

**SOUTHERN REGIONAL INITIATIVE TO  
IMPROVE ACCESS TO BENEFITS FOR  
LOW INCOME FAMILIES WITH CHILDREN**

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## EXECUTIVE SUMMARY

With the passage of welfare reform, the consolidation of child care programs, the attainment of more state options under Medicaid and the enactment of the State Children's Health Insurance Program (CHIP), states are now in the position to make significant changes in fundamental health and social policies related to children. As states move forward to design and implement public policies that support low income working families, it is critical that the perspective of families be included in their deliberations.

In studies conducted by the Southern Institute on Children and Families, a resounding message from families has been that they need assistance in paying for child health coverage, child care and other needs and they would like such assistance to be related to their income. They are frustrated by public programs that provide benefits based on arbitrary time limits and other rules that are not related to their ability to pay.

An economic reality check demonstrates the income versus expenses predicament faced by low wage families. Table 1 displays the annual income for a family of three earning at the minimum wage (80% of the federal poverty level), 100%, 150% and 200% of the federal poverty level.

<b>TABLE 1</b>			
<b>VARIOUS LEVELS OF ANNUAL INCOME RELATED TO</b>			
<b>THE 1997 FEDERAL POVERTY LEVEL</b>			
<b>FOR A FAMILY SIZE OF THREE</b>			
<b>80% of Poverty</b> (Full Time Minimum Wage)	<b>100% of Poverty</b>	<b>150% of Poverty</b>	<b>200% of Poverty</b>
\$10,712	\$13,330	\$19,995	\$26,660
Source: Southern Institute on Children and Families, 1997.			

Given these income levels, it is not difficult to understand how families earning these amounts are in a constant economic struggle to pay for housing, utilities, food, clothing, transportation, health care, child care and other basic

needs. And, it's not difficult to understand why they become discouraged when they encounter public policies and programs that fail to recognize simple economic realities.

In addition to implementing new strategies to assist low income families, states must move aggressively to utilize existing opportunities to bolster families who work in low wage jobs. The extent to which states take advantage of and promote available programs varies widely across the southern region.

### **Southern Regional Initiative to Improve Access to Benefits for Low Income Families With Children**

In February 1997, the Southern Institute on Children and Families received support from The Robert Wood Johnson Foundation to launch a regional outreach initiative to help southern states identify ways to improve access to benefits for low income working families with children. Specific objectives of the project are:

- To identify specific actions needed to improve access to child health coverage and child care assistance;
- To assist and encourage states to implement aggressive outreach strategies, especially in the development of more effective communication with families about the availability of health coverage, child care and other benefits; and
- To make the eligibility process for child health coverage more accessible, dignified and user friendly.

### **Development of Information Outreach Materials**

Public policy makers often assume that the passage of laws and/or the appropriation of funding will result in benefits reaching the citizens who are eligible to receive them. With programs for low income families, however, insufficient attention and resources have been devoted to the development of effective communication strategies to inform them about available benefits. Studies by the Southern Institute have shown that many families are not aware of government benefits that can help provide health coverage for their children, assist them in paying for child care, and allow them to keep more of what they earn.

This project builds on Southern Institute initiatives undertaken in cooperation with health and human service officials in **NORTH CAROLINA** and **GEORGIA** to develop effective information outreach materials. Through the use of 27 focus groups conducted in nine urban and rural counties with welfare and transitional benefits recipients, community organizations and employers, the Southern Institute developed easy to understand information outreach brochures to convey positive messages about the following benefits for low income working families:

- Medicaid benefits for children during and after the welfare related transition period;
- Medicaid benefits for children in low income working families who have no current or recent connection to the welfare system;
- Earned Income Tax Credit (EITC) benefits, especially the monthly advance which is available at no cost to the employer;
- Child care assistance for families leaving welfare for work and child care assistance for low income working families in general;
- Food stamps; and
- Child support enforcement.

The project provides technical assistance to states to replicate the information outreach brochures developed in Georgia and North Carolina and also produced videos to be used in conjunction with the dissemination of the information outreach brochures. All states and the District of Columbia have indicated that they will take advantage of the opportunity to produce the brochures for use in their outreach efforts.

At present, 10 southern states have completed production and are using the brochures statewide. The project also produced videos based on the brochures. (See Table 6 for state by state information.)

## **State Site Visits**

From March through September 1997, the project sponsored site visits to the following 17 southern states and the District of Columbia:

Alabama	Louisiana	South Carolina
Arkansas	Maryland	Tennessee
Delaware	Mississippi	Texas
Florida	Missouri	Virginia
Georgia	North Carolina	West Virginia
Kentucky	Oklahoma	

The Foundation for Child Development provided support with two of the state site visits.

The site visits were conducted in cooperation with governors' offices and state health and human service officials. A total of 445 persons participated in the site visit meetings. The site visit meetings identified policies and procedures that present access barriers for low income families and also identified strategies states are using to improve access to benefits, primarily child health coverage and child care subsidies.

On completion of the 18 site visits, the project sponsored the Southern Regional Forum on Improving Access to Benefits for Families With Children to promote dialogue on interagency and interdepartmental issues affecting low income families. The forum brought together state policy staff who work with health coverage, child care, eligibility and transportation issues. Persons attending the regional forum were designated by each of the 17 governors, as well as designees from the District of Columbia. Forum presentations are summarized in the relevant chapters of this report and contacts for further information are provided.

### **Actions That Can Improve Access to Benefits**

This report outlines actions states are taking and actions that can be taken to improve access to benefits for low income families with children. The chapters include discussion of access issues related to the affordability of health coverage and child care in relation to family income, the categorical structure of

benefit programs for low income families with children, the complex and often counterproductive eligibility rules, inadequate transportation services and the need for aggressive state and community outreach. Additionally, state strategies to address needs are summarized and state-by-state data is presented where available. The recommended actions are presented below and appear at the end of the relevant chapters.

### **Child Health Coverage**

- 1) To increase the number of low income children who have health coverage, states should utilize the opportunities presented by the Medicaid program, CHIP and state/local coverage programs to design a coordinated approach to child health coverage.
  - To assure health coverage for all children living in poverty, states should accelerate the federal Medicaid phase-in for all children 18 years old and younger.
  - To prevent inequity of health coverage across age groups, states should design coverage programs for low income children to achieve uniformity in age groups and income levels.
- 2) To allow states to efficiently provide Medicaid coverage for children and families who are eligible under the state welfare (TANF) program, the Medicaid law can be amended to give states the option to create a Medicaid eligibility category which mirrors TANF eligibility.
- 3) To assure that families applying for welfare (TANF) understand that they do not have to be on welfare to obtain Medicaid coverage for their children, states should fully inform and link applicant families to health coverage opportunities, such as Medicaid poverty related children coverage, Section 1931 coverage, state CHIP coverage and other state/local coverage programs.
- 4) To avoid denying Medicaid coverage to children in income eligible families who have resources that exceed state asset limits, states should exempt assets when determining eligibility for child health coverage.
- 5) In order to reduce the chances that reporting requirements could result in income eligible families losing Medicaid benefits during the first year after leaving welfare, the federal Medicaid law can be amended to give states the option to eliminate reporting requirements in the second six months of Transitional Medicaid.

- 6) To avoid requiring families to spend a specified time on welfare in order to obtain health coverage, the federal Medicaid law can be amended to give states the option to eliminate the rule that requires families to receive cash assistance for three out of the previous six months in order to be eligible for Transitional Medicaid.
- 7) To assist low income families to access health coverage for their children, states and communities should design and implement aggressive outreach strategies.
- 8) To improve access to child health coverage, states and communities should identify and implement actions needed to make the application process less burdensome for families.
- 9) In order to avoid erroneous or premature termination of Medicaid benefits for a child, states should develop and implement information systems which assure that children are automatically transferred from one eligibility category to another without disruption to their Medicaid benefits.
- 10) To assure that the eligibility system is regularly examined with the goal of reducing policy and procedural barriers, states and communities should establish a periodic review process of eligibility outcome data.

### **Child Care Assistance**

- 1) To assist more low income families with the high cost of child care and to discourage welfare as an entry point for child care assistance, states should identify and implement actions to achieve an income based system of child care subsidies for low income working families with no requirement that a family be on welfare for any period of time in order to obtain assistance in paying for child care.
- 2) To avoid denying child care assistance to children in income eligible families who have resources that exceed state asset limits, states should exempt assets when determining eligibility for child care assistance.
- 3) To assure that the application and recertification process is not burdensome for low income families seeking child care assistance, states should review eligibility policies and procedures, including recertification periods and verification requirements.
- 4) In order to provide continuity of child care assistance, states should review policies regarding agency initiative in making category changes for low income families whose children remain eligible.

- 5) To assure that families know about available child care assistance, states and communities should design and implement outreach strategies to communicate the availability of child care assistance for low income working families.
- 6) To foster cooperation with Head Start, states should identify and disseminate information on successful Head Start collaboration strategies and document issues that need to be addressed at the federal level.

### **Transportation**

- 1) To develop more efficient and responsive transportation solutions for poor and low income citizens, states should create state level or multi-state work groups composed of the various public and private agencies that purchase or provide transportation services. The objectives would be to:
  - Identify strategies to effectively and efficiently coordinate transportation services designed to assist low income citizens; and
  - To identify strategies to help low income families acquire personal automobiles.

Including advocacy groups and/or family representatives in the deliberations will provide needed input from user groups. The experience of local initiatives should be examined and information on state or federal demonstration projects should be reviewed. Federal technical assistance should be provided to avoid misinterpretation of federal policies and rules and to identify coordination and collaboration opportunities.

- 2) To avoid penalizing low income families who own an automobile, states should eliminate automobile asset testing for families applying for child health coverage, child care assistance and other benefits.

### **Earned Income Tax Credit**

- 1) To assure that families learn about the EITC, states should conduct information outreach campaigns, with special efforts targeted to families on welfare, and provide EITC information and forms to eligibility workers.
- 2) To assure that children do not lose Medicaid because their family claimed the EITC and did not spend their refund quickly, states should exclude the cash received through the EITC, whether through the advance method or end of year tax refund, from the state definition of assets.
- 3) To avoid children losing Medicaid coverage, the federal government can enact the same policy it has for income and thus disallow the counting of EITC cash as an asset in determining Medicaid eligibility.



## CHAPTER 1 INTRODUCTION

With the passage of welfare reform, the consolidation of child care programs, the attainment of more state options under Medicaid and the enactment of the State Children's Health Insurance Program (CHIP), states are now in the position to make significant changes in fundamental health and social policies related to children. While producing much controversy, welfare reform brought long overdue attention to the economic issues and incentives intertwined in welfare and health policy. Since its passage, states have made greater investments in benefits to help low wage families with high cost items like health coverage and child care.

As states move forward to design and implement public policies that support low income working families, it is critical that the perspective of families be included in their deliberations. Studies by the Southern Institute on Children and Families (hereinafter referred to as the Southern Institute) often involve personal interviews and focus groups with families where they are asked to share their views and are encouraged to make suggestions on what actions are needed to improve policies and operations. In Southern Institute studies on health and welfare issues, a resounding message from families has been that they need assistance in paying for child health coverage, child care and other needs and they would like such assistance to be related to their income. They are frustrated by public programs that provide benefits based on arbitrary time limits and other rules that are not related to their ability to pay.

An economic reality check demonstrates the income versus expenses predicament faced by low wage families. Table 1 displays the annual income for a family of three earning at the minimum wage (80% of the federal poverty level), 100%, 150% and 200% of the federal poverty level.

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\$10, 712	\$13,330	\$19,995	\$26,660

Source: Southern Institute on Children and Families, 1997.

Given these income levels, it is not difficult to understand how families earning these amounts are in a constant economic struggle to pay for housing, utilities, food, clothing, transportation, health care, child care and other basic needs. And it's not difficult to understand why they become discouraged when they encounter public policies and programs that fail to recognize simple economic realities.

In addition to implementing new strategies to assist low income families, states must move aggressively to utilize existing opportunities to bolster families who work in low wage jobs. The extent to which states take advantage of and promote available programs varies widely across the southern region.

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- To make the eligibility process for child health coverage more accessible, dignified and user friendly.

## **Development of Information Outreach Materials**

The project builds on Southern Institute initiatives undertaken in cooperation with health and human service officials in **GEORGIA** and **NORTH CAROLINA**. Through the use of 27 focus groups in nine urban and rural counties with welfare and transitional benefits recipients, community organizations and employers, the Southern Institute developed and tested eye-catching, easy to understand information outreach brochures to convey positive messages about the following benefits for low income working families:

- Medicaid benefits for children during and after the welfare related transition period;
- Medicaid benefits for children in low income working families who have no current or recent connection to the welfare system;
- Earned Income Tax Credit (EITC) benefits, especially the monthly advance which is available at no cost to the employer;
- Child care assistance for families leaving welfare for work and child care assistance for low income working families in general;
- Food stamps; and
- Child support enforcement.

The project provides technical assistance to states to replicate the information outreach brochures initially developed in Georgia and North Carolina.

The project also produced videos to be used in conjunction with the dissemination of the information outreach brochures. Two videos were produced to inform families about available benefits and one video provides information for employers. The videos for viewing by families and community organizations were also produced in Spanish.

## **State Site Visits**

From March through September 1997, the project sponsored site visits to the following 17 southern states and the District of Columbia:

Alabama	Louisiana	South Carolina
Arkansas	Maryland	Tennessee
Delaware	Mississippi	Texas
Florida	Missouri	Virginia
Georgia	North Carolina	West Virginia
Kentucky	Oklahoma	

The Foundation for Child Development provided support to assist with two of the state site visits.

The site visits were conducted in cooperation with governors' offices and state health and human service officials. A total of 445 persons participated in the site visit meetings. The site visit discussions identified policies and procedures that present access barriers for low income families and also identified strategies states are using to improve access to benefits, primarily child health coverage and child care subsidies. The discussions were centered on four areas:

- Outreach strategies to both inform families about available health coverage, child care and other benefits and to assist them in enrollment;
- Eligibility policies related to Medicaid coverage for poverty related children and welfare families;
- Simplification of Medicaid eligibility procedures and requirements; and
- Eligibility policies and procedures related to child care assistance;

Appendix A provides information on state contacts who were responsible for handling arrangements for the site visits.

## **Southern Regional Forum**

On completion of the 18 site visits, the project sponsored the Southern Regional Forum on Improving Access to Benefits for Families With Children. The forum brought together state policy staff who work with health coverage, child care, eligibility and transportation issues. Persons attending the regional

forum were designated by each of the 17 governors, as well as designees from the District of Columbia. Other guests attending the forum included representatives of the National Governors' Association, Administration on Children and Families, Health Care Financing Administration, advocacy groups, national policy researchers and foundation representatives

The regional forum was designed to share information gained on the state site visits and to promote dialogue on interagency and interdepartmental issues affecting low income families. The opportunity to learn about issues and strategies used in other states and in other program areas was well received by the attendees. A total of 120 individuals were in attendance. Five panels of state, federal and private sector representatives provided information on the following topics:

- Supporting work through child care subsidies;
- Making health coverage available to working families;
- Implementing state and community outreach;
- Removing health coverage eligibility barriers; and
- Reaching for transportation solutions

The forum presentations are summarized in the relevant chapters of this report and contacts for further information are provided. See Appendix B for the forum program.

## **Summary of Report**

This report outlines actions states are taking and actions that can be taken to better support low income working families with children. Most of the information contained in the report was gathered on state site visits conducted during the project. Some additional surveying was required to collect updated information on issues discussed in the report. A brief review of the chapters is presented below.

**Chapter 2** discusses the information outreach brochures and videos developed by the Southern Institute and provides the status of efforts to replicate the information outreach brochures throughout the southern region.

**Chapter 3** discusses issues and strategies states can consider in providing health coverage for more low income children. The chapter also discusses federal policies that restrict access to Medicaid coverage, as identified on the state visits. The chapter outlines Medicaid issues related to families leaving welfare for work and low income families who have no connection to the welfare system. Information is also presented on state Medicaid eligibility levels for children as of September 1, 1997 and state Medicaid plan amendments submitted by southern states as part of the State Child Health Insurance Program (CHIP). And finally, the chapter contains a discussion of eligibility outreach and eligibility simplification issues.

**Chapter 4** discusses issues, provides survey results and presents information on strategies states can consider when designing actions to improve access to child care assistance.

**Chapter 5** discusses transportation issues and strategies.

**Chapter 6** provides information and discusses issues related to the Earned Income Tax Credit (EITC).

**Chapter 7** provides information on recent federal developments relevant to the project.

## **CHAPTER 2 INFORMATION OUTREACH**

Most communication on benefits and services for families has been in the form of bureaucratically worded documents that advise of rights and responsibilities in connection with receipt of benefits. Rarely are there materials that communicate information on available benefits in an easy to understand, “user friendly” manner.

Public policy makers often assume that the passage of laws and/or the appropriation of funding will result in benefits reaching the citizens who are eligible to receive them. With programs for low income families, however, insufficient attention and resources have been devoted to the development of effective communication strategies to inform them about available benefits. Thus, many families are not aware of government benefits that can help provide health coverage for their children, assist them in paying for child care, and allow them to keep more of what they earn.

### **Initial Development of Information Outreach Brochures**

In a study conducted by the Southern Institute in cooperation with the North Carolina Department of Human Resources and the Tennessee Department of Human Services, serious misconceptions about the availability of benefits were identified.<sup>1</sup> The findings showed that families on welfare and families receiving Transitional Medicaid, as well as community organizations who work to help them, lacked information or were misinformed about the availability of health coverage and other benefits.

As part of the study, personal interviews were conducted with randomly chosen recipients of Aid to Families With Dependent Children (AFDC) and Transitional Medicaid benefits. During the interviews, specific questions were

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<sup>1</sup> Sarah C. Shuptrine, Vicki C. Grant and Genny G. McKenzie, A Study of the Relationship of Health Coverage to Welfare Dependency (Columbia, SC: Southern Institute on Children and Families, March 1994).

asked in order to determine the degree to which recipients understood how benefits changed when they left welfare for work. The questions related to AFDC (the cash assistance welfare program), Medicaid, food stamps, child care and housing.

Table 2 shows the findings from the recipient interviews. The program least understood was Medicaid, with 76% incorrect responses. Forty-seven percent (47%) of the responses related to child care assistance were incorrect. Responses indicated that many believed that families had to be on welfare to receive any assistance with health coverage and child care.

<b>TABLE 2 PERCENTAGE OF RECIPIENTS PROVIDING INCORRECT RESPONSES TO THE IMPACT OF EARNINGS ON BENEFITS</b>	
<b>Benefit</b>	<b>Percentage Providing Incorrect Responses</b>
AFDC	24%
Food Stamps	6%
Medicaid	76%
Child Care	47%
Housing	24%
Source: Southern Institute on Children and Families, 1994. Data collected from recipient interviews in Charlotte, North Carolina and Nashville, Tennessee.	

The Southern Institute published its report in March 1994 and recommended that state social services officials in the southern states develop “user friendly” materials to effectively communicate the benefits available through various programs. With support from the North Carolina Department of Human Resources, 18 focus groups were held in six counties to assist in the development and testing of information outreach brochures that communicated the availability of Medicaid benefits for children, the Earned Income Tax Credit (EITC), child care and food stamps. Subsequent to the **NORTH CAROLINA** information outreach project, nine additional focus groups were held in three



counties in **GEORGIA** with support provided by the Georgia Division of Family and Children Services.

In each state, focus groups were held in urban and rural counties with the following groups: 1) AFDC and Transitional Medicaid recipients (chosen randomly); 2) community organizations; and 3) employers. In North Carolina, 144 persons participated in the focus groups. In Georgia, 89 persons participated.

In both states, pretest and post test questions were administered to measure the knowledge of focus group participants regarding general Medicaid eligibility rules for children, Transitional Medicaid, the Earned Income Tax Credit and child care. The pretest results in both states clearly demonstrated the need for aggressive information outreach. The **GEORGIA** pretest results are summarized below.

### **Recipients**

- **55%** did not understand that if parents get off welfare because of work, their children would be able to get Medicaid.
- **57%** did not understand that even if a child's parents live together, the child can get Medicaid.
- **59%** did not know about the availability of Transitional Medicaid Assistance for up to one year.
- **78%** did not understand that children under age six are eligible for Medicaid at higher income levels than older children.
- **53%** did not know that if parents get a job, they might qualify to get more take home pay from the EITC.
- **41%** did not know that a paycheck plus money from EITC is much greater than a welfare check.
- **82%** did not understand that the money a working parent gets from the EITC does not count against Medicaid, AFDC, food stamps, SSI or housing benefits.
- **39%** did not understand that if parents get off welfare because of work, they can get help with child care expenses for up to one year.

## **Community Organizations and Providers**

- **31%** did not know about the availability of Transitional Medicaid coverage for up to one year.
- **92%** did not understand that children under age six are eligible for Medicaid at higher income levels than older children.
- **39%** did not know that a paycheck plus money from the EITC is much greater than a welfare check.
- **42%** did not understand that the EITC does not count against Medicaid, AFDC, food stamps, SSI or housing benefits.
- **16%** did not know about the availability of Transitional Child Care benefits for up to one year.

## **Employers**

- **21%** did not know that children do not have to be on welfare to be eligible for Medicaid coverage.
- **43%** did not know about the availability of Transitional Medicaid coverage for up to one year.
- **78%** did not understand that children under age six are eligible for Medicaid at higher income levels than older children.
- **50%** did not understand that the EITC is available to low income working families regardless of whether or not they owe taxes.
- **86%** did not understand that they could add a portion of EITC to the employee's paycheck each pay period.
- **50%** did not know about the availability of Transitional Child Care benefits for up to one year.
- **50%** did not know that there are programs that supplement the wages of low income workers with children at no cost to the employer.

For illustration purposes, the first page of the three **GEORGIA** outreach brochures are displayed on page 12 and each brochure is included in its entirety in Appendix C.

After reading through the outreach brochure, focus group participants were given a post test to measure gains in knowledge. No discussion was held prior to the post test. Results showed that the communication effectiveness of the outreach brochures was statistically significant in both states. Table 3, Table 4 and Table 5 display the **GEORGIA** post test results by target group.





































































































































































































































