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# Strategies to Ensure Continuous Coverage for Children at the End of the COVID-19 Public Health Emergency

## Introduction

The [Families First Coronavirus Response Act \(FFCRA\)](#) provides enhanced federal matching funds to states as a condition of maintaining Medicaid enrollment until the [conclusion](#) of the COVID-19 public health emergency (PHE).<sup>1</sup> As a result of the federal “continuous coverage” requirement, children’s enrollment in Medicaid and the Children’s Health Insurance Program (CHIP) has [increased](#) by 15.5 percent since February 2020, providing health insurance [coverage](#) for nearly 40.5 million children. When the PHE concludes, states will need to redetermine eligibility for all Medicaid enrollees, which may result in unintended coverage loss among children eligible for Medicaid or CHIP. One study [estimates](#) that 6.7 million children could lose Medicaid coverage at the end of the PHE.

As states plan for the end of the PHE and how best to protect coverage for eligible children, states have the opportunity to build off of the success of stabilized coverage over the past two years and—going forward—may wish to implement continuous coverage policies to safeguard Medicaid and CHIP coverage for children.

This issue brief, one of a three-part series focused on improving access to Medicaid, CHIP and Marketplace coverage at the end of the PHE, seeks to review the importance of continuity of coverage for all children and highlight state opportunities through State Plan Amendments (SPAs) and Section 1115 demonstrations to implement continuous enrollment policies.

<sup>1</sup> The federal [PHE](#) is currently slated to [expire](#) on October 12, 2022. Because the United States (U.S.) Department of Health and Human Services (HHS) has promised to provide 60 days’ notice prior to termination, and the date of August 14, 2022, has passed the new expected end of the continuous coverage requirements is January 31, 2023.

## The Importance of Continuity of Coverage for Children

The past two years of the COVID-19 PHE have illustrated the importance of continuous coverage for children enrolled in Medicaid and CHIP. Millions of children have experienced seamless health insurance coverage, ensuring ongoing care for existing conditions and access to preventive care (including COVID-19 vaccines and testing and critical childhood immunizations). Continuous coverage has also helped to reduce the number of uninsured children, including for people of color. For example, Oregon reports that as a result of the federal continuous coverage requirements, Oregon's uninsured rate dropped from 6 percent to 4.6 percent, and the uninsured rate for Black Oregonians dropped from 8 percent to 5 percent during years 2019–2021.<sup>2</sup> Further, families have been secure in knowing their children have health care coverage and are able to access care as the pandemic caused disruptions in parents' and caregivers' employment status, housing stability, and their own health insurance access.

States can adopt policies that build on the gains in coverage they saw during the pandemic that promote continuity of coverage and care for children enrolled in Medicaid and CHIP. Continuous coverage opportunities are critical for all children, and particularly salient to support children enrolled in Medicaid/CHIP with special health care needs and adolescents with severe behavioral health concerns, who require stable and continuous physical, mental and developmental health care services.

Continuous health insurance coverage is necessary for children to receive timely, quality preventive and specialty care. Disruption and gaps in coverage have been linked to:

- **Health disparities** among Black, Latino/a and other people of color, who are overrepresented in Medicaid programs and experience systemic discrimination in health care systems;
- **Churn**—disenrollment and subsequent reenrollment within one year—with over 11 percent of children enrolled in Medicaid experiencing coverage churn and gaps in care before the pandemic, a gap exacerbated further for people of color;
- Challenges in accessing needed medical care, including **specialist** visits and **care management** for chronic illnesses and disabilities; and
- **Unnecessary** administrative costs and less predictable expenditures for state Medicaid and CHIP agencies.

## State Opportunities to Ensure Continuity of Coverage for Children

Two key policy options that have been adopted or are being considered by states to support and promote continuity of coverage for children enrolled in Medicaid/CHIP include:

- **12 months of continuous coverage** via a State Plan; and
- **Longer than 12 months of continuous coverage** via 1115 demonstration.

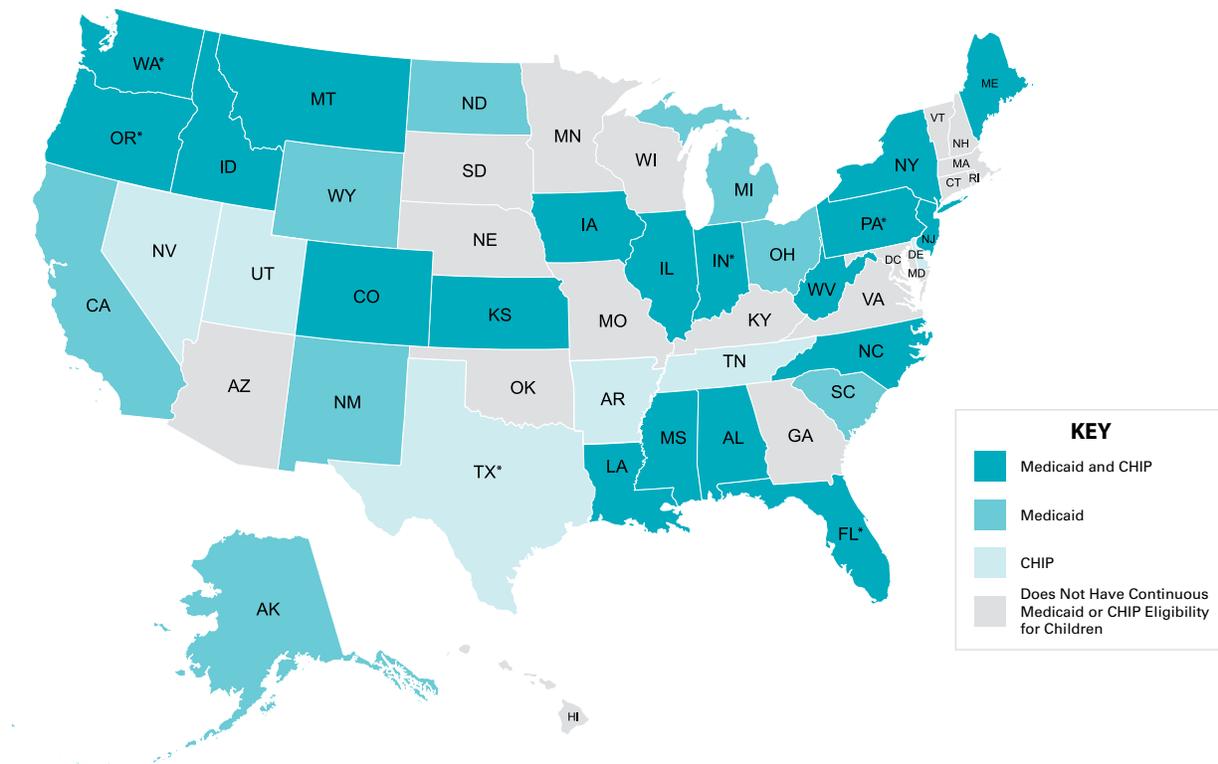
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<sup>2</sup> Oregon Health Plan. Oregon Section 1115 Demonstration Renewal and Amendment Application. February 2022. Available [here](#).

## State Plan Amendments (SPAs) for 12-Month Coverage

Since 1997, states have had the option to provide 12-month continuous eligibility for children enrolled in Medicaid and CHIP, with 24 states having **adopted** this option for either Medicaid or CHIP or both as of January 2022. (See Figure 1.) A recent U.S. Health and Human Services **Assistant Secretary for Planning and Evaluation** (ASPE) study found that children living in states with 12-month continuous eligibility were less likely to be uninsured (7.8 percent compared to 11.7 percent) and to have a gap in care in the past year (11 percent compared to 15.9 percent) compared with children living in states without continuous eligibility. An October 2021 **Medicaid and CHIP Payment and Access Commission** (MACPAC) study echoed these findings, reporting that children’s health coverage was higher in states that had adopted continuous enrollment.

**Figure 1: Status of 12-Month Continuous Medicaid and CHIP Eligibility for Children (as of July 2022)<sup>3</sup>**



## Section 1115 Demonstrations for Multiyear Coverage

Section 1115 demonstrations can be leveraged by states interested in pursuing continuous coverage for young children for more than 12 months. Oregon and Washington are both considering similar policies and have submitted or intend to submit demonstration applications with these novel proposals to the Centers for Medicare & Medicaid Services (CMS) for their consideration, with a number of other states considering following suit.

<sup>3</sup> Kaiser Family Foundation. State Adoption of 12-Month Continuous Eligibility for Children’s Medicaid and CHIP. January 2022. Available [here](#). States that do not provide a separate CHIP program for uninsured children: Alaska, California, District of Columbia, Hawaii, Maryland, Michigan, New Hampshire, New Mexico, North Dakota, Ohio, Oklahoma, South Carolina, Vermont, Wyoming.

\* Indicates states that limit continuous eligibility for children enrolled in Medicaid based on age or income level

+ Indicates states considering Section 1115 demonstrations to extend eligibility past 12 months

- **Oregon.** In February 2022, the Oregon Health Authority (OHA) submitted a renewal and amendment [application](#) for the state's Section 1115 demonstration.<sup>4</sup> In the demonstration application, OHA cited the coverage continuity gains experienced during the COVID-19 PHE and the desire to stabilize coverage by reducing unnecessary churn, increase access to primary care and preventive services, and preserve patients' continuity in ongoing care.

To achieve these goals, Oregon's 1115 demonstration includes a proposal to provide continuous Medicaid enrollment for children through their sixth birthday, regardless of changes in circumstance, such as an increase in income or change in household size, with some exceptions.<sup>5</sup> OHA estimates this will ultimately impact over 29,000 children enrolled in the Oregon Health Plan (Oregon's Medicaid program) by State Fiscal Year 2027, ensuring they have no gaps in coverage during their critical early years of development. For children six years and older (and for adults), Oregon's demonstration application also proposes two-year continuous enrollment.

- **Washington.** Similar to Oregon, Washington is pursuing a policy to ensure continuous coverage for young children eligible for Medicaid. In July 2022, the Washington State Health Care Authority (HCA) submitted its [application](#) to renew the state's Medicaid Transformation Project Section 1115 demonstration. The demonstration application includes a request to provide continuous Medicaid enrollment for young children enrolled in Apple Care (Washington's Medicaid program) with incomes below 215 percent of the Federal Poverty Level through the first six years of life, regardless of change in the child's circumstances for eligibility. As part of its 1115 demonstration application, HCA reviewed its own enrollment data and found that 11 percent of children enrolled in Apple Care experience a gap in coverage each year and this churn disproportionately impacts children of color. Given this analysis, Washington expects nearly 25,000 young children to receive continuous Apple Care enrollment on an annual basis.

## Conclusion

Given the pending conclusion of the PHE's continuous coverage requirement, states, advocates, policymakers, and families have the opportunity to leverage lessons learned in order to promote ongoing continuous coverage for children, including for children with special health care needs.

### Next Steps for States

The remaining states that do not yet have a 12-month continuous enrollment SPA for their Medicaid and CHIP children should submit a SPA now for CMS consideration and review in order to secure this policy option at the conclusion of the PHE or as soon as possible afterwards. State Medicaid agencies that already have 12-month continuous enrollment for both Medicaid and CHIP can submit an 1115 demonstration to expand the time frame for when children remain in coverage without disruption in order to reduce churn among young enrollees and improve outcomes and access to needed physical and behavioral health care.

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<sup>4</sup> J. Alker, G. Kenney, S. Rosenbaum. The Biden Administration Should Approve Oregon's Request To Cover Children Until Their Sixth Birthday. Health Affairs Forefront. July 2022. Available [here](#).

<sup>5</sup> Exceptions include death or if a child moved out of state or committed fraud.

## **Next Steps for Policymakers and Advocates**

Policymakers and advocates living in the half of states that do not currently have an approved SPA for 12-month continuous enrollment for children enrolled in Medicaid and/or CHIP should immediately advocate their state to adopt one. Many states can submit a SPA to CMS for consideration without the State Legislature's approval or direction, allowing for a comparatively streamlined process. Advocates can take one of two advocacy approaches (or leverage both options) to pursue this policy option: (1) working directly with their state's Medicaid agency or Governor's Office and/or (2) working directly with their State Legislature.

Furthermore, policymakers and advocates can encourage their state to adopt multiyear continuous coverage for young children through an 1115 demonstration. Some states may require legislative approval to pursue an 1115 demonstration; as such, advocates should consider incorporating a legislative advocacy strategy into their campaign to encourage their state Medicaid agency to pursue this policy. Advocates should also review their state's existing Section 1115 demonstration(s) to understand when the next renewal period (typically every five years) is coming and encourage their state to include multiyear continuous coverage for young children in the next application for amending and renewing the demonstration, similar to Oregon and Washington.

## About Manatt Health

This brief was authored by Madeleine Toups, Linda Elam, Kinda Serafi and Cindy Mann.

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