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NEW RESEARCH SHOWS SIMPLIFYING MEDICAID CAN REDUCE CHILDREN'S HOSPITALIZATIONS

by Leighton Ku

New research indicates that increasing the continuity of children's Medicaid coverage reduces subsequent hospitalizations for chronic health conditions like asthma or diabetes. The research — a new study conducted by Dr. Andrew Bindman and his associates at the University of California at San Francisco, which was unveiled at a scientific conference on June 4¹ — indicates that improving the continuity of Medicaid coverage through what is known as “12-month continuous eligibility” can improve children's health and avert unnecessary hospitalization costs.

Medicaid coverage helps low-income children obtain access to primary and preventive medical care that both aids children when they are sick and helps them stay healthy. Nevertheless, after a child is enrolled in Medicaid, his or her coverage can be interrupted because of administrative and documentation barriers or for other reasons, even though the child remains eligible. These interruptions cause children to lose health insurance coverage, at least temporarily, with the result that their families may be unable to afford regular care or medications that the children need.

Professor Bindman's study examined this issue by linking data about hospitalizations and Medicaid enrollment for millions of beneficiaries in California from 1998 through 2002. The study found that those whose Medicaid coverage was interrupted were far more likely to be hospitalized subsequently for an “ambulatory-sensitive condition,” such as asthma or diabetes. Medical experts consider these hospitalizations avoidable because certain diseases can be managed with proper medical care; for example, a child diagnosed as asthmatic can be treated to reduce the risk of experiencing a severe asthma attack that forces the child to be hospitalized.

Most important, the researchers found these interruptions in Medicaid coverage can be reduced through policy changes. In 2001, California simplified its Medicaid procedures so that, instead of providing coverage for children for six months at a time, the program granted children 12 months of continuous eligibility. The researchers found that this policy change led to an increase in Medicaid enrollment rates, to fewer interruptions of Medicaid coverage for children, and to a 25 percent reduction in the risk of avoidable hospitalizations for children.

¹ Andrew Bindman, Arpita Chattopadhyay and Glenna Auerback, “Do Interruptions of Medicaid Coverage Increase the Risk of Avoidable Hospitalizations,” presented at the Annual Research Meeting of AcademyHealth, Orlando, Florida, June 4, 2007.

These findings suggest that greater continuity of Medicaid coverage helps children obtain medical care services and thereby helps them stay healthy. Better enabling children to retain Medicaid coverage also reduces the high medical costs and family strain associated with hospitalizing a child.

Millions of uninsured children are eligible for Medicaid but may be uninsured for some period of time because they lose Medicaid coverage due to administrative barriers. States have options to simplify Medicaid enrollment and renewal procedures, such as by providing 12-month continuous eligibility, but a number of states have not adopted these policies due to budgetary concerns.² This new research indicates that adopting 12-month continuous eligibility can both improve child health and reduce unnecessary medical expenses.

This suggests that in reauthorizing the State Children's Health Insurance Program (SCHIP), Congress should consider ways to bolster the renewal of coverage (and avoid interruptions in coverage) for low-income children enrolled in Medicaid. Doing so would not only reduce the number of uninsured children but also would help children stay healthy and avoid costly, unnecessary hospitalizations.

² Annual surveys conducted by Donna Cohen Ross and Laura Cox of CBPP for the Kaiser Commission on Medicaid and the Uninsured have documented the ups and downs of Medicaid and SCHIP enrollment and eligibility policies across states since 2000.