

Special Study: Emergency Medi-Cal and Its Challenging Relationship with Healthy Kids

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I. Introduction

For nearly 25 years, low-income, noncitizen residents of Los Angeles County (and across California) ineligible for federally-matched Medi-Cal coverage have been able to access emergency care, pregnancy-related services, and nursing home care through the Emergency Medi-Cal program.¹ With the creation of the Los Angeles Healthy Kids Program in 2003, many children who were enrolled in Emergency Medi-Cal became eligible for significantly more comprehensive coverage under the new program. But no formal mechanism was ever established to coordinate these two programs, and thus the potential for children to be enrolled in both Healthy Kids *and* Emergency Medi-Cal was created.

Indeed, early findings from the Healthy Kids Program Evaluation revealed that, despite implementation of Healthy Kids, Emergency Medi-Cal continues to play an important role covering immigrant children in Los Angeles County. Specifically, 53 percent of parents responding to a household survey reported that their children had Emergency Medi-Cal coverage before enrolling in Healthy Kids, and 46 percent of enrollees retained Emergency Medi-Cal after enrolling in Healthy Kids (Howell et al. 2006). Emergency Medi-Cal was also determined to be the single largest category of coverage for parents when they were surveyed about their own insurance status—roughly 13 percent of Healthy Kids enrollees had at least one parent enrolled in Emergency Medi-Cal. This evaluation’s focus group findings supported those of the survey. Many parents reported that their children possessed both Emergency Medi-Cal *and* Healthy Kids, and while most parents were themselves uninsured, those who did report coverage most often cited having Emergency Medi-Cal (Hill et al. 2006).

Challenges created by “dual coverage.” The dynamics of dual coverage have created various challenges for families, providers, and administrators involved in Healthy Kids. Through this evaluation’s case studies and focus groups, we have learned that

- Parents can be confused about which card—Healthy Kids or Emergency Medi-Cal—to present when obtaining services. It was not uncommon to hear parents say things like “I use Healthy Kids for doctor’s visits and Emergency Medi-Cal at the hospital” (Hill et al. 2006).
- Providers, too, can be confused about which program to bill for services rendered to children. We heard that hospital staff may routinely ask for Emergency Medi-Cal cards from low-income families because they are less aware of Healthy Kids. Moreover, some have speculated that hospitals may have a financial incentive to bill Medi-Cal for emergency visits because rates may be more favorable than those of Healthy Kids (Hill et al. 2008).
- Finally, and perhaps most importantly, various Healthy Kids stakeholders have realized that dual coverage has had serious implications for the economics of the program. Specifically, financing inefficiencies likely exist because the L.A. Care Health Plan receives payments per member per month based on the actuarially estimated cost of

¹ Called Emergency Medicaid in other states, but also commonly referred to as Restricted or Limited-Scope Medi-Cal in California.

comprehensive benefits for children, yet another payor—the State of California through Emergency Medi-Cal—may be picking up the tab for some of the most expensive services obtained by Healthy Kids enrollees (Hill et al. 2008).

The challenges presented by dual coverage are well known among stakeholders involved in Healthy Kids, and various steps have been taken to address them. This special study discusses the dynamics that contribute to dual enrollment, reviews data that shed light on the extent of the problem, summarizes past and current efforts to better coordinate enrollment in Healthy Kids and Emergency Medi-Cal, and details a proposal for capturing federal and state funds to support Healthy Kids' service delivery.

II. Background—The Los Angeles Healthy Kids Program and Its Evaluation

Healthy Kids was designed to provide health insurance to uninsured children in Los Angeles County, regardless of immigration status, living in families with incomes below 300 percent of the federal poverty level and ineligible for Medi-Cal or Healthy Families (California's Medicaid and CHIP programs, respectively). In July 2003, the program was implemented to cover children from birth through age 5; it was expanded in May 2004 to cover children age 6 through 18. Funded through a combination of monies from First 5 LA and a group of philanthropies, providers, and other stakeholders operating as the Children's Health Initiative (CHI) of Greater Los Angeles, Healthy Kids services are delivered through a managed care network administered by the L.A. Care Health Plan, a not-for-profit community health plan with extensive experience serving publicly insured families. The Healthy Kids benefit package is modeled after that of Healthy Families and includes a comprehensive range of preventive, primary, acute, and specialty services, including dental, vision, and behavioral health care.

From 2004 through 2009, the Urban Institute and its partners² conducted a comprehensive evaluation of the Los Angeles Healthy Kids Program, under a contract with First 5 LA. Numerous evaluation studies—including a series of case studies of implementation, focus groups with parents, analyses of administrative enrollment and utilization data, and impact reports based on a longitudinal household survey of enrollees—have found that Healthy Kids is an effective program that has demonstrably improved children's access to and use of care, reduced parents' concerns about obtaining care for their children, reduced unmet need for almost all types of services, and made progress toward improving the health status of enrolled children (<http://www.urban.org/projects/losangeleshealthykids.cfm>).

In recent years, however, Healthy Kids has faced many challenges. Faster-than-expected enrollment of children age 6 through 18 caused program enrollment to reach 40,000 in one year, leading to a funding shortfall and forcing the program to impose an enrollment cap (in place since 2005) for these children. Furthermore, at the state level, severe budget deficits led to cuts in support for children's outreach and enrollment activities even during a time when the recession of 2008–2009 was causing more families to seek help from public coverage programs like Medi-

² The Urban Institute worked with the University of Southern California, the University of California at Los Angeles, Mathematica Policy Research, Inc., and Castillo & Associates on this evaluation.

Cal, Healthy Families, and Healthy Kids. Despite these difficulties, Healthy Kids continues to provide comprehensive and affordable health coverage to over 25,000 children.³

In this era of scarce resources, it is particularly important to identify and understand where inefficiencies in health coverage programs exist and devise creative approaches for eliminating those inefficiencies. The Healthy Kids/Emergency Medi-Cal overlap in coverage represents an important opportunity to solve such an inefficiency and thereby stretch limited funds to serve more needy children.

III. Pathways to Emergency Med-Cal Coverage

State authority to cover undocumented persons under Emergency Medicaid dates back to the passage of the Omnibus Budget Reconciliation Act of 1986. Specifically, states were required to extend limited Medicaid coverage to undocumented immigrants and receive federal matching funds for state expenditures on behalf of immigrants who are not categorically eligible for Medicaid or who do not meet residency requirements, but do meet income requirements and have an emergency medical condition. The definition of an “emergency medical condition” is open to interpretation, but typically includes pregnancy-related services (through 60 days postpartum), nursing home and renal dialysis services, and emergency medical care. Emergency Medicaid does not cover regular outpatient doctor and clinic visits or regular prescription drugs.

Traditional pathways. In California, the process of enrollment in Emergency Medi-Cal is closely linked to traditional Medi-Cal enrollment. That is, when a Medi-Cal application is submitted to the state or county for review, persons who otherwise qualify for the program based on income, disability, or family circumstance, but do not have satisfactory immigration status, are granted Emergency Medi-Cal. Applications can be submitted through traditional avenues—such as CalWORKS or cash assistance programs and at local Department of Public Social Services offices. Additionally, persons can be enrolled in Emergency Medi-Cal at most hospitals; that is, if an individual arrives at the emergency room with a medical need requiring immediate attention and is uninsured and undocumented, the emergency room provider can generate an application and bill, and submit them to the state for payment.⁴

Enrollment in Emergency Medi-Cal can also occur when a child needs a check-up and visits a Child Health and Disability Prevention (CHDP)⁵ provider. Since 2004, the “CHDP Gateway” program has permitted CHDP providers to grant presumptive eligibility to uninsured children at

³ As of March 1, 2010. Personal communication with LA Care Health Plan, 2010.

⁴ The Medicaid agency will review the application and bill, but only pay for the services if the individual’s health is in serious jeopardy, if there is a serious impairment of body functions, or if a serious problem exists with an organ or body part. If Medicaid determines that the visit was not for an emergency or life-threatening situation (for example, if the visit was for treating cold or flue symptoms), the family may be billed.

⁵ CHDP is California’s version of EPSDT, the Early and Periodic Screening, Diagnosis, and Treatment component of Medicaid.

the time of a CHDP health assessment so that they can receive immediate, temporary, full-scope Medi-Cal benefits for two months. Importantly, the CHDP Gateway automatically generates an application for permanent Medi-Cal for the child and that application is sent to their parents with a letter informing them that they must complete the full Medi-Cal application to maintain their child's coverage. If parents complete and return the application but their child is found ineligible due to immigration status, the child is automatically enrolled in Emergency Medi-Cal for 12 months.

Healthy Kids pathways. Interestingly, outreach and enrollment systems designed to support Healthy Kids have also contributed to the Healthy Kids/Emergency Medi-Cal overlap. As we learned through this evaluation's case studies, since the launch of Healthy Kids in 2003, community-based outreach and enrollment organizations, funded by First 5 LA through a contract with the Los Angeles County Department of Public Health, have worked to identify families with uninsured children and enroll them into whatever coverage program is appropriate. Embracing a "no wrong door" philosophy, these application-assistance agencies review all family members' needs, determine if any children are in need of immediate medical attention, and, if so, enroll them into *both* Emergency Medi-Cal and Healthy Kids so that the children can immediately receive services while their Healthy Kids application is being processed. For a time, children who did not require urgent medical attention were only enrolled in Healthy Kids. However, after the institution of the enrollment cap for children age 6 through 18, outreach workers once again increased their reliance on Emergency Medi-Cal, as well as other programs with similar eligibility criteria (such as the Kaiser Child Health Plan and Public Private Partnership). Additionally, if a family enrolling their child in Healthy Kids already has Emergency Medi-Cal, assistors typically will encourage the family to *not* cancel their Emergency Medi-Cal, since it can continue to provide coverage to the parents and serve as a back-up for children on Healthy Kids.

Dual enrollment may also occur because application assistance contractors, wanting to find health care coverage for everyone in the family, may enroll the undocumented parents in Emergency Medi-Cal while they are enrolling their children in Healthy Kids. But because children are listed as dependents on the parent's Medi-Cal application, the children automatically receive Emergency Medi-Cal when parents are granted this coverage.

Finally, undocumented adolescents may also become dually enrolled in Emergency Medi-Cal and Healthy Kids if they become pregnant, need pregnancy-related services, or simply desire confidential family planning services. That is, because Emergency Medi-Cal includes family planning coverage, adolescents may decide to access coverage through Emergency Medi-Cal so that they can receive confidential care outside of the L.A. Care Network used by Healthy Kids.

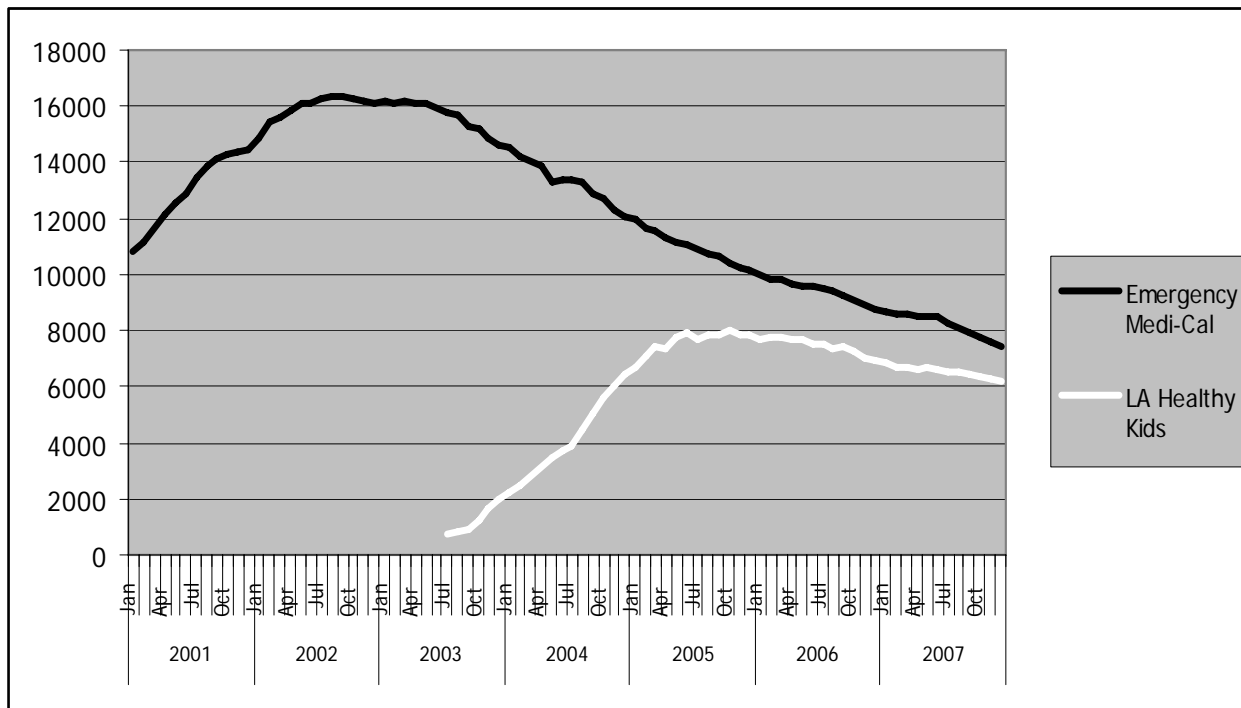
IV. Emergency Medi-Cal enrollment in Los Angeles County.

Even with the phenomenon of dual enrollment, the creation of Healthy Kids has led to marked declines in children enrolled in Emergency Medi-Cal. As illustrated in figure 1, in July 2003 (the start of Healthy Kids), there were 15,790 children age 0 through 5 enrolled in Emergency Medi-

Cal in Los Angeles County. Between July 2003 and December 2007, total child enrollment dropped to 7,457 children, a decrease of 8,333 children, or 53 percent.

For older children age 6 through 18, the picture is similar, but less dramatic. Figure 2 illustrates that enrollment of children age 6 through 18 was 78,079 in July 2004 (the start date for Healthy Kids coverage of this population), and dropped to 67,260 by December 2007, a decrease of 10,819 children, or 14 percent. The more gradual rate of decline for older children can be explained by the fact that open enrollment in Healthy Kids for these children lasted just one year, and only small numbers of 6- through 18-year-olds have been enrolled off the waiting list and into comprehensive coverage since July 2005.

Figure 1. Total Monthly Enrollment in Emergency Medi-Cal and Healthy Kids, Children Age 0–5, Los Angeles County, 2001–2007



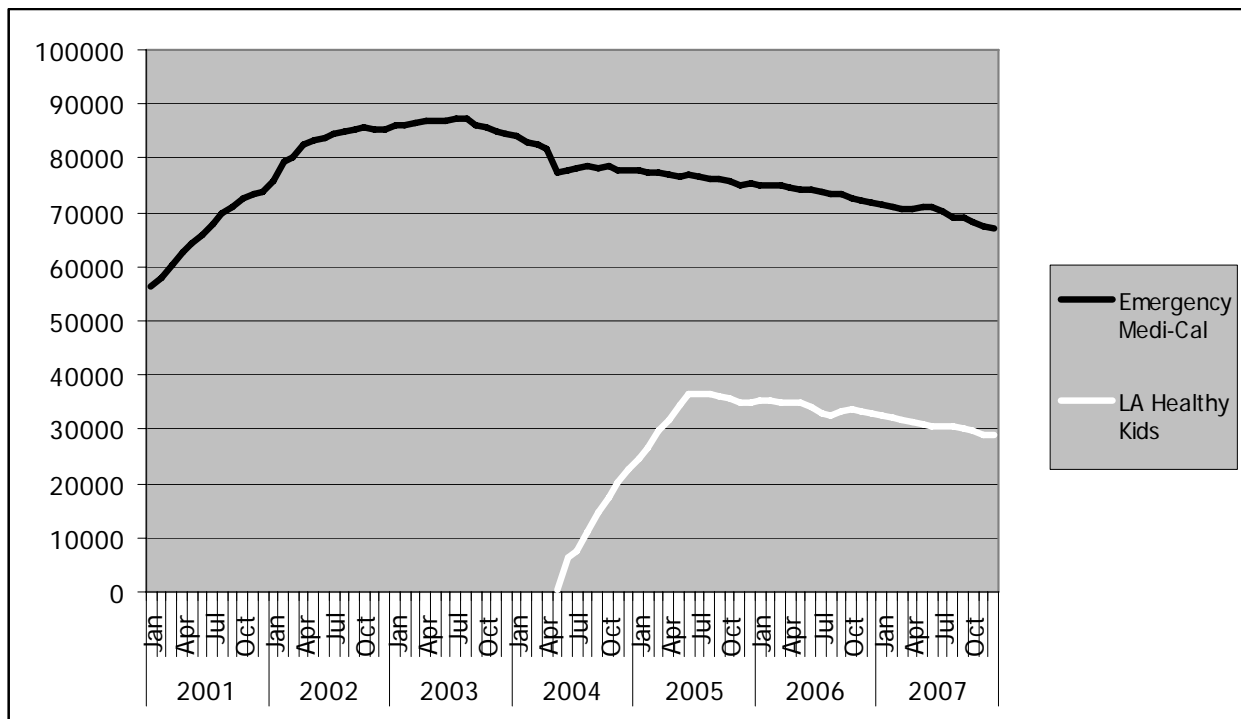
Sources: California Department of Health Services and Children’s Health Initiative of Greater Los Angeles

Unfortunately, no precise data exist to tell us how many of these remaining children on Emergency Medi-Cal also possess Healthy Kids (or vice versa). But, once again, various findings from this evaluation suggest that the numbers with dual coverage could be quite high.

The CHI of Greater Los Angeles recently implemented a memorandum of understanding (MOU) between the L.A. Care Health Plan and the Los Angeles County Department of Public Social Services that will routinely allow for an enrollment data “match” to occur. This match will identify children age 0 through 5 who are enrolled in Emergency Medi-Cal but not in Healthy

Kids, and will allow L.A. Care to contact the parents of these children to share information about how to apply for Healthy Kids (children age 6 to 18 are not targeted due to the Healthy Kids enrollment hold for this age group since 2005). The first such match, conducted in March 2008, identified just over 4,000 children age 5 and under who were enrolled in Emergency Medi-Cal, but not Healthy Kids; parents of these children were mailed letters indicating that their kids could be eligible for Healthy Kids and instructions for how to contact outreach agencies that could help them complete an application for the program. Ironically, this creative outreach and enrollment strategy, designed to ensure that higher numbers of children have access to comprehensive coverage, will likely exacerbate the problem of dual coverage.

Figure 2: Total Monthly Enrollment in Emergency Medi-Cal and Healthy Kids, Children age 6–18, Los Angeles County, 2001–2007



Sources: California Department of Health Services and Children’s Health Initiative of Greater Los Angeles

V. Benefits and Challenges Presented by Dual Coverage

Once again, dual coverage of children in Emergency Medi-Cal and Healthy Kids has led to benefits and challenges for program administrators as well as enrollees and their families. On one hand, Emergency Medi-Cal provides fall-back coverage for children if they encounter gaps in their Healthy Kids coverage, such as periods of disenrollment, and for older children affected by the enrollment hold. Emergency Medi-Cal also protects adolescents’ (of childbearing age)

open access to pregnancy services,⁶ should they need them while enrolled in the Healthy Kids program.

On the other hand, dual coverage has created challenges for these same groups. Case studies and focus groups with parents have revealed that some parents are under the impression that they are supposed to use their Emergency Medi-Cal card when obtaining hospital or emergency services for their children. Hospital staff may reinforce this confusion by choosing the Emergency Medi-Cal card when multiple cards are presented. And funding inefficiencies seem likely, since Healthy Kids continues to pay monthly capitation amounts to support a comprehensive package of services, yet Emergency Medi-Cal may be picking up the costs of some of children's most expensive care for a large proportion of enrollees.

Findings from this evaluation's household survey, compared with those of our analysis of L.A. Care Health Plan encounter and claims data, bolster this concern. For example, while just over 22 percent of parents responding to our survey reported that their children, age 1 through 5, had gone to the emergency room at some point during the preceding six months (Howell et al. 2006), health plan encounter data indicate that the rate of ER use for children in this age group was less than half this rate—9.4 percent (Sommers et al. 2007). Similarly, our survey found that 3.3 percent of parents reported that their children age 5 and under had an inpatient hospital stay in the preceding six months (Howell et al. 2006), yet health plan claims data report that less than 1 percent of children in this groups had a hospital stay (Sommers et al. 2007). The discrepancy between these rates of utilization could be due, at least in part, to Emergency Medi-Cal being billed for some emergency room and hospital visits made by Healthy Kids enrollees, and thus the receipt of this care is not reflected in the Healthy Kids encounter and claims data.

VI. Capturing State and Federal EMC Funds to Support Healthy Kids

As stated above, administrators involved with Healthy Kids have long been aware of the financial implications of dual coverage. In fact, in light of funding shortfalls for children age 6 through 18, the CHI of Greater Los Angeles made a concerted effort to develop a proposal for capturing state and federal Emergency Medi-Cal funds on behalf of Healthy Kids enrollees. Specifically, during 2006 and 2007, members of the CHI's Policy Change Workgroup collaborated with state Medi-Cal officials to implement the CHI's proposal on coordinating funds between the two programs:

- All families would be asked to complete the joint Medi-Cal-Healthy Families application.
- For children found eligible for both programs, parents would be asked to choose whether they wanted full-scope Healthy Kids coverage in combination with limited-scope Emergency Medi-Cal, or simply Emergency Medi-Cal coverage.

⁶ Emergency Medi-Cal coverage includes prenatal care and labor and delivery costs for pregnant women. Family planning services are made available to low-income individuals in California through the Family PACT program.

- For families choosing to enroll their children in full-scope Healthy Kids (in combination with Emergency Medi-Cal), the State of California would pay Healthy Kids a per child amount equal to the annual actuarial value of children’s Emergency Medi-Cal and, in return, Healthy Kids would take responsibility for all coverage received by the child.
- For families choosing limited-scope Medi-Cal, Healthy Kids would offer no coverage.
- To smooth operational logistics, families choosing Healthy Kids would receive one card that would represent coverage for both Healthy Kids and Emergency Medi-Cal, and data systems would be enhanced to allow recognition of this dual enrollment and a computer match between L.A. Care and DPSS would ensure that no double-billing occurred.

Negotiations between state Medi-Cal and CHI officials were progressing nicely for a time, and alternatives for how to calculate the per capita payment were being debated. But in October 2007, these negotiations broke down after state officials encountered resistance from regional officials from the federal Centers for Medicare and Medicaid Services (CMS).

Of note, progress on the proposal was also held up due to internal divisions among members of the CHI. Specifically, child advocates feared that the coordinated Healthy Kids/Emergency Medi-Cal approach would undermine adolescents’ ability to retain open access to prenatal care and labor and delivery services if participating providers are limited to within the L.A. Care network.

VII. Conclusions and Next Steps

At the time of this writing, efforts were starting anew to capture Emergency Medi-Cal funds in support of Healthy Kids programs. In this case, the CHI of Greater L.A. is collaborating with the California Children’s Health Initiatives and the Children’s Partnership. The critical need for support has not diminished, as the program continues to only enroll children age 5 and under (with ongoing financial support from First 5 LA) and cannot offer new coverage to uninsured children age 6 through 18. Since initial estimates of potential per capita funding that could be recouped from Emergency Medi-Cal amounted to between 15 and 25 percent of current Healthy Kids costs, program officials certainly have a strong incentive to restart efforts to obtain this support.⁷

Since negotiations halted in 2007, major changes occurred both nationally and in California. Of particular note, Barack Obama was elected president of the United States and, in March 2010, comprehensive health care reform was signed into law. With regard to the election, key informants interviewed for this study expressed confidence that the Obama administration might be more open (than the Bush administration was) to designing creative arrangements whereby Emergency Medi-Cal funds could help support Healthy Kids. With regard to reform, it is not surprising—given the political contention surrounding them—that undocumented immigrant

⁷ Personal communication with the Insure the Uninsured Project, 2009.

populations were left out of plans for expanding health coverage of the uninsured. Thus, the critical need for programs like Healthy Kids remains, as this comprehensive evaluation of the program has documented its many positive impacts for children and their families. Further effort, therefore, to bolster the financial stability of Healthy Kids so that it can continue to provide affordable, high-quality care to uninsured immigrant children in Los Angeles County seems well warranted.

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