



Medicaid, SCHIP, and EPSDT

ACTION

- Preserve the federal guarantee of Medicaid as an entitlement program for all low-income children, adolescents, and families. Improve Medicaid benefits and broaden health insurance coverage for uninsured children and adolescents.
- Ensure Medicaid and the State Children's Health Insurance Program (SCHIP) provide comprehensive, continuous, and coordinated health care for all children, adolescents, and families involved with and transitioning out of the child welfare system.
- Encourage states to use existing federal flexibility to intensify outreach, education, and simplification of the application and renewal processes to ensure all children, adolescents, and families who are eligible for health care assistance under Medicaid or SCHIP enroll in and retain coverage.
- Oppose efforts to block-grant or cap Medicaid. Oppose efforts to reform Medicaid and SCHIP that do not result in maintaining and improving benefits, eligibility, and access to services.
- Ensure that child welfare targeted case management services continue to be reimbursable under Medicaid.
- Ensure the availability of and accessibility to the comprehensive and preventive health care services entitled to children under age 21 who are enrolled in Medicaid under the Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) program.
- Support the Immigrant Children's Health Improvement Act (S. 845/H.R. 1689) to treat lawfully present immigrant children and pregnant women the same as citizens by providing them with health coverage under Medicaid (and SCHIP for children and adolescents), regardless of when they entered the country.

HISTORY

Ensuring the health of children and families involved in child welfare is of paramount importance. To do so, we must find solutions to address the shortcomings of our nation's health care system. Health insurance coverage for all children and their families, through Medicaid, SCHIP, or private insurance, can prevent many children from ever needing the child welfare system. Like all children, those in the foster care system need well-child care, immunizations, and treatment for acute illnesses. They also require greater attention due to their high risk for health, mental health, and developmental problems.

Medicaid

Medicaid is the nation's major public financing program for providing health and long-term care coverage to low-income people. It's a critical health care safety net for millions of low-income children. Medicaid provided health care to nearly 40 million poor people in 2001—22 million children, 8.6 million adults in families, 4.1 million elderly people, and 5 million individuals who are blind or disabled.¹ Although children represent half of all Medicaid enrollees, they account for only 15% of the program spending.²

Medicaid is a joint federal-state program, and each state has extensive flexibility to set its own eligibility standards, benefits package, payment rates, and program administration under broad federal guidelines. The result is 56 unique Medicaid programs—one for each state, territory, and the District of Columbia.

Under current Medicaid law, to qualify for federal matching funds, states are required to cover only the very poorest people who fit into the following categories:

- parents and children who meet the income and asset limits for each state's welfare program as of July 16, 1996;
- pregnant women, and children 6 and younger, with family incomes up to 133% of poverty;
- all children younger than 19 with family incomes up to 100% of poverty;
- all current and some former beneficiaries of Supplemental Security Income;
- all beneficiaries of foster care and adoption assistance under Title IV-E of the Social Security Act; and
- certain low-income Medicare beneficiaries.

States have the option to cover people who fit these categories and have higher incomes. Under current Medicaid law, states are only required to cover a package of core health services—mandatory services—but they must provide this package for all Medicaid beneficiaries. States have flexibility to cover an additional one or more optional services, from a list of 33 services, with federal matching dollars. These optional services usually are medically necessary, and most states already provide coverage.

Although states have great freedom to design their own Medicaid programs, the federal government funds a significantly high portion of the total Medicaid spending in every state—between 50% and 83%. The Federal Medical Assistance Percentage (FMAP) matching rate for each state is calculated by comparing the state average per capita income to the national average. For every \$1 a state spends of Medicaid, \$1.00 to \$3.31 in federal funds comes into the state.³ A cut in state Medicaid spending, therefore, further reduces the federal match and state revenues at a time when states need that assistance the most.

Medicaid Block Grant Proposal. In 2003, the President proposed a new legislative proposal to give states the option of continuing their current Medicaid program or converting their Medicaid and SCHIP programs into a capped, consolidated block grant. States that choose to keep their current Medicaid program would not receive additional funding. States choosing the block grant, however, would receive a loan, totaling \$3.25 billion in federal funding for all states in FY 2004, and \$12.7 billion over seven years. These states would repay the loan in lower reimbursement in years 8–10, but would also have to accept an overall cap on federal Medicaid spending over a fixed 10-year period. The block grant proposal is budget neutral.

To determine the effect of such a proposal on states, the National Governors' Association (NGA) formed a Medicaid Reform Task Force to review the various reform proposals, including the President's Medicaid block grant plan. Because this task force was unable to reach an agreement, NGA did not endorse the President's proposal to cap Medicaid funding. Without the support of the nation's governors, Congress decided not to move forward in pursuing this reform plan.

State Fiscal Relief. In response to the concerns of many states that continue to experience severe budget deficits, Congress approved \$20 billion for state fiscal relief in 2003. With the support of CWLA, this new fiscal relief funding was provided to states to keep in operation much-needed programs and services available for children and families. Of the total amount, \$10 billion was provided to states for a temporary increase in Medicaid. The remaining \$10 billion was used for temporary fiscal relief to state and local governments for essential government services or to finance unfunded federal mandates.

State Children's Health Insurance Program

To broaden coverage to low-income children, Congress enacted SCHIP as part of the Balanced Budget Act of 1997. The program targets uninsured children younger than 19 with family incomes below 200% of poverty who are not eligible for Medicaid or covered by private insurance. This matched block grant program allocates \$40 billion in federal funds over 10 years. Each state receives an annual allotment. SCHIP is not an open-ended entitlement.

States can expand coverage to uninsured low-income children through a separate state program, by broadening Medicaid, or both. If states use the Medicaid option, children become entitled to full Medicaid coverage. In implementing SCHIP, 16 states expanded Medicaid, and 35 created separate programs, using them alone or in combination with Medicaid expansion plans.⁴

Medicaid and SCHIP provide a broad health safety net for children. Nearly 1 million children gained coverage each year in the program; by December 2001, approximately 3.5 million children were enrolled in SCHIP.⁵ According to the Centers for Medicare and Medicaid Services, the percentage of children without health insurance declined from 13.9% in 1997 to 10.8% in 2001, largely because of enrollment in SCHIP.⁶

Early and Periodic Screening, Diagnostic, and Treatment

The EPSDT program entitles children younger than 21 who are enrolled in Medicaid to receive comprehensive, preventive health care services, which are considered important to maintaining children's health. Under EPSDT, the state Medicaid agency is responsible for informing all Medicaid-eligible persons younger than 21 that EPSDT services are available and setting appropriate schedules for screening, dental, vision, and hearing services.

Although the extent to which children in Medicaid nationwide are receiving EPSDT services is not fully known, the available evidence indicates many are not.⁷

SOURCES

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