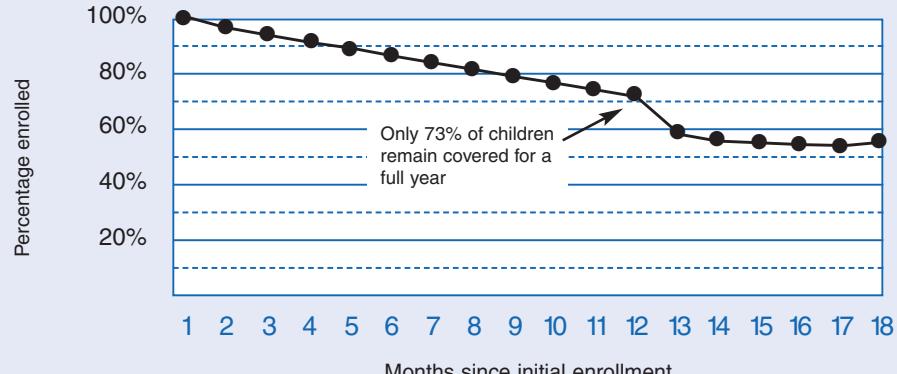
thresholds may also affect families with children of different ages. Indeed, 22 percent of families with a child in HealthWave also have a child in Medicaid as a result of the differing eligibility standards for children of different ages.

The 12-month continuous coverage policy does not appear to have been fully implemented

Since January 1999, the state has had a policy that children enrolling in HealthWave and Medicaid should remain in that program for 12 continuous months regardless of changes in family status and income. Yet fewer than two-thirds of HealthWave and Medicaid enrollees

do stay in the same program for a full year. Some of those who leave one program transfer directly into the other. Still, fewer than three-quarters stay in public health insurance for a full 12 months of coverage. (Figure 4)

One reason for the turnover observed during the first 12 months of coverage is that SRS information systems appear to be prematurely re-determining eligibility status for HealthWave and Medicaid by using information obtained in the administration of other public assistance programs. The state uses a single computerized eligibility system, called "KAECSES," for several public assistance programs, including health insurance. Because some of these other programs, including cash assistance and food stamps, require clients to provide SRS with a monthly report documenting family income and other information relevant to eligibility, KAECSES regularly receives information that could also be used to re-determine eligibility for health insurance. During HealthWave's first year, KAECSES was still programmed to re-determine Medicaid and HealthWave eligibility

FIGURE 4**CHILDREN REMAINING IN PUBLIC HEALTH INSURANCE AFTER ENROLLMENT**

Note: Disabled children enrolled in the SSI program are excluded from analysis.

Kansas Health Institute, 2001

"The high rate of enrollee flux into, out of, and between HealthWave and Medicaid suggests that system streamlining and integration could improve children's ability to receive necessary and continuous health care."

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whenever new family information was received, even if these re-determinations preempted the 12-month continuous coverage policy. The result was that a significant number of children were prematurely dis-enrolled. In March of 2000, SRS re-programmed KAECSES in order to eliminate automatic re-determinations during the 12-month continuous coverage period. However, there continues to be a large number of premature dis-enrollments among children in both HealthWave and Medicaid. According to SRS, one possible explanation for the continuing problem is that caseworkers are manually re-determining HealthWave and Medicaid eligibility whenever new information is received from clients.

children in low-income working families whose situations lead to frequent changes in eligibility. Findings in this report indicate that most HealthWave enrollees have previous experience in Medicaid, many who leave HealthWave transfer directly into Medicaid, and a significant proportion of families with children in HealthWave also have a child in Medicaid. As a result, many families must learn to negotiate both public health insurance programs, either sequentially or simultaneously. This suggests that there may be substantial benefits to programmatic integration of Kansas' separate HealthWave and Medicaid programs.

The findings also indicate that disenrollment from the programs is high, even during the first 12 months of coverage. Those leaving public health insurance for even brief periods of time could experience a period of uninsurance, impeding access to care. Attempts to reduce turnover in HealthWave and Medicaid should begin with new efforts to fully implement the 12-month continuous coverage policy, either by better educating caseworkers about the policy, or by introducing additional safeguards to the computerized eligibility determination system.

The contents of this report are solely the responsibility of the authors and do not necessarily represent the views of the funding organizations.

Discussion

To a significant extent, the HealthWave and Medicaid programs serve an overlapping population of

Future Issue Briefs

will address expectations of future growth in these programs and will describe the health care experiences of families prior to enrolling in HealthWave. For additional information, see the first Issue Brief in this series, "Children's Enrollment in Kansas Public Health Insurance Programs Since the Introduction of HealthWave."