Colorado Center on Law & Policy Issue Brief:

What's Causing Colorado's Decline in Medicaid & CHIP Enrollment?

By Bethany Pray, Allison Neswood and Charles Brennan

The rate of decline in enrollment in Medicaid and CHIP in Colorado is more than threefold the national average. Between March 2017 and March 2019, as enrollment in Medicaid and the Children's Health Insurance Program (CHIP) fell nationally by more than 1.7 million members or 2.3 percent, Colorado saw an 8 percent decline. Falling unemployment does not explain the extent of the drop,[1] and policy changes spurred by federal pressure are a more likely explanation. This report examines data on enrollment and economic changes, as well as the policy factors contributing to Colorado's decline in enrollment. The information that follows suggests that many former enrollees may have lost coverage despite their income-eligibility, a development that could have long-lasting negative impacts on public health and Colorado's economy.

Background

Health First Colorado and the Child Health Plan PLUS (CHP+), Colorado's Medicaid and CHIP programs, make necessary health care services available to over 1.2 million low- to moderate-income Coloradans. Medicaid's benefit for children provides comprehensive coverage of early screening, diagnostic, and treatment services that foster healthy child development and help mitigate the many complications of living in poverty. Studies show that Medicaid reduces infant mortality and child mortality rates[2] and increases the likelihood that children will graduate from high school, complete college, and pay taxes.[3] Health First Colorado is also the only place children and adults with disabilities can go to get many of the services and supports they need to live in their communities.

Under Medicaid expansion, Colorado chose to offer coverage to adults without dependent children. Research on expansion states has shown that patients seek care earlier and have increased access to behavioral health services and primary care. Studies of enrollees from Michigan and Ohio have

1. Matt Broaddus. Research Note: Medicaid Enrollment Decline Among Adults and Children Too Large to Be Explained by Falling Unemployment. Center on Budget and Policy Priorities (2019). Available at: https://www.cbpp.org/research/health/medicaid-enrollment-decline-among-adults-and-children-too-large-to-be-explained-by

2. Janet Currie and Jonathan Gruber. Health Insurance Eligibility, Utilization of Medical Care, and Child Health, The Quarterly Journal of Economics 111 no. 2 (1996); Janet Currie and Jonathan Gruber. Saving Babies: The Efficacy and Cost of Recent Changes in the Medicaid Eligibility of Pregnant Women, Journal of Political Economy 104, no. 6 (1996).

3. Rourke L. O'Brien and Cassandra Robertson, Medicaid and Intergenerational Economic Mobility. (Madison, WI: University of Wisconsin-Madison, Institute for Research on Poverty (IRP) Discussion Paper No. 1428-15, April 2015); Sarah Miller and Laura Wherry. The Long-Term Effects of Early Life Medicaid Coverage. (Ann Arbor, MI: University of Michigan Working Paper, August 2015); Sarah Cohodes, Daniel Grossman, Samuel Kleiner and Michael M. Lovenheim. The Effect of Child Health Insurance on Schooling: Evidence from Public Insurance Expansions. (Journal of Human Resources, 2015); David W. Brown, Amanda Kowalski and Ithai Z. Lurie. Medicaid as an Investment in Children: What is the Long-Term Impact on Tax Receipts? (National Bureau of Economic Research Working Paper, No. 20835, January 2015).

found that most enrollees believe that having Medicaid coverage has made it easier for them to establish a usual source of care, and to both seek and maintain work.[4]

By supporting access to care, Health First Colorado and CHP+ support individual success and stronger outcomes for our communities.

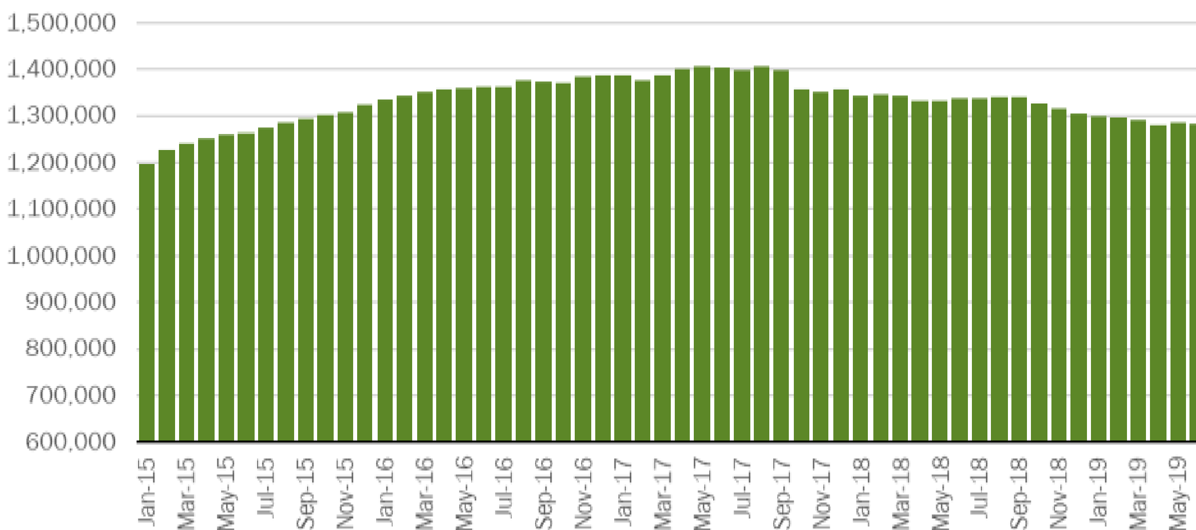
Declining Enrollment

Statewide Trends

Overall enrollment in Health First Colorado and CHP+ has been in decline since peaking in May 2017, with fewer Coloradans able to benefit from the economic and health advantages it provides.

Information from community partners suggests that many patients who lose coverage with Health First Colorado are not enrolling in alternative coverage. In 2018 the Colorado Community Health Network (CCHN) reported that the number of uninsured patients treated at Community Health Centers around the state increased by a rate of 6.8 percent from 2017 and the number of Medicaid patients decreased by a rate of 5.9 percent during the same period. (See also information on the effects of the public charge rule below). Children's Hospital Colorado reported that just for children with whom the facility had an ongoing care relationship as of 2016, almost 2,300 children had lost Medicaid and become uninsured by June 2019. Children's Hospital's emergency department had a 2.5 percent increase in uninsured pediatric patients during the first half of 2019, compared to the same period in 2018. That increase in uninsured pediatric patients was concurrent with a nearly 5 percent drop in Medicaid-covered ED visits.

Figure 1
Health First Colorado and CHP+ Enrollment
January 2015 to June 2019



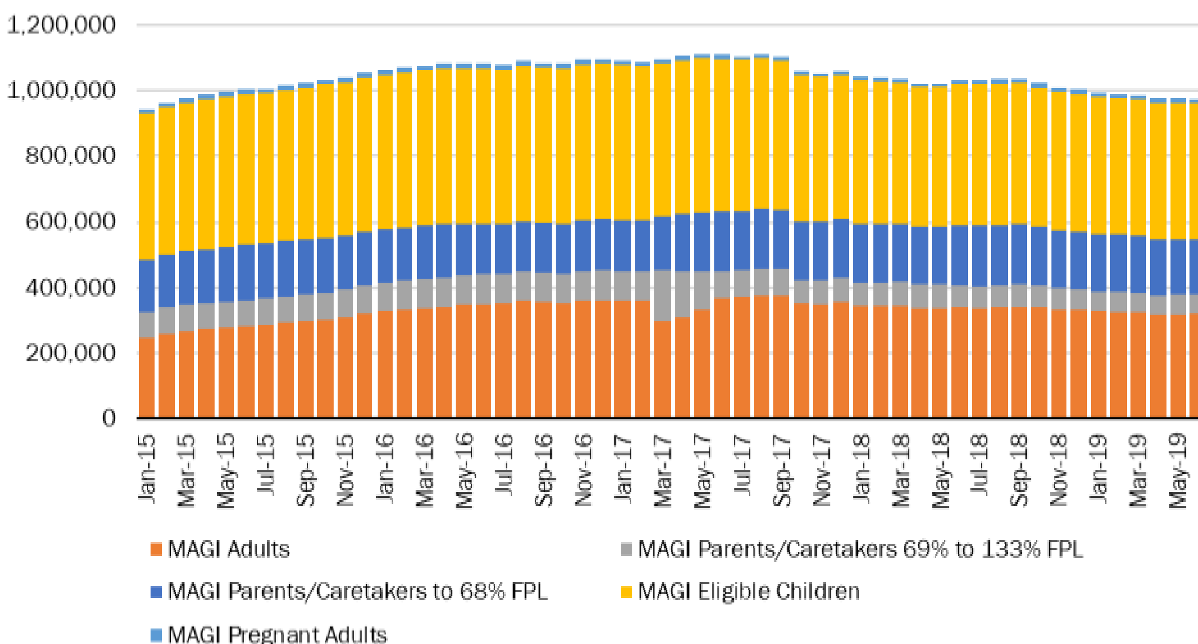
Source: Centers for Medicare and Medicaid Services

4. R. Tipirneni, J.T. Kullgren, J.Z. Ayanian et al.. "Changes in Health and Ability to Work Among Medicaid Expansion Enrollees: A Mixed Methods Study. Journal of General Internal Medicine (2019). 34: 272. https://doi.org/10.1007/s11606-018-4736-8; "2018 Ohio Medicaid Group VII Assessment." Ohio Department of Medicaid, August 2018. https://medicaid.ohio.gov/Portals/0/Resources/Reports/Annual/Group-VIII-Final-Report.pdf

As seen in Figure 1, there was a steep drop in Health First Colorado and CHP+ enrollment between September and October 2017 when approximately 41,500 Coloradans lost coverage. Following this drop, enrollment continued to decline, with the rate of decline picking up pace in September 2018. Overall, enrollment in Health First Colorado and CHP+ fell by 8.7 percent between June 2017 and June 2019.[5]

From the data in Figures 2 we can observe that enrollment declines have been generally consistent between June 2017 and June 2019 and between September 2018 and June 2019 for all income-eligible groups other than MAGI pregnant adults. Declines for the adult/parent MAGI groups and MAGI eligible children are all very highly correlated with one another, even though special eligibility rules allow children to retain coverage for up to 12 months even if income increases and exceeds relevant income thresholds. If children are typically losing eligibility at the same point in time as adults in their household, the implication is either that continuous eligibility rules are not functioning as designed or that children are being actively withdrawn from coverage along with adult household members.

Figure 2
Health First Colorado Enrollment by MAGI Group
January 2015 to June 2019



Source: Colorado Department of Health Care Policy and Financing

Figures 3 and 4 show that the rate of new applications and the rate of approval of new applications have not changed. The decline in enrollment thus cannot be attributed to fewer applications or to lower rates of eligibility for new applicants. The data does not specify whether applications were

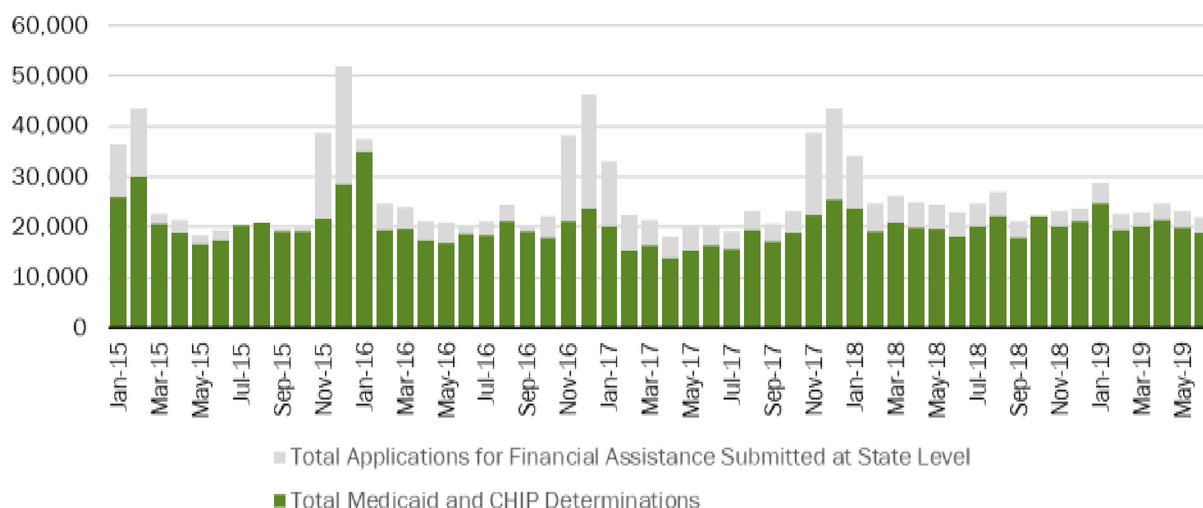
5. The analysis throughout this report looks at changes in enrollment over two periods: June 2017 to June 2019 and September 2018 to June 2019. June 2017 was chosen as the starting point for the first period because it is the first month after the peak in enrollment (May 2017) for which there is data available from both federal and state data sources and for which there are no anomalies in the data that might skew the analysis (see discussion of Health First Colorado enrollment by eligibility groups). September 2018 was chosen as the starting point for the second period because it marks the month in which the Trump Administration officially released its draft public charge rule and because it marks the start of a prolonged period of declining Medicaid and CHIP enrollment in the state.

from: 1) people new to the system; or 2) people reapplying after a lapse in coverage. If the number of applications from people new to the system remained constant throughout this period, declining enrollment in Health First Colorado and CHP+ could be attributed to people leaving the program due to increased income, people leaving inappropriately due to system error, or people leaving voluntarily. Alternatively, if the number of applications from people new to the program dropped over this period, it would suggest that a larger share of applicants were Medicaid enrollees re-applying after a temporary loss of coverage and that those returning individuals were often being found program eligible.

Figure 3

Applications and Determinations of Eligibility for Health First Colorado and CHP+

January 2015 – June 2019

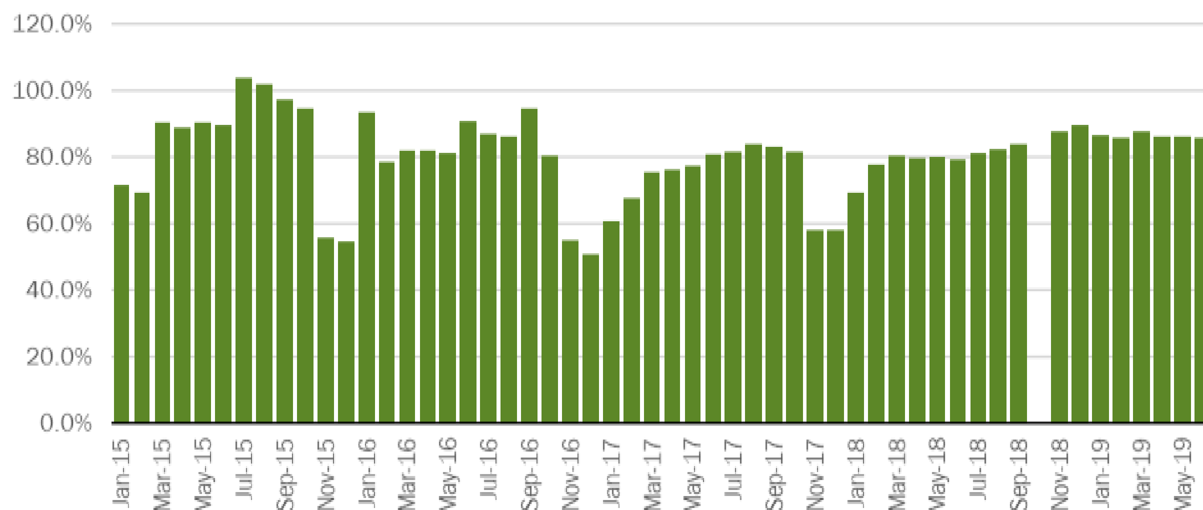


Source: Centers for Medicare and Medicaid Services

Figure 4

Share of Applications for Health First Colorado and CHP+ Determined Eligible

January 2015 – June 2019



Source: Centers for Medicare and Medicaid Studies
Note: Application data for October 2018 was not available from CMS's online data repository

The latter scenario would indicate a high level of churn – the phenomenon of people cycling on and off programs – which is costly to the system. Given the Centers for Medicare and Medicaid Services does not collect information on the type of application, it is impossible to assess whether rates of churn are increasing based on this data. However, data from the Colorado Benefits Management System could show the percentage of applications by individuals who have been enrolled in Medicaid within the past year.

County Trends

Looking at enrollment changes in Colorado's counties, we see some variation between different counties, but those differences do not appear to have had a significant impact on the overall state enrollment trend. Further investigation may be helpful, however, as the variation may point out inconsistencies in county processing of applications and renewals.

Changes in enrollment in Health First Colorado in Colorado's 64 counties between June 2017 and June 2019 were largely driven by changes to enrollment in Denver County, El Paso County, Adams County, Arapahoe County, and Jefferson County. These five counties saw the largest declines in Health First Colorado enrollment and account for more than 63 percent of the overall change in statewide enrollment, a proportion that reflects the overall size of these counties' Medicaid-enrolled populations. For instance, Health First Colorado enrollment in Denver County decreased by -21,545 people between June 2017 and June 2019, a 10.0 percent decrease in the county's Medicaid enrollees and similar to the 9.9 percent decline seen for the state as a whole over this same period. Percentile changes in smaller counties were more variable but had little effect on overall state enrollment. For example, Routt County saw the largest percent decline (24.3 percent) in Medicaid enrollees during this same period. That large percent decline corresponded to 991 fewer people on Medicaid in Routt County but just 0.7 percent of the total change in state Medicaid enrollment.

Some smaller counties, conversely, saw enrollment increase or remain flat. Between January 2016 and September 2019[6], 16 of Colorado's 64 counties saw the number of residents enrolled in Medicaid stay the same or increase, albeit by small amounts. From June 2017 to June 2019, just four counties (Kit Carson, Rio Blanco, Phillips, and Cheyenne) saw enrollment increase or remain unchanged, though the increases in these counties totaled 158 people compared to a decline of -135,090 seen in Colorado's other 60 counties.

A county's share of the change in statewide enrollment between June 2017 and June 2019 was highly correlated with the county's overall share of Medicaid enrollees in June 2019. Figure 5 below shows this relationship for all counties. In general, counties' share of overall statewide Medicaid enrollees changed very little over the period, with only three counties' shares increasing and five seeing a marginally lower share of enrollees. The greatest increase was seen in El Paso County, whose share of statewide Medicaid enrollees increased from 14.1 percent to 14.5 percent over this same period. Meanwhile, five counties saw their share of enrollment decrease by 0.1 percent or more. Adams County saw its share of enrollees decline by 0.3%, from 11.2 percent to 10.9 percent.

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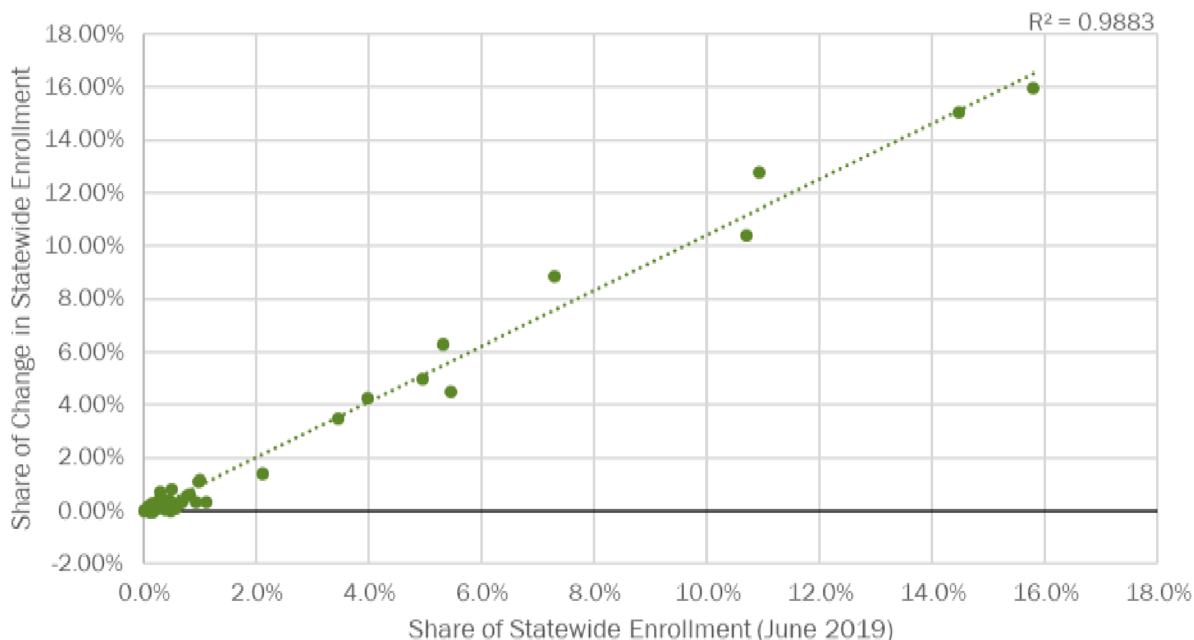
6. This period represents the months for which HCPF provides data on county-level enrollment in Health First Colorado online.

Figure 5

Relationship Between Share of Medicaid Enrollment and Share of Change in Enrollment

June 2017 – June 2019



Source: Colorado Department of Health Care Policy and Financing

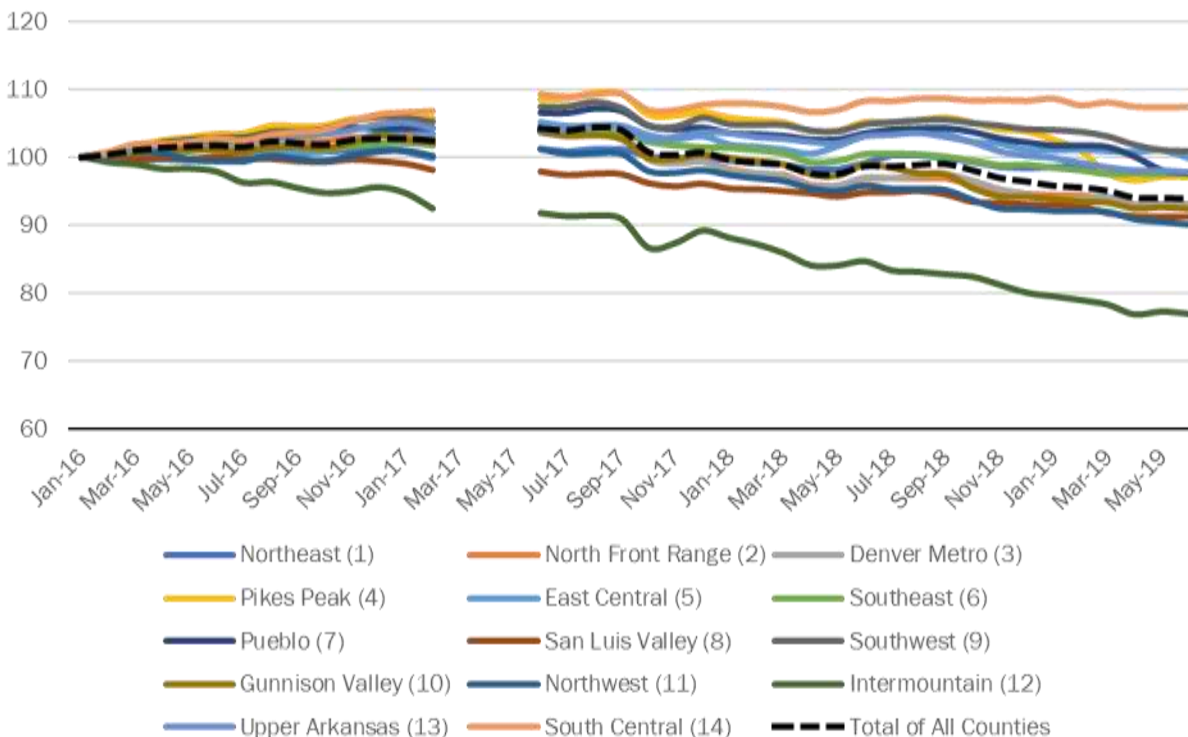
This same relationship holds true when looking at changes in county enrollment between September 2018 and June 2019. Despite this strong relationship, grouping counties by their state Planning and Management Regions reveals noticeable differences in the rate of change from region to region. Figure 6 below shows enrollment changes by region from January 2016 to June 2019. As the chart shows, enrollment in the Intermountain region[7] has been declining since January 2016 while other regions (South Central[8] and Southwest[9]) saw their enrollment increase. Certain regions, including the intermountain region, are likely to have a larger proportion of seasonal workers, and declines may reflect problems with the functioning of the eligibility rules for seasonal and commission-based workers, In the larger context, however, the Intermountain, South Central and Southwest counties together accounted for less than 5 percent of all Coloradans enrolled in Health First Colorado in June 2019.

7. The Intermountain Region consists of Jackson County, Grand County, Summit County, Eagle County, and Pitkin County

8. The South Central Region consists of Huerfano County and Las Animas County

9. The Southwest Region Consists of Dolores County, San Juan County, Montezuma County, La Plata County, and Archuleta County

Figure 6
Change in Health First Colorado Enrollment by State Planning and Management Region
January 2016 – June 2019



Source: Colorado Department of Health Care Policy and Financing
Note: 100 = Enrollment in January 2016; Data for March 2017, April 2017, and May 2017 not available from HCPF's website

The Influence of Economic Factors on Medicaid and CHIP Enrollment Decline is Unclear

The Trump administration has claimed that economic factors—such as increasing employment—explain declining enrollment in Medicaid and CHIP programs. However, available data do call that conclusion into question at the national level[10] and here in Colorado.

Over the past two years, states saw both increases and decreases in Medicaid enrollment, with those changes not clearly correlated either with expansion status or with state unemployment trends. Thirty-five states and Washington, D.C. – a list that includes expansion and non-expansion states – saw declines in Medicaid and CHIP enrollment between March 2017 and March 2019.[11] Fourteen states saw their enrollment increase, again including both states that did and did not expand eligibility.[12]

10. Matt Broaddus. Research Note: Medicaid Enrollment Decline Among Adults and Children Too Large to Be Explained by Falling Unemployment. Center on Budget and Policy Priorities (2019). Available at: https://www.cbpp.org/research/health/medicaid-enrollment-decline-among-adults-and-children-too-large-to-be-explained-by

11. ACA Expansion – IL, VT, NM, CO, AR, WV, MA, OH, HI, WA, NH, DC, CA, NJ, IN, ME (in 2019), KY, AZ, ND, OR, RI, MN, MI. Non-ACA Expansion – MS, ID, TN, UT, WY, OK, FL, TX, KS, SD, WI, NC, SC

12. ACA Expansion – NV, PA, LA, MD, NY, DE, MT, IA, CT, AK, VA (in 2019); Non ACA Expansion – NE, GA, AL

The impact of wage growth requires additional study, particularly because Colorado is one of twenty states that passed minimum wage increases in 2018 through legislation or ballot measure, or that legislated increases to minimum wage through indexing to inflation.[13] Those 20 states did not uniformly see decreased Medicaid and CHIP enrollment between 2017 and 2018, however, suggesting that the enrollment decline does not correlate directly with increased wages for low-income workers.

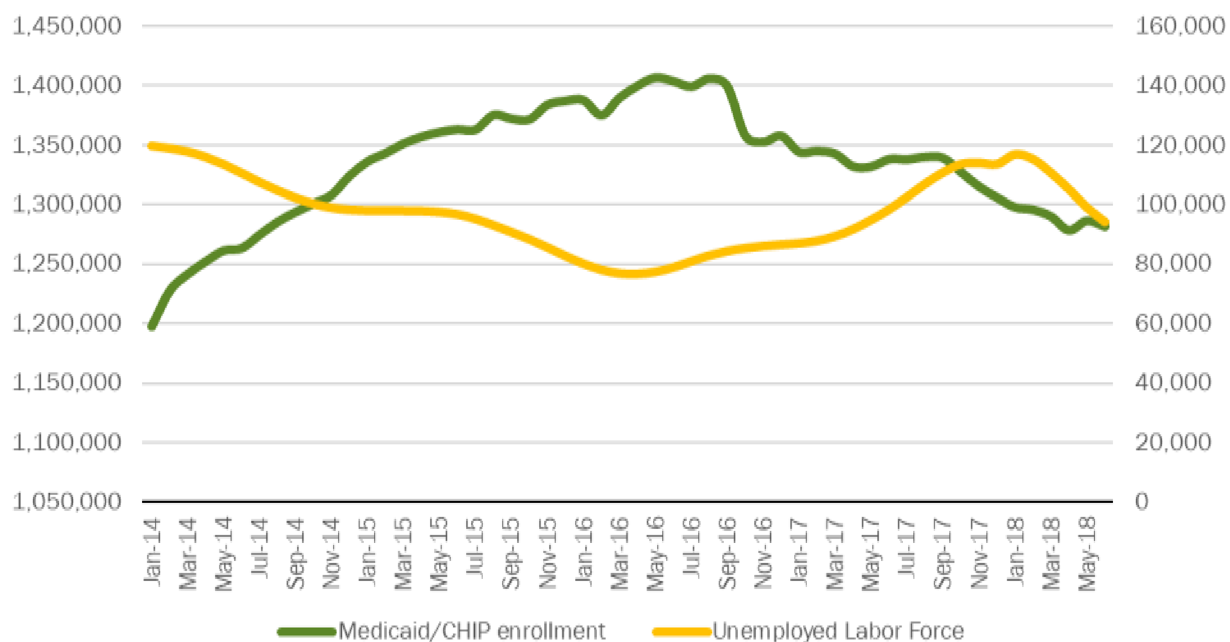
Nor do changes in unemployment rates clearly correlate with Medicaid enrollment. Two non-expansion states, Georgia and Alabama, saw Medicaid and CHIP enrollment increase while their unemployment rates dropped by 1.1 percent each. Overall, one in four states saw an increase in Medicaid enrollment in conjunction with a decrease in unemployment between March 2017 and March 2019, contrary to what we would expect if the improving economy was the reason behind the drop in enrollment.

Figure 7 below illustrates that enrollment and unemployment trends in Colorado moved counter to expectation, with enrollment in Health First Colorado and CHP+ at the same time that the number of unemployed Coloradans decreased and dropping as unemployment increased.

Figure 7

Enrollment in Health First Colorado/CHP+ and Colorado's Unemployed Labor Force

Jan 2015 – June 2019



Source: Centers for Medicare and Medicaid Studies; Bureau of Labor Statistics – Local Area Unemployment Statistics

While this data does not establish causation, it would challenge the conclusion that enrollment declines are explained by better rates of employment. Of course, not every newly employed individual will be offered health insurance through their employer, nor will they necessarily drop out of Health First Colorado once employed. Note that this employment data includes part-time work which may

[13] Minimum wage increases: CA, OR, WA, AZ, CO, MI, NY, VT, ME, RI, DE, DC, MD; minimum wage indexing to inflation: MT, SD, MN, MO, OH, FL, NJ.

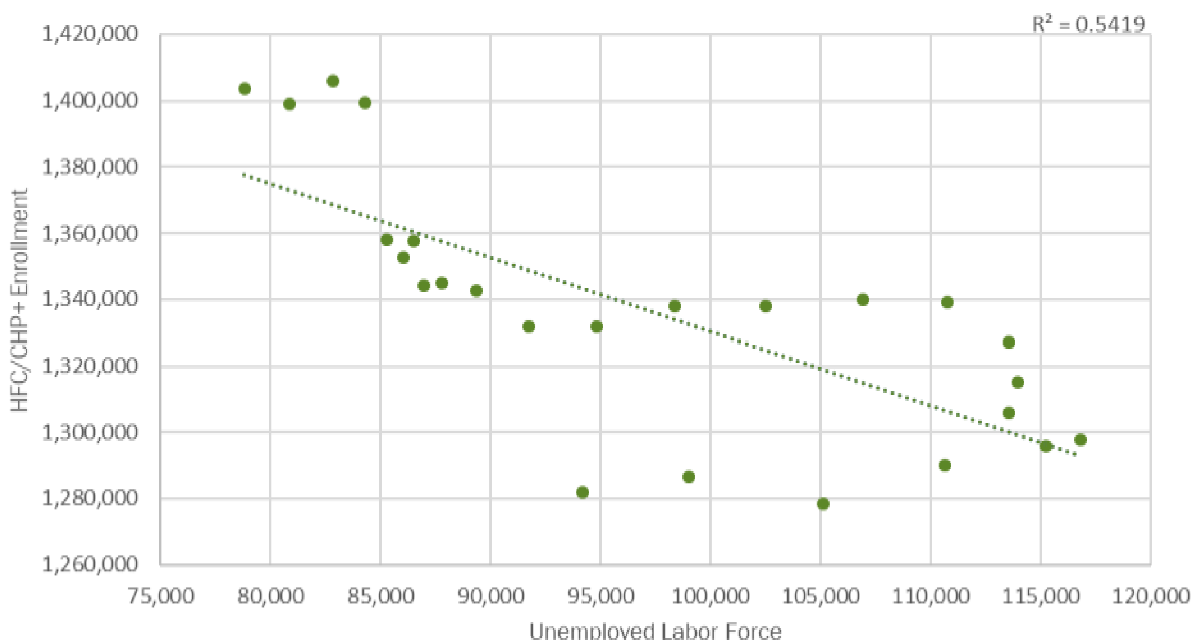
not trigger an offer of employer-based coverage and which may leave workers income-eligible for Medicaid.

While the growth in enrollment seen from January 2015 to May 2017 reflects implementation of Medicaid expansion under the ACA, the inverse relationship between unemployment and enrollment holds, even if we look at the shorter period from June 2017 to June 2019 shown in Figure 7 below. During this period, enrollment in Health First Colorado and CHP+ declined while unemployment increased.

Figure 8

Relationship between Monthly Health First Colorado/CHP+ Enrollment and Colorado's Unemployed Labor Force

June 2017 – June 2019



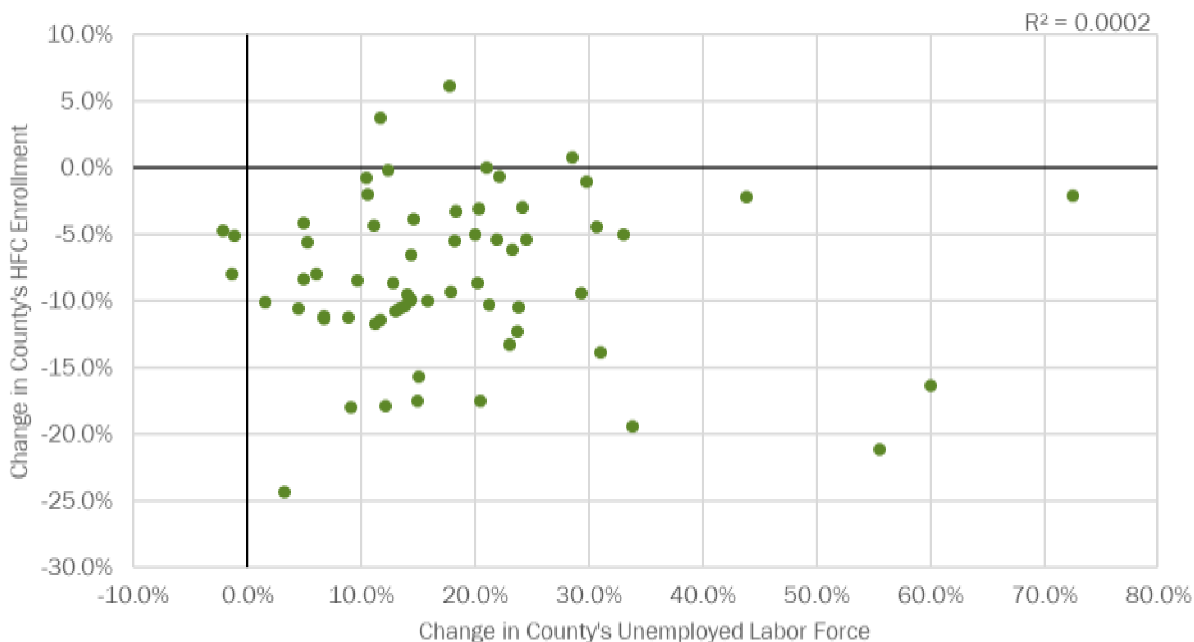
Source: Centers for Medicare and Medicaid Studies; Bureau of Labor Statistics – Local Area Unemployment Statistics

County-level data also do not support the hypothesis that an improving economy has led to a decline in Medicaid enrollment. A comparison of changes in county unemployment and county Health First enrollment revealed only a very weak relationship between these variables. This is true over a number of time periods:

- January 2016 – June 2019: The percent change in the unemployed labor force in a county only explained 0.3 percent of the change in Health First Colorado enrollment;
- June 2017 – June 2019: The percent change in the unemployed labor force in a county only explained 0.02 percent of the change in Health First Colorado enrollment; and
- September 2018 – June 2019: The percent change in unemployed labor force in a county only explained 3.5 percent of the change in Health First Colorado enrollment.

Figure 9 below shows the relationship between these two variables for June 2017 to June 2019.

Figure 9
Relationship between Health First Colorado Enrollment and Unemployment in Colorado's Counties
June 2017 – June 2019



Source: Colorado Department of Health Care Policy and Financing; Bureau of Labor Statistics – Local Area Unemployment Statistics

While it seems that local economic factors do influence the changes seen in enrollment at the county-level, this analysis suggests that there are other factors that have a strong or stronger influence.

Policy and Systems Barriers

While improving employment opportunities may have resulted in some Health First Colorado and CHP+ members leaving the programs, policy issues are likely to be contributing significantly to the decline. Identified policy issues include the federal public charge rule, HCPF's returned mail policy, the quarterly IEVS check and income verification process, county processing of documentation, and problems with the functioning of the continuous eligibility rules for children discussed earlier.

Public Charge Rule

On August 14, 2019, the Department of Homeland Security published new public charge regulations that, if implemented, will make it harder for people to qualify for lawful permanent residence (i.e. a "green card"). The regulations were set to go into effect on October 15, 2019, however implementation is now uncertain due to court decisions that have blocked the rule from taking effect.

Under the new regulations, green card applications may be denied if immigration officials determine that the applicant is likely to use Medicaid, federal food assistance, federal housing benefits, or federal, state, or local cash assistance. To make the determination, the new regulations would require immigration officials to consider the applicant's income, age, English speaking ability, and

health status. In addition, immigration officials would also consider use of Medicaid (with exceptions), SNAP, federal housing programs, and cash assistance.

While the rules have been enjoined and will not take effect immediately[14], community health centers and other safety net clinics report that people are dropping coverage due to fear of the consequences of receiving benefits. Nearly half of community health centers nationally have reported that some or many immigrant patients have declined to enroll in Medicaid, and nearly a third say some patients dropped or decided not to renew such coverage.[15]

Even families that are not subject to the rule are forgoing health coverage and needed nutrition assistance because they are unsure whether the regulations put their family at risk. This "chilling effect" is estimated to have a huge impact on access to needed services. An analysis by the Colorado Health Institute estimated that 75,000 Coloradans could lose coverage as a result of the chilling effect caused by public charge, three-quarters of whom are citizens.[16] For reference, Health First Colorado and CHP+ enrollment declined by 57, 362 people between September 2018 (when the public charge rule was first announced) and June 2019. While CMS or HCPF do not report information regarding the immigration status of their enrollees, it seems plausible that a share of those who lost coverage since the public charge rule was announced did so out of fear of the new regulation, even though they remained eligible.

System Changes and Increased Verification Requirements

Increasing documentation requirements for enrollees may be described as an effort to improve program integrity, but frequently cause eligible people to fall through the cracks. Federal pressure has been mounting on states, with Seema Verma, Administrator for the Centers for Medicare and Medicaid Services (CMS), pushing states to more frequently check eligibility and pursue alleged overpayments to beneficiaries, in part by increasing audits and penalties when errors are revealed.[17] New CMS processes would give CMS authority to seek larger repayments of federal funds and create an incentive for states to err on the side of caution and under-enroll eligible individuals. Colorado Medicaid has already seen the repercussions of this approach, with errors on a small sample of audited cases leading to an assessed financial impact of $66.5 million. The methodology is questionable, with a handful of cases (60) used as the basis to project ineligibility for 85,085 beneficiaries.[18] While obvious, it is worth noting that audits consider whether ineligible individuals have been enrolled, and are not designed to evaluate whether eligible individuals are denied enrollment.

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14. Laurel Wamsley, Pam Fessler, Richard Gonzales. "Federal Judges in 3 States Block Trump's 'Public Charge' Rule for Green Cards." National Public Radio, October 11, 2019. https://www.npr.org/2019/10/11/769376154/n-y-judge-blocks-trump-administrations-public-charge-rule

15. https://www.kff.org/report-section/impact-of-shifting-immigration-policy-on-medicaid-enrollment-and-utilization-of-care-among-health-center-patients-issue-brief/

16. Emily Cervantes. "It's Getting Chilly in Here." Colorado Health Institute, June 24, 2019. https://www.coloradohealthinstitute.org/blog/its-getting-chilly-here

17. Seema Verma, "Medicaid Program Integrity: A Shared and Urgent Responsibility." Centers for Medicare & Medicaid Services. June 25, 2019. https://www.cms.gov/glob/medicaid-program-integrity-shared-and-urgent-responsibility; "CMS announces initiatives to strengthen Medicaid program integrity." Centers for Medicare & Medicaid Services. June 26, 2018. https://www.cms.gov/newsroom/press-releases/cms-announces-initaties-strengthen-medicaid-program-integrity

18. Colorado Did Not Correctly Determine Medicaid Eligibility for Some Newly Enrolled Beneficiaries. Office of Inspector General, U.S. Department of Health and Human Services. August 30, 2019. https://oig.hhs.gov/oas/reports/region7/71604228.asp

CMS's more punitive tack has already reaped results in terms of overall enrollment: States that saw the largest drops in enrollment since 2017, such as Tennessee and Texas, were those that established more frequent eligibility checks.[19]

Returned Mail

The returned mail policy refers to guidance HCPF first distributed by Agency Letter on April 13, 2018 and updated October 1, 2019.[20] The policy was intended to reduce burdens on county offices and ensure that Colorado Medicaid did not continue to cover and pay managed care capitation for individuals who had moved out of state or who were otherwise ineligible.

The Agency Letter directed eligibility sites to close a Medicaid case after receiving one piece of returned mail with no forwarding address or an out-of-state forwarding address and, in most circumstances, making one unsuccessful attempt to reach the member. Some additional protections were added in the updated policy for long-term care cases, former foster youth, individuals facing homelessness, and those with Supplemental Security Insurance. It is likely that other populations are also at higher risk of having mail returned, including those with criminal justice involvement or individuals with limited English proficiency (LEP). It is unclear how the policy has been implemented for individuals who have continuous eligibility, such as children and pregnant women. Additional potential safeguards, such as cross-checks with the state's claims system or other databases, are not in place to assess whether enrollees are currently engaged in treatment or to check or correct mailing addresses.

The likelihood that this policy has resulted in eligible individuals losing access to Health First Colorado coverage is high, based on the experience of states that have instituted similar policies. Arkansas's Medicaid program instituted a similar policy and tracked disenrollments over a one month period, finding that almost 40% lost coverage due to inability to locate the client. Two other categories – failure to return requested information and "other" made up an additional 40% and may include some individuals with returned mail.[21]

Problems at the US Postal Service in Colorado compound the effects of the policy. The Postal Service Office of Inspector General reported that more than 106 million pieces of mail were delayed at the Denver processing facility during the nine months preceding June 2018, and the return or non-delivery of mail has been a particular problem in rural areas.[22] Reports of mis-delivered mail are common, with a resort-town survey cataloging issues involving P.O. boxes, districts with no home delivery, and failure to receive important deliveries including medications and jury summons.[23] Conclusions about the impact of the policy are preliminary at best, because the state has not established a tracking system.

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19. NYT article

20. Agency Letter HCPF 18-007, April 13, 2018. https://www.colorado.gov/pacific/sites/default/files/Agency%20Letter%20Returned%20Mail%203-2018%20updated%20final.pdf; Operational Memo, October 1, 2019. https://www.colorado.gov/pacific/sites/default/files/HCPF%20OM%2019-045%20Medical%20Assistance%20Returned%20Mail%20Process%20.pdf

21. Benjamin Hardy. "Scrubbed From the System," Arkansas Times, August 9, 2018. https://arktimes.com/news/cover-stories/2018/08/09/scrubbed-from-the-system

22. Nancy Lofholm, "In Colorado mountain towns, the U.S. Post Office no longer delivers like it used to." Colorado Sun, June 18, 2019. https://coloradosun.com/2019/06/18/colorado-mountain-town-post-office-problems/

23. Shaul Turner. "USPS investigates postal issues in Windsor." KDVR.com, August 15, 2019. https://kdvr.com/2019/08/15/usps-investigates-postal-issues-in-windsor/; CAST Post Office Survey March 2019. https://coskitowns.com/wp-content/uploads/2019/03/PostOfficeMarch-2019.pdf

Creating a code to identify disenrollments that result from the returned mail policy would allow the state to see the impacts in particular geographic areas or with particular populations, and to assess the frequency with which those who lose coverage re-apply and are found eligible.

Quarterly IEVS Check and Income Verification

Income checks are made with the Colorado Department of Labor and Employment (CDOLE) database every quarter, using the Income and Eligibility Verification System (IEVS). If a check reveals a discrepancy with reported income, additional verification will be needed. Starting in March 2017, a new HCPF policy was implemented that requires increased verification of member income. Increased numbers of members who had not provided current proof of income at their annual redetermination date received requests for income verification, as did members for whom discrepancies were identified. After implementation of the policy, the Department reported that 36,730 individuals were dropped from the caseload in October and November 2017.[24]

As a result of this policy, members in non-MAGI categories may be required to verify income or assets every quarter, and self-employed individuals or individuals with inconsistent income due to shift work also face additional burdens. Anomalies such as a month with an extra paycheck, where employees are paid weekly or biweekly, reportedly result in members losing coverage once or twice a year, despite having no change in income. It is also unclear whether the policy is consistent with existing requirements that members be redetermined for Medicaid based only on electronic verifications and without any action on the member's part.[25]

Increased verification requirements will have greater impact on groups that are more vulnerable to missing communications and missing reply deadlines, such as Coloradans with unstable or temporary housing, those with limited English proficiency, individuals with behavioral health issues or intellectual or developmental disabilities, those who are moving between long-term care and community settings, and individuals with criminal justice involvement.

Delayed Processing

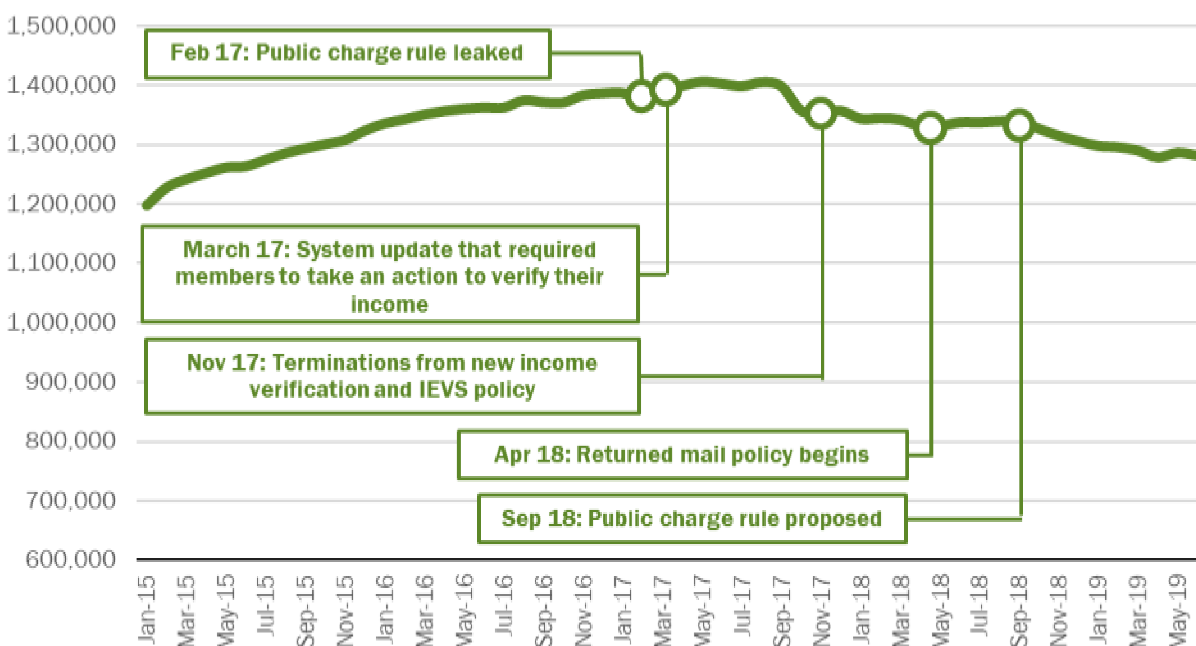
As the need for verification has increased, county problems with timely processing of paperwork have compounded the negative impacts on enrollees. Community partners from both urban and rural counties report that paperwork submitted to counties is chronically lost or misplaced. The electronic portal for Health First Colorado enrollees, PEAK, allows individuals to upload requested paperwork such as pay stubs, but timely submissions are not registered until a worker manually attaches that documentation to an individual's account. Delays in entering paperwork result in applications or renewals being denied, with individuals required either to appeal to have benefits restored or re-apply. Adding to burdens on both enrollees and workers, community partners in three counties reported in October 2019 that the rate of real-time eligibility determinations (RTE) had temporarily dipped to approximately one out of ten applications, meaning that county workers and those at medical assistance (MA) sites would need to use a hands-on approach to resolve eligibility questions for 90 percent of applicants.

Figure 10 below, shows that the decline in Medicaid/CHP+ enrollment is associated with the policy issues discussed above.

24. Health First Colorado caseload changes. December 2017. https://www.colorado.gov/pacific/sites/default/files/Health%20First%20Colorado%20Caseload%20Changes%20FAQs%20December%202017.pdf

25. 10 CCR 2505-10 8.100.3.P.3.

Figure 10
Health First Colorado and CHP+ Enrollment Decline Events
January 2015 – June 2019



Source: Centers for Medicare and Medicaid Studies; Colorado Center on Law and Policy

Recommendations

We recommend that the Department investigate the causes of the enrollment drop and concurrently work with partners to adopt policies that improve the accuracy of eligibility determinations without jeopardizing coverage for the eligible Coloradans who rely on it.

We expect that the Department's Medicaid churn report, discussed in public meetings for the past several months, would be helpful in understanding factors raised in this document and recommend it be shared as a working document, even if not yet finalized. Further assessment of the problems discussed here could be best done through collaboration among Department staff, providers, members, and advocates. Those specific factors include but should not be limited to the functioning of redetermination processes and identified glitches, county management of validation documentation that is provided in-person or through PEAK, obstacles to real-time eligibility, the impact of the returned mail policy, and the functionality of three mechanisms designed to reduce churn when income fluctuates: continuous eligibility for children, eligibility for seasonal and commission-based workers, and eligibility for individuals with fluctuating income whose annual income falls under 100 FPL. Additional recommendations are included in the body of the report.

Regarding voluntary disenrollment by immigrant populations, both eligible citizens and non-citizens, we believe that public facing information on state websites is a necessary step. Recommendations from CCLP and community partners are forthcoming.