

Information on Medicaid Simplification

Children's Medicaid Simplification has primarily benefited the working poor.

· Prior to SB 43 (in April 2001), 67% of the families of children subject to simplification reported earned income (the remainder were dependent on SSI disability, SSDI, or child support). **As of January 2003, that percentage has increased to 79%.** The children who lose out when bureaucratic hurdles are used to reduce caseloads are the children in working families — the ones we all want to reward.

· Maintaining the ability to apply for and renew children's coverage by mail is the key to making Children's Medicaid enrollment accessible for these working poor parents.

· The mail-in option makes the difference at initial application. Before SB 43, only 24% of children applying for CHIP who were referred to Medicaid because their family income fell below the CHIP eligibility level successfully navigated the Medicaid application process and were enrolled in Medicaid.

What About the Assets Test?

· Under current law and policy, families of Medicaid children cannot have more than \$2,000 in assets, counting bank accounts and savings. One vehicle is exempt, but the value of any other vehicles in excess of \$4,650 is counted toward the \$2,000 limit.

· CHIP does NOT have an asset limit, but CHIP applicants DO have to provide information about assets on the application. This is done to ensure that they are NOT eligible for Medicaid (this screening is a requirement of federal law).

· 27% of children in CHIP are actually at Medicaid income, and are in CHIP because they have family assets over \$2,000. **Any state savings come only from the difference between the per-child GR cost between Medicaid and CHIP.**

· If "applying a strict assets test" means HHSC would use state-of-the-art third-party verification checks to ensure that the self-declared assets test information provided by the family is accurate, then that would not create a new and inequitable burden and barrier for Medicaid parents. In this scenario, if a family has over \$2,000 in assets, the child can be enrolled in CHIP.

· However, if "applying a strict assets test" means requiring parents to provide a stack of documents to prove the value of their assets and vehicles, this would simply be using the hassle factor to drive down enrollment — "rationing by inconvenience." HHSC should clarify whether they intend to broaden the assets test beyond checking, savings and vehicles. If HHSC proposes to add pension benefits, life insurance, burial policies and other items to the list families must report, the application process for Children's Medicaid and CHIP could become unnecessarily complex.

· Current statute under SB 43 says that the procedures for verifying assets must be the same in Children's Medicaid and CHIP. An approach which simply had DHS and HHSC performing additional audits and verifications of self-declared information, rather than imposing more

paperwork on parents, would not necessarily conflict with this provision. (See reverse for statutory language →)

Human Resources Code

CHAPTER 32. MEDICAL ASSISTANCE PROGRAM

§ 32.025. Application for Medical Assistance

(d) The department shall adopt an application form and procedures for a request for medical assistance provided to a child under 19 years of age. To the extent allowed by federal law and except as otherwise provided by this section, **the application form and procedures must be the same as the form and procedures adopted under Section 62.103, Health and Safety Code.** The department shall coordinate the form and procedures adopted under this subsection with the form and procedures adopted under Section 62.103, Health and Safety Code, to ensure that there is a single consolidated application for a child under 19 years of age to seek medical assistance or to request coverage under the state child health plan under Chapter 62, Health and Safety Code.

§ 32.026. Certification of Eligibility and Need for Medical Assistance

(d) In adopting rules under this section, the department shall ensure, to the extent allowed by federal law, that documentation and verification procedures used in determining and certifying the eligibility and need for medical assistance of a child under 19 years of age, including **the documentation and verification procedures used to evaluate the assets and resources of the child, the child's parents, or the child's other caretaker for that purpose, are the same as the documentation and verification procedures used to determine and certify a child's eligibility for coverage under Chapter 62, Health and Safety Code,** except that the documentation and verification procedures adopted in accordance with this subsection may not be more stringent than the documentation and verification procedures existing on January 1, 2001, for determination and certification of a child's eligibility for coverage under Chapter 62, Health and Safety Code.