



Los Angeles Healthy Kids Program Gets a Healthy Start

Findings from the First Evaluation Case Study

Ian Hill, Brigitte Courtot, and Eriko Wada

The Healthy Kids program is off to a positive start; effective outreach has fueled strong enrollment, and benefits and services are meeting the needs of enrolled children.

The first case study of Los Angeles Healthy Kids finds that the program is off to a very positive start. Researchers found that the program was thoughtfully planned by a diverse group of policymakers, health providers, county administrators, and advocates. Effective community-based outreach and simplified enrollment have fueled strong enrollment. Plus, the benefits package and managed care provider network were carefully designed to meet the needs of vulnerable children. These results bode well for the roughly 45,000 vulnerable children who have signed up for the program's health insurance coverage.

This brief highlights the key findings from a case study based on in-depth interviews conducted with over 50 stakeholders, including policymakers, public and private providers, county health and social services administrators, health and dental plan officials, child advocates, health policy researchers, and community-based organizations involved with outreach, and supplemented by process measures.

Planning and Design

The Los Angeles Healthy Kids program was implemented in July 2003 to extend health coverage to uninsured children from birth through age 5 in families with income below 300 percent of the federal poverty level (FPL) who are ineligible for Medi-Cal or Healthy Families. Supported initially by an allocation of \$100 million from First 5 LA, the program was expanded in May 2004 to cover all uninsured children through age 18 with additional funds raised by the Children's Health Initiative (CHI) Coalition of Greater Los Angeles.

The Healthy Kids Advisory Committee, selected to include a multidisciplinary group of 40 experts, conducted a thorough and systematic review of policy options for Healthy Kids during the fall of 2002 and spring of 2003, and ultimately designed a program much like Healthy Families (California's State Children's Health Insurance Program) and those of other county Children's Health Initiatives. It includes, however, key components uniquely tailored to better meet the needs of the target population in Los Angeles, such as no premium payments for families in the lowest income band (those at or below 133 percent of FPL), a "premium assistance" program for families that cannot afford to pay Healthy Kids cost sharing, and a "quality enhancement" component to improve the quality of behavioral health and developmental services in Los Angeles County.

Outreach and Enrollment

Outreach and application assistance are provided through a broad and diverse network of community-based agencies. Building on models developed in the early 2000s under expansions of Healthy Families and Medi-Cal for Children, the system relies on trusted, community-based, multilingual staff to find families with uninsured children, inform them of the availability of coverage, assist parents with completing applications for any available coverage programs that might serve them or their children's needs, and follow-up with families to ensure that needs are being met.

Reports from key informants suggested that the outreach workers are

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extremely effective. Indeed, process measures indicate that workers are successfully contacting a large number of families in a wide variety of settings, including clinics and doctors' offices, WIC centers, Head Start agencies and child care settings, schools, and various community and religious sites.

Outreach contractors are also successfully assisting families with applications to multiple coverage programs, not just Healthy Kids. Specifically, over 50 percent of all applications completed by outreach entities are submitted on behalf of children eligible for Medi-Cal and nearly 25 percent for children eligible for Healthy Families. Just 20 percent of applications are for Healthy Kids eligibles.

Enrollment in Healthy Kids has grown steadily, especially after older children (age 6 through 18) were included. Over 40,000 children were covered under the program by the summer of 2005. Of these, nearly 8,000 were children age 0 through 5, making up 56 percent of the estimated eligible population and surpassing the objective set by First 5 LA (of enrolling 50 percent of eligible children by June 2005).

Benefits and Service Delivery

The Healthy Kids benefit package is modeled after that of the Healthy Families program and includes a comprehensive array of preventive, primary, acute, and specialty care services. Key informants interviewed for this study, including physicians and other health professionals, were generally satisfied with the breadth and scope of program benefits and were not aware of instances where children had needed services that were not covered by the program.

Services are delivered through a network of primary, acute, and specialty care providers managed by L.A. Care, a not-for-profit community health plan with extensive experience serving publicly insured families under Medi-Cal and Healthy Families. Dental services are delivered through Safeguard Dental and vision services through VSP Health

Plan; both are subcontractors to L.A. Care. Children with qualifying chronic illnesses and disabilities receive specialty care from the California Children Services (CCS) program under a "carve out" arrangement. All services are financed on a prepaid, capitated basis (with the exception of carved-out specialty care, which is financed by CCS).

Program designers set out to structure the Healthy Kids delivery system around existing "safety net" providers in the county (including community clinics, public hospitals, and health department facilities, among others) because they believed that these entities had more experience serving the target population and would do a particularly good job extending health, developmental, and support services to disadvantaged families. Key informants, including child advocates and providers, reported that families seem satisfied with the access that the network is affording their children, and stakeholders are pleased with the finding that 30 percent of children receive primary care from physicians in safety-net settings, a rate three times higher than for children enrolled in Medi-Cal and Healthy Families.

Cost Sharing, Crowd Out, and Financing

Cost sharing was included in Healthy Kids to promote personal responsibility and because designers wanted to create a program that was modeled after private insurance. However, great care was taken to structure cost sharing so it would not create barriers to enrollment or service use. For example, no premiums are charged to families at the lowest income level (earning below 133 percent of FPL), and nominal premiums are charged to higher-income families (either \$4 or \$6 per child a month, depending on income). Premium assistance is offered to families that cannot afford premiums. All families, however, are required to pay \$5 copayments for certain physician visits, emergency room visits, and prescription drugs.

Key informants interviewed for the study had mixed impressions of

the effects of cost sharing. Nearly everyone agreed that premiums were not keeping families from enrolling. (Indeed, nearly 90 percent of applicants reside in families with income under 133 percent of FPL and therefore do not pay premiums.) But several advocates and some physicians indicated that copayments were creating hardships for families, especially those with disabled or chronically ill children who need and use higher levels of care.

Program designers were worried about the potential for crowd out under Healthy Kids (that is, that new public coverage might substitute for existing employer-sponsored health insurance). Thus, the designers included a three-month waiting period for any families that possess insurance for their children at the time of application. Two years later, however, there is little evidence that crowd out is occurring. Key informants that we interviewed, including frontline outreach workers who directly assist families, report that it is extremely rare to encounter a parent that has any job-based health insurance, much less dependent coverage for their children. This was not surprising to most stakeholders, given the income and employment profile of families with children in the program.

Healthy Kids has, to date, been supported by an allocation of \$100 million from First 5 LA and private and philanthropic donations. While ample funds remain from First 5 LA's commitment to continue serving children under age 5, monies to support 6- to 18-year-olds have fallen short, given strong rates of enrollment. In June 2005, a temporary cap was placed on enrollment for these older children as fundraising efforts of the CHI continued.

Anticipating that longer-term funding would eventually be needed, leadership in the CHI, working with counterparts across the state, developed a successful advocacy strategy that resulted in legislation that created a statewide California Healthy Kids program, supported by a combination of federal, state, local, and private funds. Unfortunately, the

legislation was vetoed by Governor Schwarzenegger.

Key Issues and Challenges

With a strong start behind it, Healthy Kids moves forward to face certain key issues and challenges. These include the following four items:

- *The goal of universal coverage.* Healthy Kids has experienced remarkable enrollment during its first two years, reaching over 50 percent of the estimated target population. Yet, in a classic “is the glass half full, or half empty?” scenario, the program needs to strive to reach the other half of children in Los Angeles County who still lack coverage. Reaching this goal will be challenging, as the population of uninsured children appears to be growing, and some stakeholders speculate that Healthy Kids has thus far only reached the “low-hanging fruit” during its early stage and that harder-to-reach children remain uninsured.
- *Achieving optimal access and utilization.* Insufficient data were available at the time of this writing to understand, accurately, the extent to which Healthy Kids enrollees were using the services to which they are entitled. Yet many stakeholders we interviewed had the impression that service use might be lower than ideal. Whether this is owing to the “newness” of the program and parents’ lack of familiarity with using the system, or an indicator that the network might not be sufficient to meet enrollees’ needs, or reflective of some other factor, is impossible to know at this time.

Indeed, it may be that parents’ reported continued use of Emergency Medi-Cal and California’s Child Health and Disability Prevention services means that children are receiving care but that it is not showing up in Healthy Kids data records. As the program matures, more data will become available to shed light on this issue. In the meantime, program officials will need to continue to identify strategies that promote access to care.

- *Building “seamlessness” among Healthy Kids, Healthy Families, and Medi-Cal.* Health coverage programs in Los Angeles, as across the state and nation, are often described as a “patchwork” of systems, built upon one another like layers of a cake. As such, it is extremely challenging for policymakers to align rules and systems across programs so they can work smoothly together and, more important, so they can provide clear and seamless coverage for families with children in multiple programs. We learned during the site visit that integration challenges presented themselves most often in eligibility and enrollment systems, and that outreach workers often struggled to learn the status of applications they sent to Sacramento. This finding was known among members of the CHI; indeed, its Program Integration Workgroup has been working on strategies to improve seamlessness across programs.
- *Establishing stable financing.* Perhaps Healthy Kids’s greatest challenge, at least in the near term, will be to finance children’s coverage in a stable

and reliable way into the future. As successful and gratifying as local fundraising efforts have been, leadership acknowledged during our site visit that philanthropic giving would not provide Healthy Kids with all the support it would need in the long term. Once again, successful statewide advocacy efforts, in which Los Angeles leadership has been an active partner, appear to be making headway in addressing this challenge. Yet the future remains unclear in light of the governor’s recent veto of legislation to create a statewide California Healthy Kids program.

Additional Information

For the complete findings from the Healthy Kids Evaluation Case Study, see Ian Hill, Brigitte Courtot, and Eriko Wada, “A Healthy Start for the Los Angeles Healthy Kids Program: Findings from the First Evaluation Case Study” (Washington, DC: The Urban Institute, 2005), at <http://www.urban.org/url.cfm?ID=411259>.

Note

This brief, and the report it is based on, were developed as part of the Healthy Kids Program Evaluation under a four-year contract between First 5 LA and the Urban Institute. The Institute and its partners—the University of Southern California, the University of California at Los Angeles, Mathematica Policy Research, Inc., and Castillo & Associates—will continue to study the implementation and impacts of Healthy Kids through a broad range of evaluation activities, including additional case studies of implementation; focus groups with parents of Healthy Kid enrollees; ongoing process monitoring of the outreach, enrollment, and service delivery systems; analyses of Healthy Kids effects on rates of uninsurance and enrollment in Medi-Cal and Healthy Families; and a longitudinal household survey of new and established enrollees in Healthy Kids.

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THE URBAN INSTITUTE

2100 M Street, NW
Washington, DC 20037

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Phone: 202-833-7200

Fax: 202-467-5775

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