OBAMA-BIDEN TRANSITION PROJECT

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Analysis of Healthy Children and Families Act of 2007
April 13, 2007

Under S. 1052, the Healthy Children and Families Act of 2007, as introduced by Senators Salazar (D-CO) and Specter (R-PA), states would have the option of providing nurse home visitation services under Medicaid and the State Children's Health Insurance Program (SCHIP). If this legislation were adopted and states were to take up this option, annual enrollment in nurse home visiting programs in seven selected states would range in size from 920 pregnant women in Maine to 43,580 pregnant women in California, as shown in Table 1.[1]

Table 1. Estimated Number of Pregnant Women Enrolling in Program Annually

	U.S.	CA	IA	ME	MI	NM	PA	TN
First Births	1,631,000	217,920	15,360	5,560	51,920	11,360	57,920	27,840
Income Limit	Varies by state	250% of FPL	200% of FPL	200% FPL	200% of FPL	200% of FPL	200% of FPL	185%-250%*
Annual Enroll-ment	**126,640****	**43,580**	**2,530**	**920**	**8,570**	**2,100**	**9,560**	**4,180-5,570***

*The Tennessee estimate has been done under both a 185% limit (current Medicaid limit) and a 250% limit (as in an SCHIP proposal pending approval by CMS).
** At state option. Enrollment would be 269,120 if all states participated.

The estimate for each state assumes that program enrollment would be open to all pregnant women who are expecting a first birth and have income below the state's income eligibility limits for pregnant women or infants under Medicaid or SCHIP.

- First Births Total births in each state are based on births reported in vital statistics data. An estimated 40 percent of all births are assumed to be first births, based on national statistics for 2004.[2]

- Income Eligibility Limits Eligible populations are estimated under state-specific eligibility limits for Medicaid and SCHP.[3] An estimated 30 percent of first births in 2004 were to women with income below 185 percent of poverty, according to unpublished tabulations of data from the Current Population Survey. This data point, combined with Census Bureau published data on income-to-poverty- level ratios for children less than five years, was used to estimate that 33 percent of first births are to families with incomes less than 200 percent of poverty and 40 percent of first births are to families with income less than 250 percent of poverty.

- Annual Enrollment: The final enrollment estimates assume a 50 percent enrollment rate among eligible women, based on experience in Nurse-Family

[1] The seven states in Table 1 are those states in which First Focus is working to build coalitions committed to making children and families the first priority.
[2] *Final Births 2004* (September, 2006) at http://www.cdc.gov/nchs/data/nvsr/nvsr55/nvsr55_01.pdf.
[3] Kaiser State Health Facts, at www.statehealthfacts.org (accessed 3/31/07).

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Partnership sites. Note that many women and their infants would remain in the program until the child's second birthday, and so total enrollment would exceed this estimate of annual number of pregnant women entering the program

- State Option. Each state estimate is made under the assumption the state fully implements the program state-wide. In fact, fewer women would be enrolled in the early years, as agencies phased in their operations, and some states may not participate at all. The national estimate assumes that 24 out of 51 states would take up this option, or slightly fewer than half, based on estimates of the Nurse-Family Partnership National Service Office.

Estimated annual costs once the program is operating *statewide and at full capacity* are shown in Table 2. These estimates assume mothers receive treatment for 1.6 years on average, at a cost of $4,500 per year, based on estimates by the Nurse-Family Partnership National Service Office. Total costs are split between Federal and state funding, based on likely allocations of costs between the Medicaid and SCHIP programs.[4]

Table 2. Estimated Annual Funding under Full Implementation (in millions)

	U.S.	CA	IA	ME	MI	NM	PA	TN*
Annual Costs	**912****	**314**	**18.2**	**6.6**	**61.7**	**15.1**	**68.8**	**30.1-40.1**
Fed Medicaid	474	119	10.9	4.1	32.5	10.9	32.3	19.2-19.4
Fed SCHIP	56	50	0.5	0.2	2.8	***	6.4	0-7.2
Total Federal	**530****	**168**	**11.4**	**4.2**	**35.3**	**10.9**	**38.7**	**19.2-26.6**
State Medicaid	357	119	6.7	2.4	25.1	4.2	27.1	10.9-11.1
State SCHIP	25	27	0.2	0.1	1.2	***	3.0	0-2.4
Total State	**382****	**145**	**6.8**	**2.4**	**26.4**	**4.2**	**30.1**	**10.9-13.5**

Note: Totals may not add due to rounding.
*As noted in Table 1, the Tennessee estimate is done under both a 185% and 250% income eligibility limit.
** National estimate assumes 24 out of 51 states opt into the program.
*** SCHIP costs are not split out from Medicaid costs in the New Mexico estimate.

As shown in Table 3, costs would be much lower in early years of implementation, as capacity is built up in each state. Costs shown in Table 3 assume that agencies are only operating in one-third of each state, and that each enrollee is in her first year of services (with rolling admission over the twelve months of the year resulting in an average of six months of services).

Table 3. Estimated Annual Funding under Early Implementation (in millions)

[4] The split between Medicaid and SCHIP is rough but was estimated as follows. In states where Medicaid income eligibility limits for pregnant women and infants equal or exceed SCHP eligibility limits, all costs are allocated to Medicaid, except for a portion of costs for children between the ages of one and two years. In states where the SCHIP limits exceed the Medicaid limits, costs are split between the two programs, based on the proportion of Medicaid and SCHP children in each state (based on June 2005 monthly enrollment reported on www.statehealthfacts.org (accessed 3/31/07). Federal and state shares of Medicaid and SCHIP costs are based on the state-specific 2007 Federal Medical Assistance Percentage (FMAP) rates and the higher FMAP rates for SCHP.

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	U.S.	CA	IA	ME	MI	NM	PA	TN*
Annual Costs	**95****	**32.7**	**1.90**	**0.69**	**6.43**	**1.58**	**7.16**	**3.14-4.18**
Fed Medicaid	49	12.3	1.13	0.42	3.39	1.13	3.36	2.00-2.02
Fed SCHIP	6	5.2	0.05	0.02	0.29	***	0.67	0-0.75
Total Federal	**55****	**17.5**	**1.18**	**0.44**	**3.68**	**1.13**	**4.03**	**2.00-2.77**
State Medicaid	37	12.3	0.69	0.25	2.62	0.44	2.82	1.14-1.15
State SCHIP	3	2.8	0.02	0.01	0.13	***	0.31	0-0.25
Total State	**40****	**15.1**	**0.71**	**0.25**	**2.75**	**0.44**	**3.13**	**1.14-1.41**

Note: Totals may not add due to rounding.
*As noted in Table 1, the Tennessee estimate is done under both a 185% and 250% income eligibility limit.
** National estimate assumes 24 out of 51 states opt into the program.
*** SCHIP costs are not split out from Medicaid costs in the New Mexico estimate.

Tables 2 and 3 show the direct costs for funding the nurse home visitation services, without any adjustment for the offsetting savings that would accrue as the mothers delay second births and the infants grow up with healthier outcomes, with less involvement with emergency rooms and child welfare services, higher levels of school achievement, and lower rates of criminal activity. Benefit-cost evidence based on three random-assignment evaluations suggests that the net present value of long-term savings from an investment in nurse home visiting programs is $2.88 for every $1 invested, including $1.05 in governmental savings and $1.73 in benefits to the participant and society at large.[5]

For more information on the assumptions underlying these estimates, please contact Julia Isaacs, First Focus Fellow and Child and Family Policy Fellow at the Brookings Institution, at jisaacs@brookings.edu or 202-797-6466.

[5] Isaacs, Julia. 2007. *Cost-Effective Investments in Children*. Washington, D.C.: Brookings Institution. (http://www3.brookings.edu/views/papers/200701isaacs.pdf).