

Merge NC Health Choice and Medicaid

Some children in North Carolina are moved from Medicaid to NC Health Choice at age six, losing access to some of the vital coverage Medicaid provides – especially children with special health care needs. Fully combining the two programs will reduce administrative overhead and ensure that every child in North Carolina gets the care they need to thrive.

Ensuring Continued Health Care for Kids

NC Health Choice (also known as the Children’s Health Insurance Program or CHIP) was implemented in North Carolina in 1998 as a separate, although similar program to children’s Medicaid. Twenty-one states have successfully merged CHIP with Medicaid. North Carolina has only merged the two programs for children under age six.

Once enrolled children turn six, they are at risk of losing access to specialized services as well as sustained continuity of care. Approximately 114,000 older children enrolled in NC Health Choice do not have access to the specialized services or other benefits afforded under Medicaid,¹ such as non-emergency medical transportation.



EPSDT is a Cornerstone of Children’s Care

Children’s Medicaid provides the Early and Periodic, Screening, Diagnostic and Treatment Benefit



Physical Exams



Immunizations



Vision



Oral Health



Hearing



Lab Tests



Development



Nutrition



Mental Health

Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) is a fundamental component of Medicaid that guarantees that each child will have access to “all medically necessary care.” This is particularly important for children with special health care needs. Unfortunately, the EPSDT benefit is not available to children on NC Health Choice. For them, this gap is particularly devastating. For example, without the EPSDT benefit, children may not be able to get the prescribed number of physical therapy visits per week, or the specific medical device that will help them participate fully at school.

Reducing the Burden on Families

In addition to ensuring children’s health and well-being, a merger of NC Health Choice and Medicaid will decrease red tape for families who are often faced with the confusion of children moving from one program to the other, or having their children insured in different programs. **Merging NC Health Choice and Medicaid will ensure that children do not lose access to the vital treatments they need to thrive.**

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What do children lose by turning six? Two examples.

How much therapy

A child with mild cerebral palsy might need physical therapy. The policy limit might be two such visits per week without prior approval. If the child is on Medicaid, the physician can request more visits per week by providing justification through the EPSDT approval process. In almost all cases, such requests are approved. If the child is on Health Choice, however, there is no option to request services that the physician determines the child needs.

Type of therapy

A child has scoliosis and needs a back brace. The Medicaid Plan includes a range of such braces, but a physician determines that a brace not specifically covered would be better for the child. If the child is on Medicaid, the physician can apply through the EPSDT process. Not so for a child on Health Choice.

Children with special health care needs are the ones most likely to lose needed treatments by moving from Medicaid to NC Health Choice.

Cost and Administrative Savings

Two programs serving essentially the same population creates administrative duplication for the state. Combining the programs at this time would simplify administrative management within NC DHHS, reducing barriers to the state's transformation to Medicaid managed care. Children served by NC Health Choice make up a small fraction of the children and families served by Medicaid, representing about 7% of those covered.² The merger is estimated to require a one-time cost of approximately \$134,000 to update and reprogram information technology systems for the revised eligibility standards.³ As a result, all costs associated with the merger are likely to be offset by administrative savings. **Merging NC Health Choice and Medicaid will simplify program management, while returning greater program quality to taxpayers and families.**

Endnotes

¹ NC Department of Health and Human Services. (2020). *NC Medicaid and Health Choice Annual report for State fiscal Year 2020*. Retrieved from <https://files.nc.gov/ncdma/SFY2020-MedicaidAnnualReport-20201223.pdf>

² Ibid.

³ Legislative Fiscal Note for HB 747. June 10, 2021. NC General Assembly Fiscal Research Division