DETAILED SUMMARY: FOR INTERNAL USE ONLY
Children's Health Initiative

The Children's Health Initiative includes five different parts:

1. State Grant Program
2. State Option for Medicaid Continuous Eligibility for Children
3. Initiative for Workers Between Jobs
4. Medicaid Outreach
5. Continuation of the Poverty-Related Coverage Expansion for Children 14 to 18 years old

The first three require legislative changes which have been drafted as part of the President's FY 1998 budget proposal. The initiative for workers between jobs includes both adults and children and is summarized separately. Medicaid outreach will either be a regulatory effort or a process set up with Governors and the private sector. The fifth — the mandatory expansion of Medicaid coverage to poor adolescents — is current law.

1. STATE GRANT PROGRAM

Intent: To enable states to "initiate and expand innovative programs extending health insurance assistance to eligible children."

Type of Program: New, mandatory grants program to states (not discretionary spending; contains authorization to appropriate funds)

State participation is optional

Federal funding available until expended (unexpended appropriated funds redistributed in 2001 and subsequent years)

Administered by Department of Health and Human Services, Health Care Financing Administration

Funding: $3.8 billion between FY 1998 - 2002 ($750 million for FY 1998 and each subsequent year)

State Allotment: States & DC: Minimum of $1 million plus a share of the remaining appropriated amount (after subtracting territories' funding and base $1 million for each state). This share is:

- For 1998, 1999, & 2000: each state's proportion of uninsured children under 19 in CY 1993-95 (on average)

- 2001 & subsequent years: each state with approved application's proportion of uninsured children under 19 in 1993-95 in all states with approved applications. In 2001 and subsequent years, all unexpended appropriations from previous years will be reallocate using this formula to states with approved applications.

Territories: 1.5% ($11.25 million) of the total appropriation

State allotments adjusted for geographic price variation

Two-year carry over: allotment remains available to state for two years

Matching payments required (using Medicaid matching rate, FMAP)
No rules on what constitutes state share except that states may not use spending on comparable programs in 1995 or earlier.

Use of Funds: Direct purchase of health insurance or cash or vouchers to families

Insurance must cover benefits, as determined by the state, meeting minimum standards established by the Secretary, including standards for quality and scope of coverage

Insurance must be provided by any entity licensed to provide health insurance in the state

Administrative costs and outreach (no more than 10% of allotment)

Eligibility for Assistance:

Child under age 21

Not eligible for Medicaid

Has no (or inadequate) health insurance; does not have access to adequate and affordable individual or family health insurance coverage

Premium Assistance Amount:

Defined by the state

State Application: Deadline: September 30, 2000

Must include description of:
- Current needs and efforts
- Program development process

- Program design including: service area, eligibility restrictions, health insurance coverage provided, ways to prevent substitution for employer coverage
- Budget
- Outreach and coordination
- Plan for data collection, records and reports

Plan approval: a plan is considered approved unless the Secretary notifies the state of disapproval or of the need for new information within 90-days

Reports & Evaluation:

Annual (or more frequent) amendments to initial application
Annual report including progress made in reducing uninsured children
States' evaluations of their own programs due on March 31, 2000

2. STATE OPTION FOR MEDICAID CONTINUOUS ELIGIBILITY FOR CHILDREN

Intent: To ensure that once a child is determined eligible for Medicaid, he or she maintains that coverage for a full year

Type of Program: Medicaid state option

Funding: An estimated $3.7 billion between FY 1998 - 2002

Provision: "1902(e)(12) At the option of the State, the plan may provide that an individual who is under the age specified by the State under 1905(a)(I) [upper age limit of 18-21 years] and who is determined to be eligible for benefits under a State plan approved under the title shall remain eligible for those benefits until the earlier of (A) the end of the 12 month period following the determination; or (B) the time that the individual exceeds that age."

3. INITIATIVE FOR WORKERS BETWEEN JOBS

[summarized separately]

4. MEDICAID OUTREACH

Intent: To increase enrollment of children currently eligible for Medicaid but not enrolled

Type of Program: No new program or funding: non-legislative approach; we will work with relevant parties on a process to identify and implement strategy

5. CONTINUATION OF THE POVERTY-RELATED COVERAGE EXPANSION FOR CHILDREN 14 TO 18 YEARS OLD

Intent: To phase in coverage for all poor children born after September 30, 1983 up to age 19 (currently states cover up to age 14 although 20 states have accelerated this coverage to older children).

Type of Program: No new program or funding: Medicaid spending in the baseline