

## MEDI-CAL ELIGIBILITY AND ENROLLMENT



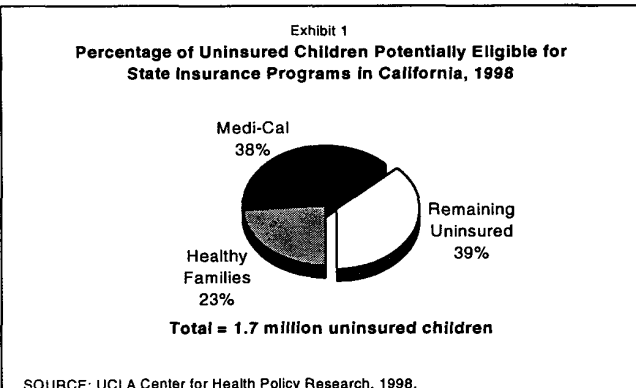
### MANY MEDICAID ELIGIBLE REMAIN UNINSURED

#### National Estimates

Despite expansions in eligibility in the Medicaid program over the past decade, many potentially eligible individuals, particularly children, are not enrolled in the program. Estimates suggest that nationally 4.7 million children, approximately 40 percent of all uninsured children, are potentially eligible for Medicaid but are not enrolled.<sup>1</sup> These children are disproportionately Hispanic; U.S.-born of foreign-born parents or foreign born; from working poor families; and more likely to live in the West and South.<sup>2</sup> Lack of health insurance presents a significant barrier to obtaining needed health care for these children and their families.

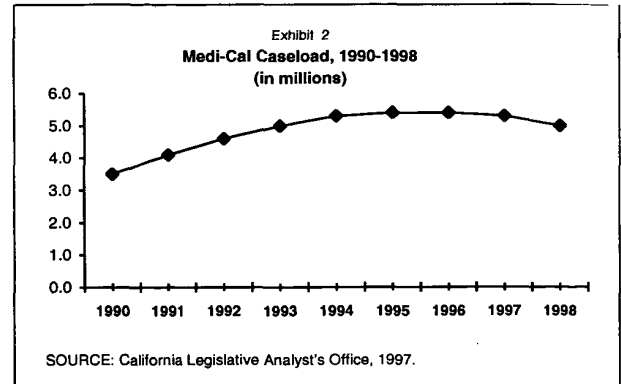
#### California Estimates

This issue is particularly significant in California where residents are more likely to be uninsured than the national average (22.3% vs. 17%).<sup>3</sup> Of the 41.4 million uninsured persons nationwide, 15.7 percent live in California.<sup>4</sup> In 1996, there were 6.5 million uninsured Californians, including 1.7 million children.<sup>5</sup> The 18 percent uninsured rate among California's children is the tenth highest in the nation.<sup>6</sup> Recent estimates conclude that as many as 666,300 (38%) of California's uninsured children may be eligible for Medi-Cal, while an additional 400,300 (23%) may be eligible for the new Healthy Families program.<sup>7</sup> (Exhibit 1).



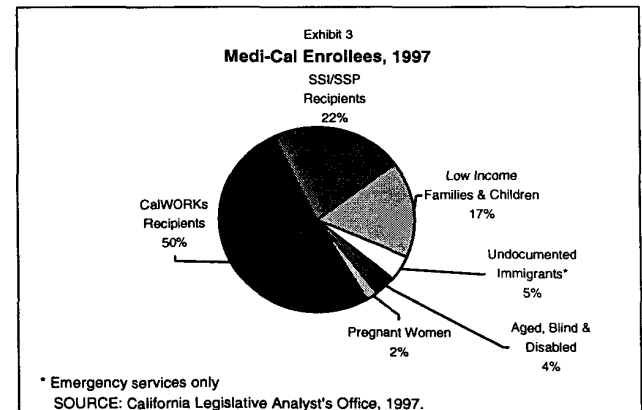
### THE MEDI-CAL PROGRAM

The California Medical Assistance Program (Medi-Cal), California's version of Medicaid, provides health insurance and long-term care coverage to roughly five million beneficiaries annually.<sup>8</sup> Medi-Cal covers a comprehensive set of core health care services including preventive and emergency care, as well as 32 optional services such as prescription drugs and dental care. While the number of people receiving Medi-Cal rose from 3.5 to 5.3 million in the early to mid-1990s, this trend recently began to reverse. (Exhibit 2).



In 1996, one in eight Californians under the age of 65 (13%) was covered by Medi-Cal, including 22 percent of all children.<sup>9</sup> The largest proportion of Medi-Cal beneficiaries are participants in the state's two major cash assistance programs: the California Work Opportunity and Responsibility to Kids program (CalWORKs) and the Supplemental Security Income/State Supplementary Program (SSI/SSP).

CalWORKs, which replaced the AFDC entitlement program, provides temporary cash assistance to needy families with children, while SSI/SSP provides financial assistance to low-income aged, blind, and disabled individuals. Together, CalWORKs and SSI/SSP participants comprise nearly three-quarters (72%) of all Medi-Cal enrollees. The remaining quarter is comprised primarily of low-income families and children. (Exhibit 3).



## MEDI-CAL ELIGIBILITY

Eligibility for Medi-Cal is set by a combination of federal mandates and state options. While there are many ways to qualify for Medi-Cal, in general there are four broad conditions for eligibility: Categorical, Income, Assets (Property), and Citizenship/Residency. Individuals qualify for Medi-Cal by meeting these conditions, however not every applicant is required to meet all four conditions.

### ✓ Categorical Conditions

To qualify for Medi-Cal, applicants must fall into one of several eligibility categories which include public assistance recipients; aged, blind, and/or disabled individuals; families with a deprived child; pregnant women; children up to age 21; and individuals living in skilled nursing or intermediate care facilities. Income requirements also apply to many eligibility categories.

The California Department of Health Services (DHS) groups Medi-Cal eligible individuals into one of four categories: public assistance recipients, the medically needy, the medically indigent, and special programs. (Exhibit 4).

| Exhibit 4<br>Medi-Cal Eligibility Categories |  |
|--|--|
| 1.   | <b>Public Assistance Recipients</b> <ul style="list-style-type: none"> <li>• CalWORKs or SSI/SSP recipients</li> <li>• Transitional Medi-Cal recipients</li> <li>• Low income Medicare beneficiaries</li> </ul>  |
| 2.   | <b>Medically Needy</b> <ul style="list-style-type: none"> <li>• Families with deprived children (who are not financially eligible for CalWORKs)</li> <li>• Aged, blind, or disabled individuals (who are not financially eligible for SSI/SSP)</li> </ul>  |
| 3.   | <b>Medically Indigent</b> <ul style="list-style-type: none"> <li>• Children and teens up to age 21 who are not deprived (including foster children)</li> <li>• Certain pregnant women</li> <li>• Individuals ages 21-65 living in a nursing or long-term care facility</li> <li>• Refugees in the country less than 12 months</li> </ul> |
| 4.   | <b>Special Programs</b> <ul style="list-style-type: none"> <li>• Additional pregnant women and children</li> <li>• Minors seeking confidential services</li> <li>• Individuals with specific medical conditions</li> </ul>   |

**Public assistance recipients** are individuals receiving CalWORKs or SSI/SSP benefits as well as low-income Medicare beneficiaries and individuals receiving transitional Medi-Cal (i.e., individuals who are no longer eligible for CalWORKs but retain temporary Medi-Cal eligibility).

**Medically needy** persons include families with deprived children (e.g., children with an absent, deceased, incapacitated, or unemployed parent) and aged, blind, or disabled individuals who are categorically, but not financially eligible for CalWORKs or SSI/SSP. **Medically indigent** persons include children and teens under age 21 who are not

covered by the medically needy designation (i.e., foster children or children from two parent households); pregnant women where neither the unborn child nor any of her current children are deprived; individuals aged 21-65 residing in a skilled nursing or intermediate care facility; and certain refugees. **Special programs** cover certain additional pregnant women and children; minors seeking confidential services; and individuals with specific medical conditions.

### ✓ Income

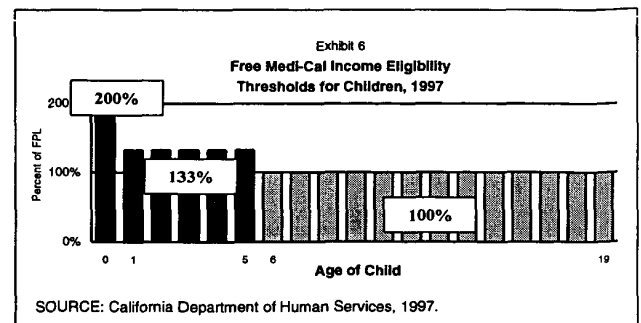
Eligibility is also based on an applicant's income. The total amount family members earn is measured against the federal poverty level (FPL). The 1998 federal poverty level for a family of four is \$16,450. (Exhibit 5).

| Exhibit 5<br>1998 Federal Poverty Guidelines |               |             |             |
|--|---------------|-------------|-------------|
| Family Size                                  | Annual Income |             |             |
|  | 100% of FPL   | 133% of FPL | 200% of FPL |
| 1  | \$ 8,050      | \$10,707    | \$16,100    |
| 2  | \$10,850      | \$14,431    | \$21,700    |
| 3  | \$13,650      | \$18,155    | \$27,300    |
| 4  | \$16,450      | \$21,878    | \$32,900    |
| 5  | \$19,250      | \$25,603    | \$38,500    |
| 6  | \$22,050      | \$29,327    | \$44,100    |

SOURCE: U.S. Department of Health and Human Services, 1998.

Most Medi-Cal eligible individuals have very low incomes. However, income alone does not automatically qualify (or disqualify) a person for the program. Categorically eligible individuals with incomes above the Medi-Cal limit (i.e., the "medically needy") can qualify for coverage by "spending down" their income to below the required levels. Individuals can incur medical care expenses that offset their excess income or they may pay a portion or "share of cost" of their medical expenses each month (see "Enrollee Share of Cost" below).

Children's eligibility for Medi-Cal is based on income and age. Infants up to age one with family incomes up to 200% of the FPL; children ages one to five with family income up to 133% of the FPL; and children ages six to nineteen with family incomes up to 100% of the FPL are eligible for free Medi-Cal coverage. (Exhibit 6).



### ✓ **Assets (Property)**

The amount of assets (or property) family members have is also considered in determining Medi-Cal eligibility. Assets include items such as cash, checking and savings accounts, vehicles, jewelry, and household goods. A limit on the amount of assets a family can have is set based on family size. For example, in addition to their income, a single person can have countable assets worth up to \$2,000 during any given month while a family of four can have assets worth up to \$3,300. As with income, individuals or families with assets above the Medi-Cal limit can "spend down" their resources to reduce their assets below the required levels. Pregnant women and children up to age 19 are not required to meet asset requirements. Their eligibility is determined solely by income.

Applicants can disregard certain expenses and assets before their eligibility is calculated. Current rules allow for the deduction of some child care, child support, and alimony expenses. Individuals may also disregard the value of the home they live in, business property, one vehicle, personal effects, and life insurance policies up to \$1,500. Separate asset requirements apply to individuals entering or residing in long-term care facilities who have a well spouse in the home.

### ✓ **Citizenship/Residency**

Though there are no length of stay requirements, all Medi-Cal applicants must be residents of the state of California. U.S. citizenship, however, is not a requirement for eligibility. All immigrants who are financially and categorically eligible may apply for Medi-Cal regardless of their immigration status. However, the level of benefits applicants are eligible to receive (i.e., full scope or emergency) is determined by the program applicant's immigration status.

### **ENROLLEE "SHARE OF COST"**

Individuals with very low incomes, as well as most pregnant women and children, receive free Medi-Cal. However, some categorically eligible individuals have incomes too high to receive free Medi-Cal coverage. These individuals must pay for some of their health care expenses on their own through a "share of cost." Share of cost is similar to a deductible for private insurance, though it is applied on a monthly rather than annual basis. Individuals in effect must "spend down" their income to below Medi-Cal income eligibility levels by paying for a portion of their medical bills each month. Once a family has paid its share of cost, Medi-Cal will cover all remaining medical expenses incurred during that month.

The size of a family's share of cost is the difference between their monthly income (minus any allowable deductions) and a maintenance need level established by state law. Maintenance need levels are based on family size and generally represent 70-90% of the poverty level. For example, a family of four earning \$1,375 in monthly income (after deductions) would pay the first \$275 of any health care costs incurred. This figure (\$275) represents the family's monthly income (\$1,375) minus the maintenance need level for a family of four (\$1,100).

Because income ceilings for Medi-Cal vary across eligibility categories, it is possible for some members of a family to be eligible for free Medi-Cal coverage, while other family members are required to pay a share of cost. (Exhibit 6). For example, a single parent with two children, ages 3 and 7, making \$18,000 per year has an income that falls below 133 percent, but above

100 percent of the FPL. (Exhibit 5). In this case, the three-year-old would be eligible for free Medi-Cal coverage while the parent and seven-year-old child would pay a monthly share of cost. The seven-year-old child would also be eligible for the new Healthy Families program.

### **THE MEDI-CAL APPLICATION PROCESS**

Medi-Cal applications are available at county social services offices, as well as some hospitals, clinics, county health departments, Head Start sites, and Child Care Resource and Referral (CCR&R) offices.

- *Individuals other than pregnant women, children, and teens* (including those receiving SSI or those applying on behalf of an individual who is residing in a long-term care facility) must apply for Medi-Cal in person. The application process typically begins with a visit to a county social services office to gather necessary application forms and attend a Medi-Cal orientation presentation, if available. Applicants may complete the Medi-Cal application form on their own. This six-page form gathers information about the applicant and his/her spouse and children, their living arrangements, employment status, past receipt of public assistance, military service, income, and property. Additional questions screen for potential referrals to services such as family planning and WIC (a supplemental food program for pregnant and postpartum women, infants, and children up to age five).

Once the application is complete, applicants must gather the necessary verification documents and make an appointment with an Eligibility Worker at their county social services office. As many as 30 documents may be required for verification of an applicant's identity, California residency, and income including: social security and Medicare cards; proof of immigration status; pregnancy verification; pay stubs; vehicle registrations; checking and savings account statements; life and health insurance policies; mortgages, rent receipts and utility bills; copies of child support or divorce decrees; social security disability or SSI denial or discontinuance notices (if applying for disability-based Medi-Cal); and evidence of California residency.<sup>10</sup>

During a second visit to the social services office, applicants meet with an Eligibility Worker to present their verification documents, attest to the citizenship/immigration status of each Medi-Cal applicant, and acknowledge their rights and responsibilities as a potential Medi-Cal beneficiary. If there is a parent absent from the home or an unmarried father in the home, additional paperwork is required and the applicant must initiate paternity establishment and child support enforcement processes as needed.

- *Pregnant women or those applying on behalf of children or teens* as of 6/1/98 are eligible to file a separate six-page mail-in application which can be obtained at their local social services department or by calling a toll-free assistance number operated by the state. Pregnant women may also obtain immediate, temporary Medi-Cal coverage from many health care providers under a program called "Presumptive Eligibility." A full mail-in Medi-Cal application must be completed by the end of the month after presumptive eligibility is granted, and temporary coverage lasts until eligibility is formally determined.

All applicants receive a letter regarding the approval or denial of their case within 45 days. Applicants applying for disability-based Medi-Cal receive a notice of action regarding their case within 90 days. Once eligibility is determined, benefits may be retroactive for up to three months preceding the date of application. Medi-Cal beneficiaries must report any changes in circumstances (i.e., increases in income/property, change of address) within ten days, file quarterly status reports, and submit an annual redetermination form by mail.

### **THE HEALTHY FAMILIES PROGRAM**

Recent federal legislation, the State Children's Health Insurance Program (SCHIP),<sup>11</sup> allotted \$24 billion over five years to expand health care coverage for uninsured children. California is eligible to receive up to \$855 million in federal funds for FY98, the largest federal match of any state. In October 1997, Governor Wilson and the California legislature enacted the Healthy Families program.<sup>12</sup> Administered by the Managed Risk Medical Insurance Board (MRMIB), the program began on July 1, 1998. In its inaugural year, the program is authorized to spend \$65 million in state funds and \$132 million in federal matching funds.<sup>13</sup>

Healthy Families provides private health insurance to children and teens who do not qualify for free Medi-Cal. The program offers comprehensive benefits including medical, dental, hearing, and vision care. Families pay monthly premiums of \$4-\$9 per child (a maximum of \$27 per family) depending upon their family size, income, and the health plans they select. Five dollar co-payments are required for some services such as physician office visits and prescription drugs, with a maximum annual co-payment limit of \$250 per family.

Eligible for Healthy Families are children ages one up to 19 whose family incomes fall between 100 percent and 200 percent of the FPL, an annual family income of between \$16,450 and \$32,900 for a family of four in 1998.<sup>14</sup> More specifically, children ages six up to nineteen with family incomes between 100 and 200 percent of the FPL and children ages one through five with family incomes between 133 and 200 percent of FPL qualify for Healthy Families. As with Medi-Cal, family assets are not considered when determining a child's eligibility for Healthy Families. An estimated 400,000 children are eligible for Healthy Families; state funding is sufficient to cover up to 200,000 children by the end of the program's first year.

### **MEDI-CAL AND HEALTHY FAMILIES APPLICATIONS**

Pregnant women and those applying on behalf of children and teens may complete a mail-in application (available by calling the state's toll-free assistance number). This 28-page booklet (which the state is currently trying to simplify) combines applications for Medi-Cal and the Healthy Families program. The packet walks applicants through a four-page form to estimate their family income. Based on the results of these initial computations, applicants complete the six-page Medi-Cal and/or the eight-page Healthy Families application form. Each child can qualify for either program based on his/her age and family income. Applications are then mailed separately to the appropriate office(s) along with verification documents. Proof of identity, income, deductions (i.e., alimony or child support), pregnancy (if applicable), residency, and alien status are required of Medi-Cal applicants along with verification of property/assets.

Proof of children's alien status/citizenship and income, as well as payment for the first month's premium (payable only by cashier's check or money order) is required of Healthy Families applicants. Eligibility for Healthy Families is determined within three business days and coverage begins ten days from the date of eligibility determination. Eligibility for Healthy Families must be renewed annually.

### **POTENTIAL BARRIERS TO ENROLLMENT**

The Kaiser Family Foundation recently commissioned a study by Lake, Snell, Perry & Associates to investigate why some eligible Californians do not enroll in Medi-Cal.<sup>15</sup> To shed light on this question, eight focus groups were conducted with the parents of potentially eligible children in five cities across the state. Though all participants had heard of Medi-Cal, they repeatedly voiced misperceptions about the program, expressed significant confusion regarding eligibility requirements, and indicated frustration with what they perceived as an "onerous" application process.<sup>16</sup> Additional obstacles to enrollment included fears about immigration and residency, as well as language barriers.

Fears about immigration were heard particularly from Latino participants. Reluctance to enroll among this population is of growing concern because the Latino community is already at greater risk with respect to health insurance coverage. In California, Latino children are three times more likely to be uninsured (29% vs. 10%) than are white children, while 45 percent of Latino adults are uninsured.<sup>17</sup> Nearly two-thirds of California's uninsured, Medi-Cal eligible children are Hispanic.<sup>18</sup>

Much of this reluctance to enroll may stem from fear of being designated a "public charge," an immigrant who is or may become dependent on government benefits. Such a designation can exclude an individual from entering or re-entering the country or adjusting residency status. Currently, use of Medi-Cal benefits or other public assistance programs either by an individual or a family member may potentially be considered, along with several other factors, in determining public charge status.

Department of Health Services (DHS) policies aimed at preventing the illegal receipt of Medi-Cal benefits may have heightened immigration fears. Beginning in 1994, officials reportedly pressured legal residents to pay back Medi-Cal benefits they had previously received or risk their present or future immigration status. These policies are no longer in place, and a multi-million dollar class-action settlement to pay back monies recovered from former Medi-Cal recipients is pending. The settlement involves approximately 1,509 plaintiffs who repaid legally received benefits, as well as 7,671 plaintiffs who received notices to repay.<sup>19</sup> However, many immigrants may still not know that neither DHS nor the Immigration and Naturalization Service (INS) can demand repayment of benefits that have been lawfully received by legal residents of California.<sup>20</sup>

Reluctance to enroll in Medi-Cal may also stem from a fear of being reported to the INS. Undocumented immigrants may be unwilling to enroll their eligible children due to fears that the INS might deport them. However, state and federal law prohibits DHS from sharing confidential information about Medi-Cal recipients with the INS or the U.S. State Department, except in cases of fraud.<sup>21</sup>

A recent General Accounting Office (GAO) report also concluded that cultural differences, particularly language barriers, keep some families from enrolling in Medi-Cal because completion of forms and communication with Eligibility Workers is challenging.<sup>22</sup> According to DHS guidelines, applicants have a right to ask for an interpreter to help them apply for Medi-Cal if they have difficulty speaking or understanding English.<sup>23</sup> A number of steps are being taken by the state to reduce language barriers: applications are published in 10 languages, information about the language spoken by providers and community organizations is made available, and commercials for the programs are in English and Spanish.

### **STATE PLANS FOR OUTREACH**

Governor Wilson and the California legislature designated \$20.7 million for three years of outreach and education efforts aimed at increasing public awareness and utilization of the Medi-Cal and Healthy Families programs. Forty percent of funds will go towards television, radio, and outdoor advertising, newspaper and periodical articles, and a toll-free telephone line (featuring live operators who speak 10 languages) for ordering applications and receiving application assistance and referrals. The remaining 60 percent of funds is earmarked for community-based outreach work designed to increase enrollment among targeted populations. To aid this process, community entities will be trained to assist with the completion of applications. They will then be eligible to receive \$25 for each enrolled family. The state is also working with businesses to market the Medi-Cal and Healthy Families programs via product packaging and direct mail.

### **CONCLUSION**

Recent expansions of Medi-Cal and creation of the new Healthy Families program have increased the availability of free or low-cost health care coverage. However, challenges remain in enrolling the substantial number of eligible but unenrolled individuals, including more than a million children. Research identifying why eligible individuals do not enroll in these programs can further inform the process of outreach to potentially eligible individuals.

Issues facing policymakers seeking to expand coverage to the uninsured in California include:

- *What are the most effective outreach strategies for informing and enrolling the uninsured?*
- *How can application processes be streamlined to increase accessibility?*
- *Can eligibility requirements be simplified and clarified for prospective applicants?*

### **REFERENCES**

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- <sup>2</sup> General Accounting Office, *Medicaid: Demographics of Nonenrolled Children Suggest State Outreach Strategies*. (Washington, D.C.: GAO, March 1998): 2.
- <sup>3</sup> Health Insurance Policy Program, *The State of Health Insurance in California, 1997* (Berkeley: Regents of the University of California, January 1998): 9.
- <sup>4</sup> Employee Benefits Research Institute, *Trends in Health Insurance Coverage*, Issue Brief (No. 185) 1997.
- <sup>5</sup> E.R. Brown et al., *Reforms to Cover Some, but Not All, of California's Uninsured Children* (Los Angeles: UCLA Center for Health Policy Research, January 1998): 1. Health Insurance Policy Program, *The State of Health Insurance in California, 1997* (Berkeley: Regents of the University of California, January 1998): 9.
- <sup>6</sup> E.R. Brown et al.,: 1.
- <sup>7</sup> Steven P. Wallace et al., *Adjusted Estimates of Uninsured Children and Program Eligibility, California 1996* (Los Angeles: CHPR, May 1998): 1.
- <sup>8</sup> Figures represent estimated caseload for FY97 and projected spending for FY98. California Legislative Analyst's Office, "California Medical Assistance Program (Medi-Cal)," *Analysis of the 1998-1999 Budget* (Sacramento: LAO, February 1998): 11.
- <sup>9</sup> Health Insurance Policy Program, *The State of Health Insurance in California, 1997* (Berkeley: Regents of the University of California, January 1998): 8, 9.
- <sup>10</sup> California Department of Health Services, *Medi-Cal: What It Means To You* (Sacramento, DHS, June 1994): 7,8.
- <sup>11</sup> Title XXI of the Balanced Budget Act of 1997 (P.L. 105-33).
- <sup>12</sup> Four bills implement the Healthy Families program: AB 217, AB 1126, AB 1572, and SB 903.
- <sup>13</sup> California Department of Health Services, August 28, 1998.
- <sup>14</sup> UCLA Center for Health Policy Research, *Adjusted Estimates of Uninsured Children and Program Eligibility in California, 1996* (Los Angeles: CHPR, May 1998).
- <sup>15</sup> Lake, Snell, Perry & Associates, *Barriers to Medi-Cal Enrollment and Ideas for Improving Enrollment: Findings from Eight Focus Groups with Parents of Potentially Eligible Children*, August 1998. Commissioned by the Kaiser Family Foundation.
- <sup>16</sup> Ibid.
- <sup>17</sup> E.R. Brown et al., *38% of California's Nonelderly Latinos Are Uninsured* (Los Angeles: UCLA Center for Health Policy Research, August 1997): 1.
- <sup>18</sup> General Accounting Office, *Medicaid: Demographics of Nonenrolled Children Suggest State Outreach Strategies* (Washington, D.C.: GAO, March 1998): 39.
- <sup>19</sup> *Rocio, R. v. Belshé*, 97-CV-0463JM, U.S. District Court, Southern District of California
- <sup>20</sup> Lucy Quacinella, Western Center on Law and Poverty, *De-Fund and Prohibit DHS Public Charge Projects*, Letter to the California Senate Budget Committee, 9 April 1998.
- <sup>21</sup> Ibid.
- <sup>22</sup> General Accounting Office, *Medicaid: Demographics of Nonenrolled Children Suggest State Outreach Strategies* (Washington, D.C.: GAO, March 1998): 15.
- <sup>23</sup> Department of Health Services, *Important Information for Persons Requesting Medi-Cal* (Form MC 219), August 1996.