



**Better Health
Coverage for
Kentucky's
Children:
Small Changes
Mean Big
Improvement**

August 2008



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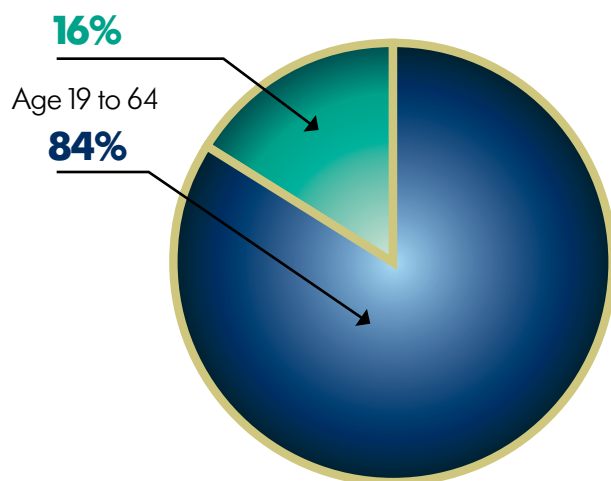
The 62,500 eligible children who are not enrolled in Medicaid or the Kentucky Children's Health Insurance Program account for two-thirds of the state's uninsured children.

Kentucky has made important strides in providing health coverage for children. In seven years, the Commonwealth's rate of uninsured children declined by more than 40%, a rate far greater than the 24% national average. More than 52,000 of the state's children are covered through the Kentucky Children's Health Insurance Program, or KCHIP, at an annual cost of \$22 million to state government (about \$440 per child per year). This represents an excellent value for Kentucky taxpayers. The total program cost \$103 million a year in 2007, but the federal government pays 78% of that, with the rest provided by state revenue.

Despite the positive impact of KCHIP, the most recent U.S. Census Bureau data estimates that more than 93,000 Kentucky children under the age of 19 lack insurance coverage. Those children make up 16% of the 565,000 Kentuckians who are uninsured.

Kentucky's Uninsured by Age, 2007

Children Under age 19



Source: Urban Institute and Kaiser Commission on Medicaid and the Uninsured estimates based on the Census Bureau's March 2006 and 2007 Current Population Survey

A key reason that these children are uninsured is the fact that, even though most qualify for KCHIP or Medicaid, they are not enrolled in these programs. Many families are not aware of KCHIP due to the lack of outreach programs, and unnecessary enrollment requirements often make signing up difficult. However, a few common sense changes could bring more children into the programs that are designed to keep them healthy:

- 1. Simplifying the KCHIP enrollment and renewal process;**
- 2. Increasing KCHIP income eligibility** from 200% to 250% of the federal poverty level; and
- 3. Raising the age limit for participation in KCHIP** from 18 to 20 (*federal law currently allows participation through age 19*).



Simplifying Enrollment

According to a January 2008 report by the Kaiser Commission on Medicaid and the Uninsured, the number of Kentucky children covered by KCHIP in June 2007 was almost the same as the number covered in 2002. This is particularly troubling in light of the fact that health insurance premiums rose an average of 8% to 14% during this period (more than twice the rate of inflation) and many families are losing private coverage as a result.

KCHIP Enrollment, June 2002 to June 2007

Year	Number of Children Enrolled	Percent Change
2002	52,492	
2003	50,719	-3.4%
2004	48,102	-5.2%
2005	49,377	2.7%
2006	50,225	1.7%
2007	52,536	4.6%

Source: SCHIP Enrollment in June 2007, Kaiser Commission on Medicaid and the Uninsured, January 2008

States that focused on improving access to their children's health programs experienced the greatest growth by making it easier for families to enroll and retain health coverage for their children. Successful strategies included boosting outreach efforts (particularly school-based campaigns to enroll children), streamlining the eligibility process, and increasing eligibility levels.

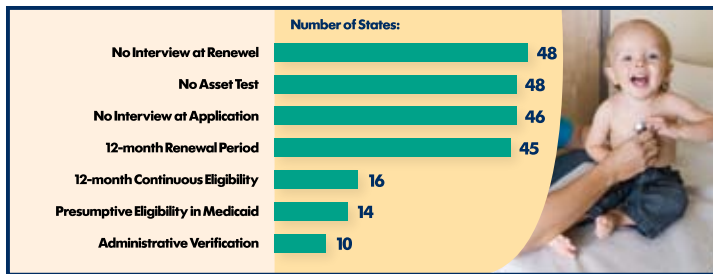
KCHIP's limited growth can be attributed in part to administrative barriers that working families encounter when they try to enroll and maintain their eligibility. Several changes could make this process easier:

- **Eliminate face-to-face interviews by returning to mail-in applications and developing an online application** – Kentucky originally used a mail-in application for KCHIP but now requires an in-person interview. Face-to-face interviews are not mandated by federal law and are now only required by four states, including Kentucky. Research has

shown that eliminating this restrictive requirement and allowing families to apply by mail does not increase fraud. Eliminating face-to-face interviews would remove such barriers as travel costs, loss of work hours and arranging for child care that now prevent families from enrolling their children in KCHIP.

- **Implement presumptive eligibility** – Presumptive eligibility is used in 14 states and allows certain entities specified by federal law (such as clinics, hospitals, schools, and Head Start programs) to screen children for eligibility and temporarily enroll them in KCHIP. Families then have a certain amount of time, as required by federal law, to complete the application process.
- **Implement 12-month continuous eligibility** – Continuous eligibility for KCHIP promotes stable and secure coverage by allowing a child to remain enrolled for an entire year, regardless of any change in a family's financial circumstances. Children remain covered under this system, which also saves administrative costs related to certifying income eligibility on a monthly basis. These administrative savings could be refocused on getting more children covered. Sixteen states, including Tennessee and Texas, have adopted continuous eligibility.
- **Improve program retention** – Specific strategies to keep children enrolled in KCHIP should also be considered, such as increasing follow-up calls to families to remind them about renewals (as used in California and Arkansas) and the use of "express renewals" at community health clinics (as used in Massachusetts).

Simplifying Enrollment and Renewal: Strategies States Are Using in Children's Health Coverage Programs, January 2008



(Kentucky has adopted no interview at renewal, no asset test, and a 12-month renewal period)

Source: Kaiser Commission on Medicaid and the Uninsured, January 2008.

Changing the enrollment process could have a dramatic impact in Kentucky. **The 62,500 children who are eligible for but not enrolled in Medicaid or KCHIP account for two-thirds of the state's uninsured children.** The estimates in the table to the right show the number of children in each Kentucky county who are eligible for Medicaid or KCHIP but not enrolled. (See endnote on estimate methodology.)



Estimate of Uninsured Kentucky Children by County Who Are Currently Eligible But Not Enrolled in Medicaid/KCHIP*

(62,593 Children Total Statewide; Top Ten Counties are in Bold)

County	Eligible Children	County	Eligible Children	County	Eligible Children
Adair	398	Grant	408	Mason	257
Allen	267	Graves	633	Meade	467
Anderson	215	Grayson	411	Menifee	34
Ballard	100	Green	198	Mercer	312
Barren	617	Greenup	495	Metcalfe	214
Bath	217	Hancock	84	Monroe	225
Bell	631	Hardin	1,577	Montgomery	393
Boone	1,235	Harlan	693	Morgan	248
Bourbon	306	Harrison	245	Muhlenberg	484
Boyd	641	Hart	397	Nelson	504
Boyle	323	Henderson	602	Nicholas	99
Bracken	117	Henry	236	Ohio	365
Breathitt	358	Hickman	71	Oldham	489
Breckinridge	291	Hopkins	706	Owen	185
Bullitt	729	Jackson	291	Owsley	121
Butler	205	Jefferson	8,790	Pendleton	199
Caldwell	165	Jessamine	633	Perry	593
Calloway	429	Johnson	408	Pike	1,035
Campbell	809	Kenton	1,894	Powell	244
Carlisle	83	Knott	306	Pulaski	939
Carroll	182	Knox	812	Robertson	32
Carter	520	Larue	189	Rockcastle	289
Casey	528	Laurel	1,030	Rowan	379
Christian	1,964	Lawrence	281	Russell	302
Clark	458	Lee	148	Scott	661
Clay	568	Leslie	222	Shelby	541
Clinton	211	Letcher	404	Simpson	237
Crittenden	132	Lewis	275	Spencer	188
Cumberland	131	Lincoln	459	Taylor	376
Daviess	1,204	Livingston	119	Todd	252
Edmonson	171	Logan	403	Trigg	162
Elliott	136	Lyon	69	Trimble	144
Estill	248	McCracken	830	Union	232
Fayette	3,784	McCreary	495	Warren	1,486
Fleming	260	McLean	137	Washington	165
Floyd	796	Madison	1,140	Wayne	423
Franklin	557	Magoffin	319	Webster	217
Fulton	125	Marion	278	Whitley	816
Gallatin	149	Marshall	322	Wolfe	180
Garrard	245	Martin	272	Woodford	222
TOTAL 62,593					

*See endnote on methodology

KCHIP Income and Age Guidelines

Eligibility requirements for KCHIP are based on age and family income. Under federal guidelines, each state has the flexibility to set income limits for participation based on the federal poverty level. (The federal poverty level is the amount of income at which the federal government considers a family to be living in poverty.) Under Kentucky's program, children are eligible from birth through age 18 if their family's income does not exceed 200% of the poverty level (\$42,400 per year for a family of four). Families with incomes above 150% of poverty pay a \$20 monthly premium to participate in KCHIP.

A total of 19 states with separate Children's Health Insurance Programs, like Kentucky, set income eligibility at 200% of the federal poverty level, with six states below 200%. However, 26 states, including all but one of Kentucky's border states, exceed the 200% level to cover more children.

By following the lead of other states and increasing KCHIP income guidelines from 200% to 250% of the poverty level, Kentucky would add an estimated 7,000 uninsured children to its program. These children live in families who currently make too much for Medicaid or KCHIP, but make too little to afford quality health insurance.

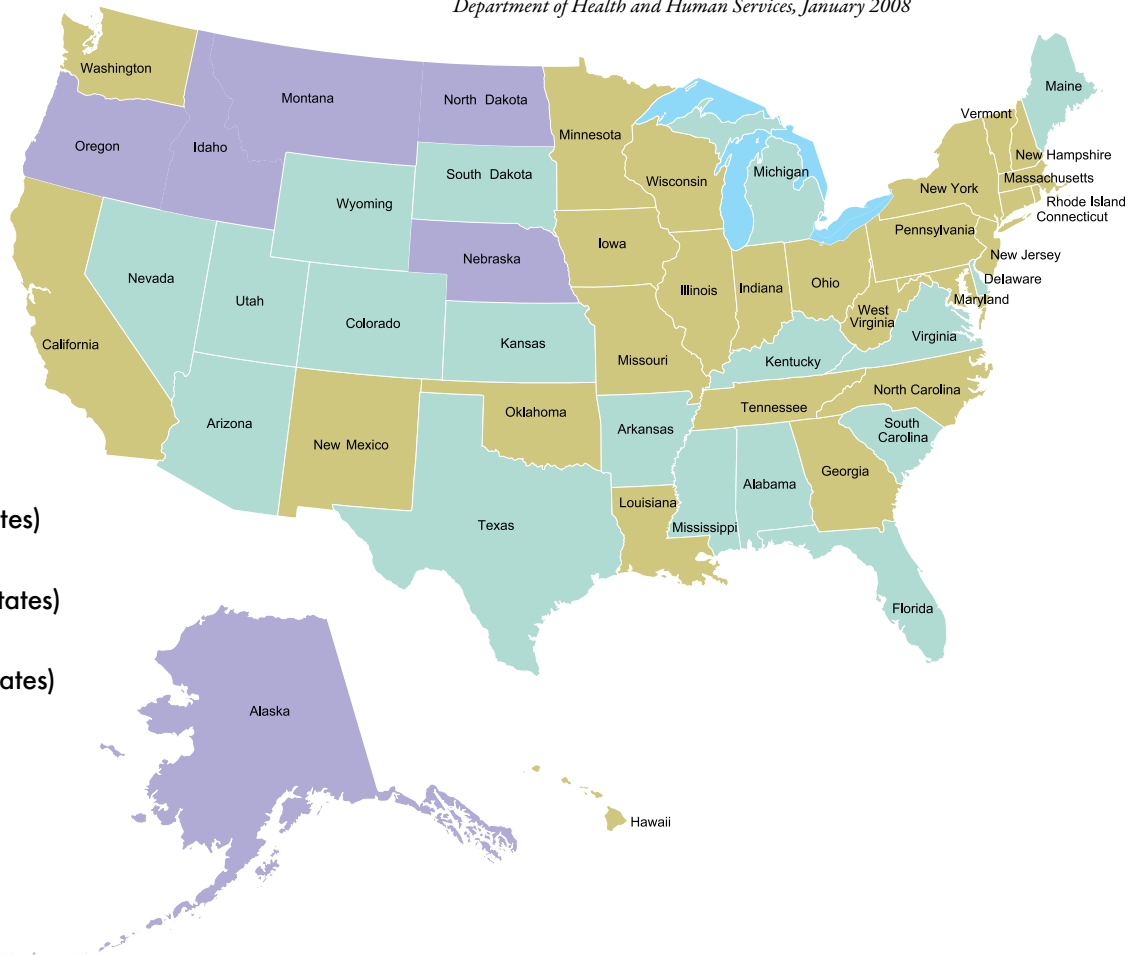
Current and Proposed KCHIP Income Guidelines

Number of Family Members	Current Guidelines 200% of 2008 Poverty Annual Income	Proposed Guidelines 250% of 2008 Poverty Annual Income
1	\$20,800	\$26,000
2	\$28,000	\$35,000
3	\$35,200	\$44,000
4	\$42,400	\$53,000

Source: The 2008 HHS Federal Poverty Guidelines, U.S. Department of Health and Human Services, January 2008

Authorized Eligibility Levels for SCHIP Programs by Annual Incomes as a Percent of the Federal Poverty Level, 2008

- < 200% FPL (6 States)
- At 200% FPL (19 States)
- > 200% FPL (26 States)



Cost of the Uninsured and Enhancing KCHIP

It is important to consider the cost to our health system when children who have no health coverage get sick. At least 60% of parents who obtain medical treatment for their uninsured children cannot afford to pay for it. These costs are transferred to Kentucky taxpayers, health care providers, insurers and consumers through higher health costs and public programs that reimburse hospitals for uncompensated care.

A national analysis found in 2004 that an uninsured child incurred \$1,087 in medical costs each year (\$1,606 adjusted for annual medical inflation of 5%). This means that, every year in Kentucky, our health system must absorb approximately \$89.6 million in uncompensated care for uninsured children. Enhancing KCHIP would help to substantially reduce these costs.

Children's health also suffers when they are uninsured. Often, parents of children without coverage avoid preventive care due to its cost and then seek emergency room or hospital treatment when their child is in urgent need of care. For this reason, uninsured children are two to three times more likely than children with health insurance to be hospitalized for conditions that could have been avoided.

The cost to Kentucky to simplify enrollment, increase eligibility and increase age limits reflect the state's annual expenditures for each additional child enrolled in KCHIP or Medicaid:

- \$440 per child in state funds for KCHIP (\$1,560 in federal funds)
- \$600 per child in state funds for Medicaid (\$1,400 in federal funds)

Action	Potential Number of Additional Children Covered	Cost to Kentucky* (Millions)
KCHIP Enrollment Simplification	62,500 (50% KCHIP & 50% Medicaid)	\$32.40
Increase Income Limit from 200% to 250% of Poverty	7,000	\$2.40
Increase Age Limit from 18 to 20	5,000 (50% KCHIP & 50% Medicaid)	\$5.20
TOTAL	74,500	\$40.00

**The actual cost will be lower because it can not be expected that all eligible children will be enrolled. See endnote for estimate methodology.*

The Bottom Line

The simple actions to improve KCHIP outlined here could cover more than 80% of Kentucky children who do not have health insurance. The \$40 million cost to Kentucky if all eligible children were enrolled would be less than half of the estimated \$89.6 million cost to the health care system for uninsured children who are receiving medical treatment for which their families are unable to pay.

The current economic downturn also argues strongly in favor of expanding KCHIP, which is designed to assist families in tough times. Studies have estimated that for every 100 people who lose their jobs, 85 become uninsured. Investing in KCHIP improvements would provide a great return both for Kentucky's uninsured children and the state's taxpayers.

Data Sources

“How much care do the uninsured use, and who pays for it?”
Health Affairs web exclusive, 2003

“The Cost of Care for the Uninsured,” Kaiser Commission
on Medicaid and the Uninsured, 2004

“Health Coverage for Children and
Families in Medicaid and KCHIP:
State Efforts Face New Hurdles,” Kaiser
Commission on Medicaid and the
Uninsured, 2008

“SCHIP Enrollment in June 2007:
An Update on Current Enrollment
and SCHIP Policy Directions,” Kaiser
Commission on Medicaid and the
Uninsured, 2008

“Keeping children out of hospitals,” Pediatrics, 2003



Note on Estimating Uninsured Kentucky Children Eligible for KCHIP or Medicaid by County

Because of the large number of counties in Kentucky and the small populations of children in many of them, it is impossible to generate accurate counts of children who are eligible for but not enrolled in KCHIP or Medicaid by county. The table on page 4 is a synthesis of several estimates that provides us with an “order of magnitude” figure.

1. The methodology for this computation begins with the 2006 child population Census estimates for ages 0-17 by county. To increase this number to account for KCHIP eligibility through age 18, it is assumed that the same number of 18-year-olds reside in the county as the average number of children in each of the other one-year cohorts.
2. KCHIP and Medicaid enrollments are taken from the most recent month of data available, August 2007.
3. The percentage of uninsured by county is taken from Elmer Whitler’s work in the Kentucky Institute of Medicine’s publication *The Health of Kentucky—A County Assessment*, 2007.

4. Because of the availability of government-sponsored coverage for children up to 200% of the federal poverty level, children are about half as likely as adults to be uninsured. The percentage of uninsured by county is thus reduced by 50 percent in order to estimate the total number of uninsured children by county.
5. About two-thirds of uninsured children appear to be eligible for KCHIP or Medicaid, so the total number of uninsured children by county is multiplied by .67 to arrive at a very general estimate of the number of eligible children.
6. Finally, the sum of the KCHIP/Medicaid enrollment and the estimated number of uninsured children is subtracted from the total number of children in the county to estimate the number who have other coverage of some type. This check is also intended to provide some small level of validation for the other numbers because the figure is positive for all counties.

Note on Cost Estimates

1. The 62,500 estimate for children eligible for KCHIP/Medicaid is based on the county-by-county table. The actual number who enroll will be considerably less at any given time.
2. The rough total average cost per KCHIP/Medicaid child is \$2,000, the state’s share is 22% (\$440) of that amount for KCHIP and 30% (\$600) for Medicaid.
3. The number of older youth (age 19 and 20) projected to participate is estimated at about 2,500 in each age group.
4. The number of enrollees in the 151 to 200% of poverty group is 14,000 and no more than half that amount is expected to enroll in the 201% to 250% of poverty group.
5. Premiums for the 201% to 250% of poverty group are expected to pay for 20% of the total cost of coverage, leaving a net cost of \$1600 per child. The state’s cost would be \$352 per child or \$2.4 million for 7,000 children.



Kentucky Voices for Health:

Building a healthy Kentucky together.

We're a coalition of concerned Kentuckians who believe that the best health care solutions are found when everyone works together to build them. Right now, families and businesses in every county are facing rising costs, and too many of us go without needed health care. Healthy families create healthy economies. And a healthy Kentucky economy is something we all want. So we're working step by step to build a healthier Kentucky for our families, our children and our grandchildren.

For more information: www.kyvoicesforhealth.org