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February 10, 2020

To: Members of the Health and Human Services Committee

From: Julia Isaacs Tse, Policy Coordinator for Economic Stability and Health

RE: Support for LB 851 - Change provisions relating to eligibility for services under the Medical Assistance Act

Nebraska's children deserve every opportunity to grow up to be happy, healthy, and productive adults. Access to consistent and preventive health care ensures that children get the best start in life, and public health insurance programs are an essential investment in the health of Nebraska kids. Voices for Children in Nebraska supports LB 851 because ensures that low-income Nebraska children have stable health coverage during key developmental years.

Together, Medicaid and the Children's Health Insurance Program (CHIP), provides health insurance coverage to nearly 29 percent of all Nebraska children, or nearly 140,000 Nebraska children in total.ⁱ Three-quarters of enrollees in Nebraska's public health insurance programs are children, but children are also the least expensive to insure, accounting for just over a quarter of Medicaid and CHIP expenditures.ⁱⁱ

Strengthening access to health care for our youngest Nebraskans—especially those in families that would otherwise be unable to afford private health insurance—is a wise investment. Children enrolled in Medicaid and CHIP have better access to preventive care and routine visits, and even have better health outcomes, including lower rates of hospitalizations and child mortality, than their uninsured counterparts.ⁱⁱⁱ Research links lack of health insurance to developmental losses, poor educational attainment, and even premature death.^{iv} In the long run, healthy kids means healthier families and healthier communities.

LB 851 provides 12 months of continuous eligibility for children after their date of enrollment. Low-income families experience a significant amount of income volatility, with one recent analysis finding fluctuations of 25 percent within just six weeks' time.^v Continuity of health care coverage improves health outcomes, prevents increased costs during coverage gaps, and reduces administrative burdens for families and the state agency. Today, 24 states have adopted the policy for children in Medicaid, and 26 states have the policy for children in CHIP, including Iowa, Kansas, Colorado, and Wyoming.^{vi} Indeed, up until 2002, when the eligibility period for children was shortened to 6 months during a budget shortfall, Nebraska offered 12 months continuous eligibility for children.

We appreciate that the fiscal note for LB 851 is significant and would like to draw the committee's attention to a few factors to consider. Studies from other states have often found that children who move off the program often re-enroll in a few months. In just a three year period, California spent an estimated \$120 million to re-enroll 600,000 children who left Medicaid and then returned, mostly within just

four months of leaving.^{vii} Another analysis found that when children are enrolled in Medicaid longer, their average monthly expenditures lowered over time, due in part to increased access to preventive care, and in part to accessing health care services in the first few weeks of enrollment that new enrollees may have delayed during their coverage gap.^{viii} Early analysis of 12 month continuous eligibility has found reduced administrative costs, increased average months of coverage for children, reduced average monthly costs per enrollee, and delayed disenrollment.^{ix}

Health care access for children plays a critical role in healthy development. Children need continuous health care coverage to ensure that they receive timely immunizations, developmental screenings, and preventative services. It is also important that children establish a health home so that their doctor has an ongoing relationship with the child that makes it easier to identify and address developmental issues and treat chronic conditions.

Voices for Children believes that every child in the state should have ongoing access to quality affordable health care. Health care access is critical to healthy development, educational performance, and long-term success. We thank Senator McCollister for bringing this important issue forward and urge the committee to advance LB 851 and take an additional step toward meeting the health needs of all children in our state. Thank you.

ⁱ *Kids Count in Nebraska 2019 Report*, Voices for Children in Nebraska, <https://kidscountnebraska.com/health/>.

ⁱⁱ *Ibid.*

ⁱⁱⁱ Julia Paradise, "The Impact of the Children's Health Insurance Program (CHIP): What Does the Research Tell Us?," Kaiser Family Foundation, July 2014, https://www.kff.org/wp-content/uploads/2014/07/8615-the-impact-of-the-children_s-health-insurance-program-chip-what-does-the-research-tell-us.pdf.

^{iv} Institute of Medicine of the National Academies, *Hidden Costs, Values Lost*, 110.

^v Anthony Hannagan and Jonathan Morduch, "Income Gains and Month-to-Month Income Volatility: Household Evidence from the US Financial Diaries," The US Financial Diaries Project, March 2015, <https://www.usfinancialdiaries.org/paper-1/>.

^{vi} "Medicaid and CHIP Eligibility, Enrollment, Renewal, and Cost Sharing Policies as of January 2019: Findings from a 50-State Survey," Kaiser Family Foundation, March 2019, <https://www.kff.org/health-reform/state-indicator/state-adoption-of-12-month-continuous-eligibility-for-childrens-medicaid-and-chip/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Medicaid%22,%22sort%22:%22asc%22%7D>.

^{vii} Gerry Fairbrother, "How Much Does Churning in Medi-Cal Cost?," Cover California's Kids, April 2005, <https://www.issuelab.org/resources/9743/9743.pdf>.

^{viii} Leighton Ku et al., "Improving Medicaid's Continuity of Coverage and Quality of Care," Association for Community Affiliated Plans, July 2009, <http://www.maxenroll.org/files/maxenroll/resources/ACAP%20MCQA%20Report.pdf>.

^{ix} Angela Merrill and Margo Rosenbach, "SCHIP and Medicaid: Working Together to Keep Low-Income Children Insured," Mathematica Policy Research, Submitted to Centers for Medicare & Medicaid Services, November 2006, <http://www.mathematica-mpr.com/~media/publications/PDFs/SCHIPworking.pdf>.