

# Keep Eligible Kids Enrolled in Health Insurance by Fixing Inaccurate Mid-Year Eligibility Reviews

## Testimony to the House Human Services Committee in Support of CSHB 290

### **Health coverage - including insurance kids receive via Medicaid - is key to healthy kids.**

Maintaining health coverage helps kids in a number of ways, including offering consistent support for children's mental health; providing reliable access to immunizations and check-ups that prevent serious and costly health problems; helping kids get back to school quickly when they're sick; and ensuring that infants and toddlers get the support they need — including timely screening and referrals for disabilities and developmental delays — during the critical years of brain development during the first three years of life. When parents work in jobs with low pay and no insurance benefits, Medicaid provides a life-changing health insurance option to their children.

Unfortunately, Texas has the highest percentage of uninsured children in the country. After a decade of steady improvement Texas' children's uninsured rate rose from 9.8% in 2016 to 12.7%, over double the national average, in 2019 before the pandemic began.<sup>1</sup> The state has higher uninsured rates for every racial/ethnic group compared to national averages. For example, White children in Texas are almost twice as likely to be uninsured compared to White children nationwide (8.3 percent and 4.3 percent, respectively).<sup>2</sup> We have learned that one part of this problem is the mid-year income reviews in Children's Medicaid are inaccurate and rushed, resulting in 65,000 of children per year being dropped from the program before they can prove they are still eligible for coverage.<sup>3</sup>

**Texas has an effective, accurate system for determining eligibility for Children's Medicaid when kids first apply and during the annual renewal process. But the current system for mid-year reviews of children's Medicaid eligibility — at 5, 6, 7, and 8 months after approving initial applications — takes shortcuts, makes mistakes, and leads to eligible kids losing health coverage.**

The current system for mid-year eligibility reviews:

- **Starts with bad data.** To flag enrolled children who may no longer be eligible for Medicaid, the system relies on databases with limited and often outdated information on employee income.

- **Overreacts to noise in the data.** The frequent, mid-year reviews automatically reach a conclusion about a family's income based on changes in a short time period — like a temporary bump in work hours — rather than waiting on the comprehensive annual review when parents and the agency can document fluctuating income and the agency can evaluate a more representative sample of family income.
- **Rushes the process.** When families are flagged in the database, Texas mails them a request for more documentation. The system then automatically terminates a child's insurance if that documentation isn't received and processed at HHSC 10 days after the request hits the US mail.
- **Automatically terminates coverage for the majority of children flagged in the database — without staff review or income verification.** Of the 8,393 children flagged each month, 5,446 kids are automatically disenrolled on Day 10 without the state or the families ever learning if they remain eligible. (HHSC average monthly data, January – December 2019.)<sup>4</sup>
- **Is proven wrong at least 30% of the time.** Of the 8,393 children flagged each month, 2,947 children are in families able to return the paperwork on time. Of these, the vast majority — 2,515 kids — are confirmed to still be eligible.
- **Eliminates coverage for many kids who are soon thereafter confirmed as eligible for coverage.** After the gap in coverage, 40 percent of kids re-enroll in Medicaid within 6 months.

## Children cycling on and off of health coverage due to the messy, frequent, mid-year reviews have several negative consequences.

- It hurts kids' health outcomes and continuity of care as they miss doctors' appointments, support for mental health, speech therapy sessions, medications when they're sick, immunizations, and school.
- It increases the Texas uninsured rate, the highest in the US.
- It creates more administrative burdens for the state, doctors, insurance companies, and families.
- It leads to higher average costs per child because health plans can't consistently manage and coordinate the child's health care needs.

## CSHB 290 will reduce mistakes and keep eligible kids enrolled in Medicaid insurance.

By moving from four mid-year income checks to one, children will have two six-month periods of coverage with one mid-year check to verify eligibility. The bill also allows families 30 days to respond to the request for additional information, instead of the current 10-day deadline for families to receive and open the state's request for documentation, collect the documents, mail them back, and have the state receive the documents. The bill maintains the same Medicaid eligibility criteria that are currently in place in Texas. CSHB 290 will have ZERO cost on the state and will improve health for kids.

1. Population Reference Bureau, analysis of data from the U.S. Census Bureau, 2019 American Community Survey.

2. Georgetown University Center for Children and Families analysis of the U.S. Census Bureau

3. Texas Health & Human Services Commission. (February 2021). Dataset from Open Records Request made by Texans Care for Children. This data is based on the 2019 calendar year (January 2019-December 2019).

4. Texas Health & Human Services Commission. (February 2021). Dataset from Open Records Request made by Texans Care for Children. This data is based on the 2019 calendar year (January 2019-December 2019).