



Children's Defense Fund

**Losing Ground:  
The Unanticipated Increase in Uninsured Children  
in New York State**

**November 2006  
Children's Defense Fund - New York  
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## **Executive Summary**

In the past decade, New York State has worked hard to close the gaps and extend health insurance coverage to uninsured children in New York. Our efforts had been productive and we had begun to see an overall decrease in the number of uninsured children in New York State. Policymakers and elected officials across the state hailed New York's efforts as a success. Slowly the political climate changed and the commitment to health insurance for all children started to erode. Obligations that were written into New York's law in 1998 to expand children's Medicaid were reneged upon; programs to help enroll families in health insurance experienced decreases in funding; and Family Health Plus, New York's premier program to provide health insurance for adults was saddled with dramatic changes. All of these, coupled with a 2.3 percent decline in the rate of employer-sponsored health insurance coverage produced an unexpected and potentially alarming consequence. **For the first time in nearly a decade, between 2004 and 2005 the number of uninsured children in New York State increased by 61,000, a jump of 17 percent.**

Who are these uninsured children? Nearly 75 percent of them are school-aged, 8 out of 10 are U.S. citizens and the vast majority live in working families. Most significantly, about 70 percent of these children are right now eligible for health insurance but are not enrolled. Either their parents do not know that they can participate or there exist bureaucratic barriers that make it difficult to obtain and keep the health and mental health coverage that all children need. *In fact, throughout the entire state of New York there are only about 116,000 children who are currently uninsured and not eligible for health insurance coverage.* Surely, New York can devise a plan for reaching these children so that they, too, can get the health care that is essential for the strong development of every child.

Now is the time for New York to recapture its status as a leader in ensuring that every single child in the state has a healthy start in life by providing health insurance coverage to *every* child in New York. Included in this document is a plan that will enable New York to reach that goal in a fiscally-responsible and uncomplicated way.

The plan includes three components: expanding eligibility to reach the 116,000 children who are currently ineligible for health insurance; simplifying the current system so that families who are currently eligible can easily apply for and maintain coverage for their children; and increasing facilitated enrollment so that families can enroll their children into health insurance at locations in their community. In year one of this initiative, the cost to the state would be only about \$46 million – a drop in the bucket when weighed against the value of guaranteeing the health and well-being of New York's children.

Governor-Elect Spitzer spoke about health insurance coverage for all children as part of his campaign platform. Now is the time to turn that promise into a reality for all children in New York so that we can stem the tide of growth in the number of uninsured children that began in 2005. We hope that Governor-Elect Spitzer and all elected officials and policymakers in this state will endorse our plan and implement it immediately so that *every* child in New York can be assured the healthy start in life that they need and deserve.

Donna A. Lawrence  
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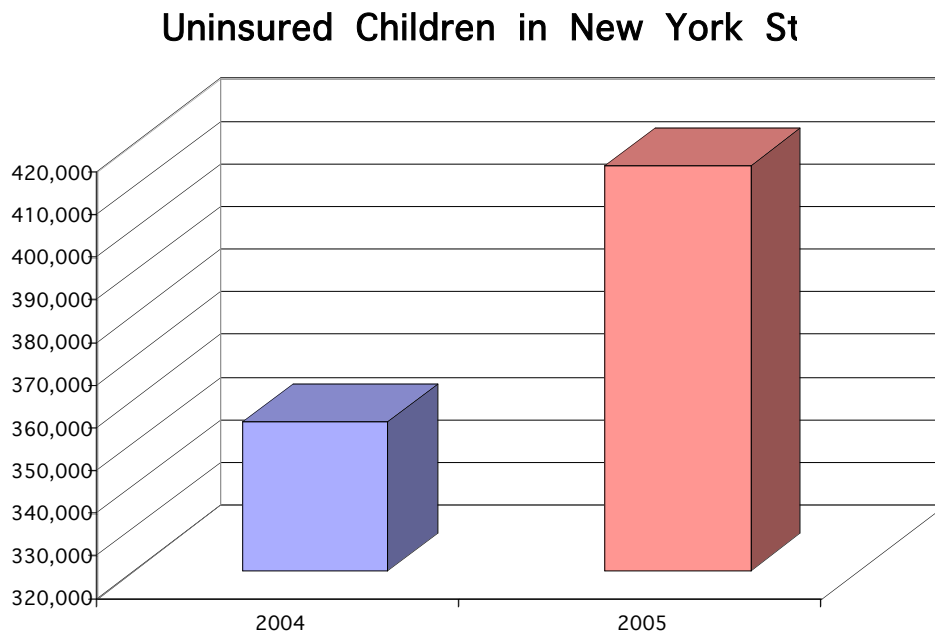
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## **Losing Ground: The Unanticipated Increase in Uninsured Children in New York State**

### **An Increase in the Number of Uninsured Children in New York**

During the past decade, New York State has worked hard to decrease the number of uninsured children in the state. Yet, despite these laudable efforts, and contrary to what most policymakers believe, the most recent data released by the U.S. Census Bureau reveals a disturbing fact: between 2004 and 2005, the number of uninsured children and teens in New York grew by 61,000, a 17 percent increase.<sup>1</sup> The rate of uninsured children grew from 7.3 percent in 2004 to 8.6 percent in 2005. This increase is especially noteworthy because it is the largest single year increase in the number of uninsured children and in the uninsured rate among children in New York in nearly a decade.<sup>2</sup>

According to the Census data, in 2005 415,000 children, or 8.6 percent, were uninsured in New York.



Who are these children?

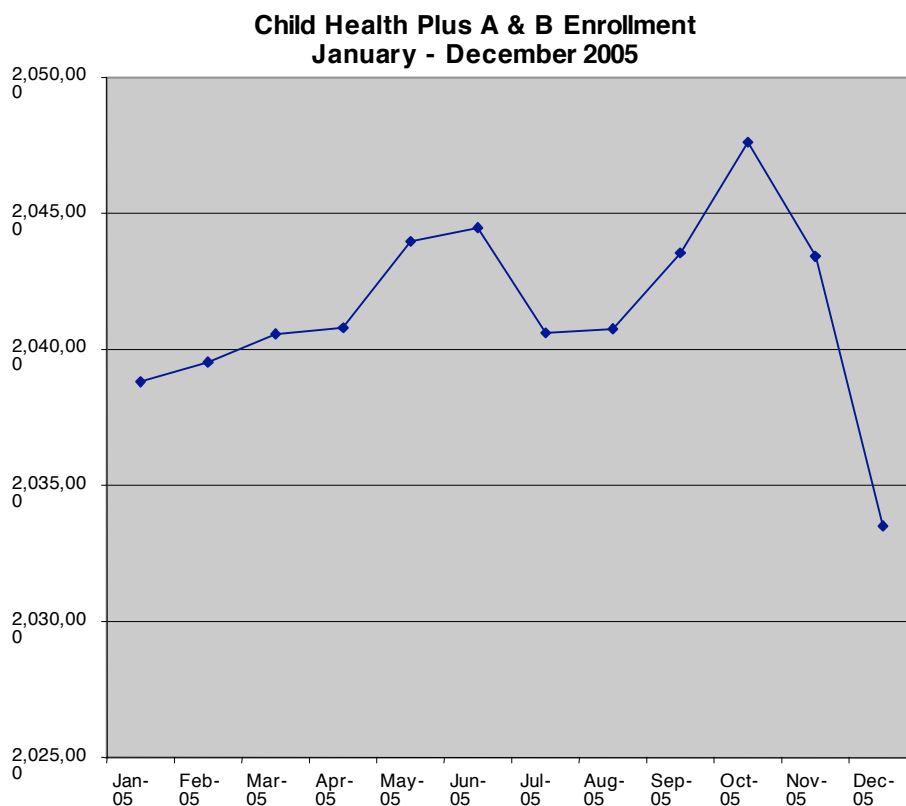
- Nearly 75 percent are school-aged;
- More than 8 out of 10 are U.S. citizens and
- The vast majority live in working families.

Most significantly, about 70 percent of New York's uninsured children live in families whose incomes fall below 250 percent of the federal poverty level, about \$40,000 a year for a family of three. Therefore, they are currently eligible for one of New York State's health insurance

programs either Child Health Plus A or Child Health Plus B, but are not enrolled. The remaining 30 percent live in families whose incomes fall above 250 percent of the federal poverty level and are therefore ineligible for health insurance coverage in New York State.

### **Decrease in Enrollment in New York’s Health Insurance Programs for Children**

The increase in the number of uninsured children in New York coincides with a drop in enrollment in New York’s public health insurance programs for children. At the start of 2005, 2,038,809 children and teens were enrolled in Child Health Plus. By December nearly 5,300 fewer children were enrolled.<sup>3</sup> More disturbing is the fact that when enrollment is examined more closely, enrollment peaked in October at 2,047,617 and dropped down to 2,033,510 children by December, a loss of 14,000 children in the last quarter of 2005.



### **Why Is New York Losing Ground?**

Over the last decade, New York has made tremendous progress in increasing the availability of public health insurance for children. New York’s child health insurance expansion in 1998 set in place significant changes to the Child Health Plus program including an enhanced benefits package, reduced premiums, elimination of co-payments and an increase in the number of health plans participating in the program. New York increased Child Health Plus A (children’s Medicaid) eligibility, created a single application and implemented community-based application

assistance through the facilitated enrollment program. Since then, New York has also created a simplified mail-in renewal process for Medicaid and streamlined documentation requirements. However, over the last three years the political environment in New York has shifted from one that promotes outreach and enrollment to one of retrenchment and as a result the gains we have made are beginning to erode.

New York State itself is the largest insurer of children in the state, with more than 40 percent of the New York's children and teens receiving coverage through Child Health Plus. As such any changes in eligibility rules and enrollment and renewal policies will directly either increase or decrease the overall number of uninsured children in the state. During 2005, New York State implemented several policy reforms that unfortunately negatively impacted a family's ability to successfully apply for and maintain their child's coverage. We believe these changes, coupled with New York's existing burdensome application and renewal procedures directly contributed to the increase in the number of uninsured children in New York during 2005. Finally, during 2005, New York State experienced a 2.3 percent decline in the rate of employer-sponsored coverage<sup>4</sup>, which also contributed to the overall increase in uninsured children in the state.

Among the major policies impacting enrollment and retention in children's health insurance were the following:

- *Repeal of Children's Medicaid Expansion* - The 2004-05 New York State budget repealed the Medicaid expansion for children that was put in place as part of the 1998 child health insurance expansion. Effective April 2005, New York rolled back Medicaid eligibility for children six through 18 years of age from 133 percent to 100 percent of the federal poverty level.<sup>5</sup> As a result an estimated 100,000 children were required to move from one health insurance program to another (Child Health Plus A to Child Health Plus B). Since New York does not have an existing mechanism in place to enable a seamless transition for children moving between programs, the New York State Department of Health (SDOH) put in place an extremely complicated protocol. The system was so complex that the state even gave these children a 90 day extension of their Medicaid to attempt to ensure an uninterrupted transition. Through CDF-NY's community monitoring work with facilitated enrollment programs we were able to identify a number of issues impacting a family's ability to successfully navigate this transition including computer programming and communications problems, incorrect time extensions, inappropriate case closings, incorrect notices sent to families and delays in case processing, which all contributed to gaps and total loss in coverage for children. ***Through CDF-NY's monitoring work we estimate that a minimum of 16,000 and as many as 30,000 children lost health insurance coverage as a result of this transition.***
- *Decrease in Funding for Community-based Facilitated Enrollment* - In 2005 the New York State Department of Health implemented a 15 percent cut in funding for the highly successful facilitated enrollment initiative, a model program that enables families to enroll at community sites instead of at a welfare or Medicaid office. This decreased overall funding from \$20 million to \$17 million.<sup>6</sup> Facilitated enrollment programs are in the communities where the uninsured live and work and offer evening and weekend hours. They screen families for eligibility, complete the application, gather all the necessary documents, conduct the legally mandated face-to-face interview, and when necessary help families select a managed care plan. Facilitated enrollment has opened the door to health insurance coverage for hundreds of thousands of children and families. This decrease in funding resulted in fewer families having access to this enrollment model.

- *Changes in Parent's Access to Coverage* – New York made dramatic changes to the Family Health Plus program in 2005 including the addition of an asset test, co-payments for most services and limits on the types of workers eligible for the program.<sup>7</sup> Although Family Health Plus is a program for adults research shows that a child's access to care is directly dependent on their parent's access to care. As such as parents have had their access to health insurance reduced, children's access to health coverage has also been impacted.
- *Burdensome Application and Renewal Procedures* - New York's existing bureaucratic red tape also continues to prevent families from successfully applying and maintaining health coverage for their children. New York is one of only six states that still require a face-to-face interview for children's Medicaid.<sup>8</sup> New York's documentation requirements at application are more onerous and far exceed what is mandated by the federal government. Additionally, families with children enrolled in both Child Health Plus A and Child Health Plus B must complete separate renewal applications, causing great confusion and frustration for many families. These unnecessary and burdensome requirements result in children not accessing the critical health insurance for which they are eligible.

### **Recommendations: Provide Health Insurance Coverage for Every Child in New York**

It is well within the reach of New York State to address the growing problem of uninsured children and teens. Indeed, the time is long overdue for New York to recapture its status as a leader in ensuring a healthy start for *every* child in New York by providing health insurance coverage for every child in the state. By expanding eligibility, simplifying enrollment and renewal procedures and increasing access to community-based application assistance through the facilitated enrollment program New York can provide vital health care coverage to all New York's children. The following is an accessible and achievable plan to reach all of New York's children.

#### **Expand Eligibility Under Child Health Plus B**

- Expand subsidized Child Health Plus B coverage to children in families with incomes up to 500 percent of the federal poverty level. This would guarantee access to subsidized coverage for nearly all of New York's uninsured children
- Family contributions should be set to both ensure affordability and avoid migration away from employer-sponsored coverage. New York should also implement mechanisms that allow families to more easily pay their monthly Co-premiums for Child Health Plus B.
  - Suggested Family Monthly co-premiums<sup>9</sup>:
    - 250 – 300% FPL: \$25/child with a \$75 maximum/family
    - 300 – 400% FPL: \$35/child with a \$105 maximum/family
    - 400 – 500% FPL: \$50/child with a \$150 maximum/family
- Families with incomes above 500 percent FPL can buy into Child Health Plus B at the full monthly premium with no family maximum. Monthly premiums differ by plan and county and range from \$89 - \$180/month per child.

#### **Simplify Enrollment and Renewal Procedures for Child Health Plus A and B**

To ensure that all children and teens can receive the health insurance they need, New York must:

- Simplify and streamline application and renewal procedures. Simplification measures should include:
  - Elimination of documentation not federally mandated at application and renewal.

- An increase in the use of computer systems, data sharing and matching to establish eligibility. This can help eliminate the need for many of New York’s documentation requirements while ensuring program integrity.
- Elimination of the face-to-face interview requirement for Child Health Plus A.
- Creation of automatic enrollment and renewal opportunities by linking with other means-tested programs such as food stamps.
- Create a simple and seamless transition process for children that need to move between Child Health Plus A and B.
- Modernize the enrollment and renewal process through enhanced information technology including a system that allows families to apply for health insurance electronically.

### **Increase Funding for Community-based Facilitated Enrollment**

- Expand access to community-based application assistance by increasing funding for facilitated enrollment by \$5 million (currently funded at \$17 million).

### **Program Costs**

The program will be implemented over five years, meaning at the end of five years there will be full coverage for all children in New York State. The cost to New York State in year one will be \$ 46 million (plus the \$ 5million for Facilitated Enrollment). When fully implemented in year five, the cost to New York State will be between \$186 million and \$249 million, depending on the federal match.

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<sup>1</sup> U.S. Census Bureau, 2004 – 2006 Annual Social and Economic Supplement to the Current Population Survey. Calculations by Children’s Defense Fund, 10/06.

<sup>2</sup> Tabulations of the Current Population Survey prepared by Kenneth E. Thorpe, et al., and the Urban Institute for the United Hospital Fund.

<sup>3</sup> Figures reflect combined enrollment in Child Health Plus A (excludes children who are on SSI or Blind and Disabled) and Child Health Plus B. Enrollment tables can be found at [www.health.state.ny.us/statistics](http://www.health.state.ny.us/statistics)

<sup>4</sup> Urban Institute 2006. Based on data from the Annual Social and Economic Supplement to the CPS, 2005, 2006. Prepared for United Hospital Fund.

<sup>5</sup> Health and Mental Hygiene Budget of 2004-05 enacted into Chapter 54 of the Laws of 2004.

<sup>6</sup> Health and Mental Hygiene Budget of 2004-05 enacted into Chapter 54 of the Laws of 2004.

<sup>7</sup> Health and Mental Hygiene Budget of 2005-06 enacted into Chapter 54 of the Laws of 2005.

<sup>8</sup> Donna Cohen Ross and Laura Cox, “In a Time of Growing Need: State Choices Influence Health Coverage Access for Children and Families,” Prepared by the Center on Budget and Policy Priorities for the Kaiser Commission on Medicaid and the Uninsured, October 2005.

<sup>9</sup> Children with family incomes between 160 – 250% FPL will continue to pay the same monthly premiums.