

The Impact of Policy Decisions on Access and Cost

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Although there is general agreement that broad health insurance coverage is desirable, there is less agreement about how to achieve it and all policymakers have concerns about the costs associated with broadening coverage, particularly during difficult economic times. However, the need to provide health care coverage and services to vulnerable individuals persists and is likely to grow. One achievable goal for public insurance programs is to ensure that individuals who already are eligible have stable coverage. Achieving coverage stability in public programs is an important goal, not only because stable coverage is associated with the provision of optimal health care services and outcomes, but also because it is associated with efficiency in program administration. This report examines methods can be used to increase access to public health insurance; discusses the advantages of more stable coverage; and shows how states have achieved and can achieve more stable coverage.

What methods can be used to increase access to public health insurance?

Three methods can be used to increase access to coverage:

- Expand eligibility.
- Make efforts to reach and enroll those already eligible.
- Ensure stable coverage for eligible individuals which can increase families' access to coverage.

Data from Arizona show that the great majority of children who leave and return to coverage over a two-year period have gaps of three months or less. The term “churning” refers to the phenomenon of losing and regaining coverage over a short period of time.

Experience across states suggests that relatively short gaps tend to occur for administrative reasons rather than because an individual is not eligible for coverage during the gap period. Thus, the data indicate that there is an opportunity to make some administrative changes to promote more stable coverage. One practical reason to emphasize coverage stability now is that it is possible to make progress even in difficult economic times. Instability is a problem that has been identified and can be corrected with changes in policies and practices that are not expensive to implement. In fact, experience from other states indicates that practices to promote more stable coverage can generate some administrative savings.

What are the advantages of more stable coverage?

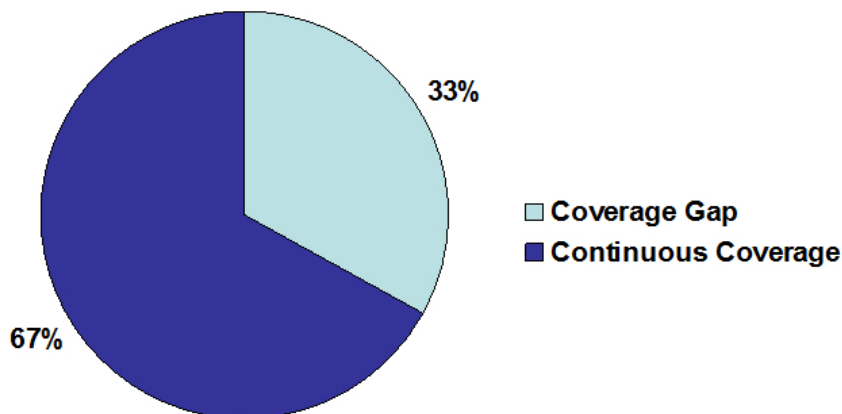
More stable coverage promotes the efficient and cost-effective delivery of care and the receipt of comprehensive coordinated care.

Continuous coverage promotes continuity of care, more appropriate service use, and the provision of services in less costly settings. Continuous coverage contributes to the goal of providing a “medical home,” a term that generally refers to care that is accessible, continuous, comprehensive and coordinated, and delivered in the context of family and community. Studies of children with public coverage show that those with continuous coverage are much less likely to report difficulty getting medical care than those with intermittent coverage, and are less likely to seek care at emergency rooms (Summer & Mann, 2006). This phenomenon was evident in the results of a telephone survey of Virginia families whose eligibility determinations for Medicaid were delayed or whose applications were still pending after implementation of Medicaid citizenship-documentation rules. Some 40 percent of parents whose children needed health care while waiting for coverage determinations reported that their children did not get all the care they

needed. These results suggest that continuity of care was compromised, and that at least some children received care in places that were more costly than their usual care setting.

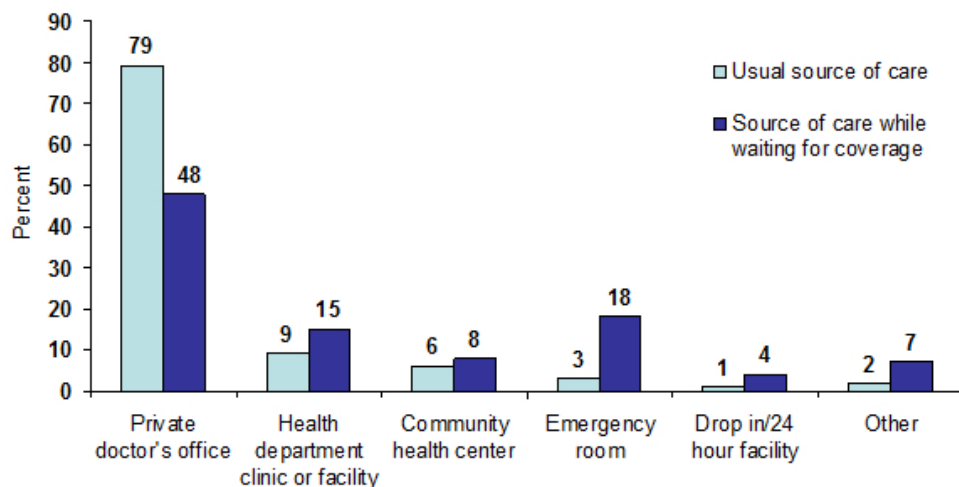
Coverage Stability for Children with Public Insurance in Arizona

(2 year period beginning January 2006)



Source: Arizona Health Care Cost Containment System (AHCCCS), 2007.

Sources of Care for Children in Virginia's Medicaid Program: Usual and While Waiting for Coverage



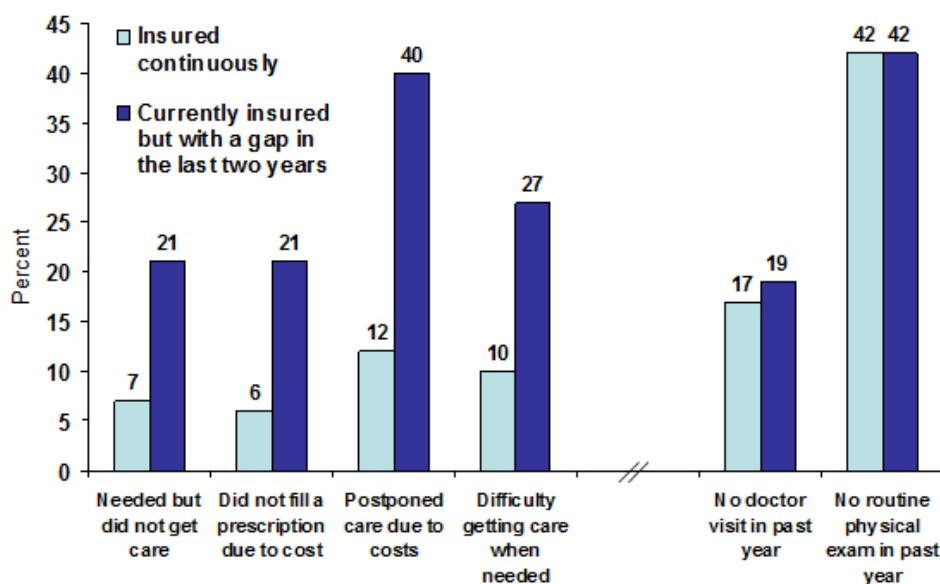
N = 359. Children who received some or all of the care they needed while waiting for coverage.
 Source: *Unintended Consequences: The Impact of New Medicaid Citizenship Documentation Requirements on Virginia's Children*, the Virginia Health Care Foundation, 2007.

A national study that measured access to care for insured adults with continuous coverage and with coverage gaps shows that those with continuous coverage had better access to care.

According to an analysis of data from the Medical Expenditure Panel Survey, average monthly Medicaid expenditures decline as people remain enrolled for longer periods. Each month of Medicaid enrollment reduced Medicaid expenditures for individuals with incomes below 200 percent of the federal poverty level an additional \$6.49 per month (Bindman, Chattopadhyay, & Auerback, 2008).

Continuous coverage also contributes to higher quality care. For example, many health plans have developed disease management programs to improve care and contain costs. The programs are more likely to be effective when participants have continuous coverage (Birnbaum & Holahan, 2003). Also, efforts to measure and improve the quality of care are more likely to be effective when individuals can be included in quality measures that require enrollment for continuous periods of time (Dick, Allison, Haber, Brach, & Shenkman, 2002).

Access to Health Care Among Working-Age Adults By Type of Coverage



Source: Hoffman et al, "Gaps in Health Coverage Among Working-Age Americans and the Consequences." *Journal of Health Care for the Poor and Underserved*. 12, no. 3 (2001): 276.

Another advantage of achieving more stable coverage among eligible individuals is the potential to reduce administrative costs and keep them low for states and localities, health plans and providers. Some of the reasons that costs are higher when coverage is unstable are presented below (Summer & Mann, 2006).

How can states achieve more stable coverage?

There are a number of policies states can adopt to promote more stable coverage. Each deserves consideration, but it is important to note that the adoption of multiple policies is more likely to promote stable coverage.

Administrative Costs Associated with Coverage Gaps

	States and Localities	Health Plans	Providers
Enrolling, disenrolling, reenrolling – extra paperwork, system updates, mailings.	✓	✓	✓
Delivering new member services multiple times		✓	✓
Researching and reconciling billing problems	✓	✓	✓
Verifying enrollment status and assisting with enrollment	✓	✓	✓
Managing and monitoring care		✓	✓

- Require annual, rather than more frequent, eligibility determinations
- Use a passive renewal process
- Ensure smooth transitions
- Make technological improvements
 - Use electronic applications
 - The Virtual Office pilot project in Arizona
- Provide assistance
- Consider the impact of all policies on coverage stability
 - Policies that do not appear to be directly related to coverage dynamics may actually affect stability. There is evidence, for example, that the provision of public coverage for parents as well as children contributes to more stable coverage in families. There is considerable evidence that charging insurance premiums in public health programs can have a negative impact on coverage stability and churning. Some states have switched from monthly premiums to annual enrollment fees, a change that reduces administrative costs associated with premium collections.

States also are considering systems to permit families to pay premiums in different ways: in cash at various locations, including convenience stores or electronically.

Source: Summer and Mann, "Instability of Public Health Insurance Coverage for Children and Their Families: Causes, Consequences, and Remedies." The Commonwealth Fund, June 2006.

With more stable coverage, state programs realize some of the administrative savings directly; lower operating costs for plans and providers may also help contain overall program costs. State officials consistently report that when large numbers of people disenroll from public health insurance programs and subsequently re-enroll, the cost of running their public coverage programs is higher than it would be with more stable enrollment (Summers & Mann, 2006).

There is a general consensus among health plan administrators that costs to plans related to churning are substantial. Plans spend considerable time on disenrollment and reinstatement tasks and on resolving billing issues, reconciling claims, and determining the coverage status of plan members who lose and regain coverage. The costs of these extra functions are reflected in the plans' charges. Another indication of the cost of churning to plans is that many have made a business decision to be proactive in promoting stability of coverage for their members to avoid or lessen the costs associated with churning.

Conclusions

A number of the policies in Arizona are designed to promote coverage stability, but as in all states, there is the potential for policy changes to promote greater stability. For example:

- Most individuals are enrolled for a one-year period, but it would be helpful to apply this policy to all adults. Continuous coverage, which ensures that coverage for children remains uninterrupted between renewals regardless of changes in family circumstances, would also help. Finally, it would be helpful to consider a policy that allows for “opportunistic” renewals.
- The expanded use of Health-E applications and renewals, which will likely incorporate what the state learns from the current pilot, should help eligible individuals get and keep coverage.
- All states that operate separate Medicaid and SCHIP programs face challenges related to aligning program rules and procedures. Arizona has taken important steps towards alignment, for example, by removing the requirement for face-to-face interviews in some instances, but there is more that can be done to assure that in practice the application and renewal processes cannot be differentiated and movement between the programs is seamless. An inventory of current procedures with the goal of better aligning them could prove useful.
- Current efforts to improve administrative efficiency and to “troubleshoot” when eligibility problems arise can also help improve stability particularly if data on enrollment patterns are routinely collected, analyzed, and used to show if and where attention to certain aspects of the enrollment and renewal process are needed.

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