The Importance of Medicaid Continuous Enrollment Policies for Children and Families

Population Health Sciences

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Medicaid and the Children's Health Insurance Program (CHIP) are a critical source of health insurance coverage for children and families in the United States, allowing millions of low-income children across the country to access needed medical care and preventive health services. Many low-income households with children experience economic instability, with frequent fluctuations in their income and expenses. These fluctuations can lead to children 'churning' on and off of public health insurance. In 2018, for example, 11.2% of children on Medicaid were disenrolled and then subsequently re-enrolled within one year. Children who experience these gaps in coverage are more likely to have delayed medical care, unmet medical needs and unfilled prescriptions.

Due to the role of 'churn' in disrupting insurance coverage and access to care, there is growing interest in the idea of continuous eligibility and enrollment in public health insurance programs as a protective policy lever, and increased momentum at the state and federal level to enact continuous coverage policies, particularly for children. Our (Dr. Vasan and colleagues) new research in *Health Affairs*, which we'll discuss in more detail below, highlights how such policies have the potential to reduce administrative burden for families and keep more children enrolled in health insurance coverage.

Administrative Burden and COVID-19 Impacts on Children's Medicaid Coverage

Because Medicaid eligibility is based on monthly income, parents or caregivers with short-term changes in their income or household size have historically had to complete additional paperwork to ensure their children continue receiving benefits. State-defined income thresholds for Medicaid eligibility are higher for children than for adults, so children may be eligible for Medicaid even if their parents are no longer income-eligible. Medicaid income verification processes can introduce administrative burdens for caregivers. For example, children can lose coverage because their caregivers did not realize that an overtime shift or temporary increase in wages could impact their child's eligibility, because they failed to respond to a request for eligibility information sent by the state, or because they did not know they could reapply for Medicaid for their child after they were disenrolled.

Medicaid recertification requirements changed in March 2020, at the start of the COVID-19 pandemic, when a new federal policy incentivized states to provide continuous enrollment to all Medicaid beneficiaries for the duration of the Public Health Emergency. This change essentially prohibited states from disenrolling anyone from Medicaid during the Public Health Emergency, regardless of fluctuations in income, unless the individual left the state or wanted to end their coverage. This policy had a profound impact on the children's health insurance coverage landscape in the U.S.—as of early 2023, 54% of children were enrolled in Medicaid or CHIP, up from about 40% before the pandemic.

New Research Underscores Benefits of Continuous Enrollment Policies

Before the COVID-era Medicaid continuous enrollment protections, the Centers for Medicare and Medicaid Services (CMS) allowed state Medicaid agencies the option of providing children with 12 months of continuous eligibility through a state plan amendment, and about half of states elected to do so. Our new PolicyLab research shows that COVID-era policy changes were particularly important for increasing children's participation in Medicaid in the states that did not have these prior continuous eligibility policies in place. States newly adopting continuous Medicaid coverage for children during the COVID-19 pandemic experienced a 4.62% relative increase in children's Medicaid participation (as of March 2021) compared to states with previous continuous eligibility policies, corresponding to approximately 650,000 additional beneficiaries.

Our interpretation of this finding is that states without prior continuous eligibility policies for children may have had a greater population to capture when they implemented continuous coverage during the pandemic, demonstrating that continuous eligibility/continuous coverage policies may boost participation in Medicaid by reducing administrative burdens associated with verifying income eligibility for beneficiaries.

Federal and State Policies Supporting Continuity of Children's Medicaid Coverage

In a welcome move by Congress at the end of last year, starting in 2024, all state Medicaid and CHIP programs will be required to cover children (ages 0-19) for 12 months regardless of changes in their financial circumstances, removing the state-by-state variation highlighted in the study. Simultaneously, some states are using Medicaid 1115 waiver authority to implement continuous eligibility policies for children longer than 12 months, with a particular focus on the importance of continuous eligibility in early childhood. Oregon was the first state to utilize their 1115 waiver to provide continuous enrollment for children from the time of their initial Medicaid or CHIP eligibility determination until they reach age six.

Other states are following in their footsteps. New Mexico and Washington included extended continuous enrollment for children in their recent 1115 waivers, and a state law passed in California requires continuous enrollment for children up to age 5 to be implemented no earlier than January 2025, subject to federal approval and state funding. Both Washington and New Mexico note in their 1115 submissions that continuous enrollment for ages 0-6 may lower administrative burdens on families and the state.

Looking Ahead on Medicaid Continuity of Coverage Policies

While this PolicyLab study focused on children specifically, these findings may also have implications for other Medicaid continuity of coverage policies gaining momentum across the country, including: 12-month postpartum continuous eligibility, which the American Rescue Plan Act of 2021 made an option for states (nearly 40 states are enacting or planning to enact this policy), and 12-month continuous eligibility for adults (see New Jersey's recently approved Medicaid 1115 waiver).

Our findings suggest that by reducing recertification requirements and decreasing the administrative burdens associated with recertification, particularly for families with low incomes, these policies may improve continuity of Medicaid coverage and help ensure that low-income children can access the health care they need. Our findings also add to the growing body of evidence showing that reducing administrative burdens might be an important strategy for improving access to government benefit programs among children and families living in poverty.

When the COVID-19 Medicaid continuous enrollment provisions were lifted in April 2023, states began conducting Medicaid eligibility checks for the first time in three years. Initial data on disenrollment is shocking—for example, in April 2023 data released by Florida, of the nearly half million people whose eligibility was checked, more than half (54%) had their coverage terminated. The vast majority of those terminations were not due to individuals being ineligible for coverage, but rather for procedural reasons.

As states work to rapidly complete recertifications for a record number of beneficiaries, reenroll those who are eligible for Medicaid, and direct others to alternative insurance options, continuous eligibility and enrollment policies represent a valuable tool to help ensure that beneficiaries who remain Medicaid-eligible can receive and retain insurance coverage and access needed health care.

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