



## **Reducing Children's MA Churning: Policy Recommendations from the Parent's Eye View**

*A Policy Brief from Public Citizens for Children and Youth*

**Overview:** *This paper is about parents' experiences renewing their children's Medical Assistance health insurance coverage. PCCY conducted phone interviews with 51 parents we helped initially apply for Medical Assistance for their children. Overall, we found that many parents did not understand the renewal process and, therefore, experienced some difficulty keeping their children continuously enrolled in Medical Assistance. We discuss several suggestions for improving the renewal process.*

Two years ago 10 year old Philip was diagnosed with ADHD. With the help of Medical Assistance health insurance, he was prescribed medication, services at school and out-patient therapy. Philip did well in school, had friends, played on a sports team and took piano lessons.

Then Philip's Medical Assistance lapsed for reasons his parents didn't understand. But they did understand that Philip couldn't get the treatment he needed to cope with his ADHD. Philip started acting out in school and his grades fell. His school called his mother frequently asking her to take him home when things went badly at school; her work began to suffer

Advocates helped Philip re-enroll in Medical Assistance; he was still eligible and always had been. Now his mother has to start over again getting his services. Because he went without treatment for four months, Philip needed a new psychological evaluation, and he is on waiting list for school-based care. He is still waiting to see a psychiatrist for a medication assessment. While he waits for his services to be put back in place, Philip is losing ground at school and may not be promoted to the next grade.

### ***Introduction***

Medicaid is public health insurance for children and adults who qualify primarily because of their low-incomes. Medicaid is jointly funded by state and federal governments. Pennsylvania's Medicaid program is called Medical Assistance (MA) and is administered by the Pennsylvania Department of Public Welfare.

Pennsylvania has virtually universal health insurance access for children through its "Cover All Kids" initiative. Thus, citizen and qualified immigrant children in the United States are either eligible for Medical Assistance or the Children's Health Insurance Program (CHIP).

Children enrolled in Medical Assistance have to periodically renew their coverage to keep it. For a variety of reasons, some children are not re-enrolled and lose their coverage. “Churning” describes the situation in which health insurance coverage for an individual is interrupted for a period and later begins again. Often this means that the child’s health care is interrupted as well.

### *The Scope of the Problem*

In 2006, children on Medicaid nationwide were enrolled in the program 292 out of 365 days a year, an 80 percent continuity ratio on Medicaid. The enrollment continuity ratio for children in Pennsylvania is 81.9 percent, a little better but not much different than the national average.<sup>1</sup> Another national study showed that 26.8 percent of uninsured children in the United States in 2008 had been enrolled in Medicaid the previous year.<sup>1</sup>

Much research has been conducted that identifies the negative health and financial consequences of children churning on and off health insurance.

#### Churning is bad for children’s health:

- Children who have churned off public health insurance coverage are less likely to receive preventive care measures, such as check-ups and immunizations, which are important for them to grow up healthy.<sup>2,3</sup>
- Once children are sick, their parents are less likely to seek medical care for them until their health has degraded significantly.<sup>4</sup>

- Once these children do receive medical care they are generally sicker than children who have health insurance. Thus, they often require more extensive care.<sup>5</sup>
- Even after seeing a health provider, the child’s parents may not be able to obtain recommended follow-up care such as prescriptions, specialist visits, and medical equipment because of the lack of insurance to defray the costs of this care.<sup>2,5</sup>

#### Churning among children who are eligible for Medicaid has negative financial consequences:



- Families may incur large medical bills for care received when they were uninsured that they cannot absorb into their household budgets.<sup>6</sup>

- States and counties can end up footing much of the bill for medical care that is required by law to be

provided to individuals with emergency or urgent medical needs.<sup>7</sup>

- Local, state and federal governments pay in the form of government-sponsored clinics where the uninsured go for health care.<sup>8</sup>
- States and counties must also absorb the increased administrative cost of processing records multiple times to drop and then re-enroll children who have churned off/on to Medicaid.<sup>8</sup>
- Medicaid Managed Care Organizations suffer financial losses for having to repeat expensive intake testing and

administrative set-up procedures as well as paying more to repeat treatment for children who have lost ground in recovery from illnesses.<sup>8,9</sup>

### ***Medicaid Renewal Regulations and Practices in Pennsylvania***

In Pennsylvania, most children enrolled in Medical Assistance have to renew their coverage every six months. Renewing six months after the initial MA application is called a Semi-Annual Renewal or SAR. For SAR, families must confirm or change a form with their relevant information already filled in and submit proof of their income. Renewal 12 months after the initial MA application is called annual re-determination and families must confirm all the information in the application and submit proof of income and other documents as necessary.

Some children qualify for MA because they have a disability (not because their household income is low) through what is known as the PH95 category; these children only have to renew their coverage once a year. In addition, any changes in the members of the household, the address, phone number or income level are required to be reported on a rolling basis as they occur; eligibility can be affected by these changes.<sup>10</sup>

In practice, the Pennsylvania Department of Public Welfare (DPW) mails out SAR packets at the child's six-month anniversary and requests that parents return these packets to their local County Assistance Office. DPW does not regularly publish information about SAR compliance rates. In fact, we found that consequences to families who do not return their SAR forms vary widely between the County Assistance Offices. Some offices terminate families within 10 days; others may only irregularly terminate coverage for families who haven't completed their six month renewals. Some offices do not



terminate at the SAR deadline at all, instead waiting for the annual redetermination to make compliance and eligibility decisions. At the time of our survey, DPW did not provide Medicaid MCOs with "SAR due" lists of their enrollees. The MCOs do not reach out to their members to assist them with SAR compliance.

In normal practice, before a child's annual re-determination date, families are mailed three reminder letters, at 90, 60 and 30 day intervals before the renewal due date. In addition, DPW supplies Medicaid MCOs with lists of their clients who are facing Medicaid termination if annual renewals are not successful. Some MCOs make efforts to reach their clients with this information, some make additional efforts to assist clients with the redetermination process, and some do not get involved in the process at all. Some CAO caseworkers report that if they are engaged with a family and know the family is making "a good faith effort" to comply with redetermination, they may delay terminating the child's MA to allow the family time to complete the process.

**"Churning"** describes the situation in which health insurance coverage for an individual is interrupted for a period and later begins again. Often this means that the child's health care is interrupted as well.

PCCY  
1709 Benjamin Franklin  
Parkway, 6th Floor  
Philadelphia, PA 19103  
215-563-5848  
www.pccy.org

## *Purpose of the Survey*

Given what has already been amply demonstrated about the extent and negative consequences of MA churning, we felt it was time to look for additional explanations for the phenomenon. It is our hope that by understanding the causes of churning, solutions can be devised that will reduce the number of children who cycle off and on MA. Although we were unable to secure state data on the number of children churning on MA, we were able to survey parents from PCCY's database to learn about the impact of churning in the Philadelphia area.

PCCY operates a telephone hotline where parents, school nurses and counselors, day care staff and other frontline child-serving professionals call for help regarding public health insurance and health care for children. We complete an initial health insurance application for approximately 450 children every year. Most of our clients renew their coverage on their own; however, we do help with troublesome renewals.



The goal of our survey was to create a qualitative snapshot of parents' experiences with MA renewal. Our sample does not allow for statistically significant results because of its size and because we do not and cannot know if it is representative of the general MA population. We looked to our results to point us in the direction of understanding parents' perspectives on problems they encounter keeping continuous coverage for

their children as well as to provide direction for future, larger-scale research and actions to reduce churning.

It is our hope that the perceptions and the successes and obstacles parents described to us can lead to policies that would:

- Make it easier for parents to keep continuous coverage for their children by reducing and simplifying requirements;
- Help parents get the information they need to keep continuous coverage for their children;
- Help parents understand the renewal system for their children's MA coverage, and;
- Help parents understand the actions they need to take to maintain continuous coverage for their children.

## *Survey Methodology*

PCCY designed a questionnaire to explore factors that help and hinder parents/guardians renew their children's Medical Assistance coverage. We conducted a phone survey of parents who would have been through at least one MA renewal cycle by the time of our call. During October and November of 2011, we called parents whose children we initially helped to enroll in MA from May 2010 to May 2011. We included the parents of children who were disabled and enrolled in MA through category PH95 (coverage renewal every 12 months); they also would have been through at least one MA renewal cycle at the time of our call.

We attempted to contact 145 families in our database who met the qualifications for our survey. We called parents three times during the survey period on different days and different times to try to increase the chances of securing a successful contact. We also

left voice messages asking families to call us back to complete the survey. Some families had changed their phone numbers, so we looked for a current number using the White Pages website. If we could not reach a family by phone, but we had a current address for them, we sent a letter, asking them to contact us to participate in our survey. We successfully reached 51 parents and completed 51 surveys. Among the families we surveyed, 17 (33 percent) had at least one disabled child enrolled in MA through eligibility category PH95.

At the time we called a parent, we checked to see if their child/ren were enrolled in MA. We checked each child's insurance status using the on-line Promise Eligibility Verification System (EVS). EVS provides information about a child's current or previous MA status. Children in 45 of the 51 families we surveyed (88 percent) were enrolled in MA at the time of our call. Among the remaining six families (12 percent), we did not confirm their children's current insurance status; we did not know if these children were enrolled in another health insurance program or were uninsured.

## ***Survey Results***

### Renewal Status and Experience

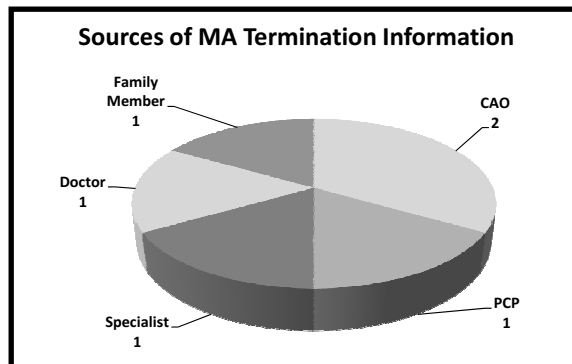
We reached out to parents who would have been required to renew their children's MA at least once. We asked if they knew they were expected to renew their children's MA. Thirty-three families (65 percent) knew they were supposed to renew, but not all of them knew *when* they were required to renew; only 27 parents reported knowing when they needed to renew.

But not all parents who knew they were required to renew did so. Of the 33 families who were aware they needed to renew, only 27 (50 percent of all of the parents we surveyed) had submitted a renewal.

Twenty-three of these families successfully renewed and two families' renewals were still pending. The remaining two families' children were terminated because they were no longer eligible for MA; all of their children had since obtained another form of health insurance.<sup>11</sup>

### Terminated From MA

We asked parents if their children's MA had been cut off at some point between their child/ren's initial enrollment and our survey. Six families (12 percent) told us they knew their child/ren's insurance had been terminated. We asked parents how they found out their children had lost their MA. Two parents reported that they were notified by their County Assistance Office, one was told by their primary health care provider (PCP), one was told by their specialty care provider, one was told by their pharmacist and one parent was alerted by a family member.



We asked these six families why their children lost their MA, and four told us it was because they did not renew and the remaining two parents did not know why. (During the survey period, three of these six parents re-applied for MA for their children and the coverage was re-instated).

### Changes in Contact Information

Accurate contact information, especially address and phone number, makes it possible for the CAO to successfully communicate with clients about renewal requirements. Therefore, families are supposed to report any changes in phone numbers or addresses to the CAO.

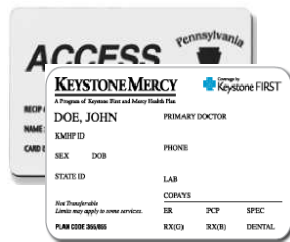
Three of the 51 parents in our survey reported that they had a new address since initially applying for MA for their children. Two of these parents stated they had reported their new address to their County Assistance Office as required. Also, a total of two parents in our survey reported that their phone number had changed since they initially applied for MA coverage; neither of them had reported their new phone number to the CAO.

### Renewal Reminders from the CAOs and MCOs

We asked parents if they had received any letters from their CAO since they initially applied for MA coverage, and if so, whether any letters were about renewal. Thirty-four parents said they had received some type of letter and 27 parents (50 percent) stated the letter pertained to renewal.

We asked parents the same question about letters from their Managed Care Organization. Thirteen parents reported they had received some type of letter but only one parent (2 percent) stated that it pertained to renewal.

### Insurance Identification Cards



Children enrolled in MA should first receive an ACCESS card from the PA Department of Public Welfare. Most

children covered by MA in Pennsylvania are required to enroll in a Managed Care Organization (MCO). Once enrolled in an MCO they should receive an MCO identification card.

Thirty-six of the 51 parents in our survey (71 percent) reported receiving an ACCESS card for their children, and most of them (32) still had the card at the time of our

call. Forty-two parents (82 percent) reported receiving an MCO identification card and 41 of them still had it when we called.

## ***Conclusions and Recommendations***

### **1. Simplify Renewal**



The survey result that 33 of the 51 parents (65 percent) knew they were supposed to renew but that only 27 of them (50

percent) knew *when* they were required to renew leads us to conclude that the frequency with which parents are expected to renew is burdensome to and not well understood by some parents. Most children must renew every six months; a smaller share of those who receive Medical Assistance must renew annually. Some parents who receive other public benefits such as Supplemental Nutrition Assistance Program (food stamps) or Temporary Assistance to Needy Families (cash assistance) may still need to renew on different schedules.

**Recommendation:** Simplify the MA renewal process by implementing:

- **Continuous Year-Long Eligibility with an Annual Renewal Requirement:** MA could follow the enrollment and renewal policy used for the Children's Health Insurance Program (CHIP) by instituting continuous, year-long eligibility. Continuous year-long eligibility would be different than the current system in two ways. It would mean that there was no need for the Semi-Annual Review (SAR) and that parents would only need to report changes in

their household composition or income once a year at the time of their annual redetermination. Once a child has been found to be eligible, their coverage remains until the next renewal period. Under the Affordable Care Act, the federal government has provided guidance to states that moves in the direction of implementing continuous, 12 month eligibility by 2014 (although the federal guidance states that a child's eligibility could change within that year if the child's income or other relevant household circumstances change.)<sup>12</sup> Creating a standard renewal period for all children enrolled in MA would lessen parents' confusion and make it easier to craft and project a public message about MA renewal. We believe that this is the most effective way to reduce churning and barriers to continuous health care access.

- Third Party Electronic Verification of Information: One way the Department of Welfare could reduce MA churning would be to increase its reliance on third party information to verify income and other information needed to complete renewal processes. At this time there are many electronic sources of information about households. TALX (an on-line database with information about employment and wages), Social Security records and other state benefit records could be mined more frequently to provide information to determine if a child continues to be eligible for Medicaid.

County Assistance Offices would only need to ask for paper documents from families for whom on-line, electronic third party sources of information could not be found, for those families with incomplete third party information, or for those families whose third party information indicates a change in eligibility status. This would result in faster

and more accurate renewals with fewer children wrongfully losing coverage. It would save administrative dollars and potentially the added costs associated with health insurance churning.

## 2. Improve Communication Between Parents and DPW/CAOs

Our survey results lead us to conclude that there are several failures in communication (or at least failures to communicate effectively) regarding renewing MA coverage between parents and the County Assistance Offices operated by the Pennsylvania Department of Public Welfare (DPW). Eighteen of 51 parents surveyed reported not knowing they needed to renew. Among the 33 parents who knew they needed to renew, six of them did not know *when* they were required to do. Thus, almost 50 percent of the parents with whom we spoke did not know when they had to renew. Additionally, only half of all parents surveyed reported receiving renewal letters from the CAO.

Recommendation: Improve communication by:

- Printing Renewal Dates on Insurance Identification Cards: Most parents we surveyed received and still possessed their children's MA identification cards – the Pennsylvania ACCESS card and their MCO card. These results lead us to believe that both of these cards could be powerful sources of needed renewal



PCCY  
1709 Benjamin Franklin  
Parkway, 6th Floor  
Philadelphia, PA 19103  
215-563-5848  
[www.pccy.org](http://www.pccy.org)

information for these parents. Designing PA ACCESS cards and MCO ID cards to show the projected renewal date would help parents become aware of the need to renew their children's insurance, and the due date for this renewal.

### 3. Provide Renewal Reminders from Numerous Sources

Six parents we surveyed reported knowing that their children's MA had been terminated some time between their initial enrollment and our call. Two of those parents reported finding out about the termination from the CAO, but most of the others got the news from a health care provider or pharmacist. Unfortunately they learned the news when their child was no longer insured, and thus they were unable to access services. Clearly health care settings and pharmacies have an important role to play in reducing MA churning. We believe many parents would benefit from renewal reminders from sources such as these that are more easily accessible to them, to help inform and remind them about the periodicity and renewal date of their children's MA coverage.

Recommendation: Increase the number of entities involved in helping parents renew by:

- Including the MA Expiration Date in EVS: As mentioned earlier, health care providers and pharmacists get their information about an individual's MA status from the on-line Promise Eligibility Verification System (EVS). EVS does not currently provide any information about future eligibility i.e. a child's



projected renewal date. The ability of health care providers and pharmacists to help their clients maintain continuous coverage would be greatly enhanced if they could tell when their clients need to renew. Having these critical connectors, providers and

pharmacists, informed about the need to renew would give them the opportunity to communicate with their clients about actions to be taken to prevent churning - rather than having to turn them away at the point of service after the child's coverage has already lapsed. The EVS system should be pro-

grammed to include renewal dates for each child, so health care providers and pharmacists can use their position of authority to dispense specific and accurate renewal information to their clients to prevent churning before it occurs.

- Providing Resources and Incentives for MCOs to Help Notify Parents about Renewal: It is in the interest of MCOs to reduce churning among their clients. Only one parent we surveyed reported receiving renewal information from their child's MCO. If MCO outreach should prove to make a dent in churning levels and since it is in the interest of the state to save money by reducing MA churning, then the Department of Public Welfare should consider establishing financial or other incentives for MCOs that effectively work with their clients to reduce churning. On a positive note, in the beginning of 2012, we understand that the Department of Public Welfare will be providing MCOs with their members' Semi-Annual Renewal (SAR)



dates. This will provide the MCOs with the opportunity to contact members to remind them of the need to renew and offer assistance with the process.

- Providing Financial Incentives for Health Care Practitioners to Help Notify Parents about Renewal: As we reported above, health care providers and pharmacists have an important role to play in reducing MA churning. Research bears this out as well. One recent research study found that for children with Medical Assistance, visits to a primary care provider are, “a strong and significant predictor of decreased dropout from public insurance.”<sup>13</sup> The researcher recommends that state Medicaid agencies should establish a practice of paying health care providers to keep eligible children enrolled by assisting with renewals. We believe this is a useful suggestion for the Pennsylvania Department of Public Welfare.

#### 4. Areas of Future Inquiry

One of our goals in undertaking this work and examining parents’ experiences and perceptions about churning was to suggest areas of inquiry for future study.

Two suggested areas of future inquiry are:

- Exploring the efforts MCOs are undertaking to help their clients renew. Do MCOs that get involved in renewal have a higher renewal rate? Which MCO strategies are most effective?
- Surveying larger, more representative samples of parents about their experiences with the Medical Assistance renewal process. Important issues to investigate, for example, include: why many families report they are not aware of receiving renewal letters from DPW and their CAO if these offices are routinely sending them; what are parents’ reasons for not reporting household changes as they occur to the CAO, and why don’t parents who know they need to renew engage in renewal.

We hope the “parent’s eye view” of the MA renewal system and the policy recommendations based on the results of our survey presented here will lead to larger studies and actions on behalf of child well-being. Further research could serve to create a more detailed picture of parent’s perceptions and experiences of children’s MA churning and to statistically establish the desirability of our policy recommendations. Most important of all, we hope that adopting our recommendations will result in better health care for children.

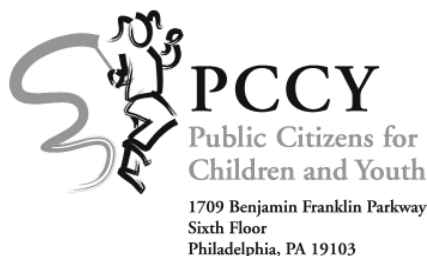
## Endnotes

1. Ku, L., MacTaggart, P., Pervez, F. & Rosenbaum, S. (2009, July). In B. Thompson (Chair). Improving medicaid's continuity of coverage and quality of care. Paper prepared for Association for Community Affiliated Plans.
2. Cummings, J.R., Lavarreda, S.A., Rice, T. & Brown, R. (2009). The effect of varying periods of insurance on children's access to health. *Pediatrics*, 123, e411-e418.
3. DeVoe, J.E., Graham, A., Smith, J. & Fairbrother, G.L. (2008). "Mind the gap" in children's health insurance coverage: Does the length of a child's coverage gap matter? *8*, 129-134.
4. Olsom, L.M., Tang, S.S. & Newacheck, P.W. (2005). Children in the United States with discontinuous health insurance coverage. *The New England Journal of Medicine*, 353(4), 382-391.
5. Yu, J., Harman, J.S., Hall, G.A. & Duncan R.P. (2011). Impact of Medicaid/SCHIP disenrollment on health care utilization and expenditures among children: A longitudinal analysis. *Medical Care Research and Review*, 68(1), 56-74.
6. Galbraith, A.A., Wong, S.T., Kim, S.E. & Newacheck, P.W. (2005). Out-of-pocket financial burden for low-income families with children: Socioeconomic disparities and effects of insurance. *Health Research and Educational Trust*, 40(6), 1722-1736
7. Summer, L. & Mann C. (2006, July) Instability of public health insurance coverage for children and their families: Causes, consequences, and remedies. The Commonwealth Found.
8. Fairbrother, G. (2005, April). How much does churning in Medi-Cal cost? The California Endowment.
9. Another negative consequence of children's Medicaid churning is loss of accountability and feedback. Children need to be enrolled in a health plan for at least a year for a plan to be able to measure its performance on important dimensions of health care such as with the Healthcare Effectiveness Data and Information Set (HEDIS). States and other institutions seeking to enroll children in the most effective care systems cannot make accurate measures of quality when children churn off and on insurance within a year. Without adequate information about care effectiveness states cannot make good decisions about where to invest their Medicaid dollars. MCOs also cannot obtain the information they need to improve their quality of care.
10. An unfortunate consequence of this rule is that families with shifting compositions and incomes fluctuate in and out of eligibility and may lose insurance even though on average, their household composition and income would fall within eligibility guidelines.
11. By checking EVS, the children of 45 parents were still enrolled in MA on the day we conducted our survey. By asking parents through our survey, 23 parents reported they had successfully renewed their children's coverage. This means that the children of 22 parents remained enrolled in MA even though their parents reported taking no action to renew their coverage. How did this happen? We cannot answer this question with certainty. As discussed earlier in this paper, we have experienced CAOs inconsistently process renewals at six months (SAR) with some offices terminating coverage for children who have not completed SAR and other offices continuing their coverage. Given the demonstrated lack of understanding among some parents about the renewal process, we also think it is likely that some parents we surveyed may have actually renewed their children's MA but didn't understand that was what they were doing and reported to us that they did not renew.
12. Department of Health and Human Services, Centers for Medicare & Medicaid Services. (2011, August 12). Eligibility changes under the Affordable Care Act of 2010. *Federal Register*, 76: 51148-5199. CMS-2349-P. RIN 0938-AQ62. 42 CFR Parts 431, 433, 435 and 457.
13. Sommers, B.D. (2006). Protecting low-income children's access to care: Are physician visits associated with reduced patient dropout from Medicaid and the children's health insurance program? *Pediatrics*, 118, e36-e42.

Special thanks to First Hospital Foundation and The Pew Charitable Trusts  
and  
Beneficial Bank, Boeing, The Charter Foundation, Henrietta Tower Wurts  
Memorial, The Seybert Foundation, Wells Fargo and Union Benevolent  
Association.

The opinions expressed are those of the author and do not necessarily reflect  
the views of The Pew Charitable Trusts.

About PCCY: Founded in 1980, Public Citizens for Children and Youth (PCCY) serves as the region's leading child advocacy organization and works to improve the lives and life chances of its children. Through thoughtful and informed advocacy, community education, targeted service projects and budget analysis, PCCY seeks to watch out and speak out for children and families.



PCCY undertakes specific and focused projects in areas affecting the healthy growth and development of children, including child care, public education, child health, juvenile justice and child welfare.

Project Staff: Shelly D. Yanoff, Executive Director; Deborah Zubow, Child Health Watch Helpline Coordinator; Kaihao Wang, Intern; Colleen McCauley, Health Policy Director; Steven E. Fynes, Design and Layout.