Sources of Federal Funding for Children's Health Insurance Outreach

By
Donna Cohen Ross

Prepared For
Covering Kids National Program Office
Southern Institute on Children and Families
500 Taylor Street, Suite 202
Columbia SC 29201
(803) 779-2607

January 2000

Support for this paper was provided by The Robert Wood Johnson Foundation Covering Kids Initiative. The views expressed are those of the author and no official endorsement by the Foundation is intended or should be inferred.

Aggressive outreach and application assistance activities are critical to getting eligible children enrolled in free and low-cost health coverage programs. State agencies administering child health insurance programs can initiate and conduct outreach activities themselves, they can work with other state agencies or they can contract with nonprofit state or community-based organizations to get the job done. Whichever path is taken, financial resources will be needed to successfully implement creative, effective outreach plans. Several sources of federal funds are available to help pay for outreach activities, such as carrying out public education campaigns or assigning outreach workers to help families complete health insurance applications. This paper describes the major sources of these funds, as well as a sample of special federal grant programs that can help support state and local outreach efforts.

Medicaid and CHIP Administrative Funds

States can receive federal matching funds under Medicaid and CHIP to help cover administrative costs. Allowable activities, for which matching funds are available, include outreach activities related to identifying potential beneficiaries, informing them about the programs and helping them apply for benefits.

To receive federal matching funds, states report their expenditures for allowable activities to the Health Care Financing Administration (HCFA) and are reimbursed for a portion of the costs incurred. For example, administrative costs associated with the Medicaid program generally are reimbursed at a 50 percent matching rate, meaning for every dollar the state spends, it can receive 50 cents in federal Medicaid matching funds. The amount of reimbursement a state can claim will depend on whether the outreach activity is associated with the state's Medicaid program, a CHIP-funded separate program, or whether the activity is a joint Medicaid-CHIP outreach activity. *(For more information, see HCFA letter, January 23, 1998, www.hcfa.gov/init/chstltrs.htm and the Administration's Responses to Questions About the State Children's Health Insurance Program, Q.84A, July 29, 1998, www.hcfa.gov/init/qa/q&a7-29.htm)*

Three major sources of federal administrative matching funds include:

- **Medicaid administrative matching funds.** Federal Medicaid funds have long been available to help cover states' administrative costs, including the cost of outreach activities. These funds also are available to help states cover a portion of the administrative costs associated with outstationing Medicaid eligibility workers. Generally, Medicaid administrative matching funds are available to states at a 50 percent matching rate. These federal Medicaid matching funds are not capped, meaning there is no limit on the amount of allowable outreach expenditures states may claim for federal matching.

- **Medicaid "$500 million fund".** In addition to the longstanding Medicaid administrative funds described above, states now have access to a special fund created by the 1996 welfare law. Under this law, a total of $500 million was allocated to help pay for activities to ensure that children and parents do not lose Medicaid coverage as a result of

changes to the welfare system. (This money is sometimes called the $500 million fund or the "delinking fund", a reference to the fact that eligibility for Medicaid is no longer linked to eligibility for cash assistance.) Each state was allocated a portion of the $500 million. As of September 30, 1999, HCFA reports that just over $97 million, or 20 percent of the fund, has been expended.

Using these funds, the cost of allowable activities can be reimbursed at an enhanced federal matching rate, as high as 90 percent. According to HCFA guidance issued on January 6, 2000, "allowable activities include: eligibility determinations and redeterminations that arise as a result of delinking; beneficiary educational activities; the production and airing of public service announcements; outstationing, hiring and training eligibility workers; designing, printing and distributing new eligibility forms; identification of TANF recipients and applicants that are at risk of either losing Medicaid or not being enrolled in Medicaid; and assuring access to Medicaid for low-income families who are not eligible for TANF but are eligible for Medicaid under the section 1931 eligibility category." *(For more information on states' claiming reimbursement under the $500 million fund, see HCFA letter, January 6, 2000 www.hcfa.gov/medicaid/wrdl1600.htm.)*

Initially, states had access to the fund during the first 12 quarters their TANF programs were in effect, and no state would have had access to the fund after September 30, 2000. In November 1999, Congress passed legislation that lifted the sunset on the use of the $500 million and eliminated the 12-quarter restriction. Congress also restored access to the fund to 16 states that had already reached their deadlines. Here are examples of states that have used these funds to help pay for allowable activities:

Pennsylvania. With its share of the $500 million fund, the Pennsylvania Department of Public Welfare currently is producing written materials (brochures, posters) to market coverage programs and is developing a common Medicaid/CHIP application. In addition, Pennsylvania has recontacted and reinstated some 32,000 TANF families whose cases were recently closed, to ensure that all individuals who may have been eligible for additional Medicaid coverage receive that coverage. A television ad has been developed to let people know that eligibility for health insurance doesn't depend on eligibility for cash assistance and resources are being devoted to assuring the spot gets wide exposure. To ensure that individuals who leave TANF retain their health coverage, Pennsylvania also is using money from the fund to update its computer system to reflect the delinking provisions. The state plans to use a portion of its allocation to provide enrollment assistance in federally qualified health centers, increase helpline services and provide specialized training for welfare staff to ensure they are helping families understand health coverage is available to those not receiving cash assistance.

Washington. In 1998, Washington's Medical Assistance Administration invited applications for county-based Medicaid outreach projects supported by the state's share of the $500 million fund. Currently, 32 of Washington's 39 counties participate in the Client Outreach Project. Public entities such as health departments, county governments and tribal authorities use the funding to identify families potentially eligible for Medicaid, provide application assistance to such families and enroll families in Healthy Options, the state's Medicaid managed care program. County

organizations also are using the money to coordinate their efforts with child care agencies, WIC sites, schools and others.

(For more information and additional state examples, see "Congress Lifts the Sunset on the '$500 Million Fund': Extends Opportunities for States to Ensure Parents and Children Do Not Lose Health Coverage" by Donna Cohen Ross and Jocelyn Guyer, Center on Budget and Policy Priorities, December 1999, www.cbpp.org.)

- **Child Health Insurance Program (CHIP) funds.** Up to 10 percent of the amount of CHIP block grant funds a state spends on health insurance coverage (federal and state expenditures) may be used for program administration, direct child health services and outreach. Administrative costs associated with a state's CHIP-funded separate program are reimbursed at the CHIP matching rate in effect for the particular state. (CHIP matching rates range from 65 to 85 percent.) Each state is allocated a limited amount of CHIP funds, meaning the amount available for outreach, is also limited.

Coming Up With the State Match

To obtain federal Medicaid or CHIP dollars for outreach, states must first spend money on outreach and then submit a claim to the federal government for matching payments. If the outreach activity on which the state spent money is allowable, the federal government will reimburse the state for a percentage of the cost. The federal payment is known as the federal match or federal share; the remainder of the cost is known as the state match, the state share or non-federal share.

The state share of Medicaid or CHIP spending on outreach can come from a variety of sources, including: state revenues, state or local intergovernmental transfers, or private funds. The state share of the cost of Medicaid or CHIP spending on outreach *may not* include federal funds from other programs, including block grants, or non-federal funds that the state already is using to draw down federal funds under other programs.

Here are some examples of sources for the state match that have been used by states to finance outreach activities for which federal Medicaid matching funds are allowed:

- **State Revenues.** State general revenues, tobacco settlement funds, state excise tax revenues — for example, taxes on cigarettes — can be used as the state match.

Maryland. In Maryland, a broad media campaign featuring public service announcements, bus posters and a toll-free telephone service is geared toward encouraging eligible pregnant women and children to enroll in Medicaid. In 1998, the total cost of the outreach initiative was $190,000. The state allocated $95,000 in general state revenues to cover half the cost of the campaign and received another $95,000 — the remaining 50 percent of the cost — in federal Medicaid administrative matching funds.

- **Intergovernmental transfers.** State intergovernmental transfers may come from sources such as state special education funds or state funds for medical schools. Local funds, such as a county's general tax revenues, also can be used by the state to match federal funds for outreach.

Ohio. In 1997, the Ohio Department of Human Services invited Commissioners in each county to develop a county plan for eligibility outreach. Using county tax revenues as the non-federal share of the cost, the state draws down federal Medicaid administrative matching funds to help pay the costs of the activities. For example, Cuyahoga County allocated general county revenues for the match.

Of the state's 88 counties, 72 submitted plans and are implementing outreach activities. The counties have undertaken a variety of activities, including: conducting "train the trainer" workshops so hospital staff can teach others to assist families with Medicaid applications, developing outreach brochures, assisting families with application forms via telephone helplines and mobile health vans, engaging employers in informing their employees about Medicaid for children and training welfare recipients for outreach jobs.

Another source of "intergovernmental transfers" is what are sometimes called Maternal and Child Health "overmatch" funds. The Maternal and Child Health Services Block Grant (Title V) is another federal matching program. For every $3 a state spends on services allowed under this program, it receives $4 in federal funds. Some states, such as California, allocate more to maternal and child health programs than is necessary to match their federal Maternal and Child Health Services Block Grant, that is, they "over-match" their federal block grant funds. States can use such "excess" state dollars to draw down federal Medicaid matching funds, since these state funds are not being used to match federal funds under another program.

- **Private funds.** In general, private funds that are not provider-related may be used as the state match. Contributions made by health care providers, such as managed care organizations (MCOs), hospitals, clinics, physicians, or other health care providers, generally are *not permitted* to be used to draw down federal administrative match, except in limited circumstances.

Other Federal Funds

- **TANF Funds**. States can use federal funds under the Temporary Assistance for Needy Families (TANF) block grant or state maintenance-of-effort (MOE) funds for outreach and training activities for Medicaid and CHIP. *(See "Supporting Families in Transition: A Guide to Expanding Health Coverage in the Post-Welfare World", USDHHS, March 22, 1999, www.acf.hhs.gov.)*

Federal funds available to states under the TANF block grant are used primarily to provide basic cash assistance to poor families, as well as to finance initiatives to help families enter the workforce. In addition to these federal funds, states are required to spend a certain amount of their own money on benefits and services to "eligible" families. States have the flexibility to use

TANF and MOE funds to help low-income working families by providing a broad range of services and benefits in addition to cash assistance, and these services and benefits can be used to help families with incomes above the welfare eligibility level, even if those families have never received welfare.

While many states currently have significant amounts of unspent TANF funds, the need to provide support for low-income working families is burgeoning. In deciding whether it is wise to use TANF or MOE funds for health insurance outreach — as opposed to increased child care or transportation — a number of factors should be weighed. For example, it is important to consider that several other funding sources are available for outreach. On the other hand, if a state wants to conduct outreach for a CHIP-funded separate program, but has reached its cap on CHIP administrative funds, it may conclude that use of TANF or MOE funds is worthwhile.

- **Federal Maternal and Child Health Services Block Grant (Title V).** Through the Maternal and Child Health Services Block Grant, states provide a variety of health services for pregnant women, infants, children, adolescents and children with special health care needs. Often, in conjunction with efforts to provide well-baby care, get children immunized or conduct lead screening, Title V programs assist families in obtaining health insurance for their children.

New Mexico. Children's Medical Services (CMS), the Title V Maternal and Child Health agency in New Mexico, is linking eligible families with Medicaid. In part due to the relatively high Medicaid income eligibility guidelines in New Mexico, CMS social workers find that many families seeking special health care services for their children turn out to be eligible for Medicaid, but don't realize it. CMS workers have the state's three-page Medicaid application on hand and assist families in completing it. When necessary, CMS social workers also will accompany families to the Medicaid office. By providing this assistance, CMS is taking an active role in helping link eligible children with Medicaid.

Special Federal Grant Programs

Special grant programs administered by federal agencies can provide resources for outreach. State agencies, local governments or nonprofit organizations may have the opportunity to apply for such federal grants. In addition, it may be worthwhile to contact current grantees to engage them as partners in wider community outreach efforts if they are not involved already.

A few examples of such grant programs follow:

- **Healthy Child Care America.** "Health Systems Development In Child Care/Community Integrated Service Systems" grants are administered jointly by two bureaus of the DHHS: the Maternal and Child Health Bureau of the Health Resources and Services Administration and the Child Care Bureau of the Administration for Children and Families. The purpose of the grant program, known as Healthy Child Care America, is to promote better health for children in child care settings. Currently, there are 51 grantees in 48 states, the District of Columbia, Puerto Rico and Pilau. Some grantees are using

these funds to conduct outreach activities to link children to health insurance programs. *(For more information, see the Child Care Bureau website at www.acf.dhhs.gov/programs/ccb/.)*

Iowa. Healthy Child Care Iowa engages nurses to become child care health consultants (CCHCs). During visits to child care providers, the CCHCs use a 15-minute, informal "table talk" presentation to inform child care providers about the benefits of Medicaid and Iowa's child health insurance program, called HAWK-I. During the "table talk" each provider receives all the information needed to complete the application and, as well as materials that can be used to conduct outreach to other families. Children cared for by the child care providers — as well as their own children — are likely to be eligible for the program. CCHCs also market the program through monthly newsletters produced by child care resource and referral agencies.

- **Rural Health Outreach Grant Program.** The Rural Health Outreach Grant Program, a program of the Office of Rural Health Policy, is designed to enhance the delivery of health services in rural regions. Grantees are awarded up to $200,000 either to provide direct services or to increase access to existing services. The program emphasizes the development of integrated health care delivery systems. (*For more information, contact the Health Resources and Services Grant Administration Center at 1-888-333-4772 or visit the Office of Rural Health Policy website at www.nal.usda.gov/orhp/.*)

Massachusetts: The Healthy Connections program is a Rural Health Outreach Program funded by the Office of Rural Health Policy. Healthy Connections provides health insurance outreach and enrollment services in three rural regions to residents who are either uninsured or underinsured. Specifically, outreach workers assist residents in enrolling in a range of publicly funded health insurance programs. In the past year, Healthy Connections staff have focused on making referrals and enrolling children in MassHealth, the Medicaid and CHIP-funded program, and the Children's Medical Security Plan, a state-funded coverage program. Outreach is conducted where people work and live using existing community networks, such as schools and community groups.

- **HRSA/HCFA Outreach and Enrollment Partnership.** The HRSA/HCFA Outreach and Enrollment Partnership is available to Primary Care Associations (PCA's) through the Bureau of Primary Health Care's Office of State and National Partnerships. This partnership is designed to increase the number of people who have access to a regular source of primary and preventive care as well as to increase enrollment in Medicaid, CHIP-funded programs, and Medicare enrollment. A major goal of the grant program is to help enroll 500,000 individuals in health coverage programs. Currently Primary Care Associations in 37 states are receiving grants. (*For more information, see the Bureau of Primary Health Care's Office of State and National Partnerships at www.bphc.hrsa.gov/bphc/stintel/st.htm.*)

Around the Country. Through the Outreach and Enrollment Partnership, Primary Care Associations (PCAs) are informing families about health coverage opportunities and helping them get their children enrolled. In **California**, the PCA worked with ethnic media to showcase the Medi-Cal and Healthy Families programs and to highlight the recent clarification on "public

charge", in an effort to help immigrant families feel more comfortable about obtaining health coverage for their children. In **Maryland** and **Delaware,** the PCA has worked with the United Methodist Church to develop materials faith-based groups can use to promote Medicaid and CHIP. In **Oklahoma** and **Utah**, PCAs are helping to screen schoolchildren for health insurance eligibility and help them enroll.

In addition to the funding opportunities described above, there are likely to be other ways to broaden the effectiveness of child health insurance outreach activities by engaging current federal grantees in ongoing outreach efforts. Under the Interagency Task Force on Child Health Insurance Outreach, created as a result of a February 1998 Executive Memorandum issued by President Clinton, 11 federal agencies have initiated activities to educate their grantees about children's health coverage and to involve them in outreach activities. Federal grantees that are in contact with families and children may be enthusiastic about using some of their own resources to join outreach activities. *(For more information about federal outreach initiatives see "Report to the President: Interagency Task Force on Children's Health Insurance Outreach", October 1999, www.hcfa.gov/init/children.htm.*)