

MEDICAID UNWINDING: HOW TO PROTECT CHILDREN FROM LOSING COVERAGE

The COVID-19 pandemic has highlighted the importance of stable access to health care coverage for kids. Since March 2020, states have been required to maintain enrollment of children and other individuals covered by Medicaid as a condition for receiving additional federal Medicaid matching dollars.¹ This requirement led to significant enrollment in Medicaid and CHIP, especially for children who accounted for 42% of new enrollments.² The enrollment gains drove the uninsured rate among children down to 5.4%, reversing a several-year trend of a rise in the number of uninsured kids.³

The end of the continuous enrollment requirement threatens these gains. The requirement was originally tied to the end of the COVID-19 Public Health Emergency (PHE). However, the Consolidated Appropriations Act, 2023 (CAA) delinked the continuous coverage requirement from the end of the PHE. Beginning April 1st, states may begin to “unwind” this coverage protection and disenroll children and families who no longer qualify for Medicaid.⁴

According to recent analysis, those who experienced the greatest growth with continuous enrollment – including children – will experience the largest enrollment declines.⁵ Currently, 41 million children are covered by Medicaid and CHIP.⁶ As unwinding begins, some kids who no longer qualify for Medicaid may transition to CHIP or other health care coverage. Some estimates say, however, that upward of 6.7 million children – disproportionately children of color – could lose their Medicaid or CHIP coverage.⁷ The CAA provides protections that states must implement to mitigate these coverage losses as well as some accountability measures. It is critical that the states and federal government strictly adhere to the CAA's requirements and engage in other actions that will protect children's coverage.

¹ Families First Coronavirus Response Act, Pub. L. 116-127.

² After the PHE Ends (May 10, 2022), available at <https://www.kff.org/medicaid/issue-brief/fiscal-and-enrollment-implications-of-medicare-continuous-coverage-requirement-during-and-after-the-phe-ends/>.

³ U.S. Census Bureau, American Community survey (ACS), Table HIC-5, Health Insurance Coverage Status and Type of Coverage by State - Children Under 19: 2008 to 2021, Health Insurance Historical Tables. <https://www.census.gov/data/tables/time-series/demo/health-insurance/historical-series/hic.html>.

⁴ Consolidated Appropriations Act, 2023, Pub. L. 117-73.

⁵ Kaiser Family Foundation, 10 Things to Know About the Unwinding the Medicaid Continuous Enrollment Provision (Jan. 11, 2023), available at <https://www.kff.org/medicaid/issue-brief/10-things-to-know-about-the-unwinding-of-the-medicare-continuous-enrollment-provision/>.

⁶ Centers for Medicare & Medicaid Services (CMS), Medicaid and CHIP Enrollment Trend Snapshot: September 2022. <https://www.medicare.gov/medicaid-program-information/medicaid-chip-enrollment-data/medicaid-and-chip-enrollment-trend-snapshot/index.html>.

⁷ Families USA, First Focus on Children, UnidosUS, The Looming Equity Crisis in Children's Health Care: Federal and State Action Is Needed to Prevent Millions of Children from Losing Medicaid (July 2022), available at https://firstfocus.org/wp-content/uploads/2022/07/Report_theLoomingEquityCrisisInChildrensHealthcare.pdf.

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Unwinding Protections:

States can continue to receive a phase-down of additional federal matching dollars for their Medicaid programs during 2023, but only if they meet the following requirements:

- **Comply with federal law on renewals:** States must conduct Medicaid renewals in accordance with all federal requirements.
- **Update contact information:** States must ensure enrollee contact information is up to date using the U.S. Postal Service's National Change of Address Database, other public program information, and/or other reliable sources of contact information.
- **Make a good faith effort before disenrolling based on returned mail:** States cannot disenroll any children or parents based on returned mail until making a good faith effort to contact the individual or family using more than one method of communication, such as mail, phone, text, or email.
- **Sustain Maintenance of Effort:** States must not make their Medicaid eligibility standards, methodologies, and procedures more restrictive or raise premiums. Congress established these requirements during the pandemic and continues them with the CAA.

Accountability:

- **Monthly reporting:** Starting in April 2023, states must provide baseline data and monthly updates to the Centers for Medicare & Medicaid Services (CMS) that include data pertaining to: The number of renewals initiated; total number of people renewed; number of disenrollments; call center volume, wait times, and abandonment rates; number of children enrolled in separate CHIP programs; and any other information specified by the Secretary of the Department of Health and Human Services (HHS). Failure to meet these requirements can result in a reduction of federal matching dollars for a state's Medicaid program.
- **Corrective action plan:** If the HHS Secretary determines a state is not meeting federal requirements for eligibility determinations or the data reporting requirements mentioned above, the Secretary may require the state to submit and implement a corrective action plan (CAP). If a state fails to submit or implement an approved CAP, the Secretary can require suspension of all or some eligibility terminations for procedural reasons and impose a civil monetary penalty. This penalty is in addition to the reduction of federal matching dollars for not meeting the data reporting requirements.

Actions to Prevent Coverage Loss for Children:

Not all coverage losses can be prevented, but in addition to the requirements above, states and the federal government can mitigate losses or smooth the transition to other coverage.

- **Conduct outreach:** Many individuals who enrolled in Medicaid or CHIP during the pandemic may not be familiar with or may have forgotten how the Medicaid renewal process works. States can start doing outreach to enrollees to let them know that the unwinding process is about to begin and what to expect. This outreach should incorporate the assistance of trusted community messengers to connect with hard-to-reach populations.

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- **Safeguard enrollment:** The unwinding will be the first time many eligibility workers are making Medicaid redetermination since March 2020. States should ensure eligibility workers are adequately trained in federal and state requirements. States should also:
 - Make good faith efforts to ensure that materials (digital or otherwise) are available in multiple languages and formats.
 - Increase staff capacity, including eligibility and call center workers.
 - Enhance coordination with their State-based Marketplaces (SBM), if they have them, to ensure smooth transitions to Marketplace coverage for any children and families no longer eligible for Medicaid or CHIP. Families should be made aware of the Special Enrollment Period (SEP) to enroll in Marketplace coverage for any family members who lose Medicaid or CHIP coverage.
- **Implement Express Lane Eligibility (ELE):** States have the option to use information from other public programs, such as the Supplemental Nutrition Assistance Program (SNAP), to enroll and renew children's coverage in Medicaid and CHIP. All states should adopt the ELE option to protect children's access to health coverage and reduce administrative burden on families. CMS should partner with states to encourage and facilitate implementation of ELE.
- **Update income standards:** The federal government recently released the new 2023 Federal Poverty Level (FPL) income standards used for public programs including Medicaid. States should ensure the new standards are uploaded in their systems prior to starting redeterminations.
- **Implement continuous eligibility:** The CAA requires all states to provide 12 months of continuous eligibility for children enrolled in Medicaid and CHIP. However, that requirement does not begin until January 1, 2024. Meanwhile, CMS should work with states that do not have continuous eligibility for children to implement it before their unwinding begins.
- **Adopt postpartum coverage:** The CAA made permanent an option for states to provide 12 months of postpartum coverage in Medicaid and CHIP. As of January 2023, 28 states and the District of Columbia have implemented the option.⁸ CMS should work with the remaining states to implement the option to provide this critical coverage for maternal health.
- **Offer CHIP premium relief:** States that have CHIP premiums should eliminate them, or, at the very least, waive the first several months for families.

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⁸ Kaiser Family Foundation, Medicaid Postpartum Coverage Extension Tracker (updated Jan. 23, 2023), available at <https://www.kff.org/medicaid/issue-brief/medicaid-postpartum-coverage-extension-tracker/>.