

ANALYZING EXPRESS LANE ELIGIBILITY AS A NEW TOOL TO REACH UNINSURED CHILDREN WHO ARE ELIGIBLE BUT NOT ENROLLED IN MEDICAID AND SCHIP

INTRODUCTION

As Congress debates reauthorization of the State Children's Health Insurance Program (SCHIP), policymakers across the political spectrum agree on the importance of reaching children who qualify for coverage but are not enrolled. After many years of outreach to low-income families and significant streamlining of application procedures, Medicaid and SCHIP cover nearly three-fourths (73.4 percent) of eligible children.¹ Nevertheless, approximately 8 million children remain uninsured, more than two-thirds of whom qualify for Medicaid or SCHIP.² This Issue Brief, in the form of questions and answers, explores the potential impact of Express Lane Eligibility proposals that seek to enroll these eligible children.

QUESTIONS AND ANSWERS

What is "Express Lane Eligibility"?

Express Lane proposals would give states the flexibility to base SCHIP and Medicaid eligibility on the findings of other need-based programs, like the National School Lunch Program (NSLP), Food Stamps, and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). These proposals would provide enhanced federal matching funds for information technology needed to transfer data from other sources and use it to determine eligibility for health coverage. More broadly, the proposals give state health programs the ability to use data available from other government agencies to identify potentially eligible individuals, verify their eligibility for health coverage, and enroll them if they qualify.

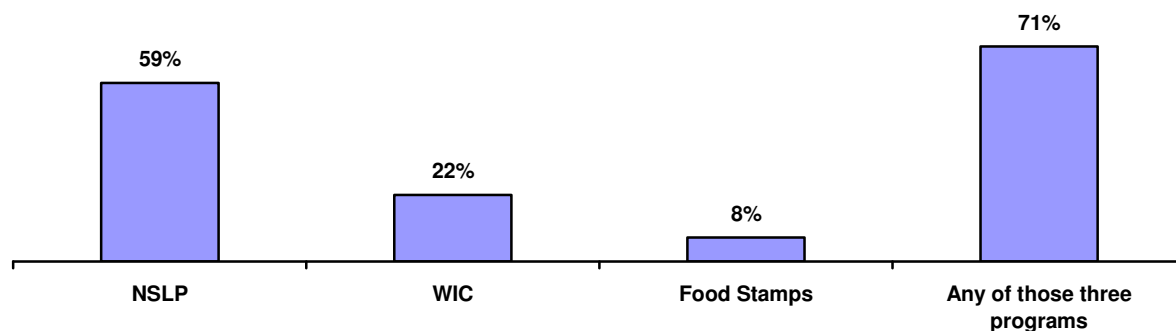
Why is Express Lane Eligibility relevant to reaching eligible but unenrolled children?

This strategy promises to reach the bulk of eligible but uninsured children, since most of these children already receive other need-based assistance. For example, the families that participate in NSLP, WIC and Food Stamps include 71 percent of all uninsured children who have family incomes below 200 percent of the Federal Poverty Level (FPL) (Figure 1),* and in 41 states, all children with incomes at or below that level qualify for Medicaid or SCHIP.³

Since income-eligibility thresholds for these other programs are almost always lower than for health coverage, the vast majority of children receiving other need-based assistance have already been found to have low enough family income to qualify for health coverage. With the Express Lane option, a state could use these findings to provide health care to eligible children, without forcing parents to complete and state agencies to process largely redundant health application forms.

* In 2007, the FPL for a family of three is \$17,170; for a family of four, \$20,650; etc.

FIGURE 1. AMONG UNINSURED CHILDREN WITH INCOMES AT OR BELOW 200 PERCENT OF FPL, THE PROPORTION WHOSE FAMILIES PARTICIPATED IN VARIOUS MEANS-TESTED NUTRITION PROGRAMS, 2002



Source: Dorn and Kenney, 2006.⁴ Notes: NSLP is the National School Lunch Program; WIC is the Special Supplemental Program for Women, Infants, and Children.

Does Express Lane Eligibility change eligibility rules for child health coverage so more children qualify?

Express Lane eligibility does not change eligibility *standards*, such as the amount of income and assets a family can have and still qualify for health coverage. It does permit states to rely on findings of other programs that use different *methodologies*, such as the rules for (a) deducting certain expenses and types of income from gross income to determine net income and (b) defining the household members whose needs and earnings affect eligibility.

Otherwise ineligible children would rarely (if ever) qualify for health coverage based on different income methodologies, since eligibility thresholds tend to be substantially higher for health coverage than for other need-based programs. For example, the nutrition programs described above are limited to families with *gross income* below 185 percent of FPL (or lower levels, in the case of Food Stamps). SCHIP typically covers children with *net income* (calculated after various deductions) up to at least 200 percent of FPL, which translates into a gross income threshold above 200 percent of FPL. Very few (if any) children with gross incomes below 185 percent of FPL, as calculated by nutrition programs, would have net incomes above 200 percent of FPL, as calculated by health programs.

Express Lane methods already used for Medicare Part D go farther than the approach discussed here. Medicare Part D grants Low-Income Subsidies (LIS) to beneficiaries who receive Medicaid, including through Medicare Savings Programs (MSP).[†] This Express Lane coverage (which Medicare calls “automatic” or “facilitated” enrollment) avoids the need for these beneficiaries to file application forms for LIS. Although LIS is limited to households with assets below specified levels, MSP beneficiaries receive LIS, even in the six states that waive asset limits for MSP. In addition, many MSP programs use income methodologies that are more expansive than the methods used for LIS. For example, 18 states disregard in-kind income for MSP, and 10 states count resident grandchildren among household members whose needs are taken into account in determining eligibility, effectively increasing the amount of income that beneficiaries can receive and still qualify for assistance.⁵ However, because the Administration has found that MSP and LIS eligibility rules are “substantially the same,”⁶ MSP enrollees automatically receive LIS. In SCHIP reauthorization, Express Lane proposals seek to accomplish similar results for children, disregarding more modest difference between programs’ eligibility policies.

[†] MSPs pay some or all of Medicare cost-sharing for low-income beneficiaries.

Would Express Lane Eligibility prevent state health programs or the Finance Committee from defining eligibility and safeguarding program integrity for Medicaid and SCHIP?

Although Express Lane eligibility would permit Medicaid and SCHIP agencies to draw on the findings of other need-based programs, such procedures would not alter the health programs' eligibility standards, which would remain under the control of the Finance Committee in the Senate and health agencies in the states. For example, while the food stamp program uses its own methodology to calculate income, Express Lane Eligibility would cover only children whose income, as found by the food stamp program, was low enough to meet Medicaid or SCHIP standards.

More importantly, the income thresholds of other need-based programs tend to be substantially lower than SCHIP eligibility levels, as noted above. Accordingly, slight variations in eligibility methodologies between these programs or changes in the methodologies of other programs would be highly unlikely to extend health coverage to otherwise ineligible children with incomes above 200 percent of FPL, the usual SCHIP standard. Stated differently, Express Lane provisions would likely affect only low-income children who qualify for Medicaid or SCHIP under the most widely shared, uncontroversial view of appropriate eligibility.

It is also worth noting the considerable federal precedent for sharing eligibility data between programs. As discussed below, Supplemental Security Income (SSI) and Medicaid eligibility data establish eligibility for Medicare Part D low-income subsidies; Food Stamps and Temporary Assistance for Needy Families (TANF) eligibility data provide eligibility for NSLP; Medicaid eligibility establishes eligibility for WIC; etc.

Even without data sharing or Express Lane eligibility, Medicaid and SCHIP eligibility has always been impacted by changes to other public assistance programs, such as unemployment compensation, housing subsidies, educational grants and loans, nutrition programs for the elderly, child care payments, etc. Some of these benefits count as income for Medicaid purposes. If such benefits shrink or the number of recipients declines, the number of Medicaid-eligible individuals grows. Other benefits are excluded in determining Medicaid eligibility. Increases to the latter benefits raise effective income-eligibility thresholds for Medicaid by elevating the amount of purchasing power individuals can have and still qualify for health coverage. In short, Medicaid and SCHIP have never existed in a bubble; their eligibility has always been affected by multiple public assistance programs; and so Express Lane eligibility is not a radical departure from past practice.

What if other need-based programs make mistakes? Will health coverage be granted in error?

Errors are inevitable in the operation of any need-based program, including the non-health programs that lead to Express Lane coverage. However, few grants of health coverage to ineligible children are likely to result, for three reasons.

First, quality control safeguards would continue to apply to Medicaid and SCHIP. For example, Medicaid would still be required to use the automated Income Eligibility Verification System to confirm income eligibility for a sample of enrollees. Medicaid Eligibility Quality Control requirements would also continue, which, at state option, either (a) require states to implement specified quality control procedures or (b) deny federal matching dollars to the extent CMS finds error rates above 3 percent. Along similar lines, Express Lane eligibility would not affect the Administration's Payment Error Rate Measurement program, through which each state's eligibility determinations receive intensive focus once every three years, with public reporting of error rates and corrective action plans required.

Second, error rates in other need-based programs are sometimes overstated. For example, apparently high error rates by NSLP mostly result from fluctuations in family income.⁷ Agency and household mistakes affect only 3.4 percent of NSLP cases.⁸

Third, and most important, the large difference between eligibility for health coverage and for other programs means that mistakes by non-health programs would rarely provide health coverage to ineligible children. To continue with the NSLP example, free school lunches go to children with gross incomes up to 130 percent of FPL, and reduced-price lunches go to children with gross incomes between 131 and 185 percent of FPL. If NSLP

erroneously granted free lunches to a family with gross income at 150 percent of FPL, that error would not provide health coverage to otherwise ineligible children, since the family has *net* income well below 200 percent FPL, the typical SCHIP eligibility threshold. Only large errors affecting families at the very top of the NSLP income range would give health coverage to otherwise ineligible children. Such mistakes are presumably a small proportion of the 3.4 percent of NSLP cases that involve errors.

What pending bills propose Express Lane Eligibility?

S. 1364, S. 1224, S. 1213, S. 895, H.R. 2147, H. R. 2055, and H.R. 1535.

Has this kind of thing been done before?

Here are a few examples:

- NSLP uses “Direct Certification” and “Categorical Eligibility” to provide children with free school lunches based on eligibility determinations made by Food Stamps and TANF. Fully 43 percent of children receiving free meals enroll through these Express Lane methods, rather than by documenting income on traditional application forms.⁹ After researchers showed that enrolling children based on eligibility determinations from other need-based programs lowered administrative costs, reduced the percentage of ineligible children receiving assistance, and increased the number of eligible children who enrolled in the program,¹⁰ in 2004 Congress required all districts participating in NSLP to implement this Express Lane strategy.¹¹
- As indicated above, Medicare Part D provides low-income subsidies (LIS) to beneficiaries based on their receipt of Medicaid or SSI. Less than six months after the effective date for this new benefit, LIS had enrolled a remarkable 74 percent of eligible beneficiaries; 81 percent of LIS recipients obtained subsidies based on these Express Lane methods, without filing any application forms for LIS.¹² At this very early juncture, enrollment levels are much higher for LIS than for previous need-based programs that had no Express Lane eligibility. For example, Food Stamps reached only 31 percent of eligible families after its second year of operation.¹³ Likewise, one, three, and five years after SCHIP’s effective date, SCHIP had enrolled 44, 54, and 60 percent of eligible children, respectively.¹⁴

Why aren’t states already doing Express Lane Eligibility?

States have encountered two main obstacles:¹⁵

- First, child health programs typically lack the information technology needed to make this data-driven strategy efficient. In most states, eligibility workers must transfer, analyze, or enter data by hand, making Express Lane enrollment cost-prohibitive.
- Second, eligibility methodologies differ among need-based programs. For example, children with net family income at or below 100 percent of FPL are income-eligible for both Food Stamps and Medicaid in every state. Nevertheless, uninsured children receiving Food Stamps cannot be directly enrolled into health coverage because Food Stamps and Medicaid use slightly different income disregards and household definitions.

Can Congress provide Express Lane Eligibility by addressing SCHIP alone?

Medicaid law must be changed for SCHIP to apply Express Lane strategies. Children cannot be enrolled into a separate SCHIP program until they have been screened for Medicaid eligibility (and enrolled in Medicaid if they qualify).¹⁶ If an SCHIP program wanted to cover children already found to have SCHIP-level income by other means-tested programs, those children would still need to complete the Medicaid application process to accomplish the Medicaid screening, creating paperwork burdens that cause many families to drop out.¹⁷ As a result, SCHIP programs cannot effectively implement Express Lane Eligibility unless Medicaid also provides that same kind of expedited coverage.

More fundamentally, approximately two-thirds of uninsured children who are eligible but not enrolled qualify for Medicaid, not SCHIP.¹⁸ Moreover, the same child may qualify for different programs at different times, as the family's income fluctuates. To reach these children, both programs must be addressed together.

What else can federal policymakers do to help states enroll eligible children?

Before states take additional steps to cover eligible but unenrolled children, the federal government needs to assure the availability of full federal matching funds for health coverage if those children enroll. In addition, states need increased flexibility to verify citizenship using methods that do not deter applications by eligible families. Finally, federal policymakers could provide direct financial incentives for states to enroll more eligible children.

However, these measures will not be sufficient. Previous state policies, including outreach and streamlined eligibility, have reached many children but left millions behind. New tools are needed to reach the remaining eligible but unenrolled children, and Express Lane Eligibility is the only such tool under consideration in the SCHIP debate. *Whatever their differences on other SCHIP issues, federal policymakers across the spectrum agree on the need to cover eligible but uninsured children with incomes below 200 percent of FPL. Express Lane eligibility is an essential part of any effective national strategy to reach that goal.*

First Focus is a bipartisan advocacy organization that is committed to making children and their families a priority in federal policy and budget decisions. Children's health care, education, and family economics are the three core issue areas around which First Focus is working to promote bipartisan policy solutions. For further information, please visit www.firstfocus.net.

The Children's Partnership is a national nonprofit, nonpartisan child advocacy organization with offices in Santa Monica, CA and Washington, D.C. The Children's Partnership engages in research, analysis and advocacy to ensure underserved children and youth are at the forefront of emerging policy debates, and works to involve more Americans in the cause for children. For over a decade, The Children's Partnership has provided leadership on the creation and implementation of Express Lane policies in states and at the federal level. For further information, please visit www.expresslaneinfo.org or www.childrenspartnership.org.

NOTES

¹ T. M. Selden, J. L. Hudson, and J. S. Banthin, “Tracking Changes in Eligibility and Coverage Among Children, 1996–2002,” *Health Affairs*, September/October 2004.

² The precise percentage varies between studies. Finding that 74 percent of uninsured children qualify for Medicaid or SCHIP was L. Dubay, J. Holahan, and A. Cook, “The Uninsured and the Affordability of Health Insurance Coverage.” *Health Affairs web exclusive*, November 2006. A 68 percent eligibility rate was found by an L. Dubay analysis of March 2005 Current Population Survey using July 2004 eligibility rules, cited in C. Mann, *The Future of CHIP: Improving the Health of America’s Children*, Testimony to Senate Committee on Finance, February 1, 2007.

³ D. Cohen Ross, L. Cox, and C. Marks, *Resuming the Path to Health Coverage for Children and Parents: A 50 State Update on Eligibility Rules, Enrollment and Renewal Procedures, and Cost-Sharing Practices in Medicaid and SCHIP in 2006*, Prepared by Center on Budget and Policy Priorities and Kaiser Commission on Medicaid and the Uninsured, January 2007.

⁴ S. Dorn and G. Kenney, *Automatically Enrolling Eligible Children and Families Into Medicaid and SCHIP: Opportunities, Obstacles, and Options For Federal Policymakers*, prepared by the Economic and Social Research Institute and the Urban Institute for the Commonwealth Fund, June 2006.

⁵ *Testimony of Monica Sanchez*, Deputy Director, Medicare Rights Center, Hearing Before the United States House of Representatives, Committee on Energy and Commerce, Subcommittee on Health, May 15, 2007.

⁶ 42 U.S. Code Section 1395w-114(a)(3)(B)(v)(II).

⁷ C. Newman, “Income Volatility Complicates Food Assistance,” *Amber Waves*, Vol. 4, Issue 4, USDA Economic Research Service, September 2006.

⁸ This number applies only to eligibility determinations for applications on which parents provided income information. As noted in the text below, more than 40 percent of free lunches provided by NSLP are granted based on income information from other means-tested programs (usually Food Stamps and TANF). Adding those cases to the calculations would lower the error rate below the number in the text. USDA, Office of Analysis, Nutrition, and Evaluation, *Accuracy of SFA Processing of School Lunch Applications – Regional Office Review of Applications (RORA) 2006*, April 2007.

⁹ Office of Analysis, Nutrition and Evaluation, U.S. Department of Agriculture, *Analysis Of Verification Summary Data: School Year 2004-2005 (Corrected)*, November 2006.

¹⁰ P. Gleason, T. Tasse, K. Jackson et al., *Direct Certification in the National School Lunch Program—Impacts on Program Access and Integrity—Final Report*, Mathematica Policy Research, Inc., and Decision Information Resources, Inc., prepared for the Food Assistance & Nutrition Research Program of the U.S. Department of Agriculture, October 2003, E-FAN-03-009.

¹¹ The Child Nutrition and WIC Reauthorization Act of 2004, P.L. 108-265, phased in a requirement for all NSLP-participating school districts to use Direct Certification, which grants free meals based on data from Food Stamp, TANF, and certain other programs, without the need for families to submit NSLP applications. Such districts had already been required to provide Categorical Eligibility, through which families applying for NSLP could show income-eligibility by demonstrating receipt of Food Stamps or TANF, rather than by providing income documentation.

¹² CMS data, calculations by Urban Institute, 2007.

¹³ U.S. Government Accountability Office, *Medicare Part D Low-Income Subsidy: Progress Made in Approving Applications, but Ability to Identify Remaining Individuals is Limited*. May 8, 2007. GAO-07-858T.

¹⁴ Selden, et al., op cit. As one final example, WIC provides automatic, so-called “adjunctive” eligibility for pregnant women and children receiving Medicaid, TANF, or food stamps, without requiring proof of income. According to one study, such adjunctive eligibility increases WIC enrollment among eligible households by 50 percent. M. Bitler, J. Currie, and J.K. Scholz, “WIC eligibility and participation,” *Focus*, University of Wisconsin–Madison Institute for Research on Poverty, Vol. 22, No. 2, Summer 2002.

¹⁵ Dorn and Kenney, op cit. For examples of state experiences, see the Children’s Partnership’s Express Lane web site, www.expresslaneinfo.org.

¹⁶ 42 U.S.C. 1397bb (b)(3)(A) and (B).

¹⁷ In Washington State and California, attempts to provide health coverage to children, based on the findings of NSLP, foundered when 69 percent in Washington and 75 percent in California of children receiving presumptive eligibility failed to complete the truncated Medicaid application process required to transition from presumptive to ongoing eligibility. Dorn and Kenney, op cit.

¹⁸ G. Kenney and A. Cook, “Coverage Patterns among SCHIP-Eligible Children and Their Parents,” *Health Policy Online*, The Urban Institute, February 2007. See also L. Dubay analysis cited in C. Mann testimony, op cit, finding that 72 percent of eligible but not enrolled children qualify for Medicaid, with 28 percent qualifying for SCHIP.