California is making progress in reducing the numbers of uninsured children. According to recent California Health Information Survey (CHIS) data, from 2001 to 2003 there were 400,000 fewer uninsured children, which can be attributed to the expansion and improvement of government health insurance for children. Public programs enrolled 600,000 more children over the same two-year period, which more than overcame the drop in employment-based coverage of children (200,000 fewer children were covered under their parents’ employment in 2003 compared to 2001). Despite this good news of more insured children, there were still 1.1 million children uninsured for some or all of 2003.

Based on income and insurance status at the time of the CHIS interview, 55 percent of all uninsured children were eligible for enrollment in either Medi-Cal or Healthy Families (227,000 for Medi-Cal; 224,000 for Healthy Families). Another 6 percent (44,000) of children were eligible for insurance through county-based insurance programs. Although children eligible for county-based programs grew to over 100,000 by December 2004, limited funding resulted in enrollment caps in many county programs. Thirty-nine percent of uninsured children were not eligible for existing public programs because of family income level (159,000 children) or immigration status (148,000 children).

Children who have health coverage have a better chance to succeed in school. In 2002, the Select Committee on California Children’s School Readiness and Health held a series of hearings and reported that healthy children attend school more regularly and there is a direct correlation between student absenteeism rates and academic performance. Additionally, when children start school healthy they are ready to learn. Children who have health coverage have better access to care, including prevention and treatment. Many children begin their lives with preventable health risks, but do not have access to preventive care services. These same children are expected to perform at grade level by
age nine and ultimately pass an exit exam to graduate from high school. Without proper intervention and attention to health needs, many students needlessly face extreme challenges in meeting academic standards and moving on to successful adult lives.

This hearing will examine four government-based health coverage programs serving children. Those programs are Medi-Cal for Children, the Healthy Families Program, the Children's Health and Disability Prevention (CHDP) program, and local children's health initiatives (CHIs). An overview of these programs will be provided and the Committee will examine existing enrollment mechanisms, and explore opportunities to align application and enrollment efforts so that eligible children are enrolled in health coverage programs more quickly and do not lose coverage needlessly.

**Medi-Cal for Children**

Medi-Cal is California's state Medicaid program. It offers full service health care benefits to children, pregnant women, some low-income families, elderly, blind and disabled individuals and low-income nursing home residents. Medi-Cal is expected to serve almost seven million Californians in 2005. In general, 50 percent of California's Medi-Cal expenses are paid by the federal government ($17 billion in federal matching funds in 2003). Medi-Cal accounts for the third largest share of the state's General Fund, behind primary education and all other health and human services programs combined.

After the Healthy Families Program was established in 1998, the Medi-Cal program was changed to make it easier for children to enroll and stay in the program. These policy changes are listed below:

Recent Medi-Cal policy changes affecting children include (between 1998-2004):

- Raising the income eligibility levels for some children
- Creating a mail-in joint Medi-Cal and Healthy Families application
- Implementing one-year continuous eligibility for children
- Authorizing accelerated enrollment for children who apply through the Single Point of Entry
- Permitting information from a child’s National School Lunch Program application to be forwarded to the county for a Medi-Cal determination and authorizing full scope Medi-Cal coverage until eligibility is determined (also known as Express Enrollment)
- Creating the Medi-Cal to Healthy Families and Healthy Families to Medi-Cal Bridge Program

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1 The Governor's 2005-06 budget proposes to revise the joint application to make it more user friendly.
2 Applicants who apply using the joint Medi-Cal and Healthy Families mail-in application send the application to the Single Point of Entry (SPE). SPE is the Healthy Families enrollment vendor.
Children may qualify for Medi-Cal under a variety of eligibility categories, including programs based on family income as a percent of the federal poverty level. For example, children in the following categories are Medi-Cal eligible:

- Infants up to age one with family income at or below 200 percent of the federal poverty level
- Children from age one up to age six with family income at or below 133 percent of the federal poverty level
- Children ages six to 19 with family income at or below 100 percent of the federal poverty level

Children who are undocumented immigrants or who do not have "satisfactory immigration status," according to the state Department of Health Services (DHS), may qualify for limited Medi-Cal coverage for emergency and other specific services under other eligibility categories.

**Healthy Families Program**

The Healthy Families Program (HFP) is California's State Children's Health Insurance Program (SCHIP). It is a low cost insurance program for children and teens up to age 19. The HFP provides health, dental and vision coverage to children who meet the program rules and who do not qualify for free Medi-Cal. Enrollment is expected to reach almost 780,000 in 2005-06. The Governor's 2005-06 budget proposes total program expenditures of $894.9 million of which $325.2 million are proposed from the General Fund. In HFP, 65 percent of expenses are paid by the federal government. Unlike Medi-Cal, HFP is not an entitlement program and there is a cap on federal funds available to California.

Children enrolled in HFP appear to have positive health outcomes. According to a recent health status assessment conducted by the Managed Risk Medical Insurance Board, which administers HFP, children in HFP sustained meaningful improvements in health status, including children in the poorest health. Enrolled children also improved in paying attention in class and keeping up in school activities. The study also found increased access to care and reduced foregone health care for children in the poorest health and the HFP population at large, and there was a lack of significant variation by race and language in reports of no foregone care – the most significant variable associated with access.

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3 In 2005, the federal poverty level for a family of four is $19,350.
CHDP Program

The CHDP Program is a health promotion and prevention program serving California’s infants, children, and teens. CHDP offers a full range of health assessment services including a complete physical examination, oral health assessment, immunizations and vision and hearing screening. All children entering first grade must have a CHDP health examination certificate or an equivalent examination to enroll in school.

The CHDP Program provides periodic preventive health assessments to:

- Children under age 21 with Medi-Cal
- Non-Medi-Cal eligible children from birth to age 19 with family incomes at or below 200 percent of the federal poverty level and no source of health care coverage for preventive health care services
- Children enrolled in Head Start and state preschool programs

Children identified with suspected problems after a health assessment are referred for necessary diagnosis and treatment. The program is jointly administered by DHS and the counties. For 2004-05, DHS estimates 39,600 CHDP only screens, meaning these children will not be eligible for preenrollment in Medi-Cal or HFP through the CHDP Gateway, but will be eligible for limited scope emergency Medi-Cal. The screens will be provided at a state General Fund cost of $2,582,000.

Local Children's Health Initiatives

Local Children's Health Initiatives (CHIs) have been created in many regions around the state to provide health coverage for children not eligible for other health care programs. Santa Clara County established the first CHI in 2001 with a diverse mix of public financing and private foundation support.

CHIs are innovative programs designed to:

- Cultivate new public-private partnerships for children’s coverage
- Reform and streamline existing systems in the creation of a single “One Open Door” enrollment pathway
- Create an affordable and comprehensive "Healthy Kids" gap coverage product
- Maximize and coordinate with existing public health coverage programs including Medi-Cal and HFP

Ten counties have implemented CHIs and another 17 counties are in the planning stages. CHIs have enrolled more than 50,000 children in their programs and helped enroll tens of thousands more children under Medi-Cal and HFP.

Recent legislation (AB 495/Diaz, Chapter 648, Statutes of 2001, AB 1524/Richman, Chapter 866, Statute of 2003, and AB 1130/Diaz, Chapter 687, Statutes of 2003) has been enacted to allow CHIs to obtain federal SCHIP matching funds for SCHIP eligible children.
CHDP Gateway

CHDP Gateway was implemented July 1, 2003 to help children access more comprehensive health care. Any eligible child who receives a CHDP screen is preenrolled for a minimum of two months in Medi-Cal or HFP, allowing the family of the child to apply for full service coverage. The family must submit an application and be determined eligible to remain in either program. DHS reports that in 2003-04, 681,781 children were screened through the Gateway and of those children, 81.7 percent (557,199) were preenrolled in Medi-Cal, 10.4 percent (70,738) were preenrolled in HFP and 7.9 percent (53,844) were CHDP only.

Health-e-App

Health-e-App is a Web-based application for applicants to Medi-Cal and HFP that streamlines the eligibility determination and enrollment process by reducing paperwork, automating computations, and immediately identifying errors in the application. Certified Applications Assistors (CAAs) use Health-e-App in every county. Health-e-App provides real-time preliminary eligibility determination and immediate confirmation of application receipt. Health-e-App was developed by the California HealthCare Foundation and the Medi-Cal Policy Institute in partnership with the California Health and Human Services Agency. Applications submitted via Health-e-App are filed electronically with the Single Point of Entry vendor and HFP enrollment is processed. If the child appears eligible for Medi-Cal, the application is forwarded to the appropriate county. In some counties (San Diego, Santa Clara, Orange and San Mateo) the Medi-Cal application is sent electronically. Once the county receives the application and supporting documents, a county eligibility worker makes the final eligibility determination.

One-e-App

One-e-App is a Web-based system that is designed to screen and enroll applicants in multiple publicly funded programs through a single application. It is built on the successful Health-e-App application platform and is uniquely managed by local communities.

Three counties (Alameda, San Mateo, and Santa Clara) are participating in a regional pilot to implement One-e-App. The California HealthCare Foundation and the California Endowment are supporting this effort in several ways, including funding for the development of the core technology and a business case analysis to measure One-e-App in terms of system efficiencies, data quality, costs, and user (consumer, eligibility worker, certified application assistant, and administrator) satisfaction.

4 The Governor's 2005-06 budget proposes to reinstate application assistance fees to support individuals and organizations who are trained CAAs.
Stakeholders involved in the project include the health plans administering county expansion programs, county agencies (health and hospital systems, health services, and social services), safety-net providers and schools.

** Counties and Eligibility Processing**

In general, a person may apply for Medi-Cal "in person" either at a county social services office or at a clinic, hospital or community based organization with an "outstationed" eligibility worker. The applicant fills out the forms with the aid of the worker and shows supporting documentation, such as proof of address and income. After verification of income and wages by cross-referencing application data with other state databases, the applicant is notified of enrollment status by mail usually within 45 days. Counties do not process HFP applications.

The "mail in" process permits an applicant to fill out the application and send it to the Single Point of Entry vendor where it is screened for Medi-Cal or HFP. If it appears that the individual is eligible for Medi-Cal, the application is sent to the appropriate county for processing. If the applicant appears eligible for HFP, the application is processed by the HFP enrollment vendor. HFP notifies applicants generally within ten days of receipt of the application. Counties have 45 days to process a Medi-Cal application.

**Investigation of Extent of Churning and Cost of Enrolling Children in Medicaid**

The purpose of this project is to investigate the length of time children are enrolled in Medi-Cal and in a managed care plan, the level of churning (exits and re-entries by the same group of children) in Medi-Cal and Medi-Cal managed care programs, and the cost to re-enroll children. Through this project, churning data for California and four other states will be analyzed in order to provide state-to-state comparisons and highlight the cost-implications of enrollment and churning, and more importantly, the potential savings associated with streamlining enrollment processes for children and retaining kids in coverage. The preliminary findings of this project will be presented at the hearing.

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5 The Governor's 2005-06 budget proposes to locate state workers at the Single Point of Entry in order to determine Medi-Cal eligibility and avoid sending the applications to the appropriate counties for processing.