Introduction

The Healthy Families program is California’s version of the federal State Children’s Health Insurance Program (S-CHIP). Healthy Families provides low-cost health insurance to children of families whose incomes are too high to qualify for Medi-Cal, but are below 250 percent of the Federal Poverty Level (about $40,200 for a family for three). Healthy Families covers a range of health care services including physician visits, hospital care, prescription drugs, home health, dental, and mental health services through managed care plans. As of September 2005, 744,653 children were enrolled in Healthy Families at a cost of more than $950 million in fiscal year 2005–06.

Healthy Families was created in July 1998 as part of the State Children’s Health Insurance Program (S-CHIP). Approved for a ten-year period, S-CHIP is jointly funded by federal and state governments and administered by the Managed Risk Medical Insurance Board (MRMIB).

Source: Managed Risk Medical Insurance Board (MRMIB) and Legislative Analyst’s Office.
Description

Healthy Families:

• Covers 744,653 low-income children as of September 2005.

• Pays for acute care services.

• Costs between $4 and $15 per child per month depending on family income and health plan.

• Uses federal (67 percent) and state (33 percent) revenues.

• Is administered by California’s Managed Risk Medical Insurance Board (MRMIB).

• Is overseen by the federal Centers for Medicare and Medicaid Services (CMS).
Legislative History

FEDERAL

• S-CHIP was created by the federal Balanced Budget Act of 1997. It:
  • Gave grants to states to expand public coverage for uninsured children in low- and moderate-income families not eligible for Medicaid.
  • Set minimum standards for benefits and cost sharing.
  • Allows states to expand coverage to parents, if sufficient funds are available.

CALIFORNIA

• Healthy Families was created by the California state legislature in 1997.
  • In 1999, the legislature increased the eligibility threshold to 250 percent of the Federal Poverty Level.
  • California’s application for a federal waiver to cover parents of children enrolled in Healthy Families and Medi-Cal was approved by the federal government in January 2002. Implementation has been delayed due to a lack of funding.
Eligibility Requirements

- Family income must be less than 250 percent of the Federal Poverty Level (about $40,200 for a family of three through March 2006).

- Children must be:
  - Under age 19.
  - Uninsured during the previous three months (with some exceptions).
  - U.S. citizens, non-citizen nationals, or qualified immigrants.

- Children are first screened for Medi-Cal eligibility and enrolled in Medi-Cal if eligible.

Healthy Families

Healthy Families is open to children in families with incomes of less than 250 percent of the poverty level who are not eligible for Medi-Cal.
Income Limits

As children with family income between 100 and 200 percent of poverty age, they may lose eligibility for Medi-Cal but gain eligibility for Healthy Families.

Note: Federal Poverty Level for a family of three is $16,090 through March 2006.
Source: Department of Health Services.
State Comparison
Eligibility Levels for Children


Seven states have higher income limits for their S-CHIP program than California; 39 states have lower limits.
Enrollment growth has slowed in recent years following five years of double-digit increases.

Note: Enrollment figures are as of December for 1998 through 2004; October for 2005.
Source: Managed Risk Medical Insurance Board
More than 60 percent of Healthy Families beneficiaries are Latino.

Note: Figures reflect the 707,212 beneficiaries for whom ethnicity is known.
Child Application Process

1. Mail-in Application

2. Internet
   Health-e-App

3. In-person
   County eligibility worker

Healthy Families
   Family notified within 10 days of receipt

COUNTY SOCIAL SERVICES

Medi-Cal
   Family notified within 45 days of receipt

There are a variety of ways for children to apply for and enroll in Healthy Families.
Enrollment After One Year

- Children enrolled in Healthy Families are guaranteed coverage for 12 months.
- Three in four Healthy Families subscribers remain enrolled after one year, similar to private insurance plans.
- Sixteen percent of disenrollments could possibly have been avoided.

*Due to eligibility change or parent choice.
†If the administrative process were improved.

Eligible but Not Enrolled

Number of Uninsured Children Eligible for Public Programs

<table>
<thead>
<tr>
<th>2001</th>
<th>Total: 997,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Eligible</td>
<td></td>
</tr>
<tr>
<td>Exceeds Income Limits</td>
<td>16%</td>
</tr>
<tr>
<td>Non Citizen without Green Card</td>
<td>18%</td>
</tr>
<tr>
<td>Eligible</td>
<td></td>
</tr>
<tr>
<td>Medi-Cal</td>
<td>36%</td>
</tr>
<tr>
<td>Healthy Families</td>
<td>30%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2003</th>
<th>Total: 779,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Eligible</td>
<td></td>
</tr>
<tr>
<td>Exceeds Income Limits</td>
<td>20%</td>
</tr>
<tr>
<td>Non Citizen without Green Card</td>
<td>19%</td>
</tr>
<tr>
<td>Eligible</td>
<td></td>
</tr>
<tr>
<td>Medi-Cal</td>
<td>26%</td>
</tr>
<tr>
<td>Healthy Families</td>
<td>29%</td>
</tr>
</tbody>
</table>

*These county programs are funded with both public and private dollars, and are not available statewide. See full description on page 20.

Coverage

- Covered services include:
  - Dental care
  - Family planning
  - In/outpatient hospital
  - Lab tests and x-rays
  - Mental health
  - Physician visits
  - Prescription drugs
  - Vision and eyeglasses

- Unlike Medi-Cal, Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) Services are not covered.
Cost Sharing

• Premiums range between $4 and $15 for each child depending on family income and plan selected.

• Members also pay a copayment (usually $5) for most services. Free services include immunizations and other preventive care.

• Premiums and copayments are waived for children of American Indian descent or Alaska Natives.

• Maximum out-of-pocket costs per family for all children are $45 per month in premiums and $250 per year in copayments.
Counties with Health Plan Choices

Number of Counties

- 7 counties have 1 health plan.
- 12 counties have 2 health plans.
- 39 counties have more than 2 health plans.


Healthy Families
Organization and Service

- All children are enrolled in managed care plans.
- MRMIB contracts with 25 health plans, 6 dental plans, and 3 vision plans to provide services throughout the state.
- Children in 51 of 58 counties can have a choice in health plans.
Healthy Families subscribers generally receive equivalent quality of care to commercial plans nationally.

Quality of Care Comparison

- Access to Primary Care MD 12 to 24 Months: Healthy Families 89%, Employer Coverage 92%
- Childhood Immunization: Healthy Families 61%, Employer Coverage 67%
- Adolescent Well Visits: Healthy Families 33%, Employer Coverage 31%
- Follow-up after Hospitalization for Mental Illness: Healthy Families 27%, Employer Coverage 48%

## Quality of Care Variation

### Health Plan Scores*

<table>
<thead>
<tr>
<th>MEASURE</th>
<th>LOW SCORE</th>
<th>HIGH SCORE</th>
<th>STATE AVERAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Childhood Immunization Status Up-to-date</td>
<td>42%</td>
<td>88%</td>
<td>70%</td>
</tr>
<tr>
<td>Child Well-care Visits (3 to 6 years)</td>
<td>55%</td>
<td>78%</td>
<td>67%</td>
</tr>
<tr>
<td>Child Access to Primary Care (7 to 11 years)</td>
<td>56%</td>
<td>95%</td>
<td>83%</td>
</tr>
<tr>
<td>Adolescent Well-care Visits</td>
<td>18%</td>
<td>51%</td>
<td>36%</td>
</tr>
</tbody>
</table>

*Health Plan Employer Data and Information Set (HEDIS).
Access for Infants and Mothers (AIM)

- Provides low-cost health coverage to pregnant women and their newborns with family incomes up to 300 percent of the Federal Poverty Level.*
- Is available to families with no health insurance, and to those with health insurance if their deductible for maternity services exceeds $500.
- Requires California residency and a one-time premium of 1.5 percent of annual household income.
- Served over 6,500 women and 7,600 children in October 2005.

*Infants born to mothers enrolled in AIM on or after July 1, 2004 are automatically eligible for Healthy Families until their second annual eligibility redetermination (at age 2).

Source: Managed Risk Medical Insurance Board.
Child Health and Disability Prevention Program (CHDP)

CHDP:

• Provides periodic preventive health services.

• Is open to children under age 21 with Medi-Cal, and other children under age 19 with family income up to 200 percent of the Federal Poverty Level.

• Serves approximately 7,500 children each month.

THE CHDP GATEWAY:

• Allows CHDP providers to temporarily enroll children immediately in Medi-Cal for 60 days while eligibility for Medi-Cal or Healthy Families is determined.

• Serves about 173,000 children per month.
California Children’s Services (CCS)

- Covers specific medical services and equipment provided by CCS-approved specialists for qualified persons under age 21 who have conditions that are physically disabling or require medical, surgical or rehabilitation services.

- Covers those with family income up to $40,000, those whose out-of-pocket costs are expected to account for at least 20 percent of family income, and those with coverage through Healthy Families.

A FEW COVERED CONDITIONS INCLUDE:

- Cancer
- Diabetes
- Serious birth defects
- Injuries due to accidents or violence

- Serves approximately 39,000 children each month.
Children’s County-based Health Initiatives

• Offer low-cost health insurance for children with family incomes up to 300 percent FPL* who do not qualify for existing public coverage.

• Generally model their benefits and cost sharing after Healthy Families; some offer a restricted benefit through CalKids†.

• Are generally funded by a mix of public and private sources that varies by county, but do not receive support from the state general fund.

• Have cumulatively enrolled close to 100,000 children in their programs, and have assisted many more to enroll in Medi-Cal and Healthy Families through a family-centered, “One Open Door” approach to outreach and enrollment.

*San Mateo County covers children up to 400 percent of FPL; Riverside County covers children up to 250 percent of FPL.
†See www.californiakids.org for more information.
Status of County-based Initiatives

Twenty-two counties have a children’s health initiative in place. Another six counties are close to implementing a program.

Sources: Patty Mintz and Institute for Health Policy Solutions, Overview of Local Children's Coverage Expansions, 10/26/05 update, available at www.ihps.ca.org.
Key Issues for Healthy Families

• Reauthorization of SCHIP. Federal funding ends on September 30, 2007, unless the program is reauthorized by Congress. Among issues to be decided include:
  • Amount of federal funding, and formula for distributing federal funds among states.
  • State flexibility to increase cost sharing and reduce benefits.

• Availability of state funding to continue coverage for children already enrolled, and to cover children who are eligible but uninsured.

• Improving the quality and coordination of care, particularly across systems for children with mental health conditions.

Healthy Families faces several important challenges.
Other Key Issues for Children’s Coverage

- As the cost of health insurance rises, declines in employer-sponsored coverage among children are leading to greater demand for public coverage.

- Although the number of uninsured children in California has declined in recent years, 55 percent of uninsured children are eligible for Medi-Cal or Healthy Families. California lacks an efficient, seamless and family-oriented approach to enrolling children in health coverage.

- County-based Children’s Health Initiatives are unlikely to achieve universal coverage (many counties are not planning one, and several existing initiatives have waiting lists due to insufficient funding). There has been no consensus among policymakers on whether and how the state should ensure universal health care coverage for children.
Acknowledgment
Much of the information and data for this presentation was provided Peter Harbage. Harbage, a former assistant secretary with the California Health and Human Services Agency, is an independent consultant based in Sacramento, California.