

NC HEALTH CHOICE FOR CHILDREN

What is it?

NC Health Choice is a free or reduced-cost health insurance program for uninsured children from birth through age 18.

Who is it for?

NC Health Choice is for children who have family incomes that are too high for Medicaid coverage, but equal to or less than 200% of the federal poverty guidelines (FPG).

Where are applications taken?

Applications are available through local departments of social services or public health departments. Applications may also be available through many pediatricians' offices, day care centers, schools and other non-profit agencies.

INTRODUCTION

Congress created a child health insurance program as part of the Balanced Budget Act of 1997. The child health insurance program, called NC Health Choice for Children in this state, provides comprehensive health benefits for certain uninsured children under age 19. To qualify, the child must be a resident of North Carolina, ineligible for Medicaid, and have a family income that is equal to or less than 200% of the FPG. To enroll, the child may not have other health insurance coverage. Children with family incomes in excess of 150% of the federal poverty guidelines have to pay a one-time enrollment fee, and co-payments for certain health services. There is no resource requirement in this program.

Once a child is determined to be eligible for the program, the child will continue to receive insurance coverage for 12 months, unless the child obtains other health insurance coverage. This program is not an entitlement program, so children may be put on waiting lists if the state exhausts its funding.

BENEFITS/SERVICES

Covered Benefits

Health Choice provides children with comprehensive health insurance that covers most of a child's health care needs. There are some cost-sharing requirements for families with incomes above 150% of the FPG (see below). The insurance covers:

- ◆ *Hospital care*—semiprivate room, medically necessary supplies, medications, laboratory tests, radiological services, operating and recovery rooms, and professional care
- ◆ *Outpatient care*—diagnostic services, therapies, laboratory services, x-rays, and outpatient services
- ◆ *Physician and clinic services*—office visits
- ◆ *Preventive services*—four well-baby visits up to age one, three visits for children between one and two years of age, one visit for children between the ages of 2 and 7, and one visit every three years for children between the ages of 7 and 19; immunizations are also covered. No co-payments are charged for preventive services, including preventive dental services.
- ◆ *Surgical services*—standard surgical procedures, related services, surgeon’s fees, and anesthesia; some surgical procedures require precertification
- ◆ *Clinic services*—services provided at health centers and other ambulatory health care facilities
- ◆ *Prescription drugs*
- ◆ *Laboratory and radiology services*
- ◆ *Prenatal care and childbirth*—not covered; children who become pregnant are eligible for Medicaid coverage (see Chapter 12 on Medicaid)
- ◆ *Inpatient mental health services*—requires precertification
- ◆ *Outpatient mental health services*—covers the first 26 outpatient visits/year; precertification required after 26 outpatient visits
- ◆ *Durable medical equipment and supplies*—such as wheelchairs, nebulizer or hospital bed which is medically necessary for the treatment of a specific illness or injury
- ◆ *Vision*—including a routine eye examination once every 12 months, eyeglass lenses or contact lenses once every 12 months, replacement of eyeglass frames once every 24 months, and optical supplies and solutions
- ◆ *Hearing*—including auditory diagnostic testing services and hearing aids and accessories; prior approval required for hearing aids and accessories
- ◆ *Home health care*—limited to patients who are homebound and need care that can be provided only by licensed health care professionals or when a physician certifies that the patient would otherwise be confined to a hospital or skilled nursing facility. Professional health care is covered; care provided by an unlicensed caregiver is not.
- ◆ *Nursing care*
- ◆ *Dental care*—including oral examinations, teeth cleaning, and scaling twice during a 12-month period, full mouth x-rays once every 60 months, bitewing x-rays of the back teeth once during a 12 month period and routine fillings

- ◆ *Inpatient substance abuse treatment and outpatient substance abuse treatment*—covered subject to the same limitations as mental health coverage
- ◆ *Therapy*—physical therapy, occupational therapy, and speech therapy
- ◆ *Case management and care coordination*
- ◆ *Hospice care*

Children with Special Needs

Children with special needs may receive services beyond these listed above, such as case management, if the services are medically necessary. To qualify, the child must have a birth defect, developmental disability, mental or behavioral disorder, chronic or complex illness that is likely to continue indefinitely, interferes with the child's daily routine, and requires extensive medical intervention or family management. Typically, a child will be evaluated to determine if he or she has a special health care need when a provider recommends services not normally covered by the NC Health Choice benefits package.

Children with special needs may receive the same services provided to Medicaid-eligible children, except that long-term care services are not covered and respite care is limited to emergency respite. In effect, children with special needs may receive additional therapy services, personal care services, or durable medical equipment not fully covered under the core Health Choice program. Children are not required to apply separately for additional services.

APPLICATIONS

The state has developed a simple application that families can use in applying for either the NC Health Choice program or Medicaid. Children will first be evaluated for Medicaid eligibility. If the family's income is too high, then the same form will be used to determine if the children are eligible for the NC Health Choice program. No additional information is usually required to determine NC Health Choice eligibility. *Note: children who are eligible for Medicaid cannot obtain NC Health Choice coverage.*

Families may apply using mail-in applications found at county departments of social services, health departments, many health care providers, and other human service agencies. Applications are also available on the Internet at: <http://www.dhhs.state.nc.us/dma/cpcont.htm#app>. In addition, the family may also file an application directly at the department of social services. Assistance is available in filling out the application through local social services offices and at specially designated outstations (such as community, migrant and rural health centers and local health departments).

Applicants will be required to submit income verification (such as wage stubs or tax returns) and social security numbers for the children. Before children can be enrolled, families with incomes above 150% of the FPG must pay an enrollment

fee of \$50 for one child or \$100 for two or more children to the county department of social services (see below).

During the eleventh month of eligibility, the family will be sent a mail-in application form to renew coverage for their children. Families must provide income verification for the month preceding the re-enrollment. Families with incomes in excess of 150% of the FPG must also pay the required enrollment fee.

ELIGIBILITY REQUIREMENTS

To be eligible, a child must be a resident of North Carolina, uninsured, and have a family income within certain specified limits. Immigrants are subject to the same exclusions as in the Medicaid program (see Chapter 12). There are no resource eligibility requirements for this program.

Uninsured

NC Health Choice is targeted to uninsured children who meet the eligibility requirements. Because of the limited funding and federal requirements of this program, eligible children with existing private health insurance coverage may not enroll until the child's other health insurance coverage has ended. Once coverage has ended, the eligible child will be enrolled the first of the following month.

Income Eligibility

The income eligibility limits vary, depending on the number of people in the family's household, and the age of the child. To qualify, the family's *monthly income* must fall within the ranges listed below. Children in families with incomes below these limits will qualify for Medicaid (see Medicaid chapter). *Note: families with more than one child should look at the income guidelines for each child separately. Some families will have some children who qualify for Medicaid and some children who qualify for NC Health Choice.*

Age of Child

Family Size	Under age 1		1-5		5-18	
	Medicaid	NC Health Choice	Medicaid	NC Health Choice	Medicaid	NC Health Choice
1	\$1,385	\$1385 - 1497	\$996	\$996 - 1497	\$749	\$749 - 1497
2	\$1,869	1869 - 2020	\$1,344	1344 - 2020	\$1,010	1010 - 2020
3	\$2,353	2353 - 2544	\$1,692	1692 - 2544	\$1,272	1272 - 2544
4	\$2,837	2837 - 3067	\$2,040	2040 - 3067	\$1,534	1534 - 3067
5	\$3,321	3321 - 3590	\$2,388	2388 - 3590	\$1,795	1795 - 3590
6	\$3,805	3805 - 4114	\$2,736	2736 - 4114	\$2,057	2057 - 4114
7	\$4,289	4289 - 4637	\$3,084	3084 - 4637	\$2,319	2319 - 4637
8	\$4,773	4773 - 5160	\$3,432	3432 - 5160	\$2,580	2580 - 5160
Each add'l child	+ \$485	485 - 524	+ \$349	349 - 524	+ \$262	262 - 524

These income guidelines are effective April 1, 2003 and are updated annually.

Example: A family of four with two children (ages six months and 7) with a countable monthly income of \$2,100 would have one child eligible for Medicaid (because the family income for a family of four with a child under the age of one is less than \$2,837), and one child eligible for NC Health Choice. The younger child will maintain Medicaid eligibility until he or she turns one, and then will qualify for NC Health Choice if the family remains income eligible.

Fees

Families with incomes above 150% of the FPG will be required to pay an annual enrollment fee, plus certain co-payments. There are no fees or co-payments for families with lower incomes.

Enrollment fee:

The enrollment fee is \$50 for one child, or \$100 for two or more children. The enrollment fee must be paid before a child can obtain coverage. There are no monthly premiums in this program.

Co-payments:

- ◆ \$5 for each physician visit, clinic visit, dental, or optometry visit, except that there are no co-payments for preventive services (screenings or immunizations)
- ◆ \$5 for each outpatient hospital visit
- ◆ \$6 for each prescription
- ◆ \$20 for unnecessary use of the emergency room

150% of the federal poverty guidelines (FPG):

Only families with incomes in excess of 150% of the FPG are required to pay the annual enrollment fee or co-payments:

<u>Family Size</u>	<u>150% of FPG Monthly limits (2003)</u>
1	\$1,123
2	\$1,515
3	\$1,908
4	\$2,300
5	\$2,693
6	\$3,085
7	\$3,478
8	\$3,870
Each additional person	\$393

These income guidelines are effective April 1, 2003 and are updated annually.

Purchasing NC Health Choice

Children who were enrolled in NC Health Choice for one year and no longer qualify for NC Health Choice because of a slight increase in family income may purchase NC Health Choice coverage for up to one-year after their eligibility ends. To qualify, families may have income no greater than 225% of the FPG, and they must pay a premium equal to the per member per month cost of the program -currently \$120.84 per child (2002). The coverage is purchased directly from Blue Cross Blue Shield of North Carolina. There is no government subsidy for this coverage.

<u>Family Size</u>	<u>225% of FPG Monthly limits (2003)</u>
1	\$1,684
2	\$2,273
3	\$2,862
4	\$3,450
5	\$4,039
6	\$4,628
7	\$5,217
8	\$5,805
Each additional person	\$589

These income guidelines are effective April 1, 2003 and are updated annually.

PRIORITIZATION IF PROGRAM FUNDS ARE INSUFFICIENT TO SERVE ALL ELIGIBLES

In January 2001, the state ran out of money to serve new children. Eligible children who applied after that date were put on a waiting list. In July, the state started processing applications of children on the waiting list on a first-come, first-serve basis. The North Carolina General Assembly appropriated more money for the program and the waiting list was removed in October 2001. The waiting list did not affect children who were already in the program—just those who applied for the first time or who failed to reapply for NC Health Choice in a timely manner.

Note: Because the program has limited funds, it is important to apply for coverage when enrollment is open. It is equally important to renew coverage for your child at the end of the one-year eligibility period.

APPEAL RIGHTS

There are several different appeals processes, depending on whether the family is appealing eligibility determinations or service denials. Families who are appealing eligibility determinations have the same appeal rights afforded to Medicaid recipients (see Chapter 12 on Medicaid).

Issues that arise about whether a particular service should be covered are handled differently. Children or their families can appeal denials of covered service to the

Teachers and State Employees' Comprehensive Major Medical Plan ("State Employees' Health Plan"). If the family is dissatisfied with the outcome of this initial appeal, they can appeal further to the Board of Trustees of the State Employees' Health Plan. Questions about these appeals should be addressed to: (919) 733-9623.

Children with special needs who are denied coverage for additional services can appeal to the Children and Youth Section, Division of Women's and Children's Health, N.C. Department of Health and Human Services. Questions about these appeals should be addressed to: (919) 737-3028.

ADMINISTRATION

The program is administered through the N.C. Division of Medical Assistance. Claims are paid through the North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan.

SOURCES OF LAW

Federal statute:	42 U.S.C. § 1397aa <i>et. seq.</i>
Federal regulations:	42 C.F.R. § 457.1 <i>et. seq.</i>
State statute:	N.C.G.S. § 108A-70.18 <i>et. seq.</i>

FOR MORE INFORMATION

Division of Medical Assistance
N.C. Department of Health and Human Services
1985 Umstead Dr.
P.O. Box 29529
Raleigh, NC 27626-0529
(800) 857-4262

<http://www.dhhs.state.nc.us/dma/cpcont.htm>

Toll-free hotline: (800) 367-2229