Fostering A Close Connection:
Report to Covering Kids on Options for Conducting Child Health Insurance Outreach and Enrollment Through the National School Lunch Program

Prepared for *Covering Kids*
by Donna Cohen Ross

Introduction

Among the most promising strategies for reducing the number of uninsured children are strategies that involve the nation's schools in child health insurance outreach and enrollment activities. According to a 1998 study by the General Accounting Office, 69 percent of children who are eligible for Medicaid but who are not enrolled are school-age or have school-age siblings.[1] Many additional children who qualify for health coverage under CHIP-funded programs also are likely to attend school. While a wide range of school-based outreach activities are being undertaken across the country, using the National School Lunch Program — a program that serves some 4 million low-income uninsured children in public and private schools — may have the greatest potential for identifying eligible children and facilitating their enrollment in health coverage programs.[2] Children from families with income at or below 185 percent of the federal poverty line qualify for free or reduced-price school meals. Thus, in most states such children are very likely also to be income-eligible for health insurance coverage under Medicaid or a CHIP-funded separate program.

Several approaches for conducting health insurance outreach through the School Lunch Program have been suggested, each presenting its own set of opportunities and challenges. To discuss these ideas, a School Lunch Interest Group was convened by the *Covering Kids* Communications and Marketing Group. Representatives of government agencies and organizations with expertise on school lunch issues were invited to join the Communications and Marketing Group participants in the discussions. In addition, school foodservice directors from around the country were informally invited to share, via e-mail, experiences related to their participation in child health insurance outreach activities. Also, representatives from the Health Care Financing Administration (HCFA) were asked to respond to questions on the availability of federal administrative matching funds for school-based outreach activities.

This report summarizes the School Lunch Interest Group discussions, with respect to the following:

- Recent federal efforts to promote linkages between school lunch and child health coverage programs;
- Avenues for linking the school lunch and child health coverage program application processes; and
- Suggestions for strengthening connections between school lunch and child health coverage programs.

Recently, national attention on the role of the School Lunch Program in facilitating child health insurance enrollment has intensified. On October 12, 1999, President Clinton issued an Executive Memorandum directing the Secretaries of Health and Human Services (HHS), Education and Agriculture to develop strategies to integrate children's health insurance outreach into school activities. Soon after, on October 18, Secretary of HHS, Donna Shalala, and Secretary of Education, Richard Riley, released a letter encouraging state Medicaid and CHIP agencies to partner with state and local education agencies to promote the use of school-based outreach strategies. In addition, Senator Richard Lugar introduced S. 1570, which would give states and school districts greater flexibility to use the school lunch application to facilitate enrollment in child health coverage programs. In light of these developments, the School Lunch Interest Group discussions may be of interest to policy-makers, program administrators and advocates.

I. Recent Federal Efforts to Promote Linkages Between School Lunch and Child Health Coverage Programs

Significant attention has been devoted to promoting child health insurance outreach and enrollment across federal agencies. An Executive Memorandum issued in February 1998 instructed eight federal agencies to develop agency-specific proposals for helping to enroll uninsured children in federally-financed health coverage programs. During the past year, the federal agencies have begun to implement many of these proposals and other initiatives, including activities involving the School Lunch Program. For example:

- **The U.S. Department of Agriculture (USDA)** issued a prototype multi-use school lunch application.[3] The prototype application contains a check-off box families can use to give permission for information from the application to be shared with the state's Medicaid and CHIP agencies for the purpose of facilitating enrollment in child health coverage programs. Four versions of the multi-use application are available. One version enables families to authorize the School Lunch Program to share the child's name, address and school lunch eligibility status with the Medicaid or CHIP agency; another allows the School Lunch Program to share family income and other data from the school lunch application. These two versions also are available as separate release forms that can be attached to the school lunch application or issued to families at another time. USDA distributed the prototypes to Child Nutrition State Agencies in August 1998 and April 1999.

- **The U.S. Department of Education (USDOE)** worked with USDA and USDHHS to distribute the prototype school lunch application forms. In addition, USDOE launched the *Insure Kids Now! Through Schools Campaign* to obtain commitments from education leaders for conducting school-based child health insurance outreach activities. Secretary Riley sent a letter in August 1999 to all local school superintendents asking them to become involved; a similar letter

went to all elementary school principals.[4] One strategy highlighted in the letter was to work with the School Lunch Program to integrate health insurance enrollment into school activities.

- **The U.S. Department of Health and Human Services (USDHHS)**, through the Health Care Financing Administration (HCFA), issued guidance to states on January 23, 1998, that mentions coordination with the School Lunch Program as a promising child health insurance outreach strategy.[5] This topic also was discussed in a Technical Advisory Panel session in May 1999 hosted by HCFA, the Health Resources and Services Administration (HRSA) and USDOE. During October 1999, at the request of Senator Kennedy, HCFA convened regional conference calls focusing on school-based outreach activities. Participants included state child health and education officials, including some child nutrition program administrators, local school officials, representatives from community-based organizations and advocates. Among the topics discussed were experiences related to conducting outreach activities through the School Lunch Program. Finally, a National Summit on School-Based Outreach for Children's Health Insurance was held in November, which included discussions on School Lunch Program-related strategies.

II. Avenues for Linking the School Lunch and Child Health Coverage Program Application Processes

The School Lunch Interest Group identified a number of possible ways to more closely link applications for school lunch and child health coverage programs. The benefits and limitations of these strategies were discussed.

- **Similar income eligibility guidelines present opportunities for linking the two programs.** The overlap in income-eligibility guidelines between the School Lunch Program and states' child health insurance programs suggests possibilities for connecting the two programs at the application stage. Since children in families with incomes at or below 185 percent of the federal poverty line qualify for free or reduced-price school meals, it would appear that a child eligible for such meals would be eligible for child health coverage in any state for which the income guidelines for health coverage are at or above 185 percent of the federal poverty line.

  While it is possible to make some connections based on this rationale — discussed in detail in the section on Adjunctive Income-Eligibility — in general, simply knowing that a child is eligible for free or reduced-price school meals does not provide sufficient information to make an eligibility determination for a state's child health coverage program. For example, unlike the School Lunch Program, child health coverage programs require information about a child's citizenship or immigration status in order to make an eligibility determination. State Medicaid

and CHIP agencies also may need information about a child's current insurance status.

- **Restrictions on information-sharing present challenges.** Under current law, the information contained in a child's School Lunch Program application is confidential. The disclosure of such information to agencies not specifically authorized under the National School Lunch Act, including those administering Medicaid or CHIP-funded separate programs, requires written consent from the child's family. This prevents school food authorities from making a list of children who participate in the School Lunch Program and providing it to state Medicaid or CHIP agencies, unless families have given their consent. In addition to federal restrictions on information-sharing, there also may be state laws protecting confidentiality of information on school lunch applications.

- **Several linkage strategies are possible under current law.** Information about the availability of children's health insurance can be delivered to families through the School Lunch Program in ways that do not abridge the confidentiality of students who are eligible for free or reduced-price school meals. Such strategies may include:

  *Sending information about child health coverage programs at the same time school lunch applications are distributed to **all** families.* Promotional materials could specify that children who qualify for free and reduced-price meals are very likely to be income-eligible for health coverage. This would convey an especially encouraging message to families of children who qualify for free or reduced-price meals, without singling out these families. This approach has the added advantage of minimizing the risk that a child health coverage outreach campaign might bypass families of children who do not qualify for free or reduced-price school meals, but who nevertheless qualify for health insurance.

  Sending information about child health coverage programs when families are notified that their children have been determined eligible for free or reduced-price school meals. This strategy targets students very likely to qualify for coverage, helping to minimize outreach costs. The state or local Medicaid or CHIP agencies can supply flyers to each school district and school lunch staff can include the material with the notification it sends to families apprising them that their children qualify for free or reduced-price meals. By communicating directly with families, the school lunch staff does not have to share any confidential information with the Medicaid or CHIP agencies.

  Using the multi-use school lunch application to obtain consent for sharing information with the Medicaid and CHIP agencies. USDA has issued a prototype multi-use application which includes a check-off box families can use to give permission for the School Lunch Program to provide their name and address to the Medicaid or CHIP agency. The Medicaid or CHIP agency may send the family information about available coverage or a child health insurance

application, or it may offer direct application assistance. One version of the check-off box is designed so families can authorize the release of income and other data that can be used to begin the process of determining eligibility for the child health coverage programs. Processing the multi-use application adds administrative responsibilities for school lunch staff.

Early Feedback On the Use of the Check-Off Box

Many state education agencies distributed the multi-use school lunch application to local school districts for the 1999-2000 school year. Since local school districts usually have the discretion to use the state-issued school lunch form or one of their own, the number of school districts using the prototype is not known. Initial feedback from School Lunch Program staff on how the check-off box strategy is working was solicited by the American School Foodservice Association. This issue also was raised during several of the HCFA regional conference calls on school-based outreach strategies.

- **Citing the administrative burden associated with the check-off box, some states are promoting other outreach strategies.** States such as Alaska, Arkansas, California, Connecticut, and Louisiana report that all families receiving school lunch applications get a flyer informing them about child health coverage programs and where to obtain more information. Connecticut indicates the flyer has increased the number of calls received by its toll-free child health insurance helpline. California encloses a separate "Request for Information" form with school lunch applications and reports some 40,000 requests having been returned by families.

- **In states using the check-off box, school lunch staff send families' names and addresses to Medicaid or CHIP agencies that respond by sending the family an application.** The Nevada Check-Up Program reports that more than 12,000 families have used the check-off box on the school lunch application to indicate they would like information about child health insurance. In Kentucky, names of families that waive confidentiality on the school lunch application are sent to local health departments which mail the families child health insurance applications. In states such as Oklahoma and Wisconsin, it is up to the local agencies and school districts to work out how the information from the check-off box will be handled.

- **In some states and local school districts, families that check the box on the school lunch application are contacted directly by outreach workers or local Medicaid or CHIP agency staff.** Rhode Island reports that community-based outreach workers, funded through a state grant, work with the schools to send RIteCare applications to families and call them to offer assistance. In Georgia, families that respond to the check-off box are contacted directly by locally-based state outreach workers. In some school districts in Florida, local outreach groups have arranged with school districts to follow-up with families that use the check-off box to request information about child health insurance.

- **Sharing income data from school lunch applications to facilitate eligibility determination for child health coverage programs does not appear to be common.** Washington State is using this approach. In 14 school districts a self-duplicating school lunch application is being piloted. When families mark the check-off box, a carbon copy of the completed application is sent to the Medicaid agency. The family receives an abbreviated form requesting information not contained on the school lunch application, such as immigration status. Since Washington allows self-declaration of income for Medicaid, families do not have to submit proof of income for either the School Lunch Program or Medicaid. This minimizes extra steps required for Medicaid applicants.

- **Training staff, covering administrative costs and transferring information electronically are key to making program linkages work.** These were common issues of concern discussed on the conference calls. Obtaining "buy in" from school lunch staff also is critical for success.

III. Suggestions for Strengthening Connections Between School Lunch and Child Health Coverage Programs.

The School Lunch Interest Group discussed the following ideas:

- **Consider making it easier for school lunch staff to share information from the school lunch application with Medicaid and CHIP agencies.** Many representatives of state and local government agencies and nonprofit groups that conduct child health insurance outreach activities view the School Lunch Program's confidentiality rules as a significant logistical barrier to facilitating enrollment of children in child health programs. They assert that families may not be familiar with their state's Medicaid and CHIP programs or may not understand check-off box instructions and therefore may not complete it. In addition, the check-off box creates extra work for school lunch staff who must be trained to sort applications depending on whether the box has been checked and transfer information from school lunch applications to the Medicaid or CHIP agency. While many school lunch staff express a willingness to participate in child health insurance outreach activities, there is concern that they will not be inclined to do so if the process is time-consuming and if the administrative costs associated with the activities are not covered.

  If permission from the family was not required, school lunch staff could transfer a list of all children who qualify for free and reduced-price school meals to the Medicaid or CHIP agency, which could then contact families about their child's potential eligibility for health insurance coverage. Allowing information from the school lunch application to be shared without first obtaining consent would require amending the National School Lunch Act; USDA has said it would not oppose such a change.

  The School Lunch Interest Group also considered the negative ramifications of making the suggested change in the law. A high priority was placed on protecting families' privacy — particularly with respect to the fears immigrant families face — and on preserving the trust relationship schools have built with families. Some School Lunch Interest Group participants raised the concern that, if families with immigrant members thought the information from the school lunch application would be shared with government agencies, they could respond by deciding not to enroll their children in the School Lunch Program.

  While the new guidance issued by the Immigration and Naturalization Service (INS) regarding "public charge" makes clear that the participation of an eligible child in Medicaid or a state's CHIP-funded separate program does not affect the immigration status of other family members, families still may harbor these fears and other concerns.[6] More personal outreach approaches to encourage such families to enroll their children in health coverage programs may be more sensitive and effective.

While some School Lunch interest Group participants maintained reservations about amending the National School Lunch Act, it was strongly suggested that any efforts to proceed in this direction include certain protections. Specifically, in a December 1998 memorandum on the rules related to disclosing information from children's applications for free and reduced-price school meals, USDA distinguished between programs to which children's names and eligibility status may be disclosed without consent, and programs with which such information may be shared only if consent is first obtained.[7] (Requirements for the content of consent statements also are described in the memo.) For programs that do not require consent statements, USDA recommends, but does not require, school lunch applications to notify families of potential disclosures of information. In addition, USDA recommends, but does not require, school lunch programs to enter into written agreements with the agencies that will be receiving the information from children's school lunch applications detailing how the disclosed information will be used and how that information will be protected from unauthorized use. The School Lunch Interest Group recommended that both types of protections be required if the National School Lunch Act is amended to allow information from school lunch applications to be shared with Medicaid and CHIP agencies without first obtaining consent from families.

Legislation recently introduced by Senator Richard Lugar (S.1570) would provide states and local school food authorities the option to share information from the school lunch application with the state's Medicaid or CHIP agency, without first obtaining consent from families, for the purpose of identifying children eligible for health coverage programs and enrolling children in such programs. The bill includes language that would require families to be informed that information from the application will be shared and also would require the school food authority to provide families the opportunity to elect not to have the information disclosed. (This "opt out" provision would mean a check-off box on the application would still be necessary.)

- **Ensure the effectiveness of outreach activities that involve sharing information from a school lunch application with Medicaid and CHIP agencies.**

  *Mechanisms should be in place to ensure that information transferred from a school lunch application to the Medicaid or CHIP agency is **actually used** to identify children eligible for health coverage programs and to enroll them in such programs.* This is a critical concern whether a check-off box is used or the law is changed to allow sharing without the explicit consent from the family. If families are led to believe that by completing a school lunch application they also have set in motion the process for applying for health coverage for their children, they should be able to rely on the appropriate agencies to follow through. If the family does not receive a response from the appropriate agency, the family may conclude that the child is not eligible for coverage and may forgo other opportunities to apply. School food authorities and the appropriate child health

agencies should be required to have a plan in place that describes how the information from the school lunch application will be used and how families will be notified that the information has been received and processed.

State child nutrition agencies and Medicaid and CHIP agencies should be encouraged to provide technical assistance to school districts and schools interested in solidifying the link between school lunch and child health coverage programs. State agencies can include training for school lunch staff on overcoming logistical challenges related to sharing information from school lunch applications. They also could assist schools in obtaining or updating computer systems that could facilitate the electronic transfer of information from school lunch applications to the Medicaid and CHIP agencies.

State Medicaid and CHIP agencies should be encouraged to support school-based health insurance outreach efforts by making administrative funds available for these endeavors. On October 18, a letter issued by the Secretaries of HHS and Education affirmed that, "States may claim federal matching funds through CHIP and Medicaid when financing outreach activities at schools."[8] The letter further stated that "HCFA will be releasing additional guidance specifically addressing administrative claiming policies for school based outreach activities under the Medicaid program in the near future." The School Lunch Interest Group submitted a list of questions to HCFA related to the availability of federal matching funds for school-based outreach activities. The answers to those questions are summarized and included with this report (below).

- **Explore ways to streamline determination for child health coverage eligibility for children who qualify for free or reduced-price school meals.** The concept of automatic or "adjunctive" income-eligibility could be applied to the School Lunch Program and Medicaid in some states.[9] As discussed earlier, since Medicaid and CHIP agencies require information not required by the School Lunch Program, data from the school lunch application are not sufficient for determining eligibility for child health coverage programs. However, in a state that had Medicaid income-eligibility guidelines at or above 185 percent of the federal poverty line prior to implementation of CHIP-funded coverage, it is possible to say that a child is income-eligible for Medicaid based on the child's eligibility for free or reduced-price school meals.[10] States for which adjunctive income-eligibility could apply include Minnesota, New Hampshire, New Mexico, Rhode Island, Tennessee, Vermont and Washington.[11]

  The Medicaid agency could establish the child's eligibility for free or reduced-price school meals by obtaining this information from the child's school. This could be accomplished if the school includes a check-off box on the school lunch application and transfers to the Medicaid agency the names of all children found eligible for free or reduced-price meals whose families have waived confidentiality. Alternatively, families applying for Medicaid could sign a separate waiver of confidentiality, giving permission for the Medicaid agency to contact the school to confirm the child's eligibility for free or reduced-price school meals. (An

interagency agreement between the state education and Medicaid agencies would be needed to facilitate the latter arrangement.) Since states have the flexibility to allow self-declaration of income, they would not have to require families to submit additional documentation to establish income-eligibility for Medicaid. The Medicaid agency could use a very short application to obtain the additional information it needs to determine eligibility, such as information related to the child's immigration status.

In 30 states and the District of Columbia, the income eligibility guidelines for health coverage under a CHIP-funded Medicaid expansion or a separate program are at or above 185 percent of the federal poverty line.[12] (These states are in addition to the seven mentioned above, which expanded coverage to 185 percent of the federal poverty line or higher using Medicaid funds.) In these 30 states, children who qualify for free and reduced-price school meals can be considered automatically, or adjunctively income-eligible, for health coverage, but the Medicaid or CHIP agencies need more detailed information to determine the correct program for which the child is eligible and to ascertain whether the state can claim the CHIP enhanced federal matching rate for covering the child. (For a list of states with child health insurance income-eligibility guidelines at or above 185 percent of the federal poverty line, see tables.)

Some modifications to the school lunch application would probably be necessary in order to be able to use it to make an appropriate income-eligibility decision. For example, relationships between adults and children would need to be clear so that income from a step-parent or a grandparent could be excluded in calculating income for Medicaid purposes. In addition, a question related to out-of-pocket child care expenses, which can be deducted from family income to determine Medicaid eligibility would need to be added. Once income-eligibility is determined, the Medicaid or CHIP agency would also need information such as the child's immigration status and the child's insurance status.

- **Encourage states to adopt presumptive eligibility procedures.** The Balanced Budget Act of 1997 gave states the option to allow certain "qualified entities" to presume a child is eligible for Medicaid and temporarily enroll that child, if he or she appears to be eligible based on the family's declaration of its income. Families with children who are presumptively eligible have a specified amount of time to complete the full Medicaid application process so a formal Medicaid eligibility determination can be made. Currently, in states that have adopted the presumptive eligibility option, schools that receive Medicaid reimbursements for medical assistance services provided through the school can be authorized as qualified entities.[13] (Extending this opportunity to all schools has been proposed.)

  In addition, states can design a presumptive eligibility process for their CHIP-funded separate programs, in which schools can participate, as described in the letter issued by Secretaries Shalala and Riley on October 18.[14] Presumptive eligibility provides families the chance to obtain health coverage for their children on the spot in a familiar setting and can link children with routine health care and

needed medical treatment without delay.

Mechanisms for sharing information from the school lunch application can greatly facilitate efforts to conduct presumptive eligibility determinations by allowing school nurses, school social workers and others to target families most likely to have children eligible for child health coverage programs. Follow-up efforts to assist families in completing the application process are key to assuring continued coverage for eligible children. Since school staff are likely to have ongoing contact with families, they are in an excellent position to conduct presumptive eligibility determinations effectively.

- **Implement special child health coverage outreach efforts in schools and school districts that are eliminating the need for families to file school lunch applications.** Some school districts are taking advantage of options under the School Lunch Program that eliminate the need for families to submit school lunch applications. For example, using a procedure called "direct certification," schools can offer free meals to children identified by the state to be eligible for TANF assistance or food stamps. In schools and school districts that implement direct certification, outreach partnerships should include the agencies that administer these programs. For example, agencies that determine eligibility for the Food Stamp Program often are in a good position to check whether children are enrolled in Medicaid, since the two programs may be run by the same agency. The Food Stamp Program can identify families receiving food stamps that have children who appear to qualify for Medicaid but who are not enrolled, and offer them information and application assistance.

  Another School Lunch Program provision allows school districts that have large populations of children eligible for free and reduced-price meals to offer meals free to all children and requires families to submit school lunch applications only once every four years. Currently, about 3,000 schools nationwide are implementing this provision. USDA has recently issued $2.2 million in grants to nine states to promote this option and to provide technical assistance to local school districts.[15] State child nutrition agencies and Medicaid and CHIP agencies should make special efforts to ensure that families receive health insurance information and application assistance in the "base year" — the year in which applications must be submitted — and pursue alternative school-based strategies in subsequent years.

Federal Matching Funds Can Help Cover the Cost of Children's Health Insurance Outreach Activities Conducted Through the School Lunch Program

State Education Agencies, school districts and local schools are being encouraged to become involved in a variety of outreach activities to identify children who are eligible for health insurance coverage under Medicaid and CHIP programs and to help those children enroll. In general, children who qualify for free or reduced-price school meals

are likely to qualify for the state's Medicaid or CHIP-funded separate program. Therefore, using the School Lunch Program application process to conduct outreach is a promising avenue for school involvement. Strategies for facilitating enrollment of children in Medicaid and CHIP-funded separate programs may include:

- including information about Medicaid and CHIP with school lunch applications sent home to students' families;

- providing families with a child health insurance application and information about obtaining application assistance when they are apprised that their children are eligible for free or reduced-price school meals; or

- transferring information (such as name, address, income data) from the school lunch application to the Medicaid or CHIP agency so the agency can send the family an application for health insurance or use the information to facilitate making an eligibility determination.

In general, states can use Medicaid and CHIP administrative funds for activities related to identifying potential beneficiaries, informing them about the programs and helping them apply for benefits under these programs. Following is a discussion of how federal matching funds can be used to help cover the costs associated with children's health insurance outreach activities conducted through the School Lunch Program.

1. Are federal administrative matching funds available for children's health insurance outreach activities conducted through schools?

States can receive federal matching funds under Medicaid and CHIP to help cover administrative costs in operating these programs. Allowable activities, for which a state can claim reimbursement, include outreach activities that may be conducted through schools, including through the School Lunch Program. Such activities may include: informing students' families about the opportunity to obtain health coverage through Medicaid and CHIP programs; developing and disseminating outreach materials relating to Medicaid and CHIP; training school staff on issues related to Medicaid and CHIP eligibility and enrollment; providing families assistance in completing children's health insurance applications; transferring information from the school to the Medicaid or CHIP agency so eligibility for the appropriate health coverage program can be determined.

States report their expenditures for allowable administrative activities to the Health Care Financing Administration (HCFA) and can receive reimbursement for a portion of the costs incurred. The amount of the reimbursement a state can claim will depend on whether the outreach activity is associated with the state's Medicaid program, a CHIP-funded separate program, or whether the activity is a joint Medicaid-CHIP outreach activity. *(For more information, see "The Administration's Responses to Questions About the State Children's Health Insurance Program," July 29, 1998, Q84a at http://www.hcfa.gov/init/qa/q&a7-29.htm)*

2. Can State Education Agencies, school districts or local schools receive federal matching funds for Medicaid and CHIP outreach activities?

For a State Education Agency, school district or local public or private school to receive federal matching funds for allowable outreach activities it conducts, it must have an interagency agreement or contract in place with the state Medicaid or CHIP agency. The agreement or contract would specify the activities for which the state Medicaid or CHIP agency will pay and the basis upon which payment would be made. For example:

- Many school districts now include a check-off box on the school lunch application, which families can use to give permission for the information from the school lunch application to be shared with the Medicaid or CHIP agency. Families that check the box may be mailed a children's health insurance application, or information from their child's school lunch application may be used in making an eligibility determination for coverage under Medicaid or CHIP. The costs associated with school lunch staff compiling information from school lunch applications and transferring it to the appropriate child health agency could be attributed to the Medicaid or CHIP program and eligible for federal matching funds.

- If a school district routinely mails school lunch applications to students' families and this year includes in the mailing a flyer about the availability of health coverage, a portion of the cost of the mailing could be eligible for federal matching funds. The cost of the mailing would be allocated according to the extent to which the mailing benefits the administration of each program. In this case, the main purpose of the activity would be to inform families about the School Lunch Program and have them complete the school lunch application. While the bulk of the cost would be borne by the School Lunch Program, some of the cost could be attributed to the Medicaid or CHIP program. *(For more information, see OMB Circular A-87: Cost Principles for State, Local and Tribal Governments at http://www.whitehouse.gov/OMB/circulars/a87/a087-all.html.)*

- The state Medicaid or CHIP agency decides it would like the State Education Agency to be responsible for informing local school districts about the need to conduct children's health insurance outreach through schools and for training school staff to conduct outreach activities. The costs incurred by the State Education Agency for conducting these activities could be reimbursed under an interagency agreement with the Medicaid or CHIP agency.

3. What is the federal matching rate for children's health insurance outreach activities conducted through schools?

Administrative costs associated with the Medicaid program are generally matched at a 50 percent matching rate, meaning for every dollar the state spends, it can receive 50 cents in federal Medicaid matching funds. There is no limit on the amount of allowable Medicaid outreach expenditures states may claim for federal matching at this rate.

Administrative costs associated with a state's CHIP-funded separate program can be reimbursed at the CHIP matching rate in effect for the particular state. (CHIP matching rates range from 65 to 85 percent.) There is a limit on the amount of federal matching funds available for state expenditures on administrative activities, including outreach, under CHIP. No more than 10 percent of the amount of CHIP funds (federal and state) spent on health insurance coverage may be used for program administration, direct child health services and outreach. Outreach activities related to a state's CHIP-funded Medicaid expansion can be matched either from the state's CHIP allotment at the CHIP matching rate, or under regular Medicaid, at the state's option. *(For more information, see HCFA letter to State Health Officials, January 23, 1998, http://www.hcfa.gov/init/chstltrs.htm)*

States have flexibility in deciding how to claim the costs associated with children's health insurance outreach activities. Outreach under a state's CHIP plan may include activities to inform families about the availability of health coverage under CHIP or other public health coverage programs. Therefore, states have the option to: (1) claim the entire costs of outreach activities under the state's CHIP program, or (2) allocate the costs of outreach activities among the programs that benefit from the activities. *(For more information, see The Administration's Responses to Questions About the State Children's Health Insurance Program, Q.84A, July 29, 1998, at http://www.hcfa.gov/init/qa/q&a7-29.htm)*

In addition to Medicaid administrative funds available to states at the traditional 50 percent matching rate, states now have access to a special fund allocated by the 1996 welfare law. Under the welfare law, a total of $500 million was allocated to help pay for activities to ensure that children and parents do not lose Medicaid coverage as a result of changes to the welfare system that delinked eligibility for Medicaid from eligibility for cash assistance. (This money is sometimes called the $500 million fund or the "delinking fund".) Each state was allocated a portion of the $500 million. The cost of allowable activities can be reimbursed at an enhanced federal matching rate, as high as 90 percent.* It is possible that some school-based outreach activities may qualify for enhanced federal matching under this fund. For example, activities designed to reach families that may not realize they may still qualify for Medicaid even though they do not qualify for or receive cash assistance. *(For more information, see HHS Guide, "Supporting Families in Transition: A Guide to Expanding Health Coverage in the Post-Welfare Reform World," March 22, 1999, at http://www.acf.dhhs.gov)*

4. Can a State Education Agency, school district or local school contribute the non-federal share of the cost of outreach activities?

Under an interagency agreement or contract with the Medicaid or CHIP agency, the State Education Agency, school district or local school could be responsible for the non-federal share of the cost of children's health insurance outreach activities. State or local public funds that are not being used as federal match for another program could be transferred to the state Medicaid or CHIP agency to be used for this purpose. Funds

from private foundation grants or other private funds that are not provider-related may also be used. Contributions made by health care providers, such as managed care organizations (MCOs), hospitals, clinics, physicians, or other health care providers, generally are not permitted to be used to draw down federal administrative match, except in limited circumstances.

In-kind contributions also could help to cover the non-federal share. For example, if a school district or local school already is conducting an activity that is eligible for federal reimbursement and is covering the cost of that activity, it can "certify" that the expenditure has occurred. Under such circumstances, no funds would have to be transferred to the state Medicaid or CHIP agency. *(For more information see Public Funds as the State Share of Financial Participation, 42 CFR 433.51(b).)*

This information was compiled with assistance from Richard Strauss, Division of Financial Management, Quality and Performance Management, CMSO, Health Care Financing Administration (HCFA).

***Note:**
Initially, states had access to the fund during the first 12 quarters their TANF programs were in effect, and no state would have had access to the fund after September 30, 2000. In November 1999, Congress passed legislation that lifted the sunset date and eliminated the 12-quarter restriction. Congress also restored access to the fund to 16 states that had already reached their deadlines. *(For more information, see "Congress Lifts the Sunset on the '$500 Million Fund': Extends Opportunities for States to Ensure Parents and Children Do Not Lose Health Coverage" by Donna Cohen Ross and Jocelyn Guyer, Center on Budget and Policy Priorities, October 1999, http://www.cbpp.org/12-1-99wel.htm.)*

States That Had Medicaid Income-Eligibility Guidelines At or Above 185 Percent of the Federal Poverty Line Before Implementation of CHIP-Funded Coverage (August 1997)

State	Medicaid Infants (0-1)	Medicaid Children (1-5)	Medicaid Children (6-13)	Medicaid Children (14-19)
Minnesota	275	275	275	275
New Hampshire	185	185	185	185
New Mexico	185	185	185	185
Rhode Island	250	250	250	250
Tennessee	400	400	400	400
Vermont	225	225	225	225
Washington	200	200	200	200

States With Income-Eligibility Guidelines At or Above 185 Percent of the Federal Poverty Line for CHIP-Funded Medicaid Expansions and Separate State Programs

State	Medicaid (Infants 0-1)	Medicaid (Ages 1-5)	Medicaid (Ages 6-15)	Medicaid (Ages 16-19)	Separate State Program
Alabama	133	133	100	100	200
Alaska	200	200	200	200	
Arizona	140	133	100	30	200
Arkansas	200	200	200	200	
California	200	133	100	100	200
Colorado	133	133	100	37	185
Connecticut	185	185	185	185	300
Delaware	185	133	100	100	200
D.C.	200	200	200	200	
Florida	185	133	100	100	200
Georgia	185	133	100	100	200
Idaho	200	200	200	200	
Illinois	200	133	133	133	185
Iowa	185	133	133	133	185
Kansas	150	133	100	100	200
Kentucky	185	150	150	150	200
Maine	185	150	150	150	200
Maryland	200	200	200	200	
Massachusetts	200	200	200	200	400
Michigan	185	150	150	150	200
Missouri	300	300	300	300	
Nebraska	185	185	185	185	
Nevada	133	133	100	31	200
New Jersey	185	133	133	133	350
New York	185	133	100	100	230
North Carolina	185	133	100	100	200
Oklahoma	185	185	185	185	
Pennslvania	185	133	100	37	235
Utah	133	133	100	100	200
Virginia	133	133	100	100	185
Wisconsin	185	185	185	185	

Source: Center on Budget and Policy Priorities telephone survey of state officials, November 1999.

End Notes:

1. U.S. General Accounting Office, Medicaid: Demographics of Nonenrolled Children Suggest State Outreach Efforts, Washington, DC: Government Printing Office, March 1998.

2. Genevieve M. Kenney, Jennifer M. Haley, and Frank Ullman, Most Uninsured Children Are in Families Served by Government Programs, The Urban Institute, December 1999.

3. The prototype multi-use school lunch application can be found at http://www.fns.usda.gov/fns/menu/whatsnew/chip/chip.htm.

4. The August 1999 letter issued by Secretary Riley can be found at www.ed.gov/chip/letter.html.

5. The January 23, 1998 letter to state health officials can be found at www.hcfa.gov/init/choutrch.htm.

6. Questions and answers issued by the INS on "public charge" can be found at www.ins.usdoj.gov/graphics/publicaffairs/questsans/public_cqa.htm.

7. Stanley C. Garnett, Director of USDA Child Nutrition Division, Limited Disclosure of Children's Free and Reduced Price Meal or Free Milk Eligibility Information Memo to State Agencies of Child Nutrition Programs, Washington D.C., December 7, 1998.

8. The October 18, 1999 letter issued by Secretaries Riley and Shalala can be found at www.hcfa.gov/init/ch101899.htm.

9. The concept described here is a modified version of the relationship that currently exists between WIC and Medicaid. Individuals who are enrolled in Medicaid are automatically income-eligible for WIC. While the WIC applicant still has to demonstrate nutritional risk to participate in the WIC program, no additional income information needs to be supplied to the WIC office.

10. Although the School Lunch Program and Medicaid have different household composition and income-counting rules, adjunctive income-eligibility still can work under these circumstances. For example, the School Lunch Program counts the income of related and unrelated individuals living together and sharing significant expenses, including step-parent income; Medicaid counts only the income of children applying for coverage and adults legally responsible for them. Thus, if a child meets the criteria of having family income below 185 percent of the federal poverty line for school lunch purposes (when more income is counted), he or she will meet that test for Medicaid (when less income is counted.)

11. Center on Budget and Policy Priorities survey of state Medicaid and CHIP officials, November 1999.

12. Center on Budget and Policy Priorities survey of state Medicaid and CHIP officials, November 1999.

13. School-based Medicaid-covered services that qualify for federal funds include physical, occupational and speech therapy, as well as diagnostic, preventive and rehabilitative services. Some services are provided in conjunction with the Individuals with Disabilities Education Act program; others are included through a state's Medicaid plan and are available through Medicaid's Early and Periodic Screening, Diagnosis and Treatment (EPSDT) program.

14. The October 18, 1999 letter issued by Secretaries Riley and Shalala can be found at www.hcfa.gov/init/ch101899.htm.

15. States that have received the USDA grants described, include Arizona, California, Delaware, Mississippi, New Mexico, New York, North Dakota/South Dakota and Ohio.

Attachment A: Covering Kids Marketing/Communications Group School Lunch Interest Group Participants

Barbara Semper, USDA
Stanley Garnett, USDA
Lillian Gibbons, HCFA
Marty Svolos , HCFA
Joyce Somsak, HCFA
Libby Doggett, USDOE
Suzanne Sheridan, USDOE
Shanna Connor, USDOE
Pauline Abernathy, USDOE
Joe Richardson, Congressional Research Service
Evelyn Baumrucker, Congressional Research Service
Barry Sackin, American Foodservice Association
Michelle Tingling-Clemmons, Food Research and Action Center
Vicki Pulos, Families, USA
Jeanette O'Connor, Children's Defense Fund
Desmond Brown, Children's Defense Fund
Carolyn Henrich, National PTA
Todd Askew, American Academy of Pediatrics
Dawn Horner (by phone), Children's Partnership
Elena Chavez (by phone), Consumer's Union/San Francisco
Bob Greenstein, Center on Budget and Policy Priorities
Donna Cohen Ross, Center on Budget and Policy Priorities
Jocelyn Guyer, Center on budget and Policy Priorities
Laura Cox, Center on Budget and Policy Priorities
Jacqueline Patterson, Center on Budget and Policy Priorities

Attachment B: Federal Matching Funds Can Help Cover the Cost of Children's Health Insurance Outreach Activities Conducted Through the School Lunch Program

Federal Matching Funds Can Help Cover the Cost of Children's Health Insurance Outreach Activities Conducted Through the School Lunch Program

State Education Agencies, school districts and local schools are being encouraged to become involved in a variety of outreach activities to identify children who are eligible for health insurance coverage under Medicaid and CHIP programs and to help those children enroll. In general, children who qualify for free or reduced-price school meals are likely to qualify for the state's Medicaid or CHIP-funded separate program. Therefore, using the School Lunch Program application process to conduct outreach is a promising avenue for school involvement. Strategies for facilitating enrollment of children in Medicaid and CHIP-funded separate programs may include:

- including information about Medicaid and CHIP with school lunch applications sent home to students' families;
- providing families with a child health insurance application and information about obtaining application assistance when they are apprised that their children are eligible for free or reduced-price school meals; or
- transferring information (such as name, address, income data) from the school lunch application to the Medicaid or CHIP agency so the agency can send the family an application for health insurance or use the information to facilitate making an eligibility determination.

In general, states can use Medicaid and CHIP administrative funds for activities related to identifying potential beneficiaries, informing them about the programs and helping them apply for benefits under these programs. Following is a discussion of how federal matching funds can be used to help cover the costs associated with children's health insurance outreach activities conducted through the School Lunch Program.

1. Are federal administrative matching funds available for children's health insurance outreach activities conducted through schools?

States can receive federal matching funds under Medicaid and CHIP to help cover administrative costs in operating these programs. Allowable activities, for which a state can claim reimbursement, include outreach activities that may be conducted through schools, including through the School Lunch Program. Such activities may include: informing students' families about the opportunity to obtain health coverage through Medicaid and CHIP programs; developing and disseminating outreach materials relating to Medicaid and CHIP; training school staff on issues related to Medicaid and CHIP eligibility and enrollment; providing families assistance in completing children's health insurance applications; transferring information from the school to the Medicaid or CHIP agency so eligibility for the appropriate health coverage program can be determined.

States report their expenditures for allowable administrative activities to the Health

Care Financing Administration (HCFA) and can receive reimbursement for a portion of the costs incurred. The amount of the reimbursement a state can claim will depend on whether the outreach activity is associated with the state's Medicaid program, a CHIP-funded separate program, or whether the activity is a joint Medicaid-CHIP outreach activity. *(For more information, see "The Administration's Responses to Questions About the State Children's Health Insurance Program," July 29, 1998, Q84a at http://www.hcfa.gov/)*

2. Can State Education Agencies, school districts or local schools receive federal matching funds for Medicaid and CHIP outreach activities?

For a State Education Agency, school district or local public or private school to receive federal matching funds for allowable outreach activities it conducts, it must have an interagency agreement or contract in place with the state Medicaid or CHIP agency. The agreement or contract would specify the activities for which the state Medicaid or CHIP agency will pay and the basis upon which payment would be made. For example:

- Many school districts now include a check-off box on the school lunch application, which families can use to give permission for the information from the school lunch application to be shared with the Medicaid or CHIP agency. Families that check the box may be mailed a children's health insurance application, or information from their child's school lunch application may be used in making an eligibility determination for coverage under Medicaid or CHIP. The costs associated with school lunch staff compiling information from school lunch applications and transferring it to the appropriate child health agency could be attributed to the Medicaid or CHIP program and eligible for federal matching funds.

- If a school district routinely mails school lunch applications to students' families and this year includes in the mailing a flyer about the availability of health coverage, a portion of the cost of the mailing could be eligible for federal matching funds. The cost of the mailing would be allocated according to the extent to which the mailing benefits the administration of each program. In this case, the main purpose of the activity would be to inform families about the School Lunch Program and have them complete the school lunch application. While the bulk of the cost would be borne by the School Lunch Program, some of the cost could be attributed to the Medicaid or CHIP program. *(For more information, see OMB Circular A-87: Cost Principles for State, Local and Tribal Governments at http://www.whitehouse.gov/.)*

- The state Medicaid or CHIP agency decides it would like the State Education Agency to be responsible for informing local school districts about the need to conduct children's health insurance outreach through schools and for training school staff to conduct outreach activities. The costs incurred by the State Education Agency for conducting these activities could be reimbursed under an interagency agreement with the Medicaid or CHIP agency.

3. What is the federal matching rate for children's health insurance outreach activities conducted through schools?

Administrative costs associated with the Medicaid program are generally matched at a 50 percent matching rate, meaning for every dollar the state spends, it can receive 50 cents in federal Medicaid matching funds. There is no limit on the amount of allowable Medicaid outreach expenditures states may claim for federal matching at this rate.

Administrative costs associated with a state's CHIP-funded separate program can be reimbursed at the CHIP matching rate in effect for the particular state. (CHIP matching rates range from 65 to 85 percent.) There is a limit on the amount of federal matching funds available for state expenditures on administrative activities, including outreach, under CHIP. No more than 10 percent of the amount of CHIP funds (federal and state) spent on health insurance coverage may be used for program administration, direct child health services and outreach. Outreach activities related to a state's CHIP-funded Medicaid expansion can be matched either from the state's CHIP allotment at the CHIP matching rate, or under regular Medicaid, at the state's option. *(For more information, see HCFA letter to State Health Officials, January 23, 1998, http://www.hcfa.gov/init/chstltrs.htm)*

States have flexibility in deciding how to claim the costs associated with children's health insurance outreach activities. Outreach under a state's CHIP plan may include activities to inform families about the availability of health coverage under CHIP or other public health coverage programs. Therefore, states have the option to: (1) claim the entire costs of outreach activities under the state's CHIP program, or (2) allocate the costs of outreach activities among the programs that benefit from the activities. *(For more information, see The Administration's Responses to Questions About the State Children's Health Insurance Program, Q.84A, July 29, 1998, at http://www.hcfa.gov/init/qa/q&a7-29.htm)*

In addition to Medicaid administrative funds available to states at the traditional 50 percent matching rate, states now have access to a special fund allocated by the 1996 welfare law. Under the welfare law, a total of $500 million was allocated to help pay for activities to ensure that children and parents do not lose Medicaid coverage as a result of changes to the welfare system that delinked eligibility for Medicaid from eligibility for cash assistance. (This money is sometimes called the $500 million fund or the "delinking fund".) Each state was allocated a portion of the $500 million. The cost of allowable activities can be reimbursed at an enhanced federal matching rate, as high as 90 percent.[1] It is possible that some school-based outreach activities may qualify for enhanced federal matching under this fund. For example, activities designed to reach families that may not realize they may still qualify for Medicaid even though they do not qualify for or receive cash assistance. *(For more information, see HHS Guide, "Supporting Families in Transition: A Guide to Expanding Health Coverage in the Post-Welfare Reform World," March 22, 1999, at http://www.acf.dhhs.gov)*

4. Can a State Education Agency, school district or local school contribute the non-federal share of the cost of outreach activities?

Under an interagency agreement or contract with the Medicaid or CHIP agency, the State Education Agency, school district or local school could be responsible for the non-federal share of the cost of children's health insurance outreach activities. State or local public funds that are not being used as federal match for another program could be transferred to the state Medicaid or CHIP agency to be used for this purpose. Funds from private foundation grants or other private funds that are not

provider-related may also be used. Contributions made by health care providers, such as managed care organizations (MCOs), hospitals, clinics, physicians, or other health care providers, generally are not permitted to be used to draw down federal administrative match, except in limited circumstances.

In-kind contributions also could help to cover the non-federal share. For example, if a school district or local school already is conducting an activity that is eligible for federal reimbursement and is covering the cost of that activity, it can "certify" that the expenditure has occurred. Under such circumstances, no funds would have to be transferred to the state Medicaid or CHIP agency. *(For more information see Public Funds as the State Share of Financial Participation, 42 CFR 433.51(b).)*

This information was compiled with assistance from Richard Strauss, Division of Financial Management, Quality and Performance Management, CMSO, Health Care Financing Administration (HCFA).

footnote

1. Initially, states had access to the fund during the first 12 quarters their TANF programs were in effect, and no state would have had access to the fund after September 30, 2000. In November 1999, Congress passed legislation that lifted the sunset date and eliminated the 12-quarter restriction. Congress also restored access to the fund to 16 states that had already reached their deadlines. *(For more information, see "Congress Lifts the Sunset on the '$500 Million Fund': Extends Opportunities for States to Ensure Parents and Children Do Not Lose Health Coverage" by Donna Cohen Ross and Jocelyn Guyer, Center on Budget and Policy Priorities, october 1999, http://www.cbpp.org.)*

Attachment C: States That Had Medicaid Income-Eligibility Guidelines At or Above 185 Percent of the Federal Poverty Line Before Implementation of CHIP-Funded Coverage (August 1997)

State	Medicaid Infants (0-1)	Medicaid Children (1-5)	Medicaid Children (6-13)	Medicaid Children (14-19)
Minnesota	275	275	275	275
New Hampshire	185	185	185	185
New Mexico	185	185	185	185
Rhode Island	250	250	250	250
Tennessee	400	400	400	400
Vermont	225	225	225	225
Washington	200	200	200	200

States With Income-Eligibility Guidelines At or Above 185 Percent of the Federal Poverty Line for CHIP-Funded Medicaid Expansions and Separate State Programs

State	Medicaid (Infants 0-1)	Medicaid (Ages 1-5)	Medicaid (Ages 6-15)	Medicaid (Ages 16-19)	Separate State Program
Alabama	133	133	100	100	200
Alaska	200	200	200	200	
Arizona	140	133	100	30	200
Arkansas	200	200	200	200	
California	200	133	100	100	200
Colorado	133	133	100	37	185
Connecticut	185	185	185	185	300
Delaware	185	133	100	100	200
D.C.	200	200	200	200	
Florida	185	133	100	100	200
Georgia	185	133	100	100	200
Idaho	200	200	200	200	
Illinois	200	133	133	133	185
Iowa	185	133	133	133	185
Kansas	150	133	100	100	200
Kentucky	185	150	150	150	200
Maine	185	150	150	150	200
Maryland	200	200	200	200	
Massachusetts	200	200	200	200	400
Michigan	185	150	150	150	200
Missouri	300	300	300	300	
Nebraska	185	185	185	185	
Nevada	133	133	100	31	200
New Jersey	185	133	133	133	350
New York	185	133	100	100	230
North Carolina	185	133	100	100	200
Oklahoma	185	185	185	185	
Pennslvania	185	133	100	37	235
Utah	133	133	100	100	200
Virginia	133	133	100	100	185
Wisconsin	185	185	185	185	

Source: Center on Budget and Policy Priorities telephone survey of state officials, November 1999.