

NC Institute of Medicine
Covering the Uninsured and The NC Health Care Safety Net
Achievements and Challenges
Breakout Session: Expanding Coverage for Children



NC Kids' Care Program

Department of Health & Human Services
Division of Medical Assistance

June 5, 2008



Presentation Outline

- Review IOM Recommendations
- Reauthorization of Federal SCHIP
- Expanded Coverage - NC Kid's Care
- Governor's 2008 Recommendations





Covering the Uninsured Task Force Report

Update on Recommendations
NC Institute of Medicine

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Public Options for Covering the Uninsured

Recommendation 6.3. The NC General Assembly should expand Medicaid to cover more uninsured low-income people. First priority should be to cover parents and pregnant women with incomes below 200% FPG with a limited benefits package.

Update:

During the 2007 legislative session, the NC General Assembly fully funded NC Health Choice and included new funds to expand children's health insurance (NC Kids' Care) to uninsured children in families with incomes between 200% and 300% of the federal poverty guidelines.

Scheduled to go into effect July 1, 2008 but delayed until sometime later in 2009 due to new Centers for Medicare and Medicaid Services rules limiting states ability to expand state children's health insurance programs to children in families earning above 250% of the federal poverty line.

In 2007, the legislature also extended Medicaid to youth ages 18-20 transitioning out of foster care.



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Public Options for Covering the Uninsured

Recommendation 6.1. The Division of Medical Assistance (DMA) should increase outreach and further simplify the Medicaid application and recertification process to encourage those who are currently eligible to apply and maintain their eligibility.

Update:

In addition to sending out applications to families when it is time to reenroll, DMA allows counties to use mail-in forms or telephone reviews rather than requiring families to visit their county office to reenroll.



What is SCHIP?

- State Children's Health Insurance Program
- Authorized and Funded by Congress for FFYs 1998 to 2007
- Non-Entitlement, Federal Block Grant Program
- Allotments set by formula based on size of target population and health care costs
- "Enhanced" Matching Rate vs. Medicaid Program





NC's Priorities for Reauthorization

- Timely Reauthorization
- Adequate Funding
- Formula Improvements
 - Accuracy of underlying data
 - Predictability
- Flexibility to Address Changes in Circumstances
 - Economic downturns
 - Natural disasters



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Status of Federal Reauthorization

- Authorization expired September 30, 2007
- Significant Disagreements over Funding and Program Elements
- NC's Total Allotment under Vetoes Version of Reauthorization Act = \$324.9 million
 - Total increase of \$185.7 million
 - Cover an additional 70,000 children



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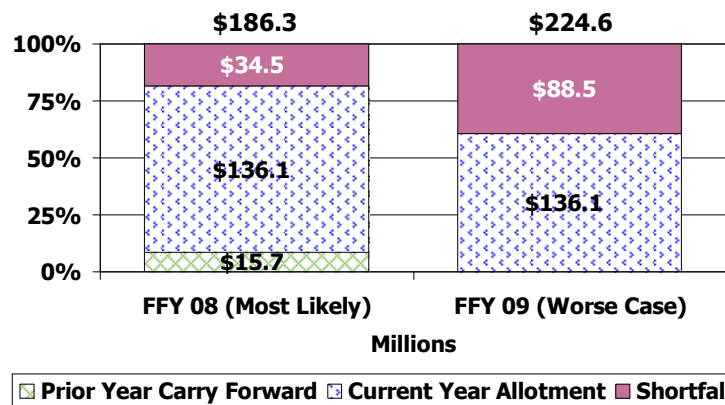
Status of Federal Reauthorization

- December 2007: Medicare, Medicaid and SCHIP Extension Act
- Extends program through March 2009
- Appropriates \$1.6 billion to eliminate state shortfalls for FFY 08
- Appropriates \$275 million to eliminate shortfalls through March 2009 for FFY 09
- States can draw 100% of annualized FFY 09 allotment through March if necessary



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Status of NC's Funding Under MMS Extension Act: Federal Shortfalls



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SCHIP Next Steps and Outlook

- Sufficient funding through March 2009
 - FFY 09 Shortfall will occur May 2009
- Expect Congress to address program extension and funding early next year
- Unknown whether long term reauthorization agreement will be enacted



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NC Kids' Care Program

- Recommended by Governor Easley in 2007
 - Expand coverage for children Aged 0 to 18
 - Family incomes 201% to 300% FPL
- Based on IOM Task Force Recommendation
 - Limited benefit package
 - Premiums/increased cost sharing

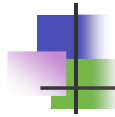


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Legislative Consideration & Response

- Easley recommended authorization and funding via Medicaid program
 - Not optimistic re: funding via SCHIP
 - President's Budget
- General Assembly preferred implementation via SCHIP
 - Congressional Proposals
 - Enacted general authority to develop/implement program and appropriated funding
 - Identify Most Cost-Efficient and Effective Method for Implementing (Sec. 10.48, SL 2007-323)



Implementation Options

- Federal Authorization
 - Medicaid (Title XIX) vs. SCHIP (Title XXI)
 - Waiver vs. State Plan Amendment
- Coverage Design
 - Benefit Package
 - Cost Sharing





Implementation Issues

- Significant Changes at Federal Level
 - Reauthorization legislation
 - CMS Directive, August 17, 2007
 - Focus coverage and outreach efforts on lowest-income uninsured children
- More difficult to expand eligibility above 250% FPL
 - Regardless whether via Medicaid or SCHIP
- Administration & Claims Processing
- Federal Matching Funds



Medicaid Waiver Option

- Medicaid Waiver Complex
 - Target population does not fit
 - Reduced benefit package and higher cost sharing, not acceptable as "demonstration"
 - Deficit Reduction Act provides similar authority
 - Will require program changes, to Medicaid & SCHIP, beyond adding target population group
- Federal Funding Available Upon Waiver Approval





SCHIP Option

- SCHIP Program Best Fit
- Expand NC Health Choice
 - USDHHS Secretary: Broad Authority to Approve Plans
 - Accomplish Objectives via State Plan Amendment
 - Administration via Current Contractual Arrangement
- Must Satisfy CMS Directive
 - Enrollment of Low-income Population
 - Prevent Substitution of Private Coverage
 - May 7, 2009 "Clarification" Letter provides relief for expansions up to 250% FPL
- Federal Funding Challenge



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Governor's 2008 Recommendations

- Repeal Enrollment Cap for NC Health Choice
 - Provided additional state matching funds to support 8.7% growth
- Establish Statutory Framework & Program Details for an SCHIP Expansion
 - Scale back expansion to cover up to 250% FPL
 - Same benefits as provided to Health Choice recipients
 - Premiums, possible deductible
 - Increased copayments, applicable to more services
 - Effective January 1, 2009 or upon federal approval
 - Contingent upon availability of federal funds



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Current Status

- Joint HHS Subcommittee May 21, 2008
 - Reflected Gov's Recommendations
- House HHS Subcommittee May 29, 2008
 - Raises, but retains NC Health Choice cap, provides same funding as Gov's
 - Delays NC Kids' Care until April 1, 2009
- House budget deliberations continue this week



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Questions and Information

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