

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services



Center for Medicaid and State Operations
7500 Security Boulevard
Baltimore, MD 21244-1850

June 5, 1998

Dear State Medicaid Directors and TANF Administrators:

We are writing to request cooperation and assistance in ensuring that low-income families, particularly children who may be eligible for Medicaid or other health insurance programs in your State are identified and enrolled in these programs. With the decoupling of Medicaid and TANF, States need to pay careful attention to their eligibility and enrollment processes to ensure that Medicaid-eligible children are enrolled. We know you share our concern that low-income families who do not apply for Temporary Assistance for Needy Families (TANF) benefits or who receive diversion assistance may not realize their children are eligible for Medicaid or coverage under the new State Children's Health Insurance Program (CHIP).

Moving families from welfare to work is a vital national priority, and State programs have shown early important successes. Indeed, TANF provides States with an historic chance to design systems that help welfare recipients both find work and achieve family independence by combining earnings with necessary family supports, such as child care, transportation and, importantly, health insurance. To this end, States' efforts to promote work must be designed carefully to assure that families with Medicaid- or CHIP-eligible children are informed about and enrolled in these programs. States should take all necessary steps to find and enroll eligible children, including informing and educating, screening, referring, and actually enrolling children.

We urge you, in this letter, to seek out innovative ways to coordinate the administration of and eligibility for your TANF and Medicaid programs during this time of dramatic change. In addition, we highlight authorities and opportunities, as well as statutory obligations you have, to reach out to potentially eligible children and enroll them in Medicaid and CHIP.

Coordination Of TANF and Medicaid Eligibility

In decoupling Medicaid from cash assistance, a new Medicaid low-income family eligibility group was established under §1931 of the Social Security Act (the Act). The basis for Medicaid eligibility under this group are the income and resource standards and the dependency and specified relative requirements of the AFDC State plan in effect on July 16, 1996. Medicaid eligibility is not tied to States' TANF eligibility criteria. However, the law provides States with flexibility to use more liberal income and resource requirements of the TANF program to determine Medicaid eligibility and also to continue certain AFDC waiver, in effect prior to July 16, 1996, that can effectively harmonize Medicaid and TANF eligibility.

Thus, States have the option to provide automatic Medicaid eligibility to TANF cash assistance recipients. We encourage you to consider this strategy to help ensure that we are reaching poor families receiving TANF benefits.

In providing assistance to poor families making the transition from welfare to work, States have at least two mechanisms for continuing Medicaid coverage for some or all family members. First, under the authority in §1925 of the Act, States must provide up to one year of extended Medicaid benefits ("transitional Medicaid") to families who, because of increased earnings from work, are not longer eligible for Medicaid under the §1931 group. Second, under the authority in §1931 of the Act, States can modify the income and asset methodologies they use to determine eligibility (e.g., modifying the treatment of earned income) to assist families in maintaining Medicaid coverage as the adults transition from welfare to work.

Eligibility for Medicaid is Not Limited to TANF

States are reminded that they cannot deny a family Medicaid eligibility simply because the family is ineligible for TANF. Accordingly, States should separately determine Medicaid eligibility for families that make a joint Medicaid/TANF application if TANF benefits are denied. States are specifically prohibited from denying or terminating Medicaid eligibility unless all possible avenues to Medicaid eligibility have been explored and exhausted. Some or all members of a family that fails to meet TANF eligibility criteria or comply with TANF program rules may still be eligible for Medicaid. For example:

Children and pregnant women who are ineligible for TANF may qualify under a mandatory poverty-related Medicaid eligibility group described in §1902(a)(10)(A)(1) of the Act.

Even if a State elects the option to deny Medicaid to certain (otherwise eligible) adults who do not cooperate with the TANF work or program requirements, children in the family cannot be denied eligibility.

Finally, remember that families who lose Medicaid eligibility under §1931 because of increased earnings are eligible to receive up to an additional one year of Medicaid (i.e., "Medicaid benefits" or "transitional Medicaid").

Couple Medicaid and CHIP Outreach with TANF

On January 23, 1998, we sent a letter to State health officials highlighting successful outreach strategies for CHIP and Medicaid and identifying Federal funding available for these activities. We urge you to make TANF a part of your Medicaid and CHIP outreach strategy. This letter is available on HCFA's home page at www.hcfa.gov/init/choutrch.htm.

Families who inquire about or apply for TANF should also receive information about Medicaid and CHIP, how to apply for these programs, and how to receive assistance with the applications. We encourage you to use joint applications, or to have a process for taking separate CHIP and Medicaid applications and providing application assistance at TANF sites. This could be done, for example, by training State TANF staff or by outstationing Medicaid eligibility workers at TANF sites.

Moreover, now that every State is implementing TANF, welfare offices are reorganizing their operations to focus on assisting recipients in finding and retaining employment, rather than on the distribution of benefit checks. In this environment, the role of the front-line TANF workers is changing dramatically. We strongly encourage you to ensure that those workers receive support in learning about your State's Medicaid and CHIP programs and understand that securing health insurance through CHIP or Medicaid is a high priority of TANF agencies.

Conduct Outreach with Welfare Diversion

A number of States have chosen to use TANF funds to provide welfare diversion assistance to families in need, or to require certain activities before a TANF application is taken. If such diversion programs are successful, many families will not enter the welfare system and will never receive monthly cash assistance payments. Therefore, it is critical that States with diversion programs conduct aggressive outreach to provide Medicaid information to families and to take all possible steps to assure that eligible children are enrolled in Medicaid and CHIP.

Families receiving diversionary assistance may never encounter or fill out an application for TANF. States should assure, however, that sites where diversionary assistance is provided have Medicaid and CHIP applications available, and we encourage you to locate State workers (in the case of Medicaid) and/or CHIP eligibility workers in these sites to take the applications and assist in their preparation.

In Conclusion

The de-linking of Medicaid eligibility from cash assistance poses a particular challenge to the State and the Federal Government to assure that low-income families who are entitled to Medicaid actually become enrolled in the program. At the same time, this de-linkage offers an opportunity to re-engineer outreach efforts to promote Medicaid as a key vehicle for low-income families to access health insurance. This opportunity is enhanced further by the enactment of CHIP and the national focus on assuring coverage for all our low-income, uninsured children. We urge you, in this environment, to invest every possible effort in reaching out to low-income families and in facilitating the enrollment of all eligible children.

We appreciate the administrative challenges that the recent changes have created at all levels of governments, but we are committed to working together with you to achieve substantial improvement in the health care coverage of our children. We know you share this commitment to providing health coverage for low-income families and children.

Sincerely,

Olivia Golden, Assistant Secretary for Children and Families

Nancy-Ann Min DeParle,
Administrator Health Care
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