December 1, 2000

Dear State Child Welfare and State Medicaid Director:

Each year more than 20,000 youth across this country are discharged from the child welfare foster care system. The majority of these youth have no health care coverage or families to help them should they become sick, have an accident or become the victims of violence. Accordingly, we encourage your agencies to work together to extend a new Medicaid health benefit to eligible young people as they make the transition from foster care to adulthood.

The bipartisan Foster Care Independence Act of 1999, P.L. No. 106-169 signed December 14, 1999, provides important new help to young people who are making the transition from foster care. Title I of the Act establishes the John H. Chafee Foster Care Independence Program, which increases funding for independent living activities and expands services and supports to help older youths who are leaving foster care prepare for adulthood. Subtitle C of Title I of the Act also offers States an important opportunity to provide Medicaid to the young people, ages 18-21. This new Medicaid option builds on President Clinton's continuing efforts to provide health care coverage to more children, adolescents, and working families.

Health Status of Young People Transitioning from Foster Care

Typically, these young people have significant health concerns but no insurance and limited access to health and mental health services. Studies have shown that children in foster care suffer more frequent and more serious medical, developmental, and psychological problems than nearly any other group of children. A 1995 General Accounting Office report found "… as a group, they are sicker than homeless children and children living in the poorest sections of inner cities." Young people who have been in foster care may be at high risk for continuing health problems because of the circumstances that brought them into foster care, as well as the ongoing instability of their lives.

While in foster care, most of these young people were eligible for Medicaid, either categorically if they received support under the Federal Adoption Assistance or Foster Care Programs (authorized under Title IV-E of the Social Security Act), or through State-elected eligibility categories. Some States also provide health coverage through Medicaid or totally State-funded assistance for young people who remain in foster care beyond age 18. Unfortunately, many children who leave foster care at age 18 or 19 lose the Medicaid coverage they had in foster care.

Expanded Medicaid Eligibility

The Foster Care Independence Act establishes a new optional Medicaid eligibility group for "independent foster care adolescents," i.e., young people who are in foster care under the responsibility of the State on their 18th birthday." If a State takes full advantage of this Medicaid option, all young people in foster care under the responsibility of the State on their 18th birthday who are not yet 21 could be automatically eligible for Medicaid, without regard to their income status. No income or resource test would be required for these children.

States, however, also have the flexibility under the Act to provide Medicaid to only a "reasonable category" of this broad group of eligible young people. For example, a State may decide to determine eligibility in one or more of the following ways:

Apply an income or resource test in determining eligibility. In this case, the standards and methodologies used cannot be more restrictive than those used for the State's low-income families with children eligible under the Medicaid requirements in Section 1931(b) of the Social Security Act.

Limit eligibility by age. Provide Medicaid eligibility only to youths through age 18 or through age 19, rather than to all eligible 18-21 year olds.

Limit eligibility by foster care status. Provide Medicaid eligibility only to those children who were eligible for foster care maintenance payments or independent living services under Title IVE of the Social Security Act.

The Importance of Medicaid Eligibility

Medicaid eligibility entitles young people to the full Medicaid benefits package. This includes the broad array of health care screening, diagnosis and treatment services included in the Early Periodic Screening, Diagnostic, and Treatment Program (EPSDT). When an EPSDT screen identifies a physical or mental disability, illness, or condition, the young person is then eligible to receive all the additional diagnostic, treatment, and follow-up services allowed under the Medicaid Program that are medically necessary to remedy the condition. The young person would be eligible for these services and treatment, even if they are not specified in the State's Medicaid plan.

The Medicaid State Match

States are responsible for the non-Federal share of Medicaid payments. The Federal medical assistance percentage (FMAP) ranges from 50 percent to 76.8 percent depending on the State's per capita income. The FMAP is the same percentage that is applied to Federal funding under the Federal Foster Care and Adoption Assistance Programs.

States generally rely on State general funds for Medicaid spending; however, some allow other public entities to share in Medicaid financing. Other public agencies, such as child welfare agencies, may provide or contribute to the State's share of Medicaid match through an intergovernmental transfer to the State, or local Medicaid agency, under its administrative control. State funds appropriated to child welfare may be transferred or reprogrammed to pay all or a portion of the State share of Medicaid expenditures for this group. In general, Federal funds may not be used for the match unless they are Federal funds specifically authorized by Federal law to be used to match other Federal funds.

Medicaid Plan Amendment Approval Process

To take advantage of the new option, a State Medicaid agency must prepare an amendment to its State Medicaid Plan, adding the eligible group of young people to whom coverage will be provided. At any time, the State may submit the plan amendment to its Health Care Financing Administration (HCFA) Regional Office for approval. The plan amendment may be made effective the first day of the quarter in which it is submitted to HCFA in approvable form. HCFA Regional Office staff are available to provide technical assistance to States in developing such amendments.

We are excited about the opportunities that the new John H. Chafee Foster Care Independence Living Program provides this most vulnerable population. We urge your State to elect this new Medicaid option to ensure that children transitioning from foster care get the physical and mental health care they need.

Sincerely,

/s/ Patricia Montoya Commissioner Administration on Children, Youth and Families

/s/ Timothy M. Westmoreland Director Center for Medicaid and State Operations Health Care Financing Administration

cc: State Human Services Commissioners Administration on Children and Families Hub Directors and Regional Administrators HCFA Regional Administrators HCFA Associate Regional Administrators for Medicaid and State Operations Mary Lee Allen, Children's Defense Fund Brent Ewig, Association of State and Territorial Health Officials Robin Nixon, National Foster Care Awareness Project Lee Partridge, American Public Human Services Association

Matt Salo, National Governors' Association Joy Wilson, National Conference of State Legislatures

<% 'Sitewide navigation info / do NOT edit %>