

A tale of two states: Arizona and Florida diverge on how to expand kids' health insurance

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Arizona and Florida—whose rates of uninsured children are among the highest in the nation—set goals last year to widen the safety net that

provides health insurance to people 18 and younger.

But their plans to expand coverage illustrate key ideological differences on the government's role in subsidizing [health insurance](#) for kids: what to charge [low-income families](#) as premiums for public coverage—and what happens if they miss a payment.

"It's a tale of two states," said Joan Alker, executive director of Georgetown University's Center for Children and Families.

That divergence represents more than just two states taking their own path. It showcases a broader breakthrough moment, Alker said, as the nation rethinks how government works for families following the COVID-19 pandemic. The divide also underscores the policies at stake in the 2024 presidential election.

Republican-led legislatures in Florida and Arizona worked across party lines in 2023 to pass bills to expand their states' Children's Health Insurance Program—widely known as CHIP—which covers anyone younger than 19 in families earning too much to be eligible for Medicaid.

Florida Republican Gov. Ron DeSantis and Arizona Democratic Gov. Katie Hobbs then signed bills into law last year that increased the amount of money a family can make and still be eligible for their states' CHIP programs. That's where the similarities end.

Arizona began to enroll newly eligible children in March. That state has adopted policies that align with the Biden administration's efforts to apply Affordable Care Act-style protections to CHIP, such as eliminating annual and lifetime limits on coverage and lockouts if families don't pay premiums.

Arizona's CHIP plan, called KidsCare, suspended its monthly premiums in 2020 and has yet to reinstate them. State officials are considering whether it's worth the expense to manage and collect the payments given that new federal rules forbid the state from disenrolling children for nonpayment, said Marcus Johnson, a deputy director for the state's Medicaid agency.

"We're trying to understand if the juice is worth the squeeze," he said.

By contrast, Florida has yet to begin its expanded enrollment and is the only state to file a [federal lawsuit](#) challenging a Biden administration rule requiring states to keep kids enrolled for 12 months even if their families don't pay their premiums.

A judge dismissed Florida's lawsuit on May 31, saying the state could appeal to federal regulators. The state's CHIP expansion now awaits federal regulatory approval before newly eligible children can be enrolled.

"No eligible child should face barriers to enrolling in CHIP or be at risk of losing the coverage they rely on," said Sara Lonardo, a spokesperson for the federal Department of Health and Human Services.

Florida's CHIP expansion calls for significantly raising premiums and then boosting them by 3% annually. The state estimates expansion will cost an additional \$90 million in its first full year and expects to collect about \$23 million in new premiums to help fund the expansion of what it calls Florida KidCare.

But Florida officials have said that complying with a provision that bars children from being disenrolled for unpaid premiums would cause the state to lose \$1 million a month. The state's 2024 budget allocates \$46.5 billion to health care and projects a \$14.6 billion surplus.

Florida officials have flouted federal regulations and removed at least 22,000 children from CHIP for unpaid premiums since the rule banning such disenrollments took effect on Jan. 1, according to public records obtained by the Florida Health Justice Project, a nonprofit advocacy group.

DeSantis' office and Florida's Medicaid administration did not respond to KFF Health News' repeated requests for comment about CHIP. But in legal filings, Florida said its CHIP plan is a "personal responsibility program." It is "a bridge from Medicaid to private insurance," the administration said on social media, to get families used to premiums, cost sharing, and the risk of losing coverage when missing a payment.

For some Floridians, like Emily Dent in Cape Coral, the higher premiums proposed in the state's expansion plan would create a financial burden, not open a path to self-sufficiency.

Dent, 32, said her 8-year-old son, James, was disenrolled from Medicaid in April because the family's income was too high. Although James would qualify for CHIP under Florida's proposed expansion, Dent said the \$195 monthly premium would be a financial struggle for her family.

Leaving James uninsured is not an option, Dent said. He is severely disabled due to a rare genetic disorder, Pallister-Killian syndrome, and requires round-the-clock nursing.

"He has to have health insurance," she said. "But it's going to drain my savings, which was going to be for a house one day."

Research shows the cost of premiums can block many families from obtaining and maintaining CHIP coverage even when premiums are low.

And premiums don't offset much of a state's costs to operate the

program, said Matt Jewett, director of health policy for the Children's Action Alliance of Arizona, a nonprofit that promotes health insurance coverage for kids in the Grand Canyon State.

He noted that the federal government pays 70% of Florida's program costs and 75% of Arizona's—after deducting all premiums collected.

"Premiums are more about an ideological belief that families need to have skin in the game," he said, "rather than any practical means of paying money to support the program."

Republican-leaning states are not alone in implementing monthly or quarterly premiums for CHIP. Twenty-two states, including Democratic-leaning states such as New York and Massachusetts, charge premiums.

States have had wide discretion in how they run CHIP since the program became law in 1997, including the ability to charge such premiums and cut people's access if they failed to pay. That's been part of its success, said Jennifer Tolbert, deputy director of the Program on Medicaid and the Uninsured at KFF.

"Especially in more conservative states, the ability to create CHIP as a separate program—independent from Medicaid—enabled and fostered that bipartisan support," Tolbert said.

But in the decades since CHIP was enacted, government's role in health insurance has evolved, most significantly after President Barack Obama in 2010 signed the Affordable Care Act, which introduced coverage protections and expanded assistance for low-income Americans.

Former President Donald Trump didn't prioritize those things while in office, Tolbert said. He has suggested that he is open to cutting federal assistance programs if reelected, while the Biden administration has

adopted policies to make it easier for low-income Americans to enroll and keep their health coverage.

Just as for Dent, the question of CHIP premiums in this debate isn't abstract for Erin Booth, a Florida mom who submitted a public comment to [federal regulators](#) about Florida's proposed CHIP expansion. She said she would have to pay a high premium, plus copayments for doctor visits, to keep her 8-year-old son covered.

"I am faced with the impossible decision of whether to pay my mortgage or to pay for health insurance for my son," she wrote.

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