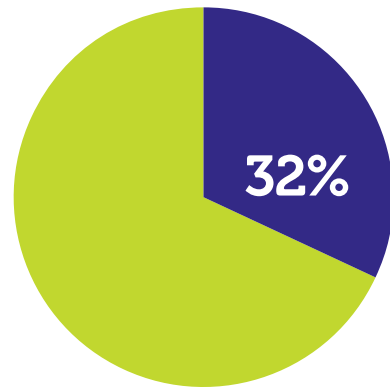


MEDICAID REFORM:

What does it mean for Kansas kids?

MEDICAID AND CHIP: Health insurance for 230,000 Kansas kids

Medicaid and CHIP, collectively known as HealthWave, provide health insurance for more than 230,000 Kansas children. Medicaid has become a significant part of the discussion surrounding the state budget, and a recent proposal to reform Medicaid makes the topic even more important. This brief provides an overview of Medicaid's role in children's health care and what the KanCare proposal means for kids.



32% of Kansas children depend on HealthWave for access to affordable health care. It's the second largest source of health insurance for Kansas children. Within HealthWave, 83% of children (193,000) are insured through Medicaid and 17% (40,500) are insured through CHIP.



Children are the most cost-effective population to insure.

Kids are 57% of the Medicaid population but account for only 21% of Medicaid costs.

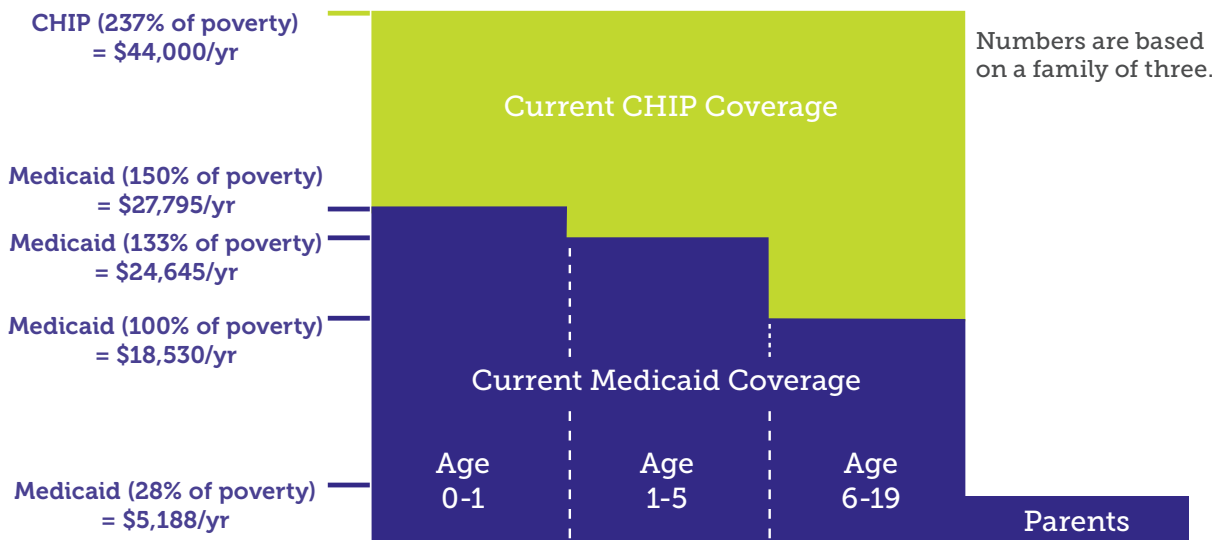


QUALIFYING FOR MEDICAID: Meeting the toughest guidelines

To qualify for Medicaid in Kansas, families must meet the lowest income guidelines allowed by the federal government. Because Kansas never expanded Medicaid to “optional” populations, like most parents and childless adults, reducing eligibility is not an option for Kansas.

- In Kansas, the only parents who qualify are those we are federally required to cover - those receiving cash assistance, meaning their income is less than 28% of poverty (\$5,188/yr for a family of three).

- There are 12,193 parents enrolled in Medicaid, accounting for 0.03% of all enrollees. Childless adults are not eligible for Medicaid in Kansas.
- Pregnant women are eligible for Medicaid throughout the course of their pregnancy and for two months after delivery if they earn less than 150% of poverty. Across Kansas, 40% of pregnant women rely on Medicaid to access prenatal care.



MEDICAID FINANCING: Kansas benefits from federal partnership

For every \$1 of state Medicaid spending, the federal government pays \$1.50. The joint financing structure not only guarantees that states will not bear the burden of unexpected increases in enrollment alone, but also brings revenues to hospitals, nursing homes, clinics, pharmacies, and many other segments of our economy. For example, 20.5% of inpatient hospital services are paid for by Medicaid.

1.00 of state
=
1.50 of federal

Medicaid is jointly financed between the state and federal government; Kansas is responsible for 40% of the costs while 60% is covered by federal dollars.

MEDICAID REDESIGN: What will KanCare look like for kids?

The proposal to redesign Medicaid into the KanCare program will affect the 230,000 children in the HealthWave program. As the implementation process moves forward, policymakers and other key stakeholders should keep in mind the effects on children.

Promising features of the KanCare proposal

The proposal recognizes best practices within the Medicaid and CHIP programs and works to retain those best practices in the new KanCare program.

For example, children will retain 12 months continuous eligibility and a comprehensive benefits package geared specifically toward pediatric patients. The proposal also aims to improve birth outcomes through better care coordination. Because 40% of births in Kansas are paid for by Medicaid and our state continues to struggle to reduce infant mortality, increasing focus on birth outcomes in Medicaid is a big step in the right direction.

Likewise, emphasizing coordination between KanCare and the Women, Infants and Children nutrition program stands to create a bridge across two vital programs for low-income pregnant women and young children. Lastly, the Request For Proposal (RFP) clearly states that the basis for pediatric outcomes will be a program – Bright Futures – developed by the American Academy of Pediatrics. It's commonly considered the gold standard of pediatric-based care.

Combined, these pieces of the RFP show a commitment by the state to maintain many things that are working well in HealthWave, while also incorporating some new ideas that hold great promise for making children's health care in Kansas through Medicaid even stronger.

Areas of concern in the KanCare proposal

The transition between current and future Managed Care Organizations (MCOs) and the loss of the HealthWave brand are two areas of concern in the KanCare proposal.

Children in HealthWave are currently in managed care, so the incorporation of managed care across Medicaid will not be a new concept for this population. What will be new is the number of MCOs to choose from and, potentially, the actual MCOs. The RFP states that children in HealthWave will be automatically reassigned to one of the three KanCare MCOs, but not included in the RFP is whether families will be able to choose the MCO that is best for them, how they will be educated about the change and how the state and/or MCOs will ensure that children do not fall through the cracks during the transition period.

The Medicaid and CHIP program for children and pregnant women was branded as HealthWave more than a decade ago. The loss of the HealthWave brand may cause confusion among beneficiaries. To avoid negative consequences, such as children losing care in the transition, best practices from other states should be examined and an effort should be made to adequately educate beneficiaries about the change in the name of their health insurance.

The proposal states that the MCOs should ensure that the providers in their networks are able to easily navigate the system and that the administrative portion of the MCO is easy to use. It's equally important that beneficiaries are able to navigate the health care system and easily determine what benefits and providers are available. This is critical to ensuring children retain health coverage during and after the transition to KanCare.

Unanswered questions about KanCare

The proposal to transform the current Medicaid program into KanCare is still unfolding, and many key decisions are yet to be made. These decisions will significantly impact the success of KanCare, including whether it will be an equal or better source of health care for 230,000 Kansas kids.

Which MCOs will be selected?

Much of the success will lie with the selection of the three **MCOs**. Factors that will affect the strength of MCOs for children include the adequacy of their pediatric networks and how easy their systems are to navigate from a consumer perspective.

Will managed dental care improve access?

The inclusion of **dental care** for children into managed care will be a significant change in Kansas. Right now, dental care is carved out of the current managed care program for HealthWave and operated on a fee-for-service basis. The effects of the inclusion of dental into managed care are unknown at this point. Whether or not including dental care in managed care will increase access to care will depend on multiple factors, including the MCOs' provider network and their ability to recruit dentists.

Will off ramps facilitate a smooth transition to private insurance?

The creation of **"off ramps"** for people leaving Medicaid holds great potential. CHIP currently is an off ramp for children in families that begin to earn too much to qualify for Medicaid. Similar off ramps for parents that are affordable and last long enough to allow them to transition to private insurance coverage add value to Kansas' Medicaid program.

Why is Kansas applying for a global waiver?

It does not appear that Kansas needs to apply for a **global waiver** to implement KanCare. Global waivers give states latitude to change any aspect of the program. Under such a waiver, many key components of care for children – such as immunizations and dental and vision care – could be jeopardized. The state's desire for flexibility should not compromise access to care for children.

Percent of Kansas kids on Medicaid and CHIP (2010)

