



Churn Toolkit: What Does Churn Cost?

Show Me the Money

We know churn has implications for the quality of care children receive, and we know complicated renewal processes create an administrative burden for both families and state agencies processing these applications. But what about the dollars and cents? Data on the monetary costs of churn can be difficult to come by, but we have collected some of the research findings here. You can also find information about many of these data points in our brief, [“Beyond Enrollment: Ensuring Stable Coverage for Children in Medicaid and CHIP.”](#)¹

California: A report commissioned by The California Endowment estimated that approximately 600,000 children were disenrolled and then re-enrolled from Medi-Cal, California’s Medicaid program for low-income children, pregnant women, and people with disabilities, between 2001 and 2003. In most cases, children were disenrolled for only a few months, suggesting that the cause of the gap was administrative; in some cases, children incurred multiple gaps in coverage. The report’s author estimated the costs of reprocessing and re-enrolling these children to be \$120 million.²

Rhode Island: Neighborhood Health Plan of Rhode Island serves approximately 75,000 members through RItE Care, the state’s Medicaid program. The plan has reported that administrative tasks resulting from churn cost the plan \$230,000 per year. The administrative costs of churn were great enough that Neighborhood Health Plan of Rhode Island took proactive steps to reduce churn, concluding that the smaller costs of renewal reminder calls for families (\$187,000 per year) and verifying members’ addresses and alerting the state to changes (\$33,000 per year) were worthwhile investments.³

Virginia: A Medicaid managed care organization in Virginia, with approximately 75,000 members, estimated that in 2003 and 2004, activities related to churn—namely, “disenrollment and reinstatement tasks”—cost \$286,000 per year.⁴

Washington: In 2003, Washington implemented new policies that increase churn: making renewals occur every six months (rather than annually) and increasing requirements related to income verification. The estimated costs of these policies were \$5 million per year.⁵

This document is part of a toolkit on churn. Visit [this page](#) for more information and resources.

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¹ <http://neach.communitycatalyst.org/issue/connecting/asset/Childrens-Insurance-Churn-8-12-13.pdf>

² Fairbrother, G. "How Much Does Churning in Medi-Cal Cost?" The California Endowment. (April 2005). www.calendow.org/uploadedFiles/churning_medical.pdf

³ Summer, L. and C. Mann. "Instability of Public Health Insurance Coverage for Children and Their Families: Causes, Consequences, and Remedies." Georgetown University Health Policy Institute. (June 2006). http://ccf.georgetown.edu/wp-content/uploads/2012/03/Uninsured_instability_pub_health_ins_children.pdf

⁴ *ibid.*

⁵ Ku, L. et al. "Improving Medicaid's Continuity of Coverage and Quality of Care." Association for Community Affiliated Plans (ACAP). (July 2009). www.communityplans.net/Portals/0/ACAP%20Docs/ACAP%20MCQA%20Report.pdf