Date: March 20, 1997
To:
From: [redacted] Senator Jeffords

We plan to use the Medicaid program to **expand health coverage to children** by:

- Simplifying the application process for Medicaid and other Federally-funded programs targeted to low income women and children.
- Maintaining Medicaid enrollment for a minimum of 12 months once a child is enrolled, regardless of any subsequent change in eligibility.
- Encouraging state expansion to 185% of the Federal poverty level (FPL) by providing a 100% Federal match rate for expansion from 185% to 225% FPL.
- Improving state flexibility to move Medicaid beneficiaries into managed care plans, but requiring plans to meet minimum quality standards.

Application Simplification
Many Federal programs are targeted to reach pregnant women and children including: Medicaid; Maternal and Child Health Block Grants; Women, Infants, and Children (WIC); Head Start; Healthy Start. In 1989, Congress required HHS to develop a common application form, but the states were never required to use the form. With the recent delinking of Medicaid from the Welfare application process, states are currently interested in streamlining the application processes. New legislation is required because of the recent changes in the Welfare Act.

Maintaining a Twelve-Month Minimal Enrollment
Providing children with continuous medical coverage over a defined time period encourages provider participation and gives an incentive for health plans to provide the early prevention, diagnosis and treatment (EPSDT) services required by law. In addition, providing continuous health coverage for children will assist families as they move from welfare to work. Finally, providing continuous eligibility will reduce administrative costs by eliminating the need to produce and mail Medicaid cards each month to recipients.

Expansion of Eligibility
States should be encouraged to increase the level of eligibility to 185% FPL across all entitled groups. The Federal government will provide an incentive for those states who elect expansion by paying 100% of the costs to enroll the next 40% (up to 225% FPL). For states who have already expanded to 185% or beyond, the Federal government will reimburse 100% of expenses between 185-225% FPL, phased in over four years at 25% per year. To prevent "crowd-out" (employers dropping dependent health coverage as Federal expansion occurs), we will simply prohibit employers from dropping dependent health coverage for low income workers without dropping dependent health coverage for all employees (including the CEO).

Increasing State Flexibility
Currently, states must be granted a waiver to move Medicaid beneficiaries into managed care plans. We propose to eliminate the need for waivers. However, we will need to include minimal quality standards to be met by all health plans who contract for Medicaid.

We've done