

DEVORAH ADLER
Domestic Policy Council

Box 1 of 7

Files:

TANF/MC
TANF/MC
Assisted Suicide
Assisted Suicide
Assisted Suicide
Assisted Suicide
Nursing Homes
Nursing Homes
Nursing Homes
Nursing Homes
Nursing Homes
Nursing Homes
Nursing Homes
NH Event
Safety Net
Safety Net
Safety Net
Safety Net
Safety Net
Safety Net
Safety Net
Safety Net
Safety Net
SB Coops
Superbug
Fraud and Drugs
Jeffords-Kennedy
Jeffords-Kennedy
Jeffords-Kennedy
Stem Cell
Stem Cell
Stem Cell
Stem Cell

Enclosures filed in
Oversize Attachments # 20468
WARA # 17671

DRAFT

Devash -
he made some
edits
(nothing too
major).
Andrea

SURVEY FOR
MEDICAID REGIONAL OFFICE
ON-SITE ASSESSMENT OF STATE MEDICAID
ENROLLMENT AND ELIGIBILITY PROCESSES

AUGUST 1999

by Thursday

INTRODUCTION

Through ongoing efforts to reform welfare, HCFA has developed a variety of approaches to support low-income families making the transition from welfare to work. A major goal is to increase the number of children and families with health insurance. One approach to obtaining this goal is to ensure that all States are complying with Federal requirements to quickly and efficiently provide Medicaid to eligible people and to assist States in coordinating the administration of the TANF and Medicaid programs. *of what?*

We have planned for on-site visits to determine how well States are providing access to Medicaid during this time of welfare reform. The general focus of the review is to evaluate State compliance with specific Federal Medicaid eligibility and enrollment rules and optional policies for families who seek Medicaid, who leave Medicaid and for reaching families outside the Medicaid system. Although the review is not intended for assessing State performance in the general administration of its Medicaid program, there are some questions addressing other access and coverage requirements.

This survey is for regional office staff use during the on-site visits with States. Our research has shown that, through the administration of the TANF program, there are some problems with delays in the Medicaid application process and Medicaid cases being improperly denied or terminated. The survey focuses primarily on these two areas to ensure States are complying with Medicaid requirements and to identify State practices that result in eligible children and families not receiving Medicaid. In carrying out the on-site visits to States, place particular emphasis on the following program areas:

- improper delays in the Medicaid application process;
- improper Medicaid denials and terminations;
- providing transitional Medicaid;
- the effect of TANF application, denial and termination procedures on Medicaid applications, denials and terminations;
- improper systems terminations of Medicaid;
- promising State practices.

The survey is written to provide focus to the review and to promote an exchange of information between the regional office and its respective States while providing flexibility when conducting the on-site reviews. For example, reviews of State documents and Medicaid cases are limited to assessing compliance with Federal Medicaid requirements. However, regional offices may request from States additional documentation to further support compliance or for other purposes that meet the intent of the review. Also, the questions in this survey are to be used as a basis for discussion with a variety of State Medicaid and TANF officials and other relevant parties. The reviewer is not restricted to these questions and may ask additional questions in order to make a final determination of State performance. The information gathered through these State reviews will be instrumental in developing corrective actions and other initiatives to improve access to Medicaid on the State, local level and to improve the health coverage of low-income children and families. *and*

I. REACHING FAMILIES WHO SEEK MEDICAID

A. Eligibility Categories

1. Section 1931 Group - State Plan Amendment

Requirement: States must provide Medicaid to families who have a dependent child living with them and who meet certain financial and deprivation requirements under Section 1931 of the Act.

- o Does the State provide coverage to individuals eligible under section 1931 of the Social Security Act?

2. Section 4913 Group - State Procedures

Requirement: States must use current SSI income and resource standards and the definition of childhood disability in effect prior to the 1996 revised definition when verifying disability for purposes of determining Medicaid eligibility for disabled children who were receiving SSI benefits under Title XVI on August 22, 1996.

- o Does the State have a policy to wait at least 1 year after loss of SSI to conduct a financial redetermination. Does the policy provide a longer period to conduct a disability redetermination?
- o Does the State terminate these cases when SSI is lost?
- o Does the State have a manual or computer tracking system for individuals going on and off the rolls to redetermine eligibility based on their protected status?

B. Application and Enrollment

1. Opportunity to Apply for Medicaid

Requirement: States must provide the opportunity for families to apply for Medicaid without delay.

- o Where does an individual apply for Medicaid? (Check all applicable responses.)

state or Job Centers
(?) County welfare office
 Other local district
 Outstationed workers

 Head Start
 TANF sites
 Medicaid-only sites
 Other (indicate where)

Is the TANF site
meant to be state
(vs. county)?

what's the
difference
between a
~~state center~~
state or county welfare
office + a
TANF site?

- o Does the State use a joint TANF/Medicaid application or a separate Medicaid application?

☐ Joint ☐ Separate
☐ Both Available ☐ Other (explain)

- o What is the system for reviewing the Medicaid portion of a joint application?

- o What does the State do when an individual requests a Medicaid application?

☐ mailed to home ☐ available at TANF office
☐ handed out in community ☐ other (explain)

- o How long does it take to get a Medicaid application? (Does the State impose a waiting period before providing an application?)

- o Are Medicaid applications available in TANF offices? When a person at a TANF office ~~applies~~ for Medicaid, are they permitted to do so?

ask to apply

☐ yes, but referred to another office ☐ not allowed/no referral made
☐ yes, apply at TANF office ☐ other (explain)

- o If an application for TANF is not made or is delayed because the applicant must fulfill job search requirements or is otherwise diverted; is the applicant given the opportunity to immediately apply for Medicaid?

☐ yes, but referred to another office ☐ not informed/no referral made
☐ yes, apply at TANF office ☐ other (explain)

- o Are there any circumstances when an application for Medicaid could be made before all the TANF requirements are met?

- o Describe the process used to discuss the Medicaid application process with those applying for TANF. What materials are given to TANF applicants with regard to Medicaid? What verbal information is given to applicants?

- o Describe the process that a person would follow to apply for benefits. (Please note, different eligibility categories may have different processes.)

- o Are individuals who have been terminated from TANF permitted to file Medicaid applications? How would they know of this opportunity?

- o Does the State require paternity information in cases where the parent is applying for Medicaid for the child only? Does noncooperation of the parent(s) affect the child's eligibility?
- o What has the State done to implement the policy on public charge?
- o Who makes the Medicaid eligibility determination? Is this State personnel authorized by the State to perform this function?
- o ^{for} Which other programs does this worker have responsibility? *(or total?)*
- o To what extent do workers rely on computers to make Medicaid eligibility determinations? Is there any supervisory review done prior to a denial?
- o How is the case file handled? Is there one file for TANF/Medicaid and all other benefits? Are the case files separated?
- o What is the size of the typical eligibility worker's caseload? Does the State have guidelines as to what the size of the caseload should be?

2. Timeframe for Eligibility Determinations

Requirement: Medicaid eligibility must be determined within 45 days from the date of application.

- o How long before Medicaid eligibility is determined once an application is filed?
- o What are the time frames for each step in evaluating the Medicaid application and the timeframes needed to complete each step on average?
- o Are these timeframes affected at all if it is a joint TANF/Medicaid application and TANF is denied?

II. MAINTAINING COVERAGE FOR FAMILIES WHO LEAVE MEDICAID

A. Provide Transitional Medicaid for Families

Requirement: States must provide transitional Medicaid to families under certain conditions. States must provide families a second 6 months of coverage to any family who received transitional Medicaid in the first 6-month period. NOTE: This second requirement was clarified on an errata page in the original publication of the Guide to Expanding Health Coverage.

1. Enrollment Process for Transitional Medicaid

- o What is the overall process for enrolling families in transitional Medicaid? What are the steps in the process from the outreach phase to enrollment?
do you mean transitional (?) or more generally?
- o How are families notified of their rights under Medicaid? Is enrollment in Transitional Medicaid automatically triggered by computer system? *X*
- o Does the State know to provide the required 6 months of transitional Medicaid (or 4 months if the child support income would cause Medicaid ineligibility) to all eligible individuals or only those persons who lose TANF? Is this done by the State?
?? sounds like people who continue on TANF are eligible for MA.
- o Does the State know to offer families the option to receive a second 6 months of transitional Medicaid? Is this done by the State? *How?*
- o What documentation is a family required to present prior to receiving transitional Medicaid or as a condition of continuous eligibility?

2. Loss of Transitional Medicaid

- o Following expiration of transitional Medicaid, are families/children re-screened for eligibility in Medicaid or the Children's Health Insurance Program (CHIP)?
- o Is additional information required to complete this re-screening or does the State use information from existing data sources/internal records?
- o Does the State terminate transitional Medicaid for individuals who fail to meet the reporting requirements?

insert 1st bullet
on next pg. here

clarifying changes

- o Does the State have a tracking, coding or other means for converting Medicaid eligible cases to transitional coverage automatically?

fits better under II. A.1.

B. Procedures Related to Denial/Termination of Medicaid.

Requirement: States are prohibited from denying or terminating Medicaid until all possible avenues to eligibility have been exhausted.

1. Denial for Medicaid During TANF Application and Enrollment

- o Is Medicaid eligibility denied if a family is ineligible for TANF?
- o If TANF eligibility is denied for failure to verify criteria, is Medicaid eligibility denied as well? Under what circumstances would Medicaid eligibility continue when a person denied TANF for failure to provide verification of eligibility? *is*

2. Termination of Medicaid and the Medicaid Eligibility Redetermination Process

- o What triggers an eligibility review for Medicaid, e.g. standard time frames, changes in TANF eligibility, changes in case circumstances?
- o How often does the State require a redetermination for Medicaid-only cases versus for cases that also involve other public assistance, e.g., TANF?
- o During an eligibility review, what is the overall process followed? What information, if any, does the agency require from the family in order to evaluate ongoing eligibility? Is a face-to-face interview required?
- o If a family member is not eligible for or loses Medicaid under a certain category, does the State deny or terminate Medicaid to the entire family?

do these edits clarify meaning?

- o When the State denies Medicaid, rather than exploring other possible categories of eligibility, does it advise the family to apply for Medicaid under another category?

continuation under

not clear as written

- o Ask the State to explain its process for analyzing changes in case circumstances and the impact on Medicaid eligibility for current recipients. Does the State determine if Medicaid eligibility is possible under a different category prior to termination?

- o Is eligibility under alternate eligibility categories computerized or is it

done manually? If manually, is there any internal procedure to check the results of the review?

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3. Termination of Medicaid and the Medicaid Eligibility Redetermination Process when TANF has been Terminated

- o When TANF is terminated for a family, does that termination affect Medicaid eligibility or enrollment?
- o When a TANF case is closed, does that fact trigger a review for eligibility in any other program? *Medicaid?*
- o If a TANF recipient requests that their case be closed, does that affect enrollment for another program? *does this mean under another category w/in Medicaid, or other programs outside Medicaid?*

III. REACHING FAMILIES OUTSIDE MEDICAID

Outstation Eligibility Workers

Requirement: States must have outstationing arrangements and provide an opportunity for pregnant women and children to apply for Medicaid at locations other than welfare offices.

- o Does the State provide an opportunity for children under age 19 and pregnant women to apply for Medicaid at locations other than welfare offices? Is such an opportunity provided to any other populations?
- o Where are these alternative application centers?
 - ☐ Community centers
 - ☐ Medicaid-only offices
 - ☐ Job Centers
 - ☐ Other (explain)
- o Does the State have outstationing arrangements at facilities designated as disproportionate share hospitals and Federally qualified health centers? Ask the State to provide evidence that it is complying with this requirement.
- o Does the State have outstationed workers, or alternative arrangements, specifically in health care for the homeless Federally qualified health centers?

IV. CHILDREN'S HEALTH INSURANCE PROGRAM (CHIP)

- o Please describe the State's method for screening CHIP applicants for Medicaid eligibility and enrolling Medicaid-eligible children into Medicaid. (it is helpful if they walk you through the process with the materials -- often it is enrollment brokers or local-level staff that are most knowledgeable.)

Page 7

- o How is the program coordinating between/among other children's health-related programs (e.g., Medicaid, MCH, title V, WIC, community and migrant health centers, etc.) to assure compliance with screen and enroll requirements?
- o What follow-up occurs with families whose children have been identified as Medicaid eligible to see if they are actually enrolled in Medicaid?
- o How are beneficiaries notified of hearing rights if eligibility is denied?
- o Is there a person knowledgeable about the appeals process that is available to assist clients through this process?

OPTIONAL POLICIES FOR MEDICAID ELIGIBILITY

1. Maintaining Coverage for Families Who Leave TANF Assistance

Options: States may grant continuous coverage of children; States can terminate Medicaid for certain TANF recipients; States can pay certain premiums and cost-sharing for low-income workers.

- o Does the State provide continuous Medicaid eligibility to children under age 19 for up to 12 months?
- o Does the State pay the premium and cost-sharing for employer-sponsored health insurance when it is cost-effective to do so?

3. Reaching Families Outside Medicaid

Options: Expand coverage under Section 1931, cover children and/or families under CHIP; grant presumptive eligibility for pregnant women and children.

- o What types of expansions (if any) has the State adopted using the Section 1931 coverage group, e.g., expand coverage to two-parent families? Are any of the optional disregards used under Section 1931?
- o Has the State implemented CHIP through a Medicaid expansion?
- o Has the State used the option to cover families under CHIP?
- o Does the State grant presumptive eligibility to pregnant women and children?
- o Does the State allow for mail or phone-in applications for Medicaid and CHIP?
- o Is an interview required for enrollment in Medicaid or CHIP?

**GENERAL QUESTIONS TO ENSURE
ADMINISTRATIVE EFFICIENCY**

I. MEDICAID QUALITY CONTROL - THE NEGATIVE CASE ACTION PROGRAM

- ☐ Does the State operate a negative case action program as required under regulations at 42 CFR 431.812?
- ☐ Has the State determined through this program if a high number of cases are being erroneously denied or terminated from Medicaid as a direct result of a TANF eligibility determination?
- ☐ If so, what corrective actions has the State developed/taken to address this problem?
- ☐ Does the State coordinate the findings from its negative case action program with Medicaid eligibility managers, systems managers and other appropriate staff?
- ☐ Is the State aware that the regulations at 42 CFR 431.812 allow States to design an alternate negative case action program? Is the State aware that they can use this option to target problem areas such as erroneously denied and terminated Medicaid cases as a result of a TANF eligibility determination?

II. COORDINATION BETWEEN TANF AND MEDICAID

A. State Organization

- ☐ Identify the single State agency for Medicaid in the State.
- ☐ Is the single State agency the same agency for the TANF program?

_____ yes

_____ no

- ☐ Are local agencies or districts responsible for administering the TANF and Medicaid programs under State supervision?

_____ yes - Medicaid

_____ yes - TANF

_____ no - Medicaid

_____ no - TANF

seems confusing - in TANF, program is either administered by a local agency, i.e. County welfare agency or a local district of the state. Almost everyone would answer yes.

B. Program Coordination

- o Does the State have a system of coordinating program information for each case so that each Medicaid case indicates an eligibility determination for TANF or each TANF case indicates an eligibility determination for Medicaid?
- o Does this coordination of case benefit information occur whether or not an application for both TANF and Medicaid is made at the same time or at different times?

_____ only when benefits are applied for at the same time
_____ when benefits are applied for on separate occasions
_____ in both instances

- o When an application for Medicaid taken at the TANF office ~~and~~ is denied or terminated, does the case become available for sampling as part of the universe of negative case actions?

_____ yes _____ no

- o If not, what happens to the case finding of ineligibility? Is there a process to ensure that data concerning Medicaid denials and terminations are captured?

C. Program Assurances

- o Did the State provide training to caseworkers and other staff on welfare reform requirements?
- o Did the State conduct any analyses or reviews on the issues of Medicaid participation levels and to identify where barriers to Medicaid exist?
- o How does the State assure that Medicaid policies are accurately and consistently implemented at the local or caseworker level?
- o Has the State developed any corrective actions to address identified problems with the administration of the TANF/Medicaid application and termination process at the local level?

_____ yes _____ no

is this checked at Medicaid caseworkers staff or more generally?

- o Does the State use a monitoring system to verify that the corrective actions were implemented at the local level?
- _____ yes _____ no
- o Does the State use any of the following accountability mechanisms to ensure that agency staff adhere to corrective actions or other error reduction initiatives addressing identified problems with Medicaid/TANF application and termination policies?
- Does the State consider the accuracy and timely processing of Medicaid case actions when measuring employee performance and are these requirements reflected in employee appraisal forms?
- _____ yes _____ no
- Does the State use a second-party case review process? Are these review results reported to higher level management as well as caseworkers?
- _____ yes _____ no
- Does the State perform regular operational reviews of local offices to evaluate the effectiveness of corrective actions and that second-party case review recommendations have been implemented?
- _____ yes _____ no

III. COMPUTER SYSTEMS

- o Please confirm that the computer system functions in accordance with the policies described above.
- o Please describe the changes made to the computer system to reflect the new Section 1931 group.
- o Does the computer system allow for the Medicaid part of the application to stay open if TANF is denied?
- o Has the State separated the computers systems for TANF and Medicaid enrollment in order to protect against erroneous terminations when TANF is closed.
- o What intermediate steps are taken to override system functions that adversely impact Medicaid eligibility, including erroneous terminations, e.g., supervisory

reviews?

THE WHITE HOUSE



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Facsimile Transmission Cover Sheet

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Comments: Comments on guide.

To this end, HHS
is taking new steps
to promote the
use of the \$500 m
fund for TANF -
MC outreach
and
conducting

Dear State Secretary of Health and Human Services,

Recently, at the annual
~~At the most recent~~ National Governors Association's conference, the President encouraged States to make the most of their flexibility under Medicaid and CHIP to provide affordable health insurance to low-income families. To assist States in these efforts, he directed the Department of Health and Human Services (HHS) to take new steps to ensure that low-income working families can access the health insurance benefits for which they are eligible, including a national review of Medicaid eligibility and enrollment to eliminate barriers to enrollment in both Medicaid and CHIP. This letter provides more detail on ~~this~~ ^{these} new initiatives.

[The Clinton Administration has a longstanding commitment to reducing the number of uninsured nationwide and providing health care to low income working families.] As you know, ~~we have increased existing opportunities for States to make more families eligible for Medicaid, eliminated outdated requirements making two income working families working over 100 hours a week ineligible for Medicaid, provided \$500 million for outreach to families potentially eligible for the Medicaid program, and provided \$24 billion for the new Children's Health Insurance Program (CHIP) over five years.~~

more
to
last

first
sent.

~~In addition,~~ The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) provided States with \$500 million to use for the costs of simplifying their Medicaid eligibility systems and conducting outreach related to the implementation of Section 1931 of the Social Security Act. States must use their entire allotment within 12 calendar quarters or lose access to the unspent portion of the funds. All funds must be spent by October 1, 2000. Many States are scheduled to lose access to their funds by the end of September 1999.

~~In order to provide flexibility to States, however, we would like to further clarify exactly when these funds will lapse.~~ Under the law, a State's share of the funds are available for "the first 12 calendar quarters" in which the State's Temporary Assistance for Need Families (TANF) plan is in effect. ~~This had been interpreted to mean the 12 quarter clock started at the beginning of the quarter in which the TANF plan became effective. For most States, this meant that the funds would have expired at the end of September 1999.~~ HHS has reconsidered this interpretation because States that submitted plans late in a calendar quarter would not have the full time period set forth in law. Therefore, HHS has determined ~~that the clock will have started at the beginning of the first calendar quarter in which the States' TANF program was effective for the full calendar quarter.~~

many

Previously

provision was

Start

take a

clock start

for the purpose of
to access their funds,
HHS ~~will~~ ^{has} now

In other words, we do not believe that the term "calendar quarter" must be read to include partial calendar quarters. As a result of this clarification, many States will essentially have one additional quarter to spend these funds. (Please see attached chart.) Additional guidance on this issue will be forthcoming in an effort to help States take full advantage of these funds. ~~It is worth noting that no State claimed any of these funds during their initial, partial quarter; therefore, this policy clarification will not disadvantage any State.~~ We hope that you will use these dollars to help improve your Medicaid enrollment in your State.

J. Smith
STET

Although this clarification represents the extent of our administrative flexibility, the President has included a proposal in his budget for the past two years eliminating the 12 quarter clock and the legislative sunset date and broadening the use of the fund to include both general Medicaid and CHIP outreach activities. We will continue to work with Congress in the hope that this proposal will be enacted.

Our goal is to continue to work with you as partners to ensure that States understand the options to expand coverage, and that States use their flexibility appropriately. To help States understand their flexibility and responsibility under the law, HCFA has issued numerous letters to inform and educate the States regarding Medicaid eligibility and enrollment procedures. In March 1999, HHS released a new guidebook on Medicaid eligibility, "Supporting Families in Transition."

As the next step in the Administration's effort to continue our work with States to ensure that low income families have access to health insurance benefits, the President has directed HHS to review the Medicaid programs in each State. During this comprehensive survey, we will review a range of issues related to a State's eligibility and enrollment process, including those related to transitional Medicaid. Our Regional Office Staff, who will visit each State by this Fall, will examine whether all States are complying with Federal requirements. Moreover, we will ask to look at certain aspects of eligibility process for the Children's Health Insurance Program (CHIP) in States with a separate CHIP program.

are you sure you want to put a timeline in?

eligibility & enrollment processes for MC & CHIP

STET

If a State is not in compliance with applicable laws and regulations, then HHS will work with that State and take all steps necessary to achieve compliance. ~~These laws and regulations are important because they were designed to ensure that people with low incomes receive the health benefits they are due.~~ In addition, as part of our education and technical assistance efforts, we will continue to gather and disseminate information on best practices with regard to outreach, enrollment, and eligibility processes.

for MRCW CHIP

Regional Administrators for the Health Care Financing Administration (HCFA) and the Administration for Children and Families will send letters to State Medicaid Director and Human Services Directors. This letter will be more detailed as to the exact nature of the

provide on

site visits. We want to minimize any possible burden posed by this site visit, and so we will request that certain information be provided in advance. In general, we expect that the visit will last no longer than five days --approximately two days at your central office and then three days for visits to field offices.

We are committed to taking all reasonable action to achieve our mutual goal of ensuring that all eligible children and families are enrolled in Medicaid. If you have any additional questions, please contact your HCFA Regional Administrator. Thank you for your time and attention to this critical effort that will safeguard the health of America's families and children.

Sincerely,

Michael Hash
Deputy Administrator
Health Care Financing Administration

do you think it would be better to show only states w extensions?

NEW EXPIRATION DATES FOR THE \$500 MILLION TANF-MEDICAID OUTREACH FUND

State	Total TANF-Medicaid Fund Allocation	Fund Expenditures as of 03/31/99	Percentage Expended	Previous Expiration Date	Extended Expiration Date
AL	\$6,504,897	\$0	0.0%	9/30/99	12/31/99
AK	\$3,039,335	\$7,500	0.2%	6/30/00	
AZ	\$7,961,603	\$17,901	0.2%	9/30/99	
AR	\$5,095,513	\$1,117,803	21.9%	6/30/00	
CA	\$83,719,458	\$4,453,468	5.3%	9/30/99	12/31/99
CO	\$5,166,316	\$0	0.0%	6/30/00	
CT	\$5,756,737	\$0	0.0%	9/30/99	
DE	\$2,801,757	\$233	0.0%	12/31/99	3/31/00
DC	\$3,259,072	\$0	0.0%	12/31/99	3/31/00
FL	\$22,262,239	\$950,856	4.3%	9/30/99	
GA	\$11,591,549	\$0	0.0%	12/31/99	
HI	\$3,435,742	\$0	0.0%	6/30/00	
ID	\$3,288,535	\$541,328	16.5%	6/30/00	
IL	\$19,363,894	\$15,016	0.1%	6/30/00	
IN	\$7,545,162	\$452,521	6.0%	9/30/99	
IA	\$4,782,362	\$2,405,247	50.3%	12/31/99	
KS	\$4,496,386	\$389,409	8.7%	9/30/99	
KY	\$7,269,014	\$0	0.0%	9/30/99	12/31/99
LA	\$9,029,185	\$0	0.0%	12/31/99	
ME	\$3,569,238	\$0	0.0%	9/30/99	12/31/99
MD	\$7,595,943	\$0	0.0%	9/30/99	12/31/99
MA	\$9,463,490	\$1,695,987	17.9%	9/30/99	
MI	\$15,975,445	\$2,606,516	16.3%	9/30/99	
MN	\$7,708,769	\$3,798,670	49.3%	6/30/00	
MO	\$8,561,965	\$3,298,443	38.5%	9/30/99	12/31/99
MS	\$6,617,604	\$197,678	3.0%	9/30/99	
MT	\$2,764,134	\$7,653	0.3%	12/31/99	3/31/00
NE	\$3,308,247	\$0	0.0%	9/30/99	12/31/99
NV	\$3,258,808	\$3,258,808	100.0%	9/30/99	12/31/99
NH	\$2,875,952	\$302,916	10.5%	9/30/99	
NJ	\$11,012,253	\$3,078,591	28.0%	12/31/99	3/31/00
NM	\$4,860,333	\$0	0.0%	6/30/00	
NY	\$37,034,556	\$387,892	1.0%	9/30/99	12/31/99
NC	\$11,550,703	\$0	0.0%	12/31/99	
ND	\$2,537,922	\$47,094	1.9%	6/30/00	
OH	\$16,909,161	\$2,915,724	17.2%	9/30/99	
OK	\$5,938,082	\$291,222	4.9%	9/30/99	

NEW EXPIRATION DATES FOR THE \$500 MILLION TANF-MEDICAID OUTREACH FUND

State	Total TANF-Medicaid Fund Allocation	Fund Expenditures as of 03/31/99	Percentage Expended	Previous Expiration Date	Extended Expiration Date
OR	\$5,740,656	\$1,497,655	26.1%	9/30/99	
PA	\$17,553,339	\$2,854	0.0%	12/31/99	3/31/00
RI	\$3,459,771	\$3,002	0.1%	3/31/00	6/30/00
SC	\$6,221,783	\$0	0.0%	9/30/99	12/31/99
SD	\$2,642,597	\$824,458	31.2%	9/30/99	12/31/99
TN	\$9,250,889	\$0	0.0%	9/30/99	
TX	\$27,523,806	\$0	0.0%	9/30/99	12/31/99
UT	\$4,006,172	\$0	0.0%	9/30/99	
VT	\$2,891,672	\$0	0.0%	9/30/99	
VA	\$8,531,522	\$2,020,109	23.7%	12/31/99	3/31/00
WA	\$10,443,170	\$2,364,205	22.6%	12/31/99	3/31/00
WV	\$5,420,593	\$121,629	2.2%	12/31/99	3/31/00
WI	\$7,023,766	\$49,362	0.7%	9/30/99	
WY	\$2,475,344	\$212,028	8.6%	12/31/99	
GU	\$270,439	\$0	0.0%	6/30/00	
PR	\$8,325,084	\$0	0.0%	6/30/00	
VI	\$308,045	\$0	0.0%	6/30/00	
TOTAL	\$500,000,009	\$39,333,778	7.9%		

To this end, HHS
is taking new steps
to promote the
use of the \$500 m
fund for TANF -
MC outreach
and
conductive

Dear State Secretary of Health and Human Services,

Recently, at the
At the most recent National Governors Association's conference, the President encouraged States to make the most of their flexibility under Medicaid and CHIP to provide affordable health insurance to low-income families. To assist States in these efforts, he directed the Department of Health and Human Services (HHS) to take new steps to ensure that low-income working families can access the health insurance benefits for which they are eligible, including a national review of Medicaid eligibility and enrollment to eliminate barriers to enrollment in both Medicaid and CHIP. This letter provides more detail on ~~this~~ ^{these} new initiatives.

[The Clinton Administration has a longstanding commitment to reducing the number of uninsured nationwide and providing health care to low income working families.] As you know, we have increased existing opportunities for States to make more families eligible for Medicaid, eliminated outdated requirements making two income working families working over 100 hours a week ineligible for Medicaid, provided \$500 million for outreach to families potentially eligible for the Medicaid program, and provided \$24 billion for the new Children's Health Insurance Program (CHIP) over five years.

move
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sent.

In addition, The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) provided States with \$500 million to use for the costs of simplifying their Medicaid eligibility systems and conducting outreach related to the implementation of Section 1931 of the Social Security Act. States must use their entire allotment within 12 calendar quarters or lose access to the unspent portion of the funds. All funds must be spent by October 1, 2000. Many States are scheduled to lose access to their funds by the end of September 1999.

In order to provide flexibility to States, however, we would like to further clarify exactly when these funds will lapse. Under the law, a State's share of the funds are available for "the first 12 calendar quarters" in which the State's Temporary Assistance for Need Families (TANF) plan is in effect. This had been interpreted to mean the 12 quarter clock started at the beginning of the quarter in which the TANF plan became effective. For most States, this meant that the funds would have expired at the end of September 1999. HHS has reconsidered this interpretation because States that submitted plans late in a calendar quarter would not have the full time period set forth in law. Therefore, HHS has determined that the clock will have started at the beginning of the first calendar quarter in which the States' TANF program was effective for the full calendar quarter.

many

Previously provision was Start
to begin work start

for the purpose of
to access their funds,
HHS ~~has~~ has now

In other words, we do not believe that the term "calendar quarter" must be read to include partial calendar quarters. As a result of this clarification, many States will essentially have one additional quarter to spend these funds. (Please see attached chart.) Additional guidance on this issue will be forthcoming in an effort to help States take full advantage of these funds. ~~It is worth noting that no State claimed any of these funds during their initial, partial quarter; therefore, this policy clarification will not disadvantage any State.~~ We hope that you will use these dollars to help improve your Medicaid enrollment in your State.

Although this clarification represents the extent of our administrative flexibility, the President has included a proposal in his budget for the past two years eliminating the 12 quarter clock and the legislative sunset date and broadening the use of the fund to include both general Medicaid and CHIP outreach activities. We will continue to work with Congress in the hope that this proposal will be enacted.

Our goal is to continue to work with you as partners to ensure that States understand their options to expand coverage, and that States use their flexibility appropriately. To help States understand their flexibility and responsibility under the law, HCFA has issued numerous letters to inform and educate the States regarding Medicaid eligibility and enrollment procedures. In March 1999, HHS released a new guidebook on Medicaid eligibility, "Supporting Families in Transition."

As the next step in the Administration's effort to continue our work with States to ensure that low income families have access to health insurance benefits, the President has directed HHS to review the Medicaid programs in each State. During this comprehensive survey, we will review a range of issues related to a State's eligibility and enrollment process, including those related to transitional Medicaid. Our Regional Office Staff, who will visit each State by this Fall, will examine whether all States are complying with Federal requirements. Moreover, we will ask to look at certain aspects of eligibility process for the Children's Health Insurance Program (CHIP) in States with a separate CHIP program.

If a State is not in compliance with applicable laws and regulations, then HHS will work with that State and take all steps necessary to achieve compliance. ~~These laws and regulations are important because they were designed to ensure that people with low incomes receive the health benefits they are due.~~ In addition, as part of our education and technical assistance efforts, we will continue to gather and disseminate information on best practices with regard to outreach, enrollment, and eligibility processes.

Regional Administrators for the Health Care Financing Administration (HCFA) and the Administration for Children and Families will send letters to State Medicaid Director and Human Services Directors. This letter will be more detailed as to the exact nature of the

are you sure you want to put a invoice in?

eligibility & enrollment processes for MC & CHIP

for Medicaid CHIP

provide on

site visits. We want to minimize any possible burden posed by this site visit, and so we will request that certain information be provided in advance. In general, we expect that the visit will last no longer than five days --approximately two days at your central office and then three days for visits to field offices.

We are committed to taking all ~~reasonable~~ action to achieve our mutual goal of ensuring that all eligible children and families are enrolled in Medicaid. If you have any additional questions, please contact your HCFA Regional Administrator. Thank you for your time and attention to this critical effort that will safeguard the health of America's families and children.

Sincerely,

Michael Hash
Deputy Administrator
Health Care Financing Administration

do you think it would be better to show only states w/ extensions?

NEW EXPIRATION DATES FOR THE \$500 MILLION TANF-MEDICAID OUTREACH FUND					
State	Total TANF-Medicaid Fund Allocation	Fund Expenditures as of 03/31/99	Percentage Expended	Previous Expiration Date	Extended Expiration Date
AL	\$6,504,897	\$0	0.0%	9/30/99	12/31/99
AK	\$3,039,335	\$7,500	0.2%	6/30/00	
AZ	\$7,961,603	\$17,901	0.2%	9/30/99	
AR	\$5,095,513	\$1,117,803	21.9%	6/30/00	
CA	\$83,719,458	\$4,453,468	5.3%	9/30/99	12/31/99
CO	\$5,166,316	\$0	0.0%	6/30/00	
CT	\$5,756,737	\$0	0.0%	9/30/99	
DE	\$2,801,757	\$233	0.0%	12/31/99	3/31/00
DC	\$3,259,072	\$0	0.0%	12/31/99	3/31/00
FL	\$22,262,239	\$950,856	4.3%	9/30/99	
GA	\$11,591,549	\$0	0.0%	12/31/99	
HI	\$3,435,742	\$0	0.0%	6/30/00	
ID	\$3,288,535	\$541,328	16.5%	6/30/00	
IL	\$19,363,894	\$15,016	0.1%	6/30/00	
IN	\$7,545,162	\$452,521	6.0%	9/30/99	
IA	\$4,782,362	\$2,405,247	50.3%	12/31/99	
KS	\$4,496,386	\$389,409	8.7%	9/30/99	
KY	\$7,269,014	\$0	0.0%	9/30/99	12/31/99
LA	\$9,029,185	\$0	0.0%	12/31/99	
ME	\$3,569,238	\$0	0.0%	9/30/99	12/31/99
MD	\$7,595,943	\$0	0.0%	9/30/99	12/31/99
MA	\$9,463,490	\$1,695,987	17.9%	9/30/99	
MI	\$15,975,445	\$2,606,516	16.3%	9/30/99	
MN	\$7,708,769	\$3,798,670	49.3%	6/30/00	
MO	\$8,561,965	\$3,298,443	38.5%	9/30/99	12/31/99
MS	\$6,617,604	\$197,678	3.0%	9/30/99	
MT	\$2,764,134	\$7,653	0.3%	12/31/99	3/31/00
NE	\$3,308,247	\$0	0.0%	9/30/99	12/31/99
NV	\$3,258,808	\$3,258,808	100.0%	9/30/99	12/31/99
NH	\$2,875,952	\$302,916	10.5%	9/30/99	
NJ	\$11,012,253	\$3,078,591	28.0%	12/31/99	3/31/00
NM	\$4,860,333	\$0	0.0%	6/30/00	
NY	\$37,034,556	\$387,892	1.0%	9/30/99	12/31/99
NC	\$11,550,703	\$0	0.0%	12/31/99	
ND	\$2,537,922	\$47,094	1.9%	6/30/00	
OH	\$16,909,161	\$2,915,724	17.2%	9/30/99	
OK	\$5,938,082	\$291,222	4.9%	9/30/99	

NEW EXPIRATION DATES FOR THE \$500 MILLION TANF-MEDICAID OUTREACH FUND

State	Total TANF-Medicaid Fund Allocation	Fund Expenditures as of 03/31/99	Percentage Expended	Previous Expiration Date	Extended Expiration Date
OR	\$5,740,656	\$1,497,655	26.1%	9/30/99	
PA	\$17,553,339	\$2,854	0.0%	12/31/99	3/31/00
RI	\$3,459,771	\$3,002	0.1%	3/31/00	6/30/00
SC	\$6,221,783	\$0	0.0%	9/30/99	12/31/99
SD	\$2,642,597	\$824,458	31.2%	9/30/99	12/31/99
TN	\$9,250,889	\$0	0.0%	9/30/99	
TX	\$27,523,806	\$0	0.0%	9/30/99	12/31/99
UT	\$4,006,172	\$0	0.0%	9/30/99	
VT	\$2,891,672	\$0	0.0%	9/30/99	
VA	\$8,531,522	\$2,020,109	23.7%	12/31/99	3/31/00
WA	\$10,443,170	\$2,364,205	22.6%	12/31/99	3/31/00
WV	\$5,420,593	\$121,629	2.2%	12/31/99	3/31/00
WI	\$7,023,766	\$49,362	0.7%	9/30/99	
WY	\$2,475,344	\$212,028	8.6%	12/31/99	
GU	\$270,439	\$0	0.0%	6/30/00	
PR	\$8,325,084	\$0	0.0%	6/30/00	
VI	\$308,045	\$0	0.0%	6/30/00	
TOTAL	\$500,000,009	\$39,333,778	7.9%		

INTRODUCTION

~~the Administration~~

Through ongoing efforts to reform welfare, ~~HCFR~~ has developed a variety of approaches to support low-income families making the transition from welfare to work. A major goal is to increase the number of children and families with health insurance. ~~One approach to obtaining this goal is to ensure~~ that all States are complying with Federal requirements to quickly and efficiently provide Medicaid to eligible people and to assist States in coordinating the administration of the TANF and Medicaid programs.

significant part of this effort

As such,

HCFR

is

committed

to

ensuring

We have planned ~~for~~ on-site visits to ~~determine how well~~ States are providing access to Medicaid during this time of welfare reform. The general focus of the review is to evaluate State compliance with specific Federal Medicaid eligibility and enrollment rules and optional policies for families who seek Medicaid, who leave Medicaid, and for reaching families outside the Medicaid system. Although the review is not intended for assessing State performance in the general administration of its Medicaid program, there are some questions addressing other access and coverage requirements.

applicants

the

progress in this area

~~This survey is for~~ Regional office staff use during the on-site visits with States. Our research has shown that, ~~through the administration of the TANF program, there are some problems with~~ such as delays in the Medicaid application process and Medicaid cases being improperly denied or terminated. The survey focuses primarily on these two areas to ensure States are complying with Medicaid requirements and to identify State practices that result in eligible children and families not receiving Medicaid. ~~In carrying out the on-site visits to States, place particular emphasis on~~ the following program areas:

apply for

evaluate

is some opportunity to

experiencing

Some States

- improper delays in the Medicaid application process;
- improper Medicaid denials and terminations;
- providing transitional Medicaid, as required
- the effect of TANF application, denial and termination procedures on Medicaid applications, denials and terminations;
- ~~improper systems terminations of Medicaid;~~
- promising State practices.

this survey to guide their

are designed to

evaluate

for TANF applicants or enrollees

designed

(don't you say this already?)

The survey is ~~written to provide~~ focus to the review and to promote an exchange of information between the regional office and its respective States while providing flexibility when conducting the on-site reviews. ~~For example, Reviews of State documents and Medicaid cases are limited to assessing compliance with Federal Medicaid requirements. However, regional offices may request from States additional documentation to further support compliance or for other purposes that meet the intent of the review.~~ Also, the questions in this survey are to be used as a basis for discussion with a variety of State Medicaid and TANF officials and other relevant parties. The reviewer is not restricted to these questions and may ask additional questions in order to make a final determination of State performance. The information gathered through these State reviews will be instrumental in ~~developing~~ corrective actions and other initiatives to improve access to Medicaid on the State local level and to improve the health coverage of low-income children and families.

what does this mean? sounds like it contradicts previous sentence.

implementing

should be

I. REACHING FAMILIES WHO SEEK MEDICAID

A. Eligibility Categories

1. Section 1931 Group - State Plan Amendment

Requirement: States must provide Medicaid to families who have a dependent child living with them and who meet certain financial and deprivation requirements under Section 1931 of the Act.

- o Does the State provide coverage to ~~individuals~~ eligible under section 1931 of the Social Security Act?

all applicants

2. Section 4913 Group - State Procedures

Requirement: States must use current SSI income and resource standards and the definition of childhood disability in effect prior to the 1996 revised definition when verifying disability for purposes of determining Medicaid eligibility for disabled children who were receiving SSI benefits under Title XVI on August 22, 1996.

- o Does the State have a policy to wait at least 1 year after loss of SSI to conduct a financial redetermination? Does the policy provide a longer period to conduct a disability redetermination?
- o Does the State terminate these cases when SSI is lost?
- o Does the State have a manual or computer tracking system for individuals going on and off the rolls to redetermine eligibility based on their protected status?

B. Application and Enrollment

1. Opportunity to Apply for Medicaid

Requirement: States must provide the opportunity for families to apply for Medicaid without delay.

- o Where does an individual apply for Medicaid? (Check all applicable responses.)

_____ Job Centers
_____ County welfare office
_____ Other local district
_____ Outstationed workers

_____ Head Start
_____ TANF sites
_____ Medicaid-only sites
_____ Other (indicate where)

II. MAINTAINING COVERAGE FOR FAMILIES WHO LEAVE MEDICAID

A. Provide Transitional Medicaid for Families

Requirement: States must provide transitional Medicaid to families under certain conditions. States must provide families a second 6 months of coverage to any family who received transitional Medicaid in the first 6-month period. NOTE: This second requirement was clarified on an errata page in the original publication of the Guide to Expanding Health Coverage.

1. Enrollment Process for Transitional Medicaid

- o What is the overall process for enrolling families in transitional Medicaid? What are the steps in the process from the outreach phase to enrollment?
- o How are families notified of their rights under Medicaid? Is enrollment in Transitional Medicaid automatically triggered by ^{Ca}computer system?
- o Does the State ~~know to~~ provide the required 6 months of transitional Medicaid (or 4 months if the child support income would cause Medicaid ineligibility) to all eligible individuals or only those persons who lose TANF? Is ~~this done by the State?~~
- o Does the State ~~know to~~ offer families the option to receive a second 6 months of transitional Medicaid? ~~Is this done by the State?~~
- o What documentation is ~~a family~~ required to ~~present prior to receiving~~ transitional Medicaid or as a condition of continuous eligibility?

2. Loss of Transitional Medicaid

- o Following expiration of transitional Medicaid, are families/children ~~re-~~re-screened for eligibility in Medicaid or the Children's Health Insurance Program (CHIP)?
- o Is additional information required to complete this re-screening or does the State use information from existing data sources/internal records?
- o Does the State terminate transitional Medicaid for individuals who fail to meet the reporting requirements?

done manually? If manually, is there any internal procedure to check the results of the review?

Page 6

3. Termination of Medicaid and the Medicaid Eligibility Redetermination Process when TANF has been Terminated

- o When TANF is terminated for a family, does that termination affect Medicaid eligibility or enrollment?
- o When a TANF case is closed, does that fact trigger a review for eligibility in any other program?
- o If a TANF recipient requests that their case be closed, does that affect enrollment for another program?

III. REACHING FAMILIES ~~OUTSIDE~~ MEDICAID

Outstation Eligibility Workers

POTENTIALLY ELIGIBLE FOR

Requirement: States must have outstationing arrangements and provide an opportunity for pregnant women and children to apply for Medicaid at locations other than welfare offices.

- o Does the State provide an opportunity for children under age 19 and pregnant women to apply for Medicaid at locations other than welfare offices? Is such an opportunity provided to any other populations?
- o Where are these alternative application centers?

_____ Community centers	_____ Job Centers
_____ Medicaid-only offices	_____ Other (explain)
- o Does the State have outstationing arrangements at facilities designated as disproportionate share hospitals and Federally qualified health centers? Ask the State to provide evidence that it is complying with this requirement.
- o Does the State have outstationed workers, or alternative arrangements, specifically in health care for the homeless Federally qualified health centers?

IV. CHILDREN'S HEALTH INSURANCE PROGRAM (CHIP)

- o Please describe the State's method for screening CHIP applicants for Medicaid eligibility and enrolling Medicaid-eligible children into Medicaid. (It is helpful if they walk you through the process with the materials -- often it is enrollment brokers or local-level staff that are most knowledgeable.)

Page 7

- o How ^{does} the program coordinate ^e ~~between~~ ^{with} ~~among~~ other children's health-related programs (e.g., Medicaid, MCH, title V, WIC, community and migrant health centers, etc.) to assure compliance with screen and enroll requirements?
- o What follow-up occurs with families whose children have been identified as Medicaid eligible to see if they are actually enrolled in Medicaid?
- o How are beneficiaries notified of hearing rights if eligibility is denied?
- o Is there a person knowledgeable about the appeals process that is available to assist clients through this process?

their

OPTIONAL POLICIES FOR MEDICAID ELIGIBILITY

1. Maintaining Coverage for Families Who Leave TANF Assistance

Options: States may grant continuous coverage of children; States can terminate Medicaid for certain TANF recipients; States can pay certain premiums and cost-sharing for low-income workers.

- o Does the State provide continuous Medicaid eligibility to children under age 19 for up to 12 months?
- o Does the State pay the premium and cost-sharing for employer-sponsored health insurance when it is cost-effective to do so?

3. Reaching Families ~~Outside~~ Medicaid Potentially Eligible for

Options: Expand coverage under Section 1931, cover children and/or families under CHIP; grant presumptive eligibility for pregnant women and children.

- o What types of expansions (if any) has the State adopted using the Section 1931 coverage group, e.g., expand coverage to two-parent families? Are any of the optional disregards used under Section 1931?
- o Has the State implemented CHIP through a Medicaid expansion?
- o Has the State used the option to cover families under CHIP?
- o Does the State grant presumptive eligibility to pregnant women and children?
- o Does the State allow for mail or phone-in applications for Medicaid and CHIP?
- o Is an interview required for enrollment in Medicaid or CHIP?

GENERAL QUESTIONS TO ENSURE ADMINISTRATIVE EFFICIENCY

I. MEDICAID QUALITY CONTROL - THE NEGATIVE CASE ACTION PROGRAM

- o Does the State operate a negative case action program as required under regulations at 42 CFR 431.812?
- o Has the State ^{used this program to} ~~determined through this program~~ if a high number of cases are being erroneously denied or terminated from Medicaid as a direct result of a TANF eligibility determination?
- o If so, what corrective actions has the State developed/taken to address this problem?
- o Does the State coordinate the findings from its negative case action program with Medicaid eligibility managers, systems managers and other appropriate staff?
- o Is the State aware that the regulations at 42 CFR 431.812 allow States to design an alternate negative case action program? Is the State aware that they can use this option to target problem areas such as erroneously denied and terminated Medicaid cases as a result of a TANF eligibility determination?

II. COORDINATION BETWEEN TANF AND MEDICAID

A. State Organization

- o Identify the single State agency for Medicaid in the State.
- o Is the single State agency the same agency for the TANF program?

_____ yes _____ no
- o Are local agencies or districts responsible for administering the TANF and Medicaid programs under State supervision?

_____ yes - Medicaid _____ yes - TANF
_____ no - Medicaid _____ no - TANF

HEALTH CARE FINANCING ADMINISTRATION

**ADDRESSEE:***Deborah***FROM:** *Peter*

OFFICE OF THE ADMINISTRATOR
200 INDEPENDENCE AVE., S.W.
ROOM 314G
WASHINGTON, DC 20201

PHONE: _____**PHONE:** 202-690-6726**FAX :** 202-690-6262**TOTAL PAGES:****ADDRESSEE'S FAX MACHINE NUMBER:****DATE:****REMARKS:**

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City Agrees to Drop Delay In Food Stamp Applications

By RACHEL L. SWARNS

Bowing to pressure from Federal authorities, the Giuliani administration has agreed to allow the poor to apply for food stamps and **Medicaid** on their first visit to a city **welfare** office, city officials said yesterday.

The decision means the end of a policy that had prevented many people from applying immediately for the benefits. The policy, adopted by city officials last year to discourage the poor from relying on public charity, had required most people to return for a second appointment to apply formally for benefits.

In January, the United States Department of Agriculture determined that the policy violated Federal law, which requires food stamp applications to be distributed without delay. Mayor Rudolph W. Giuliani criticized that assessment, saying it came from liberal bureaucrats intent on derailing his **welfare** reforms. But a Federal judge, in a lawsuit filed by advocates of the poor, issued a similar ruling days later and ordered the city to comply with the law. Several weeks ago, the city quietly abandoned its two-day application process.

The policy shift, which became public in a court hearing related to the lawsuit yesterday, is one of several changes made since Jan. 25. That is when Judge William H. Pauley 3d of Federal District Court in Manhattan ruled that the city had overlooked the "urgent needs" of the poor in its zeal to overhaul **welfare**.

City officials have acknowledged that some workers sent the hungry to food pantries rather than screening them for emergency assistance. Other workers refused to consider the applications of immigrants or women who showed up without their husbands. Some simply rejected anyone who arrived after 11 A.M. And Judge Pauley barred city officials from expanding their policies until they could guarantee prompt access to food stamp and **Medicaid** applications.

Since then, the city has retrained 3,351 **welfare** workers and suspended six others without pay for turning away needy people during business hours, court records show. The city also has improved its processing of the hungry, although the system continues to be plagued by mistakes.

In February, workers improperly denied emergency food assistance to 51 percent of those who needed it, city officials said. By the end of March, the figure was down to 25 percent.

"We have charted substantial progress here," Jonathan Pines, a lawyer for the city, said in court yesterday. "Is it where we want to be? Of course not. But it is a monumental improvement."

Judge Pauley commended the city's efforts and called the new one-step application process "a profound step, an important step." But he said the city's own audits and worker evaluations continue to point to significant problems in training and in processing of applications. He also said the **welfare** agency needed a means to insure that such problems are corrected.

"I do believe that some formal monitoring is appropriate in this case," said Judge Pauley, who acknowledged the difficulties inherent in reforming a huge agency. "That is a considerable improvement over what was," he said. "But I agree this is still inadequate."

New York City implemented its two-day application process in April 1998, when it began converting **welfare** offices into "job centers" where caseworkers urge the poor to rely on relatives, food pantries and jobs rather than on public assistance. As in many other cities across the country, **welfare** seekers in the centers are instructed about resume-writing skills and interviewing techniques and they search for jobs during the application process.

After hearing testimony in the lawsuit filed by advocates for the poor, Judge Pauley barred the city, which had transformed more than a third of the nearly 30 **welfare** offices into job centers, from converting any more.

City **welfare** officials said the abandonment of the two-day application process was not an admission of wrongdoing. And Mr. Pines said the city hoped to resume the conversions in May. Judge Pauley said he would decide the matter next week.

Organizations mentioned in this article:

Related Terms:

Welfare (US); Food Stamps; **Medicaid**; Medicine and Health; Health Insurance

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Study Claims '96 Welfare Reform Undermining Medicaid

HEALTH

THE 1996 federal welfare reform law led directly to the loss of health insurance for some 675,000 Americans in 1997, according to a study released Thursday by Families USA, a consumer advocacy group.

The study, using census data as well as information from the Medicaid program, attempted to control for the effects of the strong economy and other factors.

It found that between 1995 and 1997, because of changes to welfare laws, 1.2 million people lost or were never signed up for Medicaid — and, of that total, 54 percent remained uninsured.

A majority of those who lost their

insurance were children, many of whom remained eligible for the program.

Families USA Executive Director Ronald Pollack called the loss of insurance "one of the unintended consequences of welfare reform," adding, "This is merely an early warning sign that we have a significant and growing problem."

While the study did not attribute numbers to each, it found three major categories of people who lost coverage.

One category consisted of people who left welfare for jobs that either do not offer insurance or whose insurance is too expensive for the typically low wages earned by former welfare recipients.

In some of those cases, workers ex-

hausted their "transitional" Medicaid coverage; in others that aid was not provided, the study found.

A second category consists of people who exhaust their cash aid benefits or are "sanctioned" for not following welfare rules. Those people — and particularly their children — are not supposed to lose their Medicaid, but many do.

Finally, 30 states now operate "diversion" programs to encourage people not to apply for welfare, or to provide a lump sum to carry them over. Those states are supposed to continue to process Medicaid applications, but many do not, Pollack said.

— BY JUDIE ROVNER

Markup Report

House Armed Services Subpanel Hikes Readiness Spending ...

■ THE HOUSE ARMED SERVICES Military Readiness Subcommittee by a unanimous voice vote Thursday sent to the full panel a bill recommending \$2 billion more than President Clinton requested for aircraft spare parts, repair of military bases and modernization of training centers, *LEGISLATE News Service* reported.

Subcommittee Chairman Herbert Bateman, R-Va., said the additions to the FY2000 defense authorization bill would help ensure the armed forces stayed ready for war.

"I believe we are quickly moving from a point where we currently ask our military men and women to do more with less, to a point where we are asking that they do more with nothing," Bateman said.

Although there was concern about plans to subcontract Army logistics computer work to private industry, no amendments were offered to reverse the process.

Bateman said he would work to that end between now and when the full panel takes up the measure.

... As Another Liberalizes Abortion Rules For Servicewomen

■ THE HOUSE ARMED SERVICES Military Personnel Subcommittee Thursday recommended on a 11-7 vote that the abortion rights for military women be liberalized, *LEGISLATE News Service* reported.

Arguing that a woman in uniform should be "treated like any other person in the federal government," **Rep. Steven Kuykendall**, R-Calif., offered the amendment to allow military physicians to perform an abortion on a servicewoman whose pregnancy resulted from rape or incest.

Current law restricts abortions at military facilities at government expense to cases where the woman's life is in danger.

Besides being a matter of fairness, Kuykendall said, the widespread deployment of military women to hostile areas increases their risk of being captured and raped by their captors.

A second amendment by **Rep. Loretta Sanchez**, D-Calif., to allow servicewomen overseas to have military doctors perform abortions at military hospitals as long as the women paid for them passed 10-8.

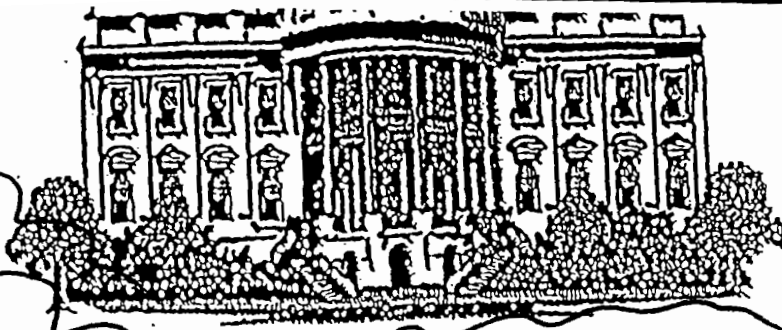
Ag Approps Bill Clears Subcommittee

■ AFTER CONSIDERABLE partisan wrangling over the propriety of marking up an appropriations bill while the emergency supplemental spending measure was still pending, the House Agriculture Appropriations Subcommittee approved a \$60.8 billion FY2000 appropriations bill by voice vote Thursday.

The bill increases discretionary spending from \$13.692 billion in FY99 to \$14.475 billion in FY2000, an increase that **House Agriculture Appropriations Subcommittee Chairman Joe Skeen**, R-N.M., said **Appropriations Chairman Young** and his staff had approved even though the bill exceeds the budget caps and the subcommittee has yet to receive a 302(b) allocation.

House Agriculture Appropriations Subcommittee ranking member Marcy Kaptur, D-Ohio, offered two amendments and then withdrew them, saying she would offer them in full committee.

One would increase by \$500 million the Section 32 fund which the Agriculture Secretary can use to respond to crises in agriculture.



Jeanne -
Devorah -

Here are the
edits we sent in. THE WHITE HOUSE
they are awaiting yours!
P.S. Melissa apparently renewed this

Domestic Policy Council

CC: Anil Kakani
S-0851 (F)
S-7762 (P)

DATE: #/8

FACSIMILE FOR:

Mary Bourdette

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24

COMMENTS: Here are our edits - there will be

more coming from our health folks.

(Jeanne Lambrew + Devorah Adler) -

The Honorable Pete Stark
House of Representatives
Washington, D.C. 20515

Dear Mr. Stark:

I am pleased to have the opportunity to address the important questions you raised in your letter of May 27, 1999 regarding welfare reform. I also appreciate the opportunity to lay out the critically important agenda that we share: ensuring that supports such as child care, Medicaid, and food stamps are available to all eligible low-income families and investing in all families on welfare, including those with the greatest barriers to employment. To achieve these goals, in addition to continuing aggressive implementation, enforcement, and technical assistance activities, I also want to highlight two key legislative next steps. First, as I noted in my testimony before the Committee on Ways and Means Human Resources Subcommittee on March 16, I believe that the President's child care proposal is enormously important to parents and children in low-income working families. Second, the proposal to extend and expand the funding authority to allow States to address the challenges created by the delinking of Medicaid from welfare is critical to ensuring access to and enrollment in the Medicaid program by all eligible families.

The many important questions you raised are part of our on-going research agenda. For some of these questions, we do not yet have sufficient evidence to reach definitive conclusions because we are awaiting findings from ongoing studies and analyses or we have only preliminary information. However, we are using what information we have and we are not waiting for each of these studies to be concluded to begin working on the issues because we believe it is important to have a strong strategy in place to help families. We will utilize results as they become available to build on and enhance our efforts.

My responses are presented in the enclosure with the questions in the order in which they were presented in your letter. We will be providing relevant reports and studies to supplement those you cite and we will continue to provide you and your staff with copies of future research reports on these and related topics as they become available.

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I look forward to additional opportunities to discuss new findings from our observations and sponsored research and related activities. My staff and I are available to answer any additional questions you may have or meet with your and your staff to further discuss these important issues.

Sincerely,

Olivia A. Golden
Assistant Secretary
for Children and Families

Enclosure

1. Does DHHS agree that claims of welfare reform success are premature until we have answers to the following critical questions:

How many are getting jobs that provide a wage that allows them to escape poverty?

How many of those leaving welfare or those who are diverted are able to find jobs with health insurance?

How many have jobs where their kids have health insurance?

How many have access to good child care?

(For example, census data show that the percentage of people on welfare who were working the following year has nearly tripled since 1996. Many studies show families are earning more than they received on welfare.)

The Department of Health and Human Services (DHHS) believes that the success of welfare reform has to be judged based on a multiplicity of outcomes including parental employment and earnings, family income, and child and family well-being. There is clear and consistent evidence that welfare reform has been successful in increasing the employment of low-income mothers. As Howard Rolston noted in his testimony before your committee, the percentage of recipients working has increased from 14 to 18 percent. On the other issues there is currently insufficient evidence to judge success. The specific questions you raise are important ones. We agree that answering them is also central to assessing the success of welfare reform.

We have specifically targeted our research effort and funding to address many of these questions. Most of the evaluations of State welfare reform programs include data collection efforts that will provide valuable information about the families' circumstances when they are no longer receiving TANF cash assistance. This will include information on employment, wage levels, benefits such as health insurance coverage, and child care arrangements utilized. The special studies funded to track TANF leavers and those diverted from TANF will also provide important information about wage levels and earnings, benefits available from the job such as health insurance coverage, family income, and utilization of other program services, such as Medicaid and food stamps. Interim reports from several large-scale welfare reform evaluation studies and some of the first round of leavers studies have been received. Additional reports are expected to be submitted to DHHS over the coming months. We will be reviewing findings and analyzing the information produced. We would be pleased to brief you on this work as it is completed.

2. Census data suggests that the poorest families leaving welfare have lost economic ground in the last few years, despite our robust economy. Why is this, and what steps is DHHS prepared to take to get States to start meeting the needs of extremely poor families?

The most current post-TANF data available from the Census Bureau is the March 1998 Current Population Survey (CPS), reflecting calendar year 1997. As indicated in Howard Rolston's testimony before the Ways and Means Subcommittee on Human Resources, analysis of all available sources of information, including the CPS, shows that the employment rate of current and former TANF recipients has increased significantly. Along with these employment gains, early analysis of the CPS data suggests substantial increases in average earnings for all female-headed families. When we look at the bottom fifth of female-headed families with children, we find that there are employment gains but the average earnings of this group did not increase from 1995 to 1997. CPS data indicate that the average annual income of all female-headed families with children increased. But when we examine differences between the top four fifths and the bottom group, those in the latter group did not fare as well. The role of welfare reform in these changes cannot be determined from these analyses. Nevertheless, the early indications of a reduction in income among those in the lowest income group are of concern to us. We will further examine these outcomes using the March 1999 CPS data as soon as they are available.

*ch
addition*

We have undertaken a number of efforts to strongly encourage States to use their existing funds to make investments in the ~~most distressed~~ families who are likely to have the greatest barriers to self-sufficiency. We have taken active steps to promote and encourage State and local TANF agencies to utilize the flexibility provided through the final TANF regulations, including issuance of a guidebook on the use of TANF funds (May 1999). The guidebook provides guidance and examples of how existing Federal TANF funds, as well as State Maintenance of Effort (MOE) funds, may be used to address multiple barriers faced by current or former TANF families. For example, the guide points out that Federal TANF funds may be used to provide appropriate counseling services (e.g. mental health services, anger management counseling, non-medical substance abuse counseling services) to family members with barriers to employment and self-sufficiency. Both Federal and State MOE funds may be used to provide non-medical substance or alcohol abuse services, including room and board costs at residential treatment programs. Further, TANF or MOE funds can be used to help victims of domestic violence relocate somewhere else where employment or safe housing has been secured. Among other things, these funds can be used to support collaboration with domestic violence service providers to screen and identify victims applying for TANF, establish confidentiality procedures and ensure safety, and develop appropriate staff training. Further, we have actively promoted use of the EITC and encouraged States to make significant investments in strategies that can move families who enter the workforce at low wages up to higher wage jobs.

3. Last January, a federal district judge issued an injunction against New York City, which until then had a policy of blatantly denying welfare applicants the opportunity to immediately apply for food stamps

The Administration has put in place a number of initiatives to help families with the greatest challenges. In the 1997 Balanced Budget Act we fought for and obtained an additional \$3 billion to assist long-term recipients in high poverty areas. The Administration's \$161 proposal to reauthorize this welfare-to-

*Work program will
[see attached]*

long-term welfare recipients in areas of concentrated poverty
get + keep jobs and will help more low income fathers
increase their employment and support their children. The
Administration secured ^{\$75 million} ~~funding~~ for Area 500's transportation
grants to help welfare recipients and other low income women
get to work and has proposed doubling resources in FY2000.
~~Finally~~ The Administration has proposed ^{25,000} additional welfare to work
housing vouchers, building on our successful request for 50,000
in FY 1999. Finally, the Administration has proposed
extending tax credits to encourage businesses to hire and
retain long term welfare recipients, ~~as well as to hire~~
and the President has challenged the business community
and the federal government to do their part. To date
companies participating in the Welfare to Work Partnership
have hired over 410,000 people from the welfare rolls,
and the federal government has hired over 12,000
recipients.

and Medicaid. This practice is not only illegal, it's despicable. Does DHHS have any authority to sanction New York for illegally denying Medicaid to welfare applicants? If the agency does not have the authority under TANF to penalize localities and States for this kind of behavior, does it have any other authority to impose financial sanctions on localities that are caught denying benefits? Did DHHS recommend that any sanctions be applied in the New York City case? Would you recommend that sanctions be used in the future if similar circumstances arise? Or do you think the courts and letters of guidance like the one DHHS issued on March 22, 1999, are a sufficient response, and that penalties are inappropriate?

As you know, the Health Care Financing Administration (HCFA) is responsible for the Medicaid program and works aggressively with States to bring their programs into compliance with federal requirements, including requirements that Medicaid applications be furnished immediately upon request and processed quickly and without delay. When concerns are identified, HCFA begins the process by working with the State to reach a satisfactory resolution as quickly as possible. If these efforts fail, HCFA would take all steps available under the law to ensure that the State takes corrective action. This could include withholding Federal Financial Participation (FFP) for the State's program. If HCFA determines that a State is not in substantial compliance with Federal requirements, there is authority in section 1904 of the Social Security Act, after notice to the State and a hearing, to withhold FFP from the State. *Medicaid*

After court action and significant HCFA efforts to address the problems you cite, the New York City Human Resources Administration has agreed to provide Medicaid applications without delay at TANF offices in New York City. To ensure compliance, HCFA has been reviewing several aspects of New York's eligibility process. HCFA will continue to investigate all allegations of improper enrollment practices.

4. Some studies show that States using initial full-check sanctions have seen the highest welfare caseload declines. At the same time, we know that the very poorest families who need help the most are losing assistance, and are not getting jobs that pay anything close to a living wage. In DHHS' view, is it appropriate for States to use full-check sanctions against these very poor families?

TANF provides States the flexibility to establish the size of a sanction for families who fail to cooperate with work, child support, and other requirements, as long as the minimum sanction for failure to cooperate with work requirements is a *pro rata* reduction

of the TANF assistance grant. Therefore, within the overall structure of welfare reform, we believe that the amount of the sanction is appropriately a matter of State flexibility. However, we believe that it is important for States to apply fairly and accurately all sanctions, and to provide appropriate assistance and services where needed in order for parents to comply with requirements.

As we state elsewhere in our responses, we are taking various steps through regulations, policy guidance, and technical assistance to encourage States to use TANF flexibility and resources to develop policies and strategies to help TANF families who may have more barriers to self-sufficiency. For example, we are funding direct technical assistance and sponsoring conferences and workshops to allow for important information sharing about promising approaches among policy makers and practitioners. We also expect that findings from several research studies will provide important information about these families and methods to most effectively help them meet their goals for employment and meeting the needs of their children. Some of the leavers studies, for example, explicitly examine the outcomes for families that leave due to sanctions, as compared to those that leave for other reasons.

5. There are several published reports suggesting that many welfare case workers are failing to check the eligibility of TANF applicants and those leaving welfare for food stamps and Medicaid. Why aren't all eligible families moving through the new TANF system, which emphasizes employment, getting Medicaid and food stamps, as required by law? What policy changes does DHHS recommend to ensure that crucial eligibility linkages, which are really work supports for low-income families, are promptly and consistently made?

We agree that ^{work supports such as transportation; housing} Medicaid, food stamps, and reliable child care ~~are critical work supports that~~ are needed and should be available to eligible former TANF recipients and other low-income families, including those diverted from cash assistance. We have strongly advocated for policies that support access to and participation in these programs as reflected in the Administration's budget request. The request would extend and expand the funding authority for outreach for Medicaid and help States address other challenges associated with the delinking of Medicaid from welfare and the establishment of section 1931. Examples of the use of funds under this authority include outreach, education campaigns, and worker training.

The major changes in the organization and culture of cash assistance delivery brought about by welfare reform have created both opportunities and challenges. In many cases, State and local agencies have been innovative and creative in developing new policies and practices and utilizing the flexibility provided to link programs and help to ensure

that families have access to the supports needed as they move toward self-sufficiency. Federal law and regulations require that States that use a joint TANF-Medicaid application must furnish a Medicaid application upon request, may not impose a waiting period before providing it, and must process Medicaid applications without delay. We will continue to work with State and local TANF and Medicaid agencies to ensure that they comply with existing law and regulation and to find new ways to reach eligible children and families through the welfare system as well as outside of it.

We have sent notices to State Medicaid and TANF Directors outlining the requirements of the law and federal policy, alerting them to possible problem areas that may need attention, and providing them with guidance on ways to improve their systems and expand Medicaid coverage. Specifically, DHHS developed and issued a 24-page guide: *Supporting Families in Transition: A Guide to Expanding Health Coverage in the Post-Welfare Reform World*.⁶ This publication was sent to all State Medicaid and TANF Directors and many other interested parties.

We have a follow-up strategy to this guide that includes an educational component, aggressive outreach, and a proactive enforcement process. In the isolated examples where specific problems have been identified, DHHS has acted aggressively. For example, in New York, HCFA has been reviewing several aspects of the eligibility process in the State. We are also undertaking research activities to find ways to promote increased participation of eligible individuals in these programs. While we believe the problems derive from State and local practices and procedures rather than from problems with current federal law and policy, we will continue to consider proposals to address these issues.

6. There is also research documenting that food bank use is up in the last several years. At the same time, food stamp enrollment has declined nationally by 33%, or 9.1 million people, since September 1994. The Department of Agriculture says almost all of the drop in food stamp caseload is due to welfare reform. Does DHHS think this precipitous decline is due in large part to the fact that TANF recipients and leavers simply aren't being told they're eligible for food stamps? If so, what is the agency going to do about it?

As indicated in our response to the prior question, we believe that access to and receipt of food stamp benefits, in addition to Medicaid and child care, are critical work supports which can help meet the nutritional needs of low-income children and families, particularly former TANF families. The USDA believes that the reasons behind the rapid drop in food stamp participation are complex. Part of the drop is due to the strength of the economy and the success of welfare reform, which helped move families from

welfare to work. Part of the drop is due to new restrictions on the participation of certain legal immigrants and able-bodied unemployed adults without dependent children. But other factors may also be at work.

Between 1995 and 1997, food stamp participation fell five times as fast as poverty, a troubling sign that the nutritional needs of some low-income people may be going unmet. The number of people in poverty fell by about 850,000 over this period while the number of food stamp participants fell by 4.4 million, suggesting that many poor families have left the program despite their continuing eligibility. Some families who leave welfare for work may not be aware that they still may be eligible for food stamps; in other instances, State or local agencies may have discouraged or prevented those eligible for benefits from applying. In both of these cases, this ought not to happen. In some cases, families may have decided that participation was not worth the Acosts@ in terms of time, paperwork burden, or stigma. In any case, families that work hard and play by the rules ought to have access to sufficient and nutritious food.

The Administration believes this is a very important issue and has proposed \$7 million for nutrition education and outreach in the Administration's FY 2000 budget for USDA. We will continue to work with officials within the USDA and with State and local agencies to identify and correct policies and practices that discourage or deter participation, to encourage outreach, and ensure that families have complete information about their eligibility.

7. Medicaid enrollment dropped by 2% in 1996 (600,000 people) and by another 3% (800,000 people) in 1997. A recent Families USA study argues that more than a million people who were eligible for Medicaid were not covered by the program in 1997 as a consequence of welfare reform. Families USA further calculates that 675,000 of that 1.25 million were uninsured, including nearly 420,000 children. These are children who would have been enrolled in Medicaid under the old linked AFDC-Medicaid system. This means that the rate of uninsurance among children has actually increased, according to the study B despite the fact that States have been busy passing laws in the last two years to *expand* Medicaid eligibility among children. What explains this phenomena and what does DHHS plan to do about it? What steps is DHHS prepared to take to make it clearer to States that Congress did not intend for people to lose access to Medicaid as a result of welfare reform?

While there are likely many factors that have contributed to the decline in the number of Medicaid beneficiaries, such as the robust economy and the strong job market, the

Administration and DHHS believe that people entitled to Medicaid should be enrolled and we have developed aggressive responses to address the declines, whatever the reasons.

ADD
see attached

As mentioned earlier, we are continuously promoting approaches to improve access and enrollment by all eligible families. Our technical assistance and research activities will be at the forefront of our efforts. We will offer to train staff in the States on the provisions of law and the opportunities to fund outreach and expand coverage as outlined in the "Expanding Health Coverage" guide. We are actively working with States to maximize coverage of low-income working families under Medicaid and to ensure compliance with the Medicaid statute. We will support research activities to assess program policies and practices and document lessons for program administrators and interested parties. These are important issues and we are actively taking steps to address them.

ADD (see attached)

8. Section 1931 of the 1996 welfare law allows States to count income and resources far more liberally than they could under the old AFDC law for purposes of determining eligibility for Medicaid. As I understand Section 1931, this means that States can offer Medicaid to a far larger number of the working poor if they choose to do so. Indeed, an August 1998 letter to State Medicaid Directors says that the implementing regulation allows all States... to provide health care coverage under Medicaid to virtually all TANF recipients and to continue that health coverage after a parent has found employment. How actively has DHHS been urging States to take advantage of this new flexibility to decrease uninsurance among the working poor? How many States have submitted 1931 plans, and how many are expanding Medicaid eligibility under this section to date, and how many more would you expect to see expand eligibility within the next year?

DHHS is aggressively promoting State coverage of working poor families through section 1931. As previously indicated, we issued the 24-page guide that addresses 1931 expansion options and developed a follow-up strategy to work with States. In addition, the letter you cite is just one of many that we issued that discusses the flexibility available under 1931. We have worked closely with States in the development of expansions that will assure that the TANF population is eligible for Medicaid. At this time, 45 States have submitted 1931 State Plan Amendments (SPAs). Most of these involve an eligibility expansion, though the degree of expansion varies considerably. Some have only increased the vehicle or resource exclusion. At the opposite end, the District of Columbia will effectively exclude all income below 200 percent of poverty in order to

families with incomes below 200% of poverty. Additionally, the proposal includes \$1.3 billion to enable parents who have children under one year old to take advantage of the CDCTC by allowing these 1.7 million families to claim assumed child care expenses of \$500. The President's plan also includes a new tax credit to businesses that offer child care services to their employees. The President has proposed spending \$600 million in FY 2000 to triple funding for the 21st Century Community Learning Center Program, which supports the creation and expansion of after-school and summer-school programs to help roughly 1.1 million children each year. Finally, the President's proposal includes a significant new investment in Head Start, our nation's premier early childhood development program, with an additional \$607 million in FY 2000 to reach 42,000 more children, enabling the program to serve 877,000 low income children.

Q 7

- **Providing Health Care to Low-Income Working Families.** In passing welfare reform, the President insisted on maintaining the Medicaid entitlement; indeed, he vetoed two welfare bills that did not guarantee continued Medicaid coverage to all adults and children who were then eligible. Beyond preserving Medicaid eligibility, the Clinton Administration has accomplished the following to ensure that low-income families have access to health care.

In addition, we have fought to expand health coverage through:

- **Creation of the Children's Health Insurance Program.** The President, with bipartisan support from the Congress, created the Children's Health Insurance Program (CHIP). The Balanced Budget Act of 1997 allocated \$24 billion dollars over the next five years to extend health care coverage to uninsured children through State-designed programs. States project that they will ensure 2.5 million children when their new CHIP programs are fully implemented.
- **Allowing States to Expand Medicaid to Cover Families.** The welfare law allows states to expand Medicaid coverage under section 1931 to families who earn too much to be eligible for Medicaid but not enough to afford health insurance. These expansions allow states to present Medicaid as a freestanding health insurance program for low-income families -- an important step towards removing the stigma associated with the program and reaching families who do not have contact with the TANF system.
- **Providing Medicaid Coverage to Low-income Two-Parent Families Who Work.** In August 1998, the President eliminated a vestige of the old welfare system by allowing all states to provide Medicaid coverage to working, two-parent families who meet State income eligibility requirements. Under the old regulations, adults in two-parent families who worked more than 100 hours per month could not receive Medicaid regardless of their income level. Because the same restrictions did not apply to single-parent families, these regulations created disincentives to marriage and full-time work. Prior to eliminating the rule entirely, the Administration allowed a number of states to waive this rule. The new regulation eliminates this requirement for all States, providing health coverage for more than 130,000 working families to help them stay employed and off welfare.
- **Transitional Medical Assistance (TMA).** TMA provides time-limited Medicaid coverage to low-income households whose earnings or child support would otherwise make them ineligible for welfare-related Medicaid under state income eligibility standards. The President's FY 2000 Budget would reduce burdensome reporting

cover all the working poor. A number of States have already revised their original 1931 amendments to add additional expansions. While we have no way of predicting how many will do so in the next year, we will continue to encourage States to expand coverage through 1931. We do expect that States will continue to use the 1931 flexibility to both simplify and expand Medicaid eligibility in the future.

As indicated elsewhere, we are taking steps through research activities, technical assistance, and information sharing through conferences and workshops to encourage States to develop policies to support working families, particularly those leaving TANF rolls.

9. In March 1998, DHHS issued a high performance bonus guidance document that proposes to reward the 10 States deemed to be doing the best job at welfare reform every year. It incorporates only work-related measures in the form of job gain, job retention and job gain earnings. Wendell Primus of the Center on Budget and Policy Priorities argues in his testimony today that additional factors that provide a measure of how many are receiving Medicaid and food stamps should be part of any assessment of how well States are doing in implementing welfare reform. Conceptually, do you agree or disagree with the Center's approach? Are you willing to recommend that some measurement of how well States do in serving low-income families, or a measurement of childhood poverty, should be a component of a final rule for State high performance bonuses? If not, then how do you really expect to convince States that they have to do a far better job than they have been in enrolling welfare leavers in these work support programs in order to make welfare reform truly successful?

We are exploring a number of possible additional measures that could be used to assess ^{TANF high performance} ~~child well-being and other important outcomes, similar to those suggested by Wendell Primus.~~ In making decisions about the measures that will be included, it is important to consider the consistency of measurement across States, the degree to which there is accurate measurement of the variable at the state level, and other similar factors. We plan to issue a proposed rule this summer regarding the High Performance Bonus in which we will address the issue of moving beyond the current work measures and hope to obtain valuable feedback and input from experts and interested parties in response to the proposed rule.

In addition, as you note, the current High Performance Bonus measures include retention and earnings gains on the job, as well as job entry. ~~We have also been pointing out to~~

~~States that~~ these measures are likely to reward States that do a good job of providing supports to working families such as health care and child care because these supports help families keep their jobs and move up on the job.

10. On the issue of child care, is there any evidence that are States are denying child care services to TANF recipients and leavers? I am told that in the State of Utah, parents who are being sent to work must first seek out free child care before they are allowed access to TANF-based child care services. In how many States is this practice replicated?

The availability of quality child care is critically important for all low-income working families, including those who are transitioning from welfare to work, and for their children. The Administration and DHHS are dedicated to increasing our investments in quality child care for TANF and low-income working families.

We are not aware of any States denying child care services to TANF recipients if it is needed for participation in required activities or employment. Federal law and regulations for the Child Care and Development Block Grant (CCDBG) and TANF specify that TANF agencies may not impose a sanction on a single mother of a child under age 6 for refusal to participate or work if the parent demonstrates an inability to obtain needed child care based on the State=s definitions of Aappropriate child care,@ Areasonable distance,@ Aunsuitability of informal care,@ and Aaffordable arrangements.@ Both the TANF and CCDBG regulations specify steps that the State must take to carry out this provision, including a requirement that State TANF and child care agencies must inform families about these provisions.

With regard to the practice you were informed about in Utah in which families are encouraged to find free care as a first option, we are told that the State does not require that families seek out free child care prior to approval of child care subsidies. State workers ask parents if child care is available at no cost. If the parent states that such care is not available, the TANF worker proceeds with a subsidy request. The State assures us that no parent is refused child care services or required to find free care prior to approval of child care subsidies. The practice of encouraging families to seek free child care, while not illegal, is not one that we support or encourage. We are not aware of any other State that engages in a similar practice. We will be in a better position to learn more about current State practices once the State CCDBG Plans for the 2000-2001 biennium are received and analyzed. The plans are due July 1. We would find it useful to hear if you learn of other practices that cause concern.

We also know that after families leave TANF, there is considerable variation among States in the availability of child care subsidies. Some States seek to provide child care to leavers for a set period of time, while others have moved to an income-based system

where low-income families are served on an equal basis whether or not they came from welfare. The critical issue for all the States, however, is that there are insufficient resources to serve all the low-income working families, both former TANF families and other low-income families, who need child care subsidies in order to hold onto their jobs and ensure that their children are in safe and stable care. Nationally, despite considerable State investments as described below, data from 1997 showed that only about 1.25 million of the 10 million children who met the Federal income eligibility standards for the Child Care and Development Block Grant received a subsidy in 1997.

Because the Administration believes the availability of safe, affordable, quality child care is so important to working families, the President has proposed a major initiative to ensure that America=s working parents are not forced to choose between a job they need and a child they love. We very much appreciate your and your colleagues= support for this initiative, which proposes to expand the Child Care and Development Block Grant by \$7.5 billion over five years to serve an additional 1.15 million children in low-income working families; to help low and moderate income families who earn too much to qualify for subsidized care, but still need help paying for child care by expanding benefits for the Child and Dependent Care Tax Credit; to expand after-school care to one million children; and to strengthen the quality of care for our youngest and most vulnerable children through an investment of \$3 billion over five years for an Early Learning Fund that communities would use to ensure healthy, safe, and high quality care for babies, toddlers, and preschoolers.

As indicated in my testimony before the Subcommittee last spring, States are making considerable investments in child care but simply cannot meet the needs of low-income working families for stable care without an additional Federal commitment. In FY 1998 States obligated 100% of the funds available to them through the CCDBG, including the matching funds that they must supply in order to draw down the Federal assistance. In 1998 12 States reported expending TANF funds for child care and 28 States transferred TANF funds to their CCDBG programs. Yet, even in the States that have made the largest resource commitments, eligibility levels are often set far below the allowable Federal level and there are long waiting lists for services among eligible families. And, States that have studied the impact on families on waiting lists of failing to get a child care subsidy report that such families often return to welfare, having problems paying their bills, and shuffle their children between unsatisfactory child care arrangements. For these reasons, we believe that it is extremely important to families that the President=s child care initiative be enacted.

11. Can you discuss the research showing that the *quality* of child care directly affects employment, and can make a difference in whether low-income women are willing and able to return to the work force for the

long term? And would you agree that care that is convenient, affordable, and of high quality may help parents succeed in their transition from welfare to work while deficits in any of these dimensions may interfere with parents= education and work activities, not to mention compromise a child=s wellbeing?

Child care is centrally important to children=s well-being and to parents= ability to work.

As you note, convenience, affordability and quality of child care are all critically important dimensions that can enhance parents= ability to succeed in the transition from welfare to work and, as noted above, can also influence the ability of low-income working families to keep their jobs and succeed at work. In addition, the quality of care is important to children=s wellbeing, healthy development, and school readiness, as demonstrated by an expanding body of research. Over the past several years, in partnership with the Congress, the Administration has provided leadership by expanding public investment to serve more needy children and families, by stronger efforts to improve program quality and accountability, and by creative work to support partnerships across different early childhood programs. Yet, as noted above, there are critical next steps we must take at the Federal level to ensure quality care. These include enacting the President=s proposal for an Early Learning Fund that would enable communities to improve care for the youngest children and enacting the President=s proposed budget for Head Start, the nation=s premier early childhood program, which still serves less than half of eligible children.

Among the most important recent research findings on the impact of quality child care on children are the following:

- The National Institute of Child Health and Human Development recently reported that higher caliber child care was consistently related to high levels of cognitive and language development. In addition, research shows that higher quality child care is related to stronger pre-mathematics and social skills.
- A recent follow-up to the Cost, Quality, and Outcomes in Child Care Centers study, co-sponsored by the Department of Education and several foundations, found that children who had experienced high quality child care had higher language and mathematics skills than those who had been in poorer quality care. Most strikingly, the effects lasted into the second grade. High quality child care particularly benefited children whose mothers had lower levels of education.
- A rigorous evaluation of a Milwaukee program designed to provide child care, health care, earnings subsidies, and guaranteed jobs to low-income working families, Project New Hope, found that a key impact of the program was to substantially increase

boys= school performance and substantially reduce boys= behavioral problems. Researchers attributed this finding to several aspects of the program, including especially increased participation by the boys in preschool care, extended-day child care, and other structured activities.

Given the growing body of research that indicates the fundamental importance of quality, we have significant concerns about the quality of care that is available. As noted above, the President=s initiative includes the Early Learning Fund to support higher quality child care in communities across the country. The Early Learning Fund will provide challenge grants to communities for children aged zero-to-five to enhance the quality of early care and education services for our youngest and most vulnerable children.

A variety of research also suggests that child care makes a difference in parents= ability to sustain employment as well as their consistency and productivity on the job. For example, several studies have shown that improvements in employee absenteeism, lateness, and turnover have been shown to be related to the availability of employer provided child care services. A study sponsored by the National Conference of State Legislatures (1997) found that child care issues were cited by surveyed employers as causing more problems in the workplace than any other family-related issue.

Continued research and evaluation of issues affecting child care are essential to improve Federal, State and local policies, promote effective practice, and increase our capacity to better serve low-income children and parents. We appreciate your efforts and those of others in authorizing \$10 million for child care research and evaluation that will become available in fiscal year 2000. We support continuation of this research funding authority because it provides us an important opportunity to enhance our knowledge in critical areas and in ways that will be helpful to parents, providers, employers, communities, States, and the country as a whole.

12. Testimony presented by Wendell Primus of the Center on Budget and Policy Priorities at a May 27 Ways & Means Human Resources Subcommittee hearing concludes that the average disposable income of the poorest fifth of single-mother families fell from 1995-97 by about \$660, a 7.6% decline. Income in the next-to-the-bottom income quintile remained unchanged. For these families, welfare reform has not produced Asuccess,@ but dramatic failure. Part of that failure is due to these families not getting food stamps. How does DHHS think this poverty gap should be addressed?

As stated above, analysis of all available sources of information, including the CPS, shows that the employment rate of current and former TANF recipients has increased significantly and for some the analysis suggests there have also been substantial increases in average earnings. Based on early analysis of the data, the average earnings for those in the bottom fifth of female-headed families with children did not increase. We are concerned with this preliminary finding and will continue to monitor it. At the same time, we are aggressively promoting strategies to increase investments to provide supports to the hardest to employ families and to increase access to and participation in both the Medicaid and Food Stamp programs by all eligible families. Our technical assistance efforts and those of USDA, as well as our recently issued guidance on the flexibility on the use of TANF funds based on the final regulations, will encourage States to invest resources to provide needed supports for the poorest families and those with multiple problems. As we note below in response to your question about State programs ~~and practices for the hardest to employ~~, there are many examples of promising strategies that State and local TANF agencies are putting in place to assist families who face more difficult challenges to self-sufficiency.

o Her

13. In other testimony by the American Enterprise Institute, it is suggested that the poorest women - those in the bottom income quintile - are doing reasonably well because they're moving in with non-family members. In DHHS' view, is it appropriate that very low-income women are being harassed by job centers to the extent that no cash assistance or other aid is extended to them whatsoever?

While we support State and local TANF agency efforts to implement strong work requirements for families applying for and receiving TANF cash assistance, work requirements must not be applied in a way that deters families eligible for Food Stamps and Medicaid from applying for and receiving them. As we have noted in responses to other questions, we are using a variety of approaches to correct inappropriate or illegal practices.

14. The harassment factor referenced in AEI's May 27 testimony has been institutionalized in some State diversion policies. Unfortunately, these tactics can cause potential welfare applicants to walk out the door before talking at length with a caseworker, and in some cases, transformed into policies to effectively deny benefits illegally, as happened last year in New York City. Does DHHS believe this suggests that federal parameters on State diversion policies are needed?

DHHS sponsored a research project that examined State policies to divert families from receipt of TANF cash assistance and the implications for Medicaid enrollment. The study surveyed state-level administrators to gain information about policies and included case studies of five local offices to examine field operations and practices more closely. The study found that the new administrative requirements brought about by de-linking Medicaid and cash assistance and the use of diversion strategies created both opportunities and challenges for State and local policymakers and operators. While some States used the flexibility and expansion opportunities to directly support their diversion programs, the researchers found that there were also situations where applications for Medicaid could potentially fall through the cracks where there were diversion programs.

As a result of these and similar findings, DHHS used issuance of the Guide to Expanding Health Coverage as well as several letters to State Medicaid and TANF Directors to emphasize the requirement for States to process applications for Medicaid without regard to eligibility factors related solely to TANF and to notify families of their continuing eligibility for Medicaid despite ineligibility or noncompliance with TANF requirements.

We will continue to address the issue through a variety of approaches, including technical assistance, further research, and program monitoring. We will react quickly to any information about illegal practices. At this time, DHHS does not believe that federal parameters on State TANF diversion policies are necessary.

15. There is information from a number of sources that some families are indeed worse off since the passage of PRWORA in 1996. Wendell Primus has testified that the bottom fifth of single mothers experienced a drop in annual incomes from 1995 to 1997. Also, the Children's Defense Fund has reported that former welfare families are reporting that they are unable to pay for food, are falling behind in rent, losing health coverage, and going without needed medical care. NETWORK, a National Catholic Social Justice Lobby, also reports that parents report that they and their children are skipping meals or eating less per meal. In light of this information, how can we deny that some families are in fact worse off?

As noted above, there is clear evidence from multiple sources that employment rates have increased and that earnings have increased for many families. But, the early, preliminary evidence from the CPS does suggest that the income picture is more complicated, that some families may have gained income while others lost, and that there is particular reason for concern about families at the bottom of the income distribution. We believe that it is important to continue to monitor this issue. In many of the leavers studies, the States are examining subgroups of families leaving welfare in order to understand which

USDA
has issued
similar
guidance
re: food
stamps

are succeeding and which are struggling. This will enable them to target additional resources to those families who are most vulnerable.

which are now helping long-term recipients in high poverty areas get jobs and succeed in the work force, and we have proposed an additional \$1 billion for this effort.

We are aggressively encouraging States to invest TANF funds in strategies that will make a difference to these families; both strategies that support low-income working families who have left welfare, and strategies that invest in families on welfare, particularly the most disadvantaged. Further, we believe that the flexibility provided within the recently issued final regulations for TANF will make it easier for States to invest resources to support former welfare families. We are encouraged by initial State reaction and response to this new flexibility.

In addition, the Administration fought for an additional \$3 billion invested in welfare-to-work funds

Moreover, The Administration and DHHS have advocated for an array of important supports for working families so that families are better off when they choose work over welfare. These include the Earned Income Tax Credit, increased minimum wage, expanded Medicaid eligibility, access to food stamps, strong child support enforcement provisions, ~~and the availability of affordable quality child care.~~ We are pursuing an aggressive strategy to work with State and local TANF agencies to support working families.

and

transportation, housing vouchers

16. An amendment was recently offered in the Senate to require DHHS to submit a report annually to Congress on how well those leaving welfare do in the first two years after leaving cash assistance. It failed by only one vote. The amendment called for DHHS to track employment status, wages, health insurance status and child care information. Do you agree that this kind of an overarching broad examination of the economic well-being of those leaving welfare is integral to a fair evaluation of welfare reform?

As we stated in response to the first question in your letter, we agree that the success of welfare reform should be judged using a multiplicity of outcomes. We will be obtaining information about the measures you mentioned from a variety of research projects that we sponsor (e.g., the Aleavers@ studies, child outcome studies, national surveys) as well as from studies sponsored by other organizations. Some relevant measures will also be expected to be available through the data reported by States participating in the High Performance Bonus.

17. States have a substantial amount of TANF monies that have not yet been obligated - about \$3 billion in unobligated funds. Will DHHS recommend that it be used for helping the hardest-to-serve welfare recipients, for improving the food stamp program and for Medicaid

outreach. Are States prepared to use the money for these purposes, or should the federal government direct States to do so?

We believe that assisting the hardest to serve to become self-sufficient and facilitating job retention and advancement are two of the most central uses for directing unobligated TANF funds. We are promoting these strategies aggressively through ongoing technical assistance, information provision, and research activities. We will use the flexibility provided in the final TANF regulations and the written guidance we have provided on the use of TANF funds to aggressively encourage States to make important investments in those families facing multiple challenges in their effort to become self-sufficient.

The types of services or approaches needed to help families with multiple barriers may be different from those used with families that exited earlier. State and local agencies are using a variety of approaches to work with families with significant barriers to employment. The opportunity provided to furnish employment-focused services specifically for the hardest to serve through the Welfare-to-Work Program is critical to this goal. That is why we support reauthorization of the Welfare-to-Work Program. As mentioned elsewhere, we are working with other agencies and organizations to identify promising strategies and practices for working with the hardest to serve families (e.g., those with substance abuse and mental health problems, victims of domestic violence, individuals with disabilities) through peer-to-peer technical assistance, workshops and conferences, and research. *and an additional investment of \$1 billion - fought in 1997 for the \$3 billion investment in Welfare-to-Work program and why we*

As noted throughout, we have taken numerous steps to encourage States to conduct outreach and to examine and correct policies and practices that result in families being deterred or discouraged from making application for Medicaid and Food Stamps. We will continue to address this issue through our technical assistance strategy, research activity, and program monitoring.

18. I understand that DHHS will soon be issuing a proposed regulation on State high performance bonuses, worth \$200 million per year. Temporary guidance for 1999 focuses only on work-related measures of job entry, job earning gains, and job retention. Does DHHS think broader measures of family well-being should be included as incentives to States to bolster food stamp and Medicaid participation among welfare participants to help lift them out of poverty?

TRUE high performance
As stated above, we are exploring a number of possible types of measures for inclusion in the High Performance Bonus that could be used to assess ~~child and family well-being~~. We expect that the comments we receive on the proposed rule will help us in making final decisions about the types of measures to include. In the meantime, we will continue

to use other means to assist and encourage States to increase access to and participation in the Medicaid and Food Stamp programs among former TANF families and other low-income families.

19. Does DHHS agree that caseload reductions are only one possible measure of welfare reform? What are some other markers we should be looking at to assess the success or shortcomings of welfare reform?

DHHS believes that the success of welfare reform has to be judged based on a multiplicity of outcomes including parental employment and earnings, family income, and child and family well-being.

20. The General Accounting Office points out in a report released on May 27, Welfare Reform: Information on Former Recipients= Status, that there are no federal requirements for States to report on the status of former welfare recipients. As a result, the only systematic data currently available on families who have left welfare come from research efforts initiated by States. Those State studies vary considerably in the way they are conducted and are not generalizable, making it harder to do cross-comparisons. Does DHHS support a requirement for States to provide data every year in a report to Congress on uniform parameters employment status, wages, health insurance, and child care information - in order to greatly increase the understanding of the impact of welfare reform?

As we stated above, we agree that the success of welfare reform should be judged using a multiplicity of outcomes. In addition to the state-sponsored leavers studies mentioned by GAO, we will also be obtaining information about the measures you mentioned from a variety of research projects that we have sponsored as well as from studies sponsored by others organizations. The number of studies with findings that were available to GAO at the time of their study was somewhat limited. Over time, we will have much more information when all of the studies are completed. DHHS has provided funding to support 14 leavers studies using comparable methodologies and definitions, where possible, and will fund additional projects or expansions this year. While we will not be able to generalize the findings to all States, we will have a considerable amount of information from a large number of States with different benefit levels and other program characteristics. Some relevant measures will also be expected to be available through the data reported by States participating in the High Performance Bonus, and through

case closure data required by the final TANF rule.

The President's budget has requested \$27 million in mandatory and discretionary funding and an additional \$5 million for policy research for FY 2000 to continue to support these and other welfare research efforts. We hope that Congress will fully fund this request. Proposals to require states to track all former TANF recipients and collect data about their employment status, wages, health insurance and child care services would be a very costly undertaking that raises a number of complex data collection issues.

21. There are now 31 States using diversion tactics in their welfare offices, according to GAO. Any comprehensive assessment of welfare reform and outcomes must determine whether these diversion practices are negatively affecting families. What State diversion policies identified by DHHS are hurting low-income families?

We believe that any policies that deny individuals the right to apply for Food Stamps and Medicaid are illegal and hurt families. Such policies need to be eradicated wherever they exist and we have taken steps to ensure that States comply with the law and regulations. Under federal regulations, families must be given the opportunity to apply for Medicaid and Food Stamps without delay.

As mentioned previously, DHHS sponsored a study of State diversion policies with a special focus on implications for Medicaid. The findings from the study highlighted both challenges and opportunities brought about by diversion programs and the Adelinking of Medicaid from cash assistance eligibility. We have used the findings from this study and other sources in developing the Guide to Expanding Health Coverage to provide specific recommendations and examples for State and local use and to encourage expansion of health care coverage. DHHS' follow-up strategy will help to ensure that States understand and comply with federal policies.

22. As welfare rolls shrink, some States are concerned that a growing proportion of people on the rolls are the hardest-to-employ, such as those with mental health and substance abuse problems, or victims of domestic violence. In DHHS' experience visiting States and learning about their TANF programs, what are some of the programs that have been put into place to help this population?

State and local agencies are using a variety of approaches to work with individuals with these types of problems. For example, in some areas (e.g., Oregon), the TANF agency has established an agreement with the local substance abuse or mental health agency to have a professional from such organization stationed in the TANF office to conduct assessments of applicants or recipients or to provide additional information or

consultation to workers. Some States (e.g., North Carolina and New York) are using Employee Assistance Programs to address these types of problems and increase employment. Others have committed resources specifically for treatment and services to individuals and families identified as having substance abuse problems (e.g., New Jersey) and many have taken steps to provide additional training to front-line staff in the use of tools to help identify the existence of problems which could impede the transition to self-sufficiency.

Under TANF, States have flexibility to give special treatment to the victims of domestic violence. Under the AFamily Violence Option,⁶ States may certify that they will assist victims by: screening for them when they apply for TANF; referring them to counseling and supportive services; and waiving program requirements (such as time limits, residency requirements, child support cooperation, or family cap provisions) if necessary. Our latest information indicates that twenty-seven States have certified that they will assist victims of domestic violence. Examples of State and local actions include authorization of special appropriations for services for TANF recipients who are victims of domestic violence (e.g., Pennsylvania); implementation of demonstrations to examine new approaches to serving battered women (e.g., Tennessee, Illinois, Texas, Massachusetts, Kansas, Arizona, Utah, Minnesota); and hiring of domestic violence experts as employees of the TANF agency to work with caseworkers and to advise on policy (e.g., Massachusetts).

In order to promote policies and practices in these areas, we have co-sponsored, with the Substance Abuse and Mental Health Services Administration, numerous conferences throughout the country which have been attended by hundreds of State and local welfare staff and practitioners from many disciplines. Attendees have participated in day-long sessions by experts on practical approaches to working with the hardest to employ, including those with mental or physical health problems, substance abuse problems, and those with very low basic skills or learning disabilities as well as those who face difficult challenges simply because they live in very rural areas. In many cases, the barriers faced by some TANF families may not be completely overcome in a short period of time. We believe the flexibility provided in the final TANF regulations will encourage State and local TANF agencies to continue to work with working families who face greater challenges to their continued self-sufficiency. (Under the final TANF regulations, the expenditure of TANF funds to provide supportive services to working families will not count towards the 60-month federal time limit on the receipt of assistance.)

We have taken active steps to promote and encourage State and local TANF agencies to utilize the flexibility provided through the final TANF regulations, including issuance of a guidebook on the use of TANF funds (May 1999). The booklet provides guidance and examples of how Federal TANF funds, as well as State Maintenance of Effort (MOE) funds, may be used to address multiple barriers faced by current or former TANF families. For example, the guide points out that Federal TANF funds may be used to

In addition, the Department of Labor has made a special effort to attract applications for competitive Workforce grants ~~in these areas~~, by including substance abuse, disabilities, and domestic violence as priority groups for funding.

provide appropriate counseling services (e.g. mental health services, anger management counseling, non-medical substance abuse counseling services) to family members with barriers to employment and self-sufficiency. Both Federal and State MOE funds may be used to provide non-medical substance or alcohol abuse services, including room and board costs at residential treatment programs. Further, TANF or MOE funds can be used to help victims of domestic violence relocate to an area where employment or safe housing has been secured. These funds can be used to support collaboration with domestic violence service providers to screen and identify victims applying for TANF, establish confidentiality procedures and ensure safety, and develop appropriate staff training.

We will be using multiple approaches (e.g., presentations, instructional workshops on the final TANF regulations, sponsorship of conferences, provision of technical assistance) to encourage creativity, innovation and replication of promising practices.

23. GAO finds that the average hourly wage rates in leaver studies varies between \$5.67 an hour in Tennessee to \$8.09 an hour in Washington State. At \$5.67 an hour, annual income at 32 hours per week for 50 weeks is only \$9,072. That=s not enough to break through the federal poverty level of slightly over \$13,000 for a family of three in 1998. At \$8.09 per hour, annual income is \$12,944, still below the federal poverty level. Is this what DHHS considers a successful outcome for welfare reform?

DHHS believes that it is important that working families have a package of supports available to assist them as they transition from welfare to self-sufficiency. As indicated by the findings in the GAO study, a low-wage job may be the first step for many former welfare recipients. In fact, given the work experience and skill level of many recipients, we believe that it will be the likely first step for many parents. That is why it is critical for such families to receive other supports such as food stamps, Medicaid, the Earned Income Tax Credit, and subsidized child care. For example, for tax year 1998, for a family with two qualifying children with earnings of \$9072 and no other income, the EITC would be \$3,630. If the same family earned \$12,944, the EITC would be \$3,616.

We also believe, and have reflected in all of our activities, that a key investment area for States is employment advancement strategies that can move families who enter the workforce at low wages up to higher wage jobs.

24. In general, state evaluations of people leaving welfare all point to the fact that individuals who leave welfare for work earn low wages, with most not earning enough to raise their income above poverty. The Urban Institute points out that most of these people get jobs in low-wage industries, such as fast food restaurants, or clerical or retail positions. These aren't positions with generous salaries, and you note that Aa key issue in evaluating welfare reform is the extent to which persons with the attributes of welfare recipients can actually become self-sufficient. Without work supports such as child care and health insurance, is it realistic to expect that former welfare recipients can, as you recommend, Apersist in the labor force until Athe gap between their earnings and those of other workers never on welfare narrows?

As we cited elsewhere, we believe that families transitioning from welfare to work and other low-income working families need a package of supports to help them make and sustain the transition. We have and will continue to work aggressively to see that these supports are in place and are accessible to those who need them. Adequate funding for child care is critical. High utilization of the EITC by welfare families is an important step in helping parents in low-wage jobs move out of poverty.

As we have indicated in responses above, we are actively working with States to ensure access to the Food Stamp and Medicaid Program benefits by all eligible families, including those who leave the TANF rolls. We will continue to use a variety of strategies to accomplish our goals including technical assistance and research activities.

and ensuring families have child care,
transportation and housing they need.
In addition Welfare-to-Work funds can
be used to support working families,
and we are supporting a \$1 billion
reauthorization of that program.

DEPARTMENT OF HEALTH & HUMAN SERVICES

Washington, D.C. 20201

May 11, 1999

MEMORANDUM

To: The Deputy Secretary
Through: COS _____
ES _____

From: John Monahan 
Principal Deputy Assistant Secretary,
Administration for Children and Families

Nancy Ann Min DeParle 
Administrator, Health Care Financing Administration

Subject: Technical Assistance Strategy for Medicaid Enrollment in the Post Welfare
Reform Era—BRIEFING
May 12, 1998 10:00 - 11:00AM
DS Conference Room

Participants

Mary Beth Donahue, COS
Jackie White, ES
Al Collins, ACF
Mike Hash, HCFA
Andy Hyman, IGA
Rich Tarplin, ASL
Marcy Wilder, OGC

LaVarne Burton, ES
John Monahan, ACF
Gary Claxton, ASPE
Melissa Skolfield, ASPA
John Callahan, ASMB
Mary Bourdette, ASL

Purpose

To discuss with you a technical assistance strategy for working with the States on Medicaid enrollment issues in the post welfare reform context. In addition, we would like to discuss the possibility of changing the informal workgroup on this issue to a formal, institutionalized workgroup.

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Background

For several months now, HCFA, ACF, ASPE and others have worked together to identify issues related to Medicaid enrollment in the post welfare reform context. We have identified current research activities and studies. In addition, we have continued to communicate with States regarding the requirements and flexibilities that exist with regards to Medicaid enrollment. As you know, on March 22, 1999, ACF and HCFA released a joint guide, "Supporting Families in Transition: A Guide to Expanding Health Coverage in the Post-Welfare Reform World." We recently held briefings for intergovernmental and advocacy groups.

Issues

Strategy Regarding Actions to be Taken On TANF/Medicaid Guide: Outreach and Enforcement

Overall Approach

- **Goal** -- The goal of this strategy is to ensure that States comply with the law, not to punish the States for misdeeds.
- **Operational Objectives** -- 1) Proactive Enforcement (Identification of Enforcement Issues); 2) Reactive Enforcement (Response to Allegations as Submitted); 3) Promote Medicaid Outreach Efforts; and 4) Educate States on their Opportunities and Responsibilities Regarding Medicaid Enrollment.
- **Establish Department-Wide Workgroup** -- Currently, there is an ad hoc group that works on TANF/Medicaid issues. This proposal would formalize that work group. The group will meet twice a month and include representatives from HCFA/ACF/HHS central office (CO) and regional office (RO) staffs. The core of the group will include: a lead ACF Regional Administrator, a lead HCFA Regional Administrator, a lead Regional Director, an IGA staff person, and one lead staff person from ACF and HCFA. As in the past, this work group will continue to rely heavily on support from ASPE, ASMB, and ASL. The work group will provide leadership regarding the further development and implementation of the strategy outlined below.
- **Develop Comprehensive Workplan** -- Within 30 days, the workgroup will develop a plan with concrete action steps and timeframes for completing the steps. Under this plan, the Department will begin enforcement activities as soon as possible.
- **Coordinate with Advocates** -- Consideration should be given to the possibility that HHS would host a meeting with national advocacy organizations to hear their thoughts on how better to educate the public and the States on this issue. In addition, HHS may wish to solicit information on State activities and feedback on how best to approach an enforcement strategy.

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Proactive and Reactive Enforcement

Overall

- **Internal Organization** -- HCFA CO/RO conference calls twice a month to share information about State compliance with Federal eligibility requirements.
- **Create Information Structure Regarding Possible Violations** -- HCFA will maintain a State by State log that notes: alleged violations, RO/CO actions to contact States, investigation activities (State and HCFA) and corrective plan activities. This will include the creation of an early alert system for issues identified by regions.
- **Resource Consideration** -- HCFA and the Department will need to consider the resources needed to carry out this effort. To make the most of limited resources, HCFA will target the enforcement strategies beginning with the most critical problems first.

Proactive Enforcement Process

- HCFA will quickly complete its survey States for potential problems. (A preliminary list of States identified as having potential issues is attached.)
- As national patterns of non-compliant activities in States are identified, HCFA will prioritize these activities. Activities will be rank ordered based on the following criteria: the impact activity on beneficiaries, the prevalence of the activity among States, and the legal strength of our position against the State.
- After the priority list is created, HCFA would start at the top of the list and approach States that engage in the practice. This will help avoid charges that HCFA is singling out any one State for enforcement.
- After the issues and the target States are identified, ROs (in consultation with CO) will issue letters describing the allegation and requesting further information from the State. The letter will clarify the States' responsibilities under the law.
- The RO will allow sufficient time for the State to investigate and respond to the allegation and will provide all necessary technical assistance to clarify Federal requirements and help aid the State's resolution of the problems.
- Follow-up time periods will be established based on the significance and complexity of the allegations, but should be no longer than 45 days from the date of the initial contact.
- If there is reluctance on the part of the State to work with HCFA and to come into compliance in a timely manner, the RO (in consultation with CO) will shift focus from technical assistance to enforcement. The RO will conduct all necessary reviews of State and local administration including, but not limited to, on-site reviews of selected aspects of agency operation and examination of samples of individual case records as may be necessary to validate and investigate allegations.
- If HCFA determines that a State fails to comply substantially with Federal requirements, HCFA shall withhold funds in accordance with section 1904 of the Social Security Act. The RO (in consultation with CO) will prepare the initial draft non-compliance package.

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Reactive Enforcement Process

- Upon receipt of allegations that a State is not in compliance, an effort will be made to determine whether or not the activity is on the priority list.
- In the event that it is an activity on the priority list, the RO (in consultation with CO) will issue a letter within 30 days describing the allegation and requesting further information from the State. The issue will not be acted on further until such time as the issue is acted on due to its place on the priority list.
- In the event that the activity is not on the list, the RO (in consultation with CO) will issue a letter within 30 days describing the allegation and requesting further information from the State. The letter will clarify the States responsibility under the law.
- Following an evaluation of the issue, the RO will consider the available resources and make a determination (based on the criteria used to develop the priority list) as to whether the follow-up process described under the proactive strategy should be followed.

Outreach Activity

- **Develop an aggressive outreach strategy to promote enrollment in Medicaid.** HHS could use lessons learned from the CHIP outreach process to promote Medicaid. While outreach to Dual Eligibles and children has been very active, more work could be done in terms of outreach to low income families. We would build on existing activities, such as the HCFA web site and studies of outreach activities.
- **Effort could include development of a brochure that explains the rights of individuals.** For example, among other things, it could explain how transitional medical assistance helps low income persons. This could then be printed and distributed by States and advocates. The outreach work to families should be done in a highly visible way.

Educate States on the Enrollment Opportunities and Responsibilities

- **Continue to Distribute the Guide --** Provide additional TANF/Medicaid Guides to ROs and provide training for Regional ACF and HCFA staff.
- **Contact/Brief States --** HCFA and ACF RO staff will contact their State counterparts and ensure that those individuals have the guide and offer to brief the State. These briefings would be conducted by HCFA and ACF ROs together. This contact will allow the RO staff to answer questions regarding the guide and to discuss any problems.
- **Follow-Up --** If the State does not request a briefing or otherwise contact the RO within 30 days of the initial contact, the RO will again contact the State to offer technical assistance.
- **Work with Local Advocates --** ROs will also identify and contact major advocacy groups in the States and offer to do briefings.
- **Best Practices --** Work with States and inter-governmental groups to identify best practices among States. HCFA has contacted NGA and NASMD to discuss a shared opportunity to survey the States. Best practices will be collected and distributed by

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HCFA to all States. Study results may be used during a national conference on the issue.

Recommendations

We recommend that you approve the technical assistance strategy in this memo and agree to formalize the workgroup. The latter would include sending a memo from your office detailing the new formal structure.

Attachment

Approved _____ Disapproved _____ Date _____