

medicaid
and the uninsured

COMPARISON OF MEDI-CAL
AND HEALTHY FAMILIES
PROGRAMS FOR CHILDREN
IN CALIFORNIA

October 2000

kaiser commission on medicaid and the uninsured

The Kaiser Commission on Medicaid and the Uninsured serves as a policy institute and forum for analyzing health care coverage and access for the low-income population and assessing options for reform. The Commission, begun in 1991, strives to bring increased public awareness and expanded analytic effort to the policy debate over health coverage and access, with a special focus on Medicaid and the uninsured. The Commission is a major initiative of the Henry J. Kaiser Family Foundation and is based at the Foundation's Washington, D.C. office.

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Comparison of Medi-Cal and Healthy Families Programs for Children in California

Introduction

Despite several years of economic prosperity in the state, the number and percentage of children in California without health insurance continues to grow. According to recent estimates, 21% of children in California (or 2 million children) were uninsured in 1998, an increase of four percentage points since 1995.ⁱ This increase has occurred despite the fact that, nationally, the percent of children without health insurance has remained steady at about 15% for several years. Most of California's uninsured children are low-income (73% are in families with incomes below 200% of the federal poverty level), 82% have parents who work, and nearly 80% are Latino, African American, or Asian/Pacific Islander.ⁱⁱ

Analysis of the characteristics of California's uninsured children shows that, based on 1998 demographic data, the majority (73%) may be eligible for coverage through one of the state's publicly-financed insurance programs, but are not enrolled (Exhibit 1).ⁱⁱⁱ Several proposals to address the problem of uninsured children in California have been put forth, and most proposals focus on drawing upon existing programs and possibly expanding them to reach the 27% of uninsured children currently outside their reach. At the same time, there is discussion of the ability of the programs to reach out to and serve their target populations.

In order to examine issues related to expanding coverage to uninsured children, it is helpful to understand California's programs that currently provide health coverage to children. This document compares the two principal programs that provide health benefits to California's low-income children: Medi-Cal and Healthy Families.^{iv} Both programs provide low-cost or free comprehensive health coverage for children in low-income families. However, they differ significantly in their financing and administration, eligibility and enrollment, service delivery, and scope.

Medi-Cal, the state's Medicaid program, has provided coverage for children (and their parents) in families with low incomes since 1965. The program is a federal-state partnership, which means both California and the federal government set rules and share in program costs. In addition, Medi-Cal is an entitlement: any child meeting eligibility requirements has a right to a specific set of benefits outlined in the law. Medi-Cal is the state's largest health insurance program (Exhibit 2), covering 2.7 million children and 2.3 million other beneficiaries, including parents and pregnant women, disabled children and adults, elderly Medicare beneficiaries, and other special needs populations,

ⁱ Data on uninsured children from: Brown, E.R., N. Ponce, and S. Teleki. "Health Insurance Coverage of Californians." in HH Schauffler and ER Brown. *The State of Health Insurance in California, 1999*. Berkeley, CA: Regents of the University of California, January 2000, pp 23-24.

ⁱⁱ *ibid.*

ⁱⁱⁱ Estimates from the UCLA Center for Health Policy Research, based on data from the March 1999 Current Population Survey (CPS); cited from Brown, Ponce, and Teleki, p. 31. Estimates are based on 1998 data, but include 1999 expansions in Healthy Families eligibility. Due to methodology differences (sampling and data collection), CPS data indicate fewer children enrolled in Medi-Cal than do California administrative data, and therefore CPS estimates overstate the number of uninsured children eligible for the program. Estimates should be interpreted as approximations of the potential scope of the programs and not as enrollment targets.

^{iv} To extend health care coverage to more children and to enhance access to health services, California has created several programs to provide low-cost or free health insurance to children. While many of these programs are targeted to address specific services or health needs (i.e., the Child Health Disability and Prevention Program provides screening services and follow-up treatment, and Access for Infants and Mothers (AIM) focuses on pregnant women and newborns), the two largest programs—Medi-Cal and Healthy Families—seek to provide comprehensive health coverage for children in low-income families.

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as of April 2000.^v Analysis of statewide demographic data indicates that up to 838,000 uninsured children in California may also be eligible for Medi-Cal coverage (Exhibit 1).^{vi}

Most children enrolled in Medi-Cal receive “no cost” or “free” Medi-Cal, which does not require families to pay for services. Children with higher incomes (who also meet categorical and other eligibility criteria) may qualify for “share of cost” Medi-Cal. Under this program, families contribute to the cost of their coverage by paying a portion of their medical bills each month. The contribution is equal to the difference between their monthly income and a maintenance need level. About 100,000 additional children are enrolled in Medi-Cal through the share of cost program.

Children in families with slightly higher incomes may be eligible for Healthy Families, California’s State Children’s Health Insurance Program, which began in 1998. Healthy Families was created when the Balanced Budget Act of 1997 made federal funding available to states to expand health insurance coverage of children. The law gave states the choice of expanding their Medicaid program (as 24 states have done), establishing a new insurance program (as 15 states have done), or combining these two approaches (as 17 states have done). California chose a combination approach: a new, separate Healthy Families program and a small Medicaid expansion. In some cases, because income eligibility rules vary by age, children in the same family may be enrolled in different programs.

Healthy Families subsidizes the purchase of insurance coverage on children’s behalf and requires families to pay a small premium and copayments for physician visits. Like Medi-Cal, Healthy Families is a federal-state partnership, though its rules and structure allow the state more latitude in administration and service delivery than Medi-Cal, and federal funding is capped at an annual allotment (unlike Medi-Cal). With the November 1999 expansion in eligibility, it is estimated that Healthy Families could cover over 600,000 children if all eligible children enrolled. As of September 2000, over 330,000 children were enrolled in health insurance plans through Healthy Families.^{vii}

While Medi-Cal and Healthy Families together could significantly improve health care coverage of children, over half a million children (about 27% of uninsured children) who do not meet the programs’ citizenship or income standards would still be uninsured if both programs reached maximum potential enrollment (Exhibit 1). As policymakers, advocates, and providers work to extend coverage to children, it is important to keep in mind the features of the current programs and how their enrollment rules and scope of coverage affect each program’s ability to improve health access for California’s children. Key differences between the programs are:

- The Medi-Cal program is an entitlement program that guarantees all children meeting eligibility requirements coverage of a specified set of benefits, with federal and state funding required to cover needed services; Healthy Families is funded through fixed federal and state appropriated amounts, and the state may close enrollment if it depletes its federal allotment.^{viii}

^v California Department of Health Services, Medical Care Statistics Section. 100,000 additional children are covered through share of cost Medi-Cal (see p.ii).

^{vi} See footnote 3 above for an explanation of this data. UCLA Center for Health Policy Research, based on data from the March 1999 Current Population Survey. Cited from Brown, Ponce, and Teleki, p. 31.

^{vii} Managed Risk Medical Insurance Board: Healthy Families Program Monthly Enrollment Reports, <http://www.mrmib.ca.gov/MRMIB/HFP/HFPRReports.html>.

^{viii} The enacted 2000-2001 California budget indicates that California will not close enrollment in Healthy Families if federal funding is depleted.

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- Children may qualify for Medi-Cal without a waiting period of uninsurance, even if they have access to or are covered by other insurance; Healthy Families is open only to children who are not enrolled in other insurance programs (Medi-Cal or private).
- Until January 2001, once eligibility is established, most children in Medi-Cal must re-establish eligibility every three months to keep their coverage; after January 2001, children only have to re-establish eligibility once a year. Children in Healthy Families re-establish eligibility every 12 months.
- For children in Medi-Cal, the means of service delivery (either fee-for-service or managed care) varies by county and depends on the model of managed care (if any) used in that area; for all children in Healthy Families, services are provided through managed care plans.
- Medi-Cal covers comprehensive preventive, acute, and long-term custodial care services; Healthy Families covers comprehensive preventive and acute care and more limited long-term care services.
- Because Medi-Cal targets poor children, there is no premium and typically no cost-sharing for services in this program; in Healthy Families, families are at higher income levels and pay small premiums and copayments for services.
- Medi-Cal covers nearly ten times as many children as Healthy Families (about 2.7 million versus 330,000, according to the most recent enrollment reports). Some analyses indicate that in 1998, 838,000 of the over 2 million children in California who were uninsured were eligible for Medi-Cal, and 639,000 were eligible for Healthy Families. For state fiscal year 2000-2001, combined federal and state funding for Medi-Cal is estimated to be \$24.1 billion, versus about \$382.4 million for Healthy Families.

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FEATURE	MEDI-CAL	HEALTHY FAMILIES
SUMMARY		
I. How are the Programs Structured?	Established in 1965, Medi-Cal is a federal-state entitlement program to extend health insurance coverage to poor and low-income residents. It is financed by both the state (pays an average of 49% of program costs in 2000) and the federal government (pays 51% of program costs). At the state level, the California Department of Health Services (DHS) administers the program.	Since 1998, Healthy Families has subsidized the purchase of health insurance on behalf of low-income children. The program is a federal-state partnership in which the federal government pays an average of 66% of program costs and the state pays the remaining 34% in 2000. Federal funding for Healthy Families is capped at an annual allotment, and the state may close enrollment if funding is depleted (though it has indicated it will not do so). At the state level, the Managed Risk Medical Insurance Board (MRMIB) administers the Healthy Families Program.
II. How do People Qualify for the Programs?	Children from birth up to age 21 may qualify for Medi-Cal by living in families with incomes below a certain level, by receiving cash assistance through other programs, or by being low-income pregnant women or teens. Family income limits vary with the age of the child and range from 200% FPL for infants to 100% FPL for adolescents and teens. Undocumented immigrant children are eligible only for limited services.	Children from birth up to age 19 are eligible for Healthy Families. Children may not be eligible for Medi-Cal or be covered under another insurance plan, and family income must be below 250% FPL. Undocumented immigrant children are not eligible for the program.
III. How do People Learn About and Enroll in the Programs?	Outreach is coordinated with the Healthy Families Program and uses statewide and community-based initiatives. County social service agencies are responsible for the application process, which can be completed through a mail-in form. Until January 2001, eligibility must be reviewed every three months in most cases.	Outreach is coordinated with Medi-Cal and uses statewide and community-based initiatives. A private contractor is responsible for the application process, which is done through a mail-in form. Once eligible, children receive 12 months continuous eligibility, regardless of changes in family income.
IV. How do People Receive Services?	Most children in Medi-Cal receive services through a managed care plan, though the model of care varies by geographic region and some services are provided through separate programs. Plans are paid at rates set by the state. Benefits include a broad range of preventive, acute and long-term care services. For most children, there is no cost-sharing for services.	All services in Healthy Families are provided through managed care plans, though some services are provided through separate programs or contracts. Plan payment rates are individually negotiated with the state. Benefits include a range of preventive and acute care services and limited long-term care services. Families pay monthly premiums and cost-sharing for some services.
V. What is the Scope of the Programs?	Medi-Cal covered 2.7 million children as of April 2000, and some analyses estimate that up to 838,000 of the children who were uninsured in 1998 may be eligible for the program. Total Medi-Cal spending (for all groups) is expected to be \$22.2 billion in 1999-2000 and \$24.1 billion in 2000-2001.	As of September 2000, over 330,000 children were enrolled in Healthy Families, of the 639,000 uninsured children estimated to be eligible for the program as of 1998. Federal and state Healthy Families spending is estimated to be \$297.6 million in 1999-2000 and \$382.4 million in 2000-2001.

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FEATURE	MEDI-CAL	HEALTHY FAMILIES
I. How are the Programs Structured?		
A. Legislative and regulatory basis	<p>Medi-Cal was established in 1965 when the U.S. Congress approved Title XIX (Medicaid) of the Social Security Act, and the California Legislature approved California's participation in the program. At the state level, the Medi-Cal program is codified in Title 22 (Social Security), Division 3 (Health Care Services) of the California Code of Regulations.</p>	<p>Healthy Families is California's name for its State Children's Health Insurance Program (SCHIP). SCHIP, which is Title XXI of the Social Security Act and was passed as part of the Balanced Budget Act of 1997, makes new funding available to states to expand health insurance coverage of children either through expansion of Medicaid or through establishment of a new program. California opted to establish a new program, Healthy Families, which began in July 1998, and also made some changes to its Medicaid program.¹ At the state level, Healthy Families is codified in the Insurance Code (Section 12693 et seq.), and the program regulations are found in Chapter 5.8 of Title 10 (Investment) of the California Code of Regulations.</p>
B. Program financing	<p>Medi-Cal is a federal-state partnership financed through state general funds and federal matching funds. In federal fiscal year 1999-2000, the federal government pays an average of 51% of the cost of Medi-Cal, and the state pays 49%. Because Medi-Cal is an entitlement program, the government (state and federal) must pay for services for everyone who meets eligibility criteria.</p> <p>California will spend an estimated total of \$22.2 billion on Medi-Cal in 1999-2000, of which about \$12 million is federal funds.²</p>	<p>Healthy Families is also a federal-state partnership financed through state general funds and federal matching funds, though the federal government pays for a larger share of this program than it does for Medicaid. In federal fiscal year 1999-2000, the federal government pays an average of 66% of the cost of Healthy Families, and California pays the remaining 34%. Unlike Medi-Cal, Healthy Families is not an entitlement program; rather, federal funding for Title XXI is set at a fixed amount and allotted to states based on the number of uninsured low-income children in a state and state economic indicators. Funding is therefore limited, and the state may close enrollment if it depletes its allotment.</p> <p>According to MRMIB, in 1999-2000, California will spend an estimated \$297.6 million on Healthy Families services and administration, of which \$194.4 million is federal funds.³</p>

¹ California also used Title XXI to raise Medi-Cal eligibility levels for children ages 15 up to 19 to 100% of poverty, eliminate the asset test for children under age 19, and provide a "bridge month" of Medi-Cal coverage for children who transition between Medi-Cal and the Healthy Families Program. Information regarding the children covered through the Title XXI Medi-Cal expansion is included in the "Medi-Cal" column of this table.

² California's state fiscal year runs from July 1 through June 30; the federal fiscal year runs from October 1 through September 30. Unless otherwise noted, all annual spending in this table is based on state fiscal year spending. California Department of Finance 2000-20001 Governor's Budget, May Revision, 2000-2001, http://www.dof.ca.gov/HTML/BUD_DOCS/Bud_link.htm.

³ This total includes spending for the Medi-Cal expansion funded under Title XXI, as well as some administrative costs, including outreach, funded by Title XIX.

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ISSUE	MEDI-CAL	HEALTHY FAMILIES
I. How are the Programs Structured? (continued)		
C. Administration	<p>The California Department of Health Services (DHS), a state agency under the California Health and Human Services Agency (CHHSA), administers the Medi-Cal program, with the Health Care Financing Administration (HCFA), an agency of the federal Department of Health and Human Services (DHHS), overseeing the program at the federal level. Since 1965, state law provides that county welfare offices oversee eligibility and enrollment.</p>	<p>Healthy Families is administered by the Managed Risk Medical Insurance Board (MRMIB), a state agency under the California Health and Human Services Agency (CHHSA) that manages special programs. At the federal level, the program is overseen by HCFA.</p>

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ISSUE	MEDI-CAL	HEALTHY FAMILIES
II. How do People Qualify for the Programs?		
A. Eligibility categories	<p>Children become eligible for no-cost Medi-Cal by meeting the requirements of one of the following Medi-Cal programs:⁴</p> <ul style="list-style-type: none"> • <u>1931(b) program</u>: Children from birth to age 21 in families living below 100% of the federal poverty level (FPL). These are children: <ul style="list-style-type: none"> A) in families receiving cash assistance through CalWORKS (the state’s cash assistance program), and B) in families eligible for, but not receiving, CalWORKS. • <u>Percent of poverty program</u>: Children from birth up to age 19 who meet income requirements (see II.B. below); • <u>Medically Needy (MN) and Medically Indigent (MI) programs</u>: Children from birth up to age 21 who do not qualify through other programs and meet other requirements (see II.C and II.D. below);⁵ • <u>Pregnancy program</u>: Pregnant teens and women who meet income requirements. <p>Medi-Cal does not categorically exclude children with other sources of health insurance coverage.</p>	<p>Children from birth up to age 19 who meet income and citizenship requirements are eligible for Healthy Families.</p> <p>Categories of children excluded are:</p> <ul style="list-style-type: none"> • children covered by employer-sponsored coverage, until they have been without such coverage for a 3-month period.⁶ • children who qualify for no-cost Medi-Cal.

⁴ California also has several smaller programs targeted to special Medi-Cal populations (i.e., children in foster care); this table, however, outlines only the largest pathways through which children receive free Medi-Cal. Children receiving SSI/SSP (cash assistance for the blind and disabled) are eligible for Medi-Cal through a special pathway, rather than through 1931(b) cash-linked pathway. 1931(b) also covers the parents of eligible children (unlike other categories) and provides families who lose eligibility due to increased earnings 24 months of “Transitional Medi-Cal.” For a review of all possible eligibility pathways, see: Page, Claudia, and Susan Ruiz. *The Guide to Medi-Cal Programs*. Oakland, CA: Medi-Cal Policy Institute (1999).

⁵ Children in families who do not meet eligibility requirements for other programs may receive Medi-Cal through the Medically Needy (MN) and Medically Indigent (MI) programs. Under both these programs, children in families with incomes below a federally-established maintenance level (i.e., 82% FPL in 2000) receive no-cost Medi-Cal; those in families with incomes above the federally-established maintenance level receive share-of-cost Medi-Cal. Under share-of-cost Medi-Cal, families incur health care expenses until their income (minus these expenses) meets a federally-established maintenance level, at which point the state pays for care.

⁶ The three-month waiting period is waived for children who lost employer-sponsored coverage because their parents were laid off or changed jobs, the family moved into an area where their employer-sponsored coverage is not available, employers stopped offering coverage, or COBRA health coverage ended.

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ISSUE	MEDI-CAL	HEALTHY FAMILIES
II. How do People Qualify for the Programs? (continued)		
<p>B. Income requirements (Exhibit 3)</p>	<p>Medi-Cal income requirements are based on federal poverty levels (FPL) and vary by the age of the child. Income is determined based on the entire family's monthly income, and poverty guidelines vary according to family size (Exhibit 4).</p> <p><u>No cost Medi-Cal:</u></p> <ul style="list-style-type: none"> • Birth up to age 1: up to 200% FPL • Age 1 up to 6: up to 133% FPL • Age 6 up to 19: up to 100% FPL • Pregnant teens and women: up to 200% FPL <p><u>Share of cost Medi-Cal:</u></p> <ul style="list-style-type: none"> • Birth up to 21: up to federally-established maintenance level <p>Certain types of expenses, such as child care or work-related expenses, are deducted when considering family income.</p>	<p>Healthy Families income requirements are calculated similarly to those for Medi-Cal (Exhibit 4). As of November 1999, income requirements for Healthy Families were expanded from their original limit (200% FPL) to:</p> <ul style="list-style-type: none"> • Birth up to age 1: 200-250% FPL • Age 1 up to 6: 133-250% FPL • Age 6 up to 19: 100-250% FPL <p>Certain types of expenses, such as child care or work-related expenses, are deducted when considering family income.</p>
<p>C. Asset test</p>	<p>Medi-Cal's asset test is waived for pregnant women and children in the percent of poverty program. Because cash-linked programs have their own asset test, Medi-Cal also does not apply its asset test to children in the 1931(b) cash-linked program.</p> <p>For other children in the 1931(b) program, and for children in MI and MN programs, Medi-Cal places a limit on the amount of assets (such as checking and savings accounts or cars) a family may have and still be eligible for coverage. Asset value limits vary by family size, from \$2,000 per month for one person to \$4,200 per month for a family of ten. Certain assets are exempt, such as one car per family.</p>	<p>There is no asset test for Healthy Families.</p>

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ISSUE	MEDI-CAL	HEALTHY FAMILIES
II. How do People Qualify for the Programs? (continued)		
D. Citizenship/residency rules	<p>A child must be a California resident to qualify.</p> <p>Citizens, Legal Permanent Residents, legal immigrant children, and certain other groups (i.e., refugees, asylees) can receive full services. For some groups (i.e. legal immigrants entering the country after 8/22/96 and unqualified immigrants permanently residing under color of law), the state pays the full costs of non-emergency care with no federal matching; the federal government matches spending on emergency services. Undocumented and certain other immigrants can receive only pregnancy-related and emergency care, as well as some nursing home care.</p>	<p>A child must be a California resident to qualify.</p> <p>Citizens, Legal Permanent Residents, legal immigrant children who entered the country before 8/22/96, and certain other groups can receive full services. As of FY 1999-2000, legal immigrant children who entered the country after 8/22/96 are also eligible for coverage; this expansion is funded with state funds only, was renewed through FY 2000-2001 in June 2000, and permanently authorized by legislation enacted in September 2000. Undocumented immigrant children are not eligible for benefits.</p>

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III. How do People Learn About and Enroll in the Programs?		
A. Outreach	<p>California has designed a single outreach campaign to reach children eligible for both Medi-Cal and Healthy Families. DHS is responsible for outreach, though it has contracted with private firms to carry out state-wide media campaigns and uses contracts to community-based organizations to conduct local outreach. In both 1998-99 and 1999-2000, \$21 million per year in SCHIP funds and Medi-Cal administrative funds were appropriated for outreach efforts. For 2000-2001, the state budget includes \$34 million for outreach, of which:</p> <ul style="list-style-type: none"> • \$15.9 million will be spent on local and statewide media campaigns, • \$6 million will go to extend previously-awarded grants to community organizations for new outreach initiatives (in November 1999, nearly 70 organizations received grants ranging from \$35,000 to \$160,000 per organization), and • the remaining \$12.1 million will be spent on ongoing and non-contracted initiatives. 	
B. Application/enrollment process and policy		
1. Responsibility	While DHS has administrative oversight of enrollment, all Medi-Cal applications are processed by county social service agencies. Thus, within regulations, policies and general procedures set by the state, the application and enrollment process varies slightly from county to county. DHS is responsible for outreach and education.	HCFA allows states to use private contractors in determining SCHIP eligibility (but not Medicaid eligibility). California has exercised this option and contracts with Electronic Data Systems (EDS), a private contractor, to carry out the application process statewide under policies established by MRMIB. DHS is responsible for outreach and education for the joint Medi-Cal/Healthy Families outreach campaign.
2. Enrollment locations and assistance	An in-person interview is no longer necessary for enrollment in Medi-Cal. All applicants can mail in the application, complete it in person at the county social service office, or apply at community sites (clinics, hospitals, schools) with the help of outstationed eligibility workers (EWs) or application assistants (who, unlike EWs, are not county employees and cannot determine eligibility). Applicants may also get application assistants' help with mail-in applications over the phone.	Applicants mail in the application and can get help completing it over the phone or in person (at community sites such as clinics, hospitals, faith organizations, or schools). Assistance is provided by "application assistants," or staff of community-based agencies (clinics, insurance agents, providers, school nurses, and government offices) trained and reimbursed for each successful application.

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ISSUE	MEDI-CAL	HEALTHY FAMILIES
III. How do People Learn About and Enroll in the Programs? (continued)		
3. Application length and documentation required	<p>For children in the Medi-Cal percent of poverty program, Medi-Cal and Healthy Families use a joint 4-page application that also includes 7 pages of instructions. Applications are printed in both English and Spanish, and assistance is available in 10 languages. Because the two programs have different eligibility rules and administration, the minimum documentation required for each program differs.</p> <p>Children applying for Medi-Cal through the other programs currently fill out a 6-page application; the state is developing a new, 4-page mail-in application that is expected to be available in November 2000.</p>	
	<p>Minimum documentation for Medi-Cal determination generally includes:</p> <ul style="list-style-type: none"> • Proof of income⁷ and deductions • Proof of immigration status/Social Security number • Proof of CA residency if work outside the state • Proof of pregnancy (if applicable) • Verification of property/assets (if applicable) 	<p>Minimum documentation for Healthy Families determination includes:</p> <ul style="list-style-type: none"> • Proof of income and deductions • Proof of immigration status or citizenship (birth certificate) • Proof of CA residency if work outside the state • Proof of pregnancy (if pre-qualifying unborn child)
4. Presumptive eligibility	<p>Under federal Medicaid law, states have the option of allowing health care providers and other community workers to grant, based on preliminary income and age information, temporary Medicaid coverage on the spot when children and pregnant women go to receive health care services and other forms of assistance. California does not use this option for children but does allow 60 days of presumptive eligibility for pregnant women.</p>	<p>Presumptive eligibility is not allowed for Healthy Families.</p>

⁷ Proof of income is also used as proof of California residency, unless a person works outside the state.

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ISSUE	MEDI-CAL	HEALTHY FAMILIES
III. How do People Learn About and Enroll in the Programs? (continued)		
5. Continuous eligibility and redetermination requirements	<p>Currently, most beneficiaries must submit quarterly income reports to re-determine eligibility. Children under age 1 are exempt from the quarterly status report requirements and receive 12 months of continuous eligibility. As of January 1, 2001, quarterly status reports will be eliminated for all groups. In addition, in September 2000, legislation was enacted to provide 12 months of continuous eligibility to all children under age 19.</p> <p>Until this extension of continuous eligibility is implemented, if a child has a change of circumstances that affects eligibility, the family is required to report that change within 10 days. At the end of 12 months, families reaffirm their eligibility by completing a new Medi-Cal application through the mail. If a child no longer meets eligibility criteria at any point of redetermination, coverage ceases after one month.⁸</p>	Children are covered for 12 months, regardless of changes in family income or composition. Eligibility is re-determined by mail after 12 months; if a child no longer meets eligibility criteria, coverage ceases.
6. Waiting periods and time to determination	<p>There are no waiting periods for enrollment in Medi-Cal.</p> <p>By law, applicants must be notified by mail of their status (enrolled or denied) within 45 days or less of submitting an application. Coverage begins the first day of the month in which the application was received and may be retroactive up to three months. Coverage for emergency care or for pregnant women may begin immediately.</p>	<p>Children who previously had employer-sponsored coverage must be without such coverage for three months, unless they meet certain exceptions (see II.A. above). If a child previously lost Healthy Families due to non-payment of premium, he/she may not re-join the program for 6 months. Certain circumstances allow the state to waive this waiting period.</p> <p>Eligibility is determined in 10 days or less of receipt of a complete application; if an application is submitted incomplete, applicants have 17 days to supply the missing information. Coverage begins 10 days from the date the child is determined eligible and may be retroactive up to three months.⁹</p>

⁸ Some children may continue to receive Medi-Cal through the Transitional Medi-Cal program or as a bridge month to Healthy Families coverage.

⁹ The Child Health and Disability Prevention (CHDP) program, which provides early and periodic health screenings and immunizations, serves as an entry point for Healthy Families Program enrollment. A child is provided 90-day retroactive eligibility, once enrolled in the Healthy Families Program, to the date of a CHDP screening visit for payment of services related to health, dental, or vision care needs identified at the initial CHDP visit for preventive care that is provided by a CHDP provider.

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ISSUE	MEDI-CAL	HEALTHY FAMILIES
IV. How do People Receive Services?		
A. Delivery model		
1. Managed care models	<p>Most children in Medi-Cal (64% in April 2000) receive health services through a managed care plan.¹⁰ Dental, mental health, and substance abuse services are provided through separate contracts. California uses three different models of managed care in Medi-Cal where enrollment is mandatory for some children:</p> <p>(a) 12 counties use a Two-Plan model, in which CalWORKS-linked Medi-Cal beneficiaries enroll in one of two managed care plans (generally a commercial plan and a county-sponsored “local initiative”); each plan is a licensed HMO. Other Medi-Cal beneficiaries may voluntarily enroll in a managed care plan.</p> <p>(b) 2 counties (Sacramento and San Diego) use a Geographic Managed Care (GMC) model, in which the state contracts with several commercial HMOs in an area and requires CalWORKS-linked beneficiaries to enroll in one. Other Medi-Cal beneficiaries may voluntarily enroll in a managed care plan.</p> <p>(c) 7 counties use a County-Organized Health System model, with mandatory enrollment into a local agency-run, capitated health plan for all Medi-Cal beneficiaries.</p> <p>Beneficiaries enroll in a managed care plan <i>after</i> going through the Medi-Cal enrollment process. In the Two-Plan and GMC models, beneficiaries who do not choose a health plan are assigned to an available plan. The state outsources education, outreach, and enrollment efforts related to Medi-Cal managed care.</p>	<p>All Healthy Families services are provided through managed care plans, with dental and vision services provided through separate contracts. MRMIB contracts with commercial plans, local initiatives, and county systems, and families choose a plan from a list of plans in their area.</p> <p>To enroll in a plan, beneficiaries may designate a health plan on their applications or may choose a plan after eligibility is determined; however, a child is not enrolled in the program until a health and dental plan are chosen by the applicant. There is no automatic assignment to a plan if a family does not choose one.</p>

¹⁰ California Department of Health Services, Medi-Cal Eligibles—Age Category Pivot Tables. Children in foster care, adoption assistance, with limited or share-of-cost Medi-Cal, disabled children, and some pregnant women receive services through traditional fee-for-service arrangements, in which providers are directly reimbursed for each service provided. Under managed care, providers are typically paid a flat fee (capitation rate) to cover the cost of care for enrollees, regardless of the level of services used, and enrollees receive all services through the managed care plan’s network of providers.

Comparison of Medi-Cal and Healthy Families Programs for Children in California

ISSUE	MEDI-CAL	HEALTHY FAMILIES
IV. How do People Receive Services? (continued)		
A. Delivery model (continued)		
2. Plan and provider reimbursement	<p>For most managed care contracts, California uses administrative rate-setting, in which plans are paid a set capitation rate that is determined by the state based on historical fee-for-service cost data. The cost data is adjusted to reflect the population covered, the benefits included in the contract, geographic variations in health care costs, individual plan caseload characteristics, and fee-for-service administrative expenses saved by the state through managed care contracting. Geographic Managed Care and County-Organized Health Plan rates are further negotiated to reach a final rate.</p> <p>Provider payment varies by plan: some providers are pre-paid fixed amounts per patient, and some are paid on a traditional fee-for-service basis.</p>	<p>Through a confidential bidding process, each plan individually negotiates capitation rates with the state. Capitation rates therefore vary by health plan.</p> <p>Provider payments also vary by plan.</p>
3. Carve-outs	<p>Some services for children with special needs are carved out, or provided through separate contracts. For example, the California Children Services (CCS) program provides health care and case management for children with certain medically handicapping conditions. CCS treats only that condition; all other medical needs are provided through Medi-Cal. Similarly, mental health services for seriously emotionally disturbed children are provided by the County Mental Health Department.</p>	<p>Some services for children with special needs are carved out. For example, the California Children Services (CCS) program provides health care and case management for children with certain medically handicapping conditions. CCS treats only that condition; all other medical needs are provided through Healthy Families. Similarly, mental health services for seriously emotionally disturbed children are provided by the County Mental Health Department.</p>

Comparison of Medi-Cal and Healthy Families Programs for Children in California

ISSUE	MEDI-CAL	HEALTHY FAMILIES
IV. How do People Receive Services? (continued)		
B. Services covered	<p>Federal Medicaid law mandates that Medi-Cal provide comprehensive preventive, acute, and long-term physical, mental health, and substance abuse services to beneficiaries, including:¹¹</p> <ul style="list-style-type: none"> • Inpatient and outpatient hospital care, • Physician and other medical provider services, • Skilled nursing facility/subacute care, • Home health, • Laboratory and x-ray services, and • Transportation. <p>In addition, all children under age 21 enrolled in Medi-Cal must receive Early Periodic Screening Diagnosis and Treatment (EPSDT) services, which include wide-ranging preventive services and medically necessary treatment.</p> <p>Federal regulation also allows states the option of including additional services in Medicaid plans, and California has chosen to cover 32 of 34 optional services. Examples of optional services are:</p> <ul style="list-style-type: none"> • Prescription drugs, • Dental care, • Vision care, • Hospice care, • Inpatient psychiatric care, and • Rehabilitation and therapy services. <p>California also offers Minor Consent, or Sensitive Services, which provides treatment for mental health, sexually transmitted infections, drug and alcohol abuse, sexual assault, family planning, pregnancy and pregnancy-related services without parental consent.</p>	<p>Federal SCHIP regulations allow states to set the SCHIP benefits package at one of three levels:¹²</p> <ol style="list-style-type: none"> (a) Medicaid benefits, (b) “Benchmark coverage,” or benefits equivalent to those offered through an major existing plan in the state, or (c) “Benchmark-equivalent coverage,” or coverage equal in value to benchmark coverage. <p>California uses the state employee benefits (CalPERS) package as a benchmark for covered Healthy Families services. Comprehensive preventive and acute physical, mental health, and substance abuse services are covered, including:</p> <ul style="list-style-type: none"> • Inpatient and outpatient hospital care, • Physician and other medical provider services, • Skilled nursing care, • Home health, • Laboratory and x-ray services, • Transportation, • Prescription drugs, • Dental care, • Vision care, • Hospice care, • Inpatient psychiatric care, and • Short-term rehabilitation and therapy services. <p>While the two programs cover most of the same service categories, benefits are slightly more limited in amount, duration, and scope under Healthy Families, particularly for long-term care services. For example, Healthy Families generally limits inpatient psychiatric care and skilled nursing care to 60 and 100 days per year, respectively; Medi-Cal provides long-term (with re-authorization) coverage of these services.</p>

¹¹ Undocumented immigrants and other groups that do not qualify for full-scope Medicaid coverage receive only emergency and pregnancy-related services.

¹² States also have the option of designing benefits packages under waivers or creating their own plan and submitting it to the DHHS Secretary for approval.

Comparison of Medi-Cal and Healthy Families Programs for Children in California

ISSUE	MEDI-CAL	HEALTHY FAMILIES
IV. How do People Receive Services? (continued)		
C. Premiums and copayments	<p>There are no premiums in the Medi-Cal program.</p> <p>In accordance with federal law, Medi-Cal's copayment requirements for adults are waived for children ages 18 and under.</p> <p>For children ages 19-21, Medi-Cal requires copayments for some services. For example, beneficiaries pay \$5 per visit for use of the emergency room for non-urgent care and \$1 per prescription.</p>	<p>Enrollees pay monthly premiums of \$4 to \$9 per child, but not to exceed \$27 per family, depending upon family income, family size, and health plan (See Exhibit 5). Coverage is terminated if payment is more than 60 days late. Families may receive a small discount on premiums by choosing plans that include traditional safety net providers (the "community provider" plan). In addition, families who pay three months or more in advance get the fourth month free.</p> <p>Enrollees pay \$5 copayments for some physician services and prescription drugs.</p> <p>The annual out-of-pocket limit on all copayments is \$250 per family (excludes vision and dental).</p>
D. Enrollee protections	<p>Medi-Cal enrollees are protected by several federal and state laws and regulations. For example, all Medicaid managed care enrollees must, by federal law, be offered a choice of at least two health plans.¹³ In addition, because the Medi-Cal benefits package is specified by federal law, Medi-Cal enrollees have a right to a state hearing and appeals process if they are denied services that they believe should be covered.</p>	<p>Healthy Families regulations also offer protection to enrollees; however, unlike Medi-Cal, beneficiaries cannot appeal service coverage decisions through the state. Rather, they must follow the grievance process established by their health plan (all plans must, by state licensing law, have a grievance process in place). If enrollees are unable to resolve their grievance with their plan, they can contact the state agency that licenses the plan. A new state law also provides for a right to an external review of certain commercial health plan denials.</p>

¹³ California's County-Organized Health System, which offers only one plan to enrollees, is exempt from this requirement.

Comparison of Medi-Cal and Healthy Families Programs for Children in California

ISSUE	MEDI-CAL	HEALTHY FAMILIES
V. What is the Scope of the Programs?		
A. Recent enrollment and spending	<p>As of April 2000, 2.7 million children were enrolled in no cost Medi-Cal, which means over half (55%) of Medi-Cal enrollees were children, and over one in four (28%) Californian children were enrolled in the program.¹⁴ Of children enrolled in Medi-Cal, over half were Hispanic/Latino, 21% were White, 8% were Asian/Pacific Islander, and 15% were Black/African American (Exhibit 6).¹⁵ While children make up the largest population group in Medi-Cal, their enrollment has declined in recent years (Exhibit 7).</p> <p>In 1998-1999, federal and state Medi-Cal spending totaled \$20.2 billion for all groups, and 1999-2000 projected spending is expected to total \$22.2 billion in federal and state funds.¹⁶ The Urban Institute estimates that approximately 20% (nearly \$4 billion) of total Medi-Cal spending goes toward payment for services for children.</p>	<p>As of September 2000, over 330,000 children were enrolled in Healthy Families, which means about 3% of children in California are in the program.¹⁷ Since its inception, enrollment in the Healthy Families program has grown steadily over time (Exhibit 8). Of children in Healthy Families, almost two-thirds are Hispanic/Latino, 17% are White, 14% are Asian/Pacific Islander, and 3% are Black/African American (Exhibit 6).</p> <p>In 1998-1999, California spent \$74.4 million in federal and state funds on Healthy Families, and 1999-2000 projected spending is \$297.6 million.¹⁸</p>

¹⁴ California Department of Health Services, Medical Care Statistics Section. "Medi-Cal Eligibility Profiles by County for January 2000, <http://www.dhs.cahwnet.gov/mcss/RequestedData/Profiles/profiles.htm>.

¹⁵ California Department of Health Services, Medical Care Statistics Section.

¹⁶ California Department of Finance 2000-20001 Governor's Budget, May Revision, 2000-2001, http://www.dof.ca.gov/HTML/BUD_DOCS/Bud_link.htm.

¹⁷ Managed Risk Medical Insurance Board: Healthy Families Program Monthly Enrollment Reports, <http://www.mrmib.ca.gov/MRMIB/HFP/HFPRReports.html>.

¹⁸ Managed Risk Medical Insurance Board. This total includes spending for the Medi-Cal expansion funded under Title XXI, as well as some administrative costs, including outreach, funded by Title XIX.

Comparison of Medi-Cal and Healthy Families Programs for Children in California

ISSUE	MEDI-CAL	HEALTHY FAMILIES
V. What is the Scope of the Programs?		
B. Projected enrollment and spending	<p>An independent analysis of statewide demographic data indicated that, of California's over 2 million uninsured children in 1998, 838,000 (41%) may be eligible for Medi-Cal (Exhibit 1).¹⁹ The 2000-2001 budget estimates a small increase in average monthly enrollment (about 5%) for the budget year.</p> <p>For 2000-2001, DHS projects that Medi-Cal spending will total about \$24.1 billion, of which about \$13 billion is federal funds.²⁰</p>	<p>Of California's over 2 million uninsured children in 1998, 639,000 (32%) are estimated to be eligible for Healthy Families (Exhibit 1).¹⁹ The 2000-2001 state budget projects that the state will enroll 80% of eligible children by June 2001.</p> <p>The 2000-2001 state budget allocates \$382.4 million to Healthy Families, of which \$244 million is federal funds.²¹</p>

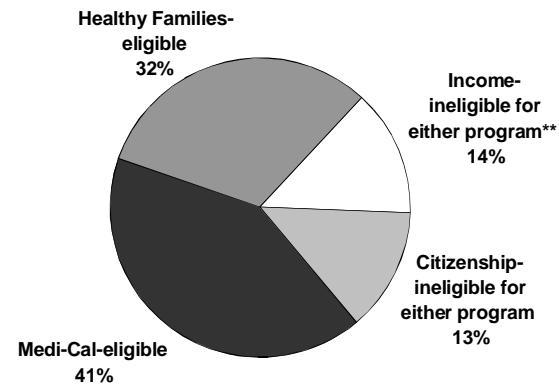
¹⁹ Estimates from the UCLA Center for Health Policy Research, based on data from the March 1999 Current Population Survey (CPS); cited from Brown, Ponce, and Teleki, p. 31. Estimates are based on 1998 data, but include 1999 expansions in Healthy Families eligibility. Due to methodology differences (sampling and data collection), CPS data indicate fewer children enrolled in Medi-Cal than do California administrative data, and therefore CPS estimates overstate the number of uninsured children eligible for the program. Estimates should be interpreted as approximations of the potential scope of the programs and not as enrollment targets.

²⁰ California Department of Health Services, Fiscal Forecasting and Data Management Branch. "Medi-Cal Funding Summary." July 13, 2000.

²¹ This total does not include all spending for children in the Healthy Families Program, as Title XXI funding for some services (i.e., screening or care for disabled children) is administered through programs overseen by DHS.

Exhibit 1

Estimates of Uninsured Children in California Eligible/Ineligible for Medi-Cal or Healthy Families, 1998*



Total = 2.024 million uninsured children

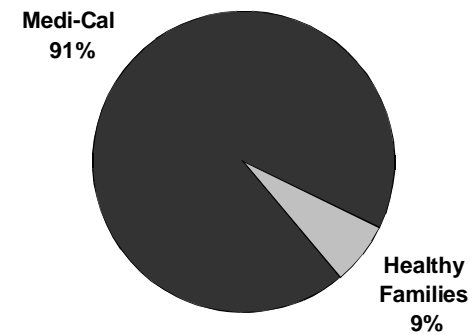
*Children shown as uninsured in 1998 may subsequently have been enrolled.

**Children who are "income-ineligible" live in families with incomes above 250% of poverty.

SOURCE: UCLA Center for Health Policy Research, based on March 1999 Current Population Survey.

Exhibit 2

Distribution of Enrolled Children by Source of Coverage, April 2000



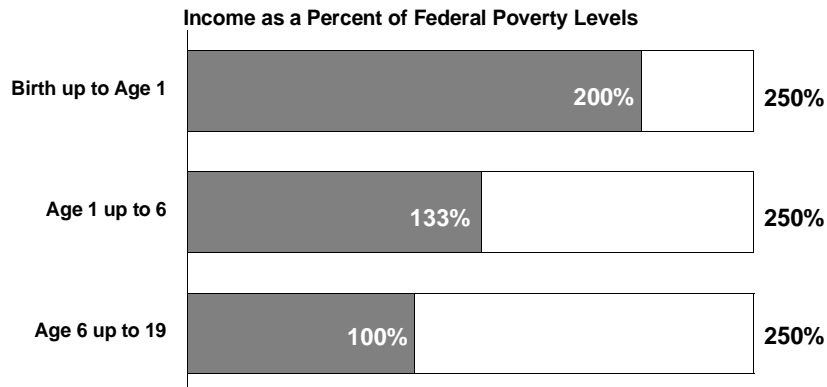
Total = 3 million enrolled children

SOURCE: California Department of Health Services, Medical Care Statistics Section; and Managed Risk Medical Insurance Board: Healthy Families Program Monthly Enrollment Reports, <http://www.mrmib.ca.gov/MRMIB/HFP/HFPRReports.html>.

Exhibit 3

Medi-Cal/Healthy Families Income Eligibility Levels for Children, 2000

■ Medi-Cal □ Healthy Families



Note: Federal Poverty Level is \$14,150 for a family of three in 2000. Ages 19 up to 21 are eligible for no-cost Medi-Cal if their income is below a federally-established maintenance level. Children all ages may be eligible for share-of-cost Medi-Cal if their family income exceeds the levels above.

SOURCE: California Department of Health Services; Managed Risk Medical Insurance Board, 2000.

Exhibit 4: 2000 Federal Poverty Guidelines

Family Size	Annual Income			
	100% FPL	133% FPL	200% FPL	250% FPL
1	\$8,350	\$11,105	\$16,700	\$20,875
2	11,250	14,962	22,500	28,125
3	14,150	18,819	28,300	35,375
4	17,050	22,676	34,100	42,625
5	19,950	26,533	39,900	49,875
6	22,860	30,396	45,708	57,132
7	25,752	34,248	51,504	64,380
8	28,656	38,112	57,300	71,628
9	31,560	41,964	63,108	78,876
10	34,452	45,828	68,904	86,136

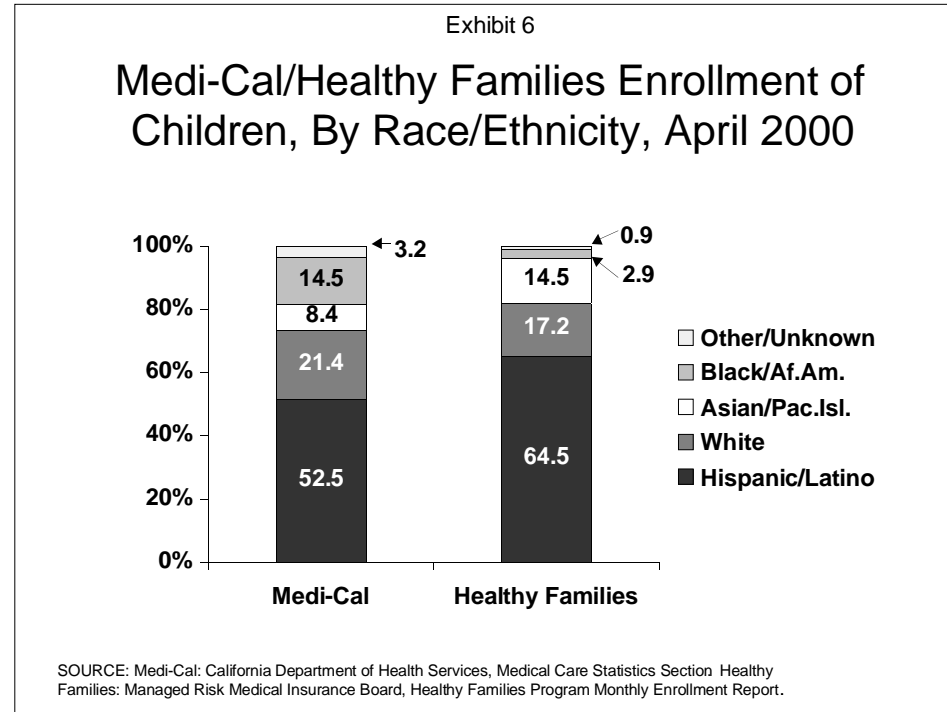
Source: *Federal Register*, February 15, 2000.

Comparison of Medi-Cal and Healthy Families Programs for Children in California

Exhibit 5: Premium Levels for Healthy Families, 2000

Plan Type	Annual Income	
	<i>Up to 150% FPL</i>	<i>150 to 250% FPL</i>
Family value package	Per subscriber: \$ 7/month Maximum per family: \$14/month	Per subscriber: \$ 9/month Maximum per family: \$27/month
Family value package that includes community provider plan	Per subscriber: \$ 4/month Maximum per family: \$ 8/month	Per subscriber: \$ 6/month Maximum per family: \$18/month

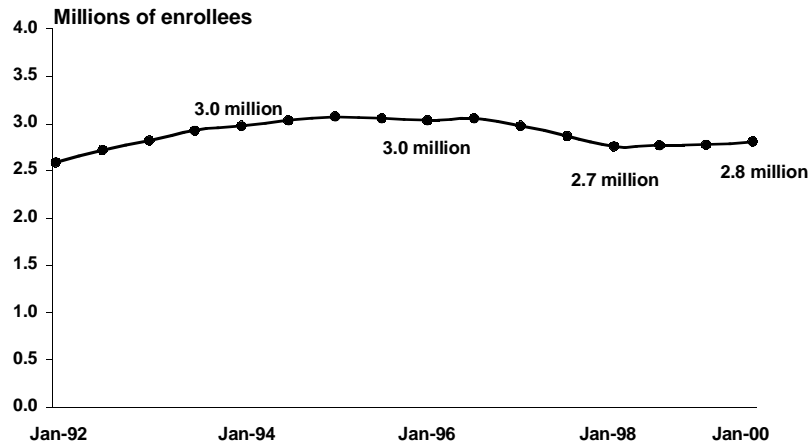
Source: *Healthy Families Program Regulations*, <http://www.mrmib.ca.gov/MRMIB/HFP/HFPRegs.html>.



Comparison of Medi-Cal and Healthy Families Programs for Children in California

Exhibit 7

Medi-Cal Enrollment of Children, January 1992-July 1999

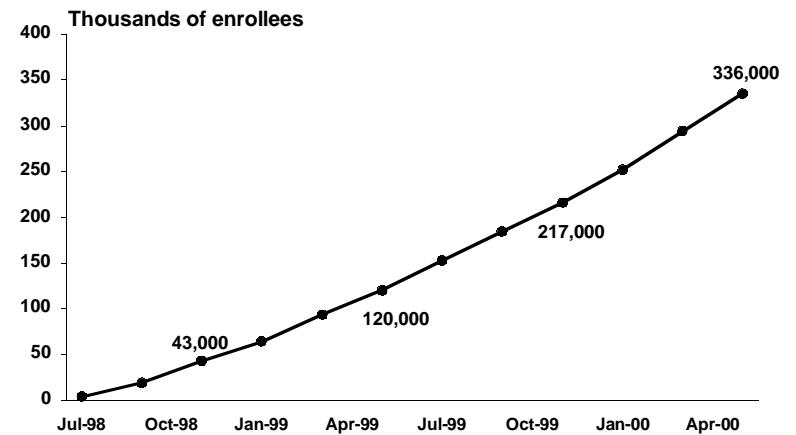


Note: Includes enrollees under age 21.

SOURCE: California Department of Health Services, Medi-Cal Eligibles—Age Category Pivot Tables, January and July, 1992-1999, <http://www.dhs.ca.gov/mcss/RequestedData/Ages/age.htm>

Exhibit 8

Healthy Families Cumulative Enrollment, July 1998-May 2000



NOTE: Chart represents cumulative enrollment and does not include children who disenrolled from the program; to date, about 45,000 children have disenrolled from Healthy Families Program.

SOURCE: Managed Risk Medical Insurance Board. Healthy Families Monthly Enrollment Reports.

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