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In the Literature

Highlights from Commonwealth Fund-Supported Studies in Professional Journals

Medicaid Re-Enrollment Policies and Children's Risk of Hospitalizations for Ambulatory Care Sensitive Conditions

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An abstract is available at: http://www.lww-medicalcare.com/pt/re/medcare/abstract.00005650-200810000-00010.htm;jsessionid=L2JDG5pJchpLgP38JFlnypJ5hn2GswmxCqL90WsGNCG3XWPg8Ghh!-1375129934!181195629!8091!-1

Synopsis

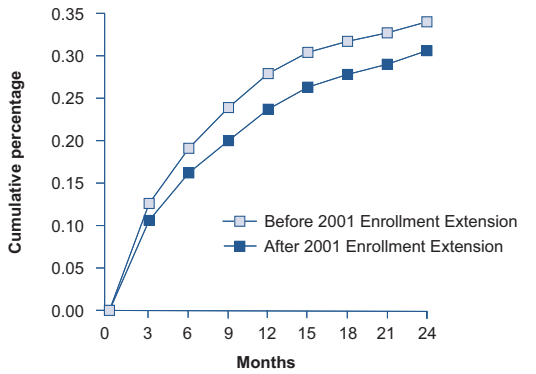
A study examined children in California who received Medicaid coverage to ascertain the health and cost consequences of a policy change that extended the process of redetermining program eligibility from every three months to 12 months. Reducing the frequency of eligibility redeterminations was associated with higher costs, but fewer hospitalizations for ambulatory care–sensitive conditions.

The Issue

Many poor children rotate in and out of Medicaid coverage. As a result, they go through periods when they have no health insurance. Federal rules require states to redetermine Medicaid beneficiary eligibility at least once every 12 months. Some states do so more often, both as a way to identify individuals who are no longer eligible and to reduce the numbers of eligible people and, therefore, costs. To improve continuity in Medicaid coverage and protect children's access to health care, in January 2001 California extended the eligibility redetermination period from every three months to 12 months.

Cumulative Probability of Hospitalization Before and After Enrollment Extension

Probability of a hospitalization for an ambulatory care sensitive condition, children ages 1–17 in California Medicaid



Source: Adapted from A. B. Bindman, A. Chattopadhyay, and G. M. Auerback, "Medicaid Re-Enrollment Policies and Children's Risk of Hospitalizations for Ambulatory Care Sensitive Conditions", *Medical Care*, October 2008 46(10):1049–54.

Key Findings

- In the two years before the policy change, 49 percent of California children had continuous Medicaid coverage, compared with 62 percent in the two following years.

- There were 3,060 fewer hospitalizations associated with ambulatory care sensitive conditions (e.g., asthma, pneumonia, and gastroenteritis) among children in 2001–2002, after the policy took effect, than was predicted based on experiences in 1999–2000. The policy change resulted in an estimated $17 million in savings in hospitalization costs.
- There were 12,239 hospitalizations for ambulatory care sensitive conditions during 1999–2000 and 11,566 such hospitalizations in the two years after the policy change. The probability of a hospitalization for such a condition was significantly greater during 1999–2000.
- The policy change resulted in an estimated additional $150 million in costs, as a result of providing more than 1.4 million additional months of Medicaid coverage for children.

Addressing the Problem

There is widespread recognition that too many Americans are uninsured. Public coverage can make an important difference in reducing the numbers of the uninsured. The study's findings suggest that reducing the frequency of eligibility redeterminations increase the number of continuously insured children and can prevent catastrophic, high-cost health events. The authors recommend further assessment of the costs and benefits of expanding a similar approach to adults.

> "[O]ur findings suggest that children suffer harm from **less adequate ambulatory care and unnecessary hospitalizations** in association with interruptions in Medicaid coverage."

About the Study

The authors used California hospitals patient discharge data from the California Office of Statewide Health Planning and Development for years the 1999–2002 and linked them with state Medicaid monthly eligibility data to create two cohorts of children, ages 1–17, corresponding to a two-year period before (January 1999 to December 2000) and after (January 2001 to December 2002) the policy change. The authors evaluated whether the change was associated with a reduction in the percentage of children with an interruption in Medicaid coverage, a reduction in hospitalizations, and total Medicaid expenditures.

The Bottom Line

More frequent Medicaid redetermination of child eligibility can save money for state Medicaid programs, but it comes at the risk of more children being uninsured, reduced continuity of care, poorer health outcomes, and increased hospital spending.

Citation

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This summary was prepared by Christopher J. Gearon.