

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**THE CHILDREN'S HEALTH
INSURANCE PROGRAM**

**States' Application and Enrollment Processes:
An Early Report From the Front Lines**



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EXECUTIVE SUMMARY

PURPOSE

To identify promising practices, barriers and issues related to the application and enrollment procedures of the Children's Health Insurance Program (CHIP).

BACKGROUND

It is estimated that approximately 12 million children in the United States are currently without health insurance. Many of these uninsured children are eligible for Medicaid but are not enrolled in the program. The Balanced Budget Act of 1997 created Title XXI of the Social Security Act, the Children's Health Insurance Program. Title XXI provides \$24 billion over 5 years to develop health insurance programs for low-income children. States have the option to expand their existing Medicaid program, design a new children's health insurance program or develop a program that combines these strategies.

Studies have shown that applications and enrollment procedures may be a barrier to families applying for Medicaid. Consequently, the Health Care Financing Administration (HCFA) is encouraging States to streamline Title XXI applications and the application process.

We conducted this study to identify promising approaches being used by States. We also sought to identify barriers and issues States are confronting in their implementation of CHIP programs. We hope that sharing the promising approaches and addressing emerging issues will be beneficial to both program administrators and potential program applicants.

We collected blank application forms from 19 States that had CHIP programs in operation on or before July 1, 1998. We conducted on-site interviews with the State CHIP director or their designee, in seven States, concerning their CHIP application and enrollment procedures. Front-line workers, who assist families in completing CHIP applications, were also interviewed in these seven States. We held telephone discussions about CHIP applications and enrollment procedures with the remaining 12 program directors or their staff.

FINDINGS

Emerging Application Formats and Enrollment Practices

Many States are experimenting with CHIP application and enrollment practices. They are finding that short applications are quicker and easier to complete, but may necessitate further contacts with State agencies. Longer applications can deter people from applying for benefits.

States are weighing tradeoffs when they develop joint applications. The average joint Medicaid/CHIP application is longer than the average CHIP-only application. The three States that use a single application for medical and other benefit programs tend to have longer applications.

To improve access to CHIP for children whose parents do not speak English, many States make applications available in Spanish and other languages. We found that the average reading level of the CHIP applications we analyzed was 10th grade. The average CHIP applicant may find it difficult to comprehend many application questions.

Most States make applications available at multiple sites and nearly all use toll-free telephone numbers to distribute CHIP applications and to provide program information. Most sampled States no longer require a face-to-face interview for CHIP or Medicaid and most now accept mail-in applications.

Some States mentioned streamlined procedures and early effective dates of coverage as negating the necessity for presumptive eligibility. Other States mentioned administrative difficulties and other problems as reasons for not adopting presumptive eligibility.

Barriers to Enrollment: Citizenship Dilemmas

State CHIP administrators stated that noncitizens are reluctant to apply for CHIP. People involved in the CHIP application process stated that fear of being detected makes illegal aliens reluctant to complete an application even for their children who meet citizenship requirements. Qualified aliens are also reluctant to complete an application for their children, fearing that use of a public benefit will adversely affect their applications for citizenship.

Multiple Program Rules

Medicaid, CHIP and other public benefit programs differ in their rules regarding issues such as verification of alien status, child support enforcement and verification of income. Different policies also exist for determining: household/family composition, countable income, and disclosure of information. These differences hinder the development of joint

applications, affect application size and complicate verification procedures. States find themselves having to apply different rules for different programs, leaving them uncertain as to which program policies to apply in each case. States have concerns that their decisions regarding definitions of income and household/family composition and verification processes will affect their quality control error rate.

RECOMMENDATIONS

Readability of Application Forms

We recommend that HCFA work with States to improve the readability of CHIP applications. The high reading level of some applications can dissuade prospective applicants from applying. Language complexity may lead applicants to incorrectly fill out forms, which may have an impact on whether applications for health care coverage are accepted or denied. Reducing language complexity and reading level on CHIP applications can improve access to services.

Simplification Efforts

We recommend that HCFA continue to encourage States to simplify their application and enrollment processes for CHIP and Medicaid. Many practices show encouraging results. However, it is too early to determine the effectiveness of these practices.

We encourage HCFA to continue to support State efforts to:

- ▶ Reduce application length;
- ▶ Use joint Medicaid/CHIP applications;
- ▶ Use multi-program applications;
- ▶ Print applications in Spanish or other languages;
- ▶ Distribute applications at multiple sites;
- ▶ Utilize toll-free telephone lines to provide information;
- ▶ Provide assistance with the application process;
- ▶ Increase the use of outstation and application collection sites;
- ▶ Utilize mail-in applications and post-paid envelopes;
- ▶ Eliminate face-to-face interviews.

We also encourage HCFA to continue helping States investigate the following practices:

- ▶ Contracting with enrollment brokers;
- ▶ Eliminating some verification requirements.

Under Medicaid, eligibility is effective with the date of application or, at State option, the

first day of the Month of application. There is no requirement in the CHIP legislation that governs the effective date of CHIP eligibility. We recommend that HCFA encourage States with separated CHIP programs to adopt CHIP eligibility policies that parallel their Medicaid policies. We also recommend that HCFA encourage States to presume eligibility of all children effective with the date of application.

Citizenship Issues

We recommend that HCFA work with INS to encourage INS's development of clear guidance and policy statements on how applications for CHIP and Medicaid will impact noncitizens. Qualified aliens should know whether using the CHIP benefit will affect their citizenship. Illegal aliens should know if the information they provide on CHIP applications for their citizen children will be used to enforce immigration laws.

Uniformity of Program Requirements

We recommend that an interagency task force be formed to address conflicting public benefit application requirements. We recommend that this interagency workgroup develop uniform policies for verifying income, using the Income Eligibility Verification System, determining household/family composition, defining countable income, counting child support and disclosing information.

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INTRODUCTION

PURPOSE

To identify promising practices, barriers and issues related to the application and enrollment procedures of the Children's Health Insurance Program (CHIP).

BACKGROUND

The Agency for Health Care Policy and Research estimates that approximately 12 million children have no health insurance. As many as 4.7 million uninsured children are eligible for Medicaid but are not enrolled in the program. More than 90 percent of these children are in working families.

The Balanced Budget Act of 1997 (Public Law 105-33) created Title XXI of the Social Security Act, the Children's Health Insurance Program (CHIP). The CHIP is a capped matching program which authorizes \$24 billion over the next 5 years to establish and expand health insurance programs for low income, uninsured children. The CHIP program's goal is to provide health insurance to children whose parents earn too much to qualify for Medicaid but not enough for private insurance. The program also seeks to cover uninsured children whose parents' health insurance does not cover their dependents.

The program allows States to expand their current Medicaid program, design a new children's health insurance program or develop a program which combines these strategies. States that choose to expand the number of children eligible for Medicaid must follow existing Medicaid rules regarding family income, geography and residency. These "Medicaid expansion" programs must also offer the same benefit package their Medicaid recipients currently receive. States establishing separate CHIP programs may set their own eligibility standards within federally-established parameters and have more flexibility on the benefit package.

Through Title XXI, States may cover children whose household/family incomes are higher than traditional Medicaid limits. Medicaid family income limits for children vary from State to State and can range from the Federal poverty level to 300 percent of poverty. Under Title XXI, States may choose to cover children whose family income is above the Medicaid threshold but less than 200 percent of poverty. States with Medicaid programs that currently cover children at or above 200 percent of poverty may raise their current eligibility standard as much as 50 percent.

Under CHIP, States receive higher Federal matching dollars than they do for Medicaid. The CHIP legislation requires that States use their Federal money to cover uninsured children who are not covered by Medicaid or private insurance. States must screen all children applying for CHIP for Medicaid eligibility. Medicaid-eligible children identified during outreach must be enrolled in Medicaid rather than in a separate CHIP program. To prevent States from moving children from Medicaid to the new program, the law prohibits States from receiving an enhanced match if they tighten the Medicaid eligibility standards that existed before March 31, 1997.

Identifying and enrolling children are challenges facing States implementing CHIP. Title XXI requires States to conduct outreach and enrollment activities. Outreach involves locating children who are eligible for health insurance and enrolling them in Medicaid or CHIP. The goal is to assure that all children who qualify for publicly-subsidized health insurance get enrolled in the appropriate program.

Studies have shown that applications may be a barrier to families applying for Medicaid. Reducing the length and complexity of Medicaid and CHIP applications may improve the uptake rate for eligible children. Researchers, advocacy groups and the Health Care Financing Administration (HCFA) have encouraged States to shorten their applications and simplify enrollment processes.

On January 23, 1998 and September 10, 1998, HCFA issued letters to the States encouraging them to reduce the length and complexity of Medicaid and CHIP applications. Another HCFA letter sent to the States on November 23, 1998 encourages States to develop joint applications, simplify application process and eliminate (or streamline) efforts to verify information on Medicaid and CHIP applications.

METHODOLOGY

We collected CHIP application forms from 19 States. Most States have a single CHIP application form, but three States have multiple CHIP application forms. Overall, we collected and reviewed 41 different CHIP application forms provided by the 19 States in our sample. We analyzed the content of each application and the way questions are asked and how information is provided to applicants.

We conducted site visits in seven States (AL, CA, CO, CT, FL, NJ, OK) that were enrolling children in a stand alone Title XXI program or a Medicaid expansion program. We discussed CHIP applications and enrollment procedures with State Medicaid and CHIP staff. Discussions were also held with front line workers, contractors and others involved with helping families apply for CHIP. We discussed application and enrollment procedures with the 12 remaining States (ID, IN, MA, MI, MO, NY, OH, OR, PA, RI, SC, TX) over the telephone.

We asked respondents about their CHIP application and requested information as to how and where families could obtain an application. We also asked how applicants could get help in completing an application and how they can submit an application. We focused on the application process, including how eligibility for Title XIX (Medicaid) and Title XXI (CHIP) is determined, what verification the State requires, whether contractors are used for any portion of the process and how referrals between Title XIX and Title XXI occur. We also asked about presumptive eligibility and application denials.

We conducted a readability analysis of randomly selected CHIP applications. For each of the applications selected, we randomly selected instructions and questions for readability analysis. Software was used to analyze reading grade level and vocabulary complexity using the Flesch-Kincaid formula. This test is the standard test used by the Department of Defense to determine the ease of reading. It determines the complexity and reading difficulty using a formula based on average sentence length and average number of syllables per word.

The information presented in this report is for the period July through October 1998. It is a point-in-time description. Many States we interviewed for this study are in the process of making changes to applications and enrollment procedures. Several States in our sample had implemented the first phase of their program and were in the planning stage of their second phase when we talked with them. The findings are based on the programs at the time we spoke with the States involved, and may not reflect subsequent implementation of second or third phase Title XXI programs.

We conducted our review in accordance with the *Quality Standards for Inspections* issued by the President's Council on Integrity and Efficiency.

FINDINGS

Emerging Application Formats and Enrollment Practices

States are advised to make their CHIP applications uncomplicated and user-friendly. Researchers, advocates and HCFA have asked the States to develop simpler application forms and to improve enrollment processes for Medicaid and CHIP. In their January 23, 1998 letter to State health officials, HCFA stated that “a key to successfully enrolling children . . . is a simple application and enrollment process.” In an effort to improve application and enrollment processes, HCFA has advised States to shorten CHIP and Medicaid applications, develop joint applications, simplify language and minimize verification requirements.

With HCFA’s encouragement many States have developed shorter applications not only for CHIP but also for their Medicaid programs. The Center for Budget and Policy Priorities believes that shortened applications will facilitate enrollment. The model joint Medicaid-CHIP application developed by HCFA is four pages. It consists of two pages on which families enter information plus two pages of program explanations and descriptions of requirements. In the past, Medicaid applications were often long and complicated.

The HCFA suggests making eligibility determination easier by eliminating asset tests and verification requirements that are not federally required. According to HCFA, States can accept an applicant’s responses on a Medicaid or CHIP application without verification. The HCFA also encourages States to eliminate face-to-face interviews, to allow mail-in applications and to streamline verification procedures.

The HCFA has also encouraged States to use a combined application for their Medicaid and CHIP programs. The HCFA believes that joint Medicaid/CHIP applications would reduce State paperwork and simplify the process for families potentially eligible for CHIP and Medicaid. In a November, 1998 letter to State Health Officials, HCFA encouraged States to develop and use a joint application that could be used for CHIP, Medicaid and other public benefit programs such as food stamps, child care and cash assistance. The Center for Budget and Policy Priorities and the Children’s Defense Fund have praised several States for their streamlined application processes.

Application brevity

Of the 41 applications in our sample, the average application length was five and a half pages. When declaration pages and informational pages are removed, the average number of pages families are asked to complete drops to just over three pages. Over half of the

applications in our sample are four or fewer pages. More than 75 percent are six or fewer pages. One-fifth of all the applications studied were seven or more pages. The longest application was 28 pages.

Application length, in itself, does not appear to be an accurate measure of application burden. Studies suggest that a short application may encourage more families to apply for Title XIX and Title XXI programs. Generally, application length is counted as the total of both the pages the family must complete and any pages of information, instructions and declarations attached to the “fill-in” pages. Some States include information, instructions and declarations in the application itself. Others print information and instructions on sheets not attached to the application. This may lead to unfair comparisons between State applications. A State that attaches two pages of instructions to two pages of fill-ins does not have a longer application than a State that prints the two sections on separate sheets.

States make tradeoffs when developing applications. We examined an exceptionally long CHIP application. In addition to the actual application, the package given to potential applicants contains many pages of explanations, instructions, flow charts, cartoon descriptions of the process and other informational pages. The application, which is a joint CHIP/Medicaid form, contains more than 12 pages of instructions and explanations. Four pages of application questions help applicants estimate family income.

Using this State’s application, a CHIP or Medicaid applicant would fill out 12 pages. This includes two pages of declarations and a checklist for required documentation. Respondents from this State indicated that their application design was influenced by input from advocates and other groups. Staff at the State’s CHIP program said they included many advocate suggestions, which increased the application’s length. This State’s application illustrates the tradeoffs that States consider when deciding what information to include and what questions to ask in their CHIP/Medicaid applications.

CHIP Application Length			
Application Type	All Applications	CHIP-only	Joint Medicaid/CHIP
Average Length	5.5 pages	3.8 pages	7.6 pages
Median Length	4 pages	4 pages	6 pages
Mode	4 pages	4 pages	4 pages
Shortest and longest	1 - 28 pages	1 - 8 pages	2 - 28 pages

Joint applications

Two States with CHIP-only programs use a separate CHIP application. Nine States with Medicaid expansions or combination CHIP/Medicaid programs use a single application. Eight States with CHIP-only programs use a joint CHIP/Medicaid application.

Using a joint Medicaid/CHIP application can simplify the application process for some families. Families only have to complete one application and do not have to determine under which program their children may be eligible. Joint applications facilitate the enrollment of CHIP applicants in Medicaid if they qualify for that program. With both programs on one application, States can ensure that they enroll children who are Medicaid eligible in Medicaid and children eligible for CHIP are enrolled in CHIP.

Joint applications help reduce the stigma associated with welfare by making program differences invisible to families. This may be especially important for families who do not want Medicaid due to its association with welfare. Many State CHIP directors provided anecdotal information about families refusing Medicaid but willing to accept, and in some cases willing to pay for CHIP.

Joint applications are often longer than CHIP-only applications. Joint Medicaid/CHIP applications have to include questions a State requires for either program. The average length of a combined application is longer than that of an average CHIP-only application (7.6 pages versus 3.8 pages). Some State laws may prescribe information to be collected or processes for Medicaid applicants that are not required for their separate CHIP program. Joint applications may require families of CHIP-eligible children to go through a more invasive process, such as face-to-face interviews, added questions and more extensive verification of information provided.

Multi-program applications

Of the 19 States in our study, three use a single application form to determine eligibility for Medicaid/CHIP and at least one other public benefit program. One State combines its Medicaid application with applications for cash assistance and food stamps. A second State uses a single application for cash assistance, food stamps and child care subsidies. The third uses a combined application for its medical programs and the Women, Infants and Children (WIC) program.

A single application for health care and other programs can be a good way to ensure that families have access to all the programs for which they qualify. When a family fills out a joint application, a State can determine eligibility for several State and Federal programs. Some families may not want to fill out separate applications and interact with their State's social services agency multiple times. A multi-program application may increase access to both health programs and other programs such as food stamps and subsidized child care for these families.

The downside of a multi-program application is that different programs have different requirements. The issues surrounding joint Medicaid/CHIP applications are intensified with a multi-program application. States that use multi-program applications indicated that persons applying for subsidized health insurance often have face-to-face interviews because they are required for other programs. One State noted that much of its documentation and verification requirements are the result of the food stamps program requirements.

As an alternative to multi-program applications, one State's joint CHIP/Medicaid application includes check boxes. Applicants can indicate their interest in receiving information about other State and Federal programs by checking the appropriate box.

Spanish and other languages

Half the States running CHIP programs as of July 1, 1998 print their applications in both English and Spanish. Most of these States print English and Spanish versions separately. Two States print a single version of the application, with all instructions and questions in both languages. Five States make applications available in several languages. One State distributes instructions and applications in 10 different languages. Three States print applications only in English.

All States offer telephone or in-person assistance to help non-English speaking persons apply for CHIP. Some States staff their toll-free help lines with bilingual staff. In addition, all States utilize telephone-based interpreter services.

Readability

Application complexity affects a reader's ability to successfully and accurately complete a CHIP application without assistance. High reading level scores and complex vocabulary may hinder some people's ability to complete a CHIP application. Subjective analysis of a text's reading level is often inaccurate. Teachers and others with higher than average reading levels tend to underestimate the difficulty of a given text by up to 8 years.

Using the Flesch-Kincaid Formula, we analyzed randomly selected application questions and instructions from a sample of CHIP applications. We found that most CHIP applications required a 10th grade education or higher to comprehend CHIP questions and instructions. The grade level of the questions and instructions we analyzed ranged from 4.86 to 14.79.

Contributing to the difficult reading level of CHIP applications is the complexity of the sentences and vocabulary used in questions and instructions. Complex sentences and vocabulary make comprehension more difficult for applicants. Compared with a Hemingway short story with a vocabulary complexity score of 5, the CHIP applications we examined had vocabulary complexity scores ranging from a low of 2 to a high of 71.

States have shown concern that applications are comprehensible to families. One State indicated that they changed a CHIP application question about the name of the person filling out the form. What once read “applicant’s name” now reads “your name.” This change avoids confusion caused when parents or others filling out a CHIP application entered a child’s name in the slot meant for their own name. Other States have also responded to problems with individual questions or instructions, but none indicated that they have performed comprehensive application overhauls based on readability analysis.

Applications at multiple sites

Most of the States in our study made applications available at multiple locations. These locations included State and local government offices, welfare and Medicaid offices, State and local health departments, county or city run health clinics and WIC clinics. In addition, many States distribute applications through community groups, churches, nonprofit organizations, private health care providers, Federally Qualified Health Centers (FQHCs), child care centers, Head Start centers and schools. Most States have made efforts to distribute applications at multiple sites. Some States have made noteworthy efforts to distribute CHIP application by offering hundreds of application pick-up sites throughout their States. See Table on the next page for a compilation of CHIP application sites mentioned by State respondents.¹

Many States are making efforts to solicit the cooperation of schools in identifying potentially eligible children. Schools in many States are asked to distribute information and applications to students. Eight States specifically mentioned that applications are available at schools and education departments. Many States noted that Department of Education cooperation was good. However, a couple of States indicated that local school districts were not always willing to distribute information and applications. One State felt that the Department of Education lacks a clear mandate to cooperate in this endeavor.

Toll-free telephone lines

Most States run a statewide, toll-free telephone line. People can call to these toll-free numbers to get program information and applications. Only three States do not make applications available via Statewide toll-free telephone lines. Two of these States contract with individual managed care organizations (MCOs) to run customer service lines as part of their programs. The contracted MCOs in these States provide information about CHIP and mail out applications to callers. The other State’s toll-free line can be used to get information about the program and referrals to the appropriate State agency.

¹Figure 1 is a list of sites at which people can obtain CHIP applications. This list may not be comprehensive. It reflects only the sites mentioned by our State respondents.

Locations used by States to distribute CHIP applications

Health Care Providers, including:

- ▶ hospitals
- ▶ State, city and county health departments
- ▶ federally qualified health centers
- ▶ county health clinics
- ▶ community health centers
- ▶ clinics run by the Women, Infants and Children program
- ▶ dentist offices
- ▶ Physicians and other health care provider offices

Government offices, including:

- ▶ Medicaid offices
- ▶ welfare offices
- ▶ regional offices of the State government
- ▶ unemployment offices

Schools, including:

- ▶ State Department of Education offices
- ▶ local school district offices
- ▶ schools

Community based organizations and not-for-profit agencies, including:

- ▶ churches
- ▶ libraries
- ▶ private social service agencies
- ▶ advocacy groups
- ▶ boys and girls clubs
- ▶ domestic violence shelters
- ▶ food banks

Other organizations, agencies and businesses, including:

- ▶ managed care organizations
- ▶ contractors and enrollment brokers
- ▶ pharmacies
- ▶ child care centers
- ▶ Head Start centers
- ▶ legal services offices
- ▶ tax preparers' offices
- ▶ insurance agencies
- ▶ grocery stores

Application assistance

Most States offer assistance with application-related questions by telephone. In several States, the staff answer questions and explain what documentation should be sent in. In some States, staff on the toll-free line will help families fill out an application. The completed application is then sent to the family for a signature and needed documents.

Several States train groups and individuals not employed by the State to help families with the application process. In one State, organizations sponsor individuals to attend a day-long training on the application. These individuals are then approved to assist families with the application on behalf of their organization. In another State, more than 300 interested organizations have signed agreements with the State regarding training and their role in the initial processing of the applications.

State Medicaid or CHIP web sites describe their programs and explain how to get an application. Several States allow families to print the application from the web site, fill it out and mail it in.

Outstationing and collection sites

About one quarter of the States in our study relies, at least in part, on outstationed workers to collect applications. Many States allow families to return applications to places other than welfare or Medicaid offices. These sites include health departments, Federally Qualified Health Centers, clinics and other agencies that volunteer to help families with the process. Several States report that they increased the number of application drop-off sites in order to help families avoid the welfare or social services office. In some States, applications dropped off at an outstation or volunteer agency site will be forwarded to the processing organization. In one State, outreach sites (including medical providers) can fax in families' applications for them, and then send the paper copy by mail later. They hope that eliminating the stigma of welfare and making the process friendlier will encourage more families to apply.

Rather than increase the number of outstation sites, several States collect CHIP applications predominantly or exclusively through a mail in process. Many of these States distribute post-paid envelopes with their applications and encourage families with questions to call the toll-free help line.

Mail-in applications, post-paid envelopes

In its January 1998 letter to State health officials, HCFA stressed the benefits of mail-in applications, noting that they can reduce enrollment barriers found with in-person applications. Mail-in applications keep families out of the social services office, thus reducing transportation costs, avoiding the stigma of the welfare office and eliminating the

need to miss work. In addition, HCFA noted that mail-ins increase the number of organizations that can help distribute applications and information to potentially eligible families.

Many States currently have mail-in Medicaid applications, and all but one of the States in our study use it for Title XXI applications. Over half the States in our study provide applicants with a post-paid envelope in which to return their application. States that provide a post-paid envelope indicate that they do so to encourage families to return their applications. Several States noted that they did not want low-income applicants to put off getting their children insured because they did not have the money for postage.

States not using post-paid envelopes had several reasons for this decision. One State reports that post-paid envelopes increase the mailing time. This State claims that the extra processing time required to process post-paid envelopes delays receipt of applications. Several States indicate that the weight of required documents varied from family to family. This variability, in weight, makes it difficult for States to provide postage paid envelopes. Despite these problems, the majority of States do pay for return mail postage, and several other States indicate that they may begin using post-paid envelopes in their next Title XXI implementation phase.

In addition to mail in applications, some States will begin processing CHIP applications based on information faxed to them. However, these States also require that the original application be sent to them also. According to our respondents, an original signature is required to be on file in order to have a complete CHIP application. Currently, no States accept Internet-based applications, as questions still remain about the security of information sent in this manner.

Elimination of face-to-face interviews

Although Federal law does not require either Medicaid or CHIP applicants to undergo an interview, some States do require families to have one. Three States, all using Title XXI for Medicaid expansion programs, require an interview. For two of these States the interview for Title XIX and Title XXI applicants must be in person, while the third State allows interviews to take place by telephone as well. Administrators at these States indicated that their programs, including the application interviews, were shaped by their State legislators' desire to ensure program integrity.

Presumptive eligibility

Four of the 19 States interviewed for this study have presumptive eligibility policies for CHIP applicants. These States will pay for medical services provided to children while the State determines whether or not the child is eligible for CHIP or Medicaid. In two of the States, this "initial" or "temporary" eligibility is determined by insurers seeking to enroll

children in their managed care product. To avoid over-optimistic determinations, one State has imposed a 3 percent limit on errors. In the other two States, all children without insurance are granted presumptive eligibility while their applications are processed.

There are no requirements governing “presumptive eligibility” in the CHIP legislation. Each State must determine how to handle presumptive eligibility if it chooses to use it. According to HCFA, many States have linked the eligibility effective date to the date of enrollment in a health plan. States that have elected to expand their Medicaid programs under CHIP must comply with specific requirements set forth in Medicaid statute (Title XIX). Under Title XIX eligibility is effective with the date of application, or at State option, the first day of the month of application.

Some State application policies may adversely affect when a child’s coverage begins under CHIP or Medicaid. Some States return incomplete applications without establishing a protective filing date that would ensure coverage effective the date of application, or the first day of the month of application. In some States, CHIP eligibility may not become effective until 45 days after an application is approved. These practices may mean that eligible children are uninsured when they need medical care. A few States have addressed this problem by assuring payment to providers who care for children during the CHIP application and eligibility determination process.

There are myriad reasons why States have elected not to use presumptive eligibility in their CHIP program. Several States indicate that they want children to have access to a consistent source of care. They worry that parents of children determined presumptively eligible will not follow through with a full Medicaid/CHIP determination. One State noted that when its Medicaid program used presumptive eligibility for pregnant women, the number of presumptively eligible women who followed through to enroll in Medicaid was very low.

Several States indicated that they currently back-date program eligibility to the date of application. If a CHIP application is approved, these States will cover medical expenses incurred by applicants during the enrollment process. States that back-date coverage prefer this process to presumptive eligibility. They contend that use of the application date as the first day of CHIP coverage helps ensure that children can get immediate medical care while an application is processed. The State promises providers that they will be paid for services provided to an applicant child before eligibility is officially determined.

Several States felt that presumptive eligibility was difficult and expensive to administer, and was not a very high priority. Several States said that they decided to streamline the regular application process in order to get children covered as quickly as possible. One other concern is that a number of States have shaped their CHIP programs to look like private insurance coverage, and presumptive eligibility may not fit within this model. One such State indicated that they want their program to look like a regular health plan, and do

not want to use presumptive eligibility, which looks like welfare.

Use of enrollment contractors

While six States do not use enrollment brokers or other contractors for any part of their CHIP enrollment, the other 13 contract for large and small parts of their enrollment process. As managed care is becoming the common mode of service delivery, many separate CHIP and Medicaid outreach programs use contractors to provide information to families choosing a health care plan or medical provider.

Several States contract with health plans to run the program in various areas of the State. Two such States make the health plans responsible for outreach, enrollment and customer contact. The health plans must work within the rules outlined by the State plan, but have some flexibility to design their own enrollment forms and procedures within those boundaries.

Five States have contracts with enrollment brokers to process CHIP applications and determine eligibility for the State's separate Title XXI programs and the CHIP portion of combination plans. In some States, contractors screen children for Medicaid, forward potential Medicaid eligible to the State and determine Title XXI eligibility for non-Medicaid eligible children. In at least one State, the nonprofit entity running the health program screens all applications for Medicaid eligibility. This organization forwards the applications to State Medicaid workers or the private contractor for a final determination of eligibility.

Several States use contractors for parts of the enrollment process. Four States contract out their customer service lines, using private groups to answer applicant questions, send out applications and in some cases help families fill out applications. Some States use their own staff to determine program eligibility but contract for data processing tasks, documentation verification, application pre-screening and database maintenance. Contractors may also send out insurance cards and information to families and collect premiums from them.

Elimination of some verification requirements

Title XXI programs are not required to use asset tests in their applications, and most States do not. Two States that have separate CHIP programs ask for asset information. Two other States, both using Title XXI funds for Medicaid expansions, also have asset tests.

To limit the amount of documentation families are required to provide, many States use electronic or other databases to verify applicants' responses. Many States indicated that they do not want to force families to provide information the State can obtain from third party sources. Several States electronically access information on unemployment and

earned income, as well as on social security numbers and immigration status. One State routinely contacts the health department for pregnancy verification. Workers in this State also contact the local human services department for documentation of welfare income and children's ages.

Many States allow families to self-certify application information. One State accepts all application statements and does not require any documentation other than on alien status. This State's eligibility process includes a check of the Social Security database, State unemployment wage files, and unemployment compensation database. The family is only contacted if third party information is inconsistent with the application responses. Other States are reluctant to accept self-certification because they fear their error rate may increase and affect their Federal funding. They also worry about ensuring program integrity if they do not verify information.

Denial rates

Collecting comparable data on the precise number of CHIP denials is difficult. It is difficult to determine the number of applicants who apply and are subsequently denied CHIP eligibility. Some States have no information about the number and identity of children whose CHIP application was returned because it was incomplete or lacked documentation. Several CHIP programs consider the application date to be the date the State receives a completed application along with all documentation.

In several States, technical denials occur at CHIP intake sites. Workers at these intake sites only forward completed applications for potentially eligible applicants to the State. One CHIP intake site reports an application denial rate in excess of 30 percent, while the State reports a CHIP denial rate of less than 5 percent. States with low, or no, CHIP application denials may not be the most effective at enrolling children in CHIP. Their processes may obscure the true nature of denials.

Intake sites that collect and process joint CHIP/Medicaid applications may fail to protect an applicant's filing date by returning an incomplete application without establishing a record to protect the date of CHIP/Medicaid eligibility. Several States that return incomplete applications did not record information about applicants or the date they applied. This missing information could adversely affect the date a child becomes eligible for CHIP or Medicaid. It also distorts data on the number of CHIP applicants and the data on the disposition of each child's application. Without better controls over applications, information about the number of children seeking CHIP coverage is unreliable. Refusing to accept applications that are incomplete distorts information on the number and reasons for denials.

A few States do not deny applications with missing information. One State "deactivates" cases with missing information after 60 days. Another "dismisses," rather than denies,

applications with insufficient information or ineligible applicants. These practices may distort information about denials. More importantly they may obscure information as to the precise reason for denial that might be useful in improving the CHIP program.

Several States engage in aggressive follow-up with families to get information missing from applications. In several States, State employees or contractors help families fill out applications. They also help families secure needed documents to establish eligibility. Several States accept applications that are not complete and then re-contact families to collect needed information or obtain the information through a third party. One State indicated that its low denial rate of 3.6 percent was due to active follow-up done while incomplete applications are pending. Several States do not require extensive documentation.

Citizenship Dilemmas: Barriers To Enrollment

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) requires that all agencies administering Federal public benefits ensure that benefits are provided only to citizens and qualified aliens. In addition to providing benefits to citizens and qualified aliens, the law also provides for the emergency treatment of non-qualified aliens who otherwise meet Medicaid eligibility criteria. The Immigration and Naturalization Service (INS) has developed guidelines to assist State and local governments and their contractors in determining whether an alien qualifies for public benefits.

When applying for Federal public benefits, applicants must declare whether they are citizens of the United States². Any person who is not a citizen is considered to be an alien and his or her eligibility for public benefits as a qualified alien must be verified. The exception to this rule involves non-qualified aliens seeking emergency medical care. Non-qualified aliens are not required to make a such a declaration in order to get emergency medical care coverage.

States verify citizenship and alien status using a variety of documents and systems. States can accept an applicant's certification that they are a national (citizen) of the United States if no information to dispute that claim exists. When a question of citizenship or qualified alien status arises, the States must verify that the applicant is a qualified alien. An extensive list of primary and secondary evidence to establish citizenship and alien status is prescribed

² We have elected to use the term citizen throughout this report. The law requires that an applicant for public benefits declare whether he or she is a national of the United States rather than U.S. citizen because national of the United States is a term specifically defined as a citizen of the United States, or a noncitizen owing permanent allegiance to the United States. Non-qualified (illegal) aliens are not required to make a declaration whether they are national of the United States to obtain emergency medical care.

by INS in law. In addition to documents provided by applicants, agencies administering public benefits must verify alien status using INS's Systematic Alien Verification for Entitlements (SAVE) system. Currently, no system exists for verifying citizenship.

The "Illegal alien" dilemma

Illegal aliens have concerns about revealing information that might affect their applications for citizenship or result in their deportation. State employees and individuals helping families fill out applications told us that parents residing in the United States illegally were reluctant to complete a CHIP application for their children born in the United States. Children of illegal aliens born in the United States are citizens and eligible for CHIP and other public benefits. The siblings of these eligible children may be illegal aliens and ineligible for CHIP, Medicaid and other public benefit programs.

Illegal aliens fear that the information they provide on CHIP applications about themselves and their children will be shared with INS. They fear that INS will use the information to locate and deport them. Title XXI requires that the age, social security number and citizenship of children seeking enrollment in the CHIP program be determined.

In a September 10, 1998 letter to State Health Officials, HCFA clarified that title XXI does not, and cannot require applicants (parents, guardians and others) to disclose their social security number or citizen status when completing a CHIP application. States that have elected to expand their Medicaid program under CHIP can only require the SSN of the children applying for CHIP enrollment. Information about the citizenship and SSN of the person applying for CHIP benefits on behalf of a child is not required by Federal law. Moreover, HCFA policy prohibits States from taking into account the parents citizenship when determining a child's CHIP eligibility.

To determine Medicaid eligibility, all States solicit some information about a child's parents on their application for benefits. States that have elected to use Title XXI (CHIP) funds to expand their Title XIX (Medicaid) programs also solicit information about parents. The CHIP legislation requires States to screen for Medicaid eligibility every child applying for CHIP benefits. Some States routinely screen all household/family members (parents and children) for Medicaid eligibility. According to outstation workers, aliens fear that States will share CHIP application information with INS during the screening and verification processes many States conduct to determine eligibility for other public benefit programs.

The process for verifying the qualified alien status of applicants for Medicaid requires that States input certain information about alien applicants into SAVE or some approved alternative system.³ States that operate CHIP programs independent of their Medicaid

³ Most States use SAVE for their Medicaid program. The current law does not require States to use the system. A proposed rule, if enacted, would make use of the SAVE system mandatory for all agencies providing

program are required to use interim guidelines provided by the INS. These guidelines do not require the use of the SAVE system. The SAVE response provides information relevant to benefit eligibility. It is INS's position that the actual determination as to whether an applicant meets a program's eligibility requirements is left to the State benefit granting agency.

Some States have adopted policies and practices designed to protect disclosure of information concerning illegal aliens. One State informs applicants that they do not need to disclose their social security number (SSN). This State assigns a fictitious SSN to applicants who do not have or refuse to provide an SSN. Other States would like to use private, not-for-profit agencies to execute CHIP applications on behalf of children whose parents are reluctant to apply because they fear immigration repercussions. Several States report that despite changes in the law, new application and verification requirements and elimination of the face-to-face interview, the number of CHIP applications from eligible immigrants is lower than expected especially among Spanish-speaking individuals.

Illegal aliens fear personal information on CHIP applications will be entered into the SAVE system and used by INS to enforce immigration laws including removal from the United States. This fear is not unfounded. The INS may use SAVE information for the purpose of enforcing any civil and criminal violations of immigration law. By statute the INS is prohibited from using SAVE for administrative (non-criminal) enforcement. In December 1997, HCFA notified the States that benefit information should not be shared with INS or the State Department, except in cases involving fraud and abuse.

Conflicting HCFA and INS positions leave States, intake workers and applicants uncertain as to whether information on CHIP applications will or will not be used to enforce immigration laws. Despite HCFA's assurances to the contrary, States and intake workers report that noncitizens believe information collected on CHIP and Medicaid applications might be used to enforce immigration laws at some time in the future. The HCFA's position is that Medicaid agencies are not required to report illegal aliens to the INS. However, a State Medicaid or CHIP agency may, if it chooses, report illegal aliens to INS. Statutes acknowledge that no law can prohibit a State (including Medicaid State Agencies) or locality from reporting Illegal aliens to INS.

Illegal aliens are reluctant to apply for CHIP for their eligible children. They fear that INS may use the information to locate and possibly deport them. Though statutes appear to limit INS's use of SAVE information, our respondents indicate that illegal aliens fear the information will find its way to the INS either through the SAVE system or through direct referral to INS by a State agency.

Respondents told us that until INS and HCFA issue a joint statement that CHIP and

Federal public benefits within 2 years of the rules final enactment.

Medicaid applications will not be used to enforce immigration laws, parents and guardians in the United States illegally will be reluctant to enroll their eligible children in CHIP. The absence of a clear and uniform policy statement from HCFA, the States and INS as to their use of application information deters people from enrolling in the CHIP program.

Immigrant parents fear that the information they provide will help the INS identify them or one of their children or other family member as an illegal alien.

The “public charge” dilemma

Eligible aliens are reluctant to complete a CHIP application because they fear, or have misunderstandings related to, public charge requirements under immigration laws. Many aliens fear that the use of any government services (including Medicaid and CHIP) would threaten their request for permanent residence status. State CHIP program administrators and individuals working with families of CHIP eligible children told us that qualified aliens fear that their children’s receipt of CHIP or Medicaid will adversely affect application for citizenship.

Qualified aliens fear that they will be denied citizenship if INS determines that the public charge provision of the Title V, Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (Public Law 104-208) has been violated. They also fear that they will have to pay back the entire cost of their children’s health insurance if they ever apply for citizenship.

States and intake workers reported that noncitizen parents felt the law and regulations did not explicitly state that the CHIP application they executed on behalf of their children did not fall under public charge provisions of the Immigration Act. The INS, which has jurisdiction over these matters, has not issued an official statement or policy guidance on public charge determinations. When INS does issue policy guidance on public charge determinations, HCFA plans to notify the States as to how the INS policy affects CHIP or Medicaid recipients.

Multiple Program Rules

States expressed concern about the Federal push for States to develop a single application for Medicaid, CHIP and other public benefit programs such as food stamps and the WIC program. States find that creation of a single application for multiple public benefit programs is impeded by the different requirements each program has in place.

Conflicting application and verification requirements pose a processing problem for States. Federal Medicaid and CHIP statutes allow States considerable latitude in how they implement these programs. The HCFA’s August 10, 1998 letter to State health officials, advises States that they must verify the alien status for Medicaid and CHIP applicants.

Beyond that requirement, States can decide what information to collect and can choose what and how they will verify information.

Some States allow families to apply for CHIP at local Medicaid and social services offices. Intake workers, familiar with Medicaid and other public benefit programs, may be resistant to changes in application processes. Some States expressed concern that front-line workers continue to require CHIP applicants to use the old, more burdensome application processes.

State efforts to streamline the application and enrollment processes for public benefit programs, including Medicaid and CHIP, are hindered by different Federal program requirements. While States have considerable latitude to decide what information will be collected and what information on applications will be verified, they are concerned that different definitions and standards for verification used by different Federal public benefit programs will affect their error rate.

States mentioned the following Federal requirements as causing problems:

- ▶ **Income verification.** The HCFA told the States that they have considerable latitude to decide if they will verify income of applicants for CHIP and Medicaid. Section 1320b-7 of 42 U.S.C. appears to require all States to have in effect and use an income and eligibility verification system for Medicaid, food stamps and other public benefits. To use IEVS, States must obtain the social security numbers of the children's parents and other adult members whose income will be considered in determining eligibility. It is HCFA's position that the SSN of parents and other adult household/family members is not required for CHIP.
- ▶ **Household/family composition.** States told us that conflicting rules for determining household/family composition impede the development of a single application for CHIP, Medicaid and other public benefit programs. In one State, the family unit for CHIP includes every person living in the household/family. Medicaid only counts persons living in the household/family that have a legal relationship.
- ▶ **Household/family income.** Some State CHIP programs count the incomes of all persons living in the household/family. Under Medicaid rules, States may only consider the income of a parent or a spouse living in the household/family.
- ▶ **Child support.** States that have elected to establish a separate CHIP program are unsure as to circumstances, if any, that would require them to make a referral to Child Support Enforcement. Some public benefit programs including Medicaid require States to pursue the establishment of paternity and child support. Failure to pursue child support can result in a denial of benefits.

- ▶ **Disclosure of Information.** Each Federal public benefit program has its own rules concerning disclosure of information. Title XIX permits disclosure only for Title XIX purposes. The Food Stamp program requires that the applicant know to whom information is disclosed and for what purpose.

States expressed interest in establishing an interagency workgroup to address these conflicting Federal policies. The purpose of the workgroup would be to examine the different program requirements of Federal public benefit programs. The workgroup would, to the extent possible, recommend changes in agency policies that would reduce or eliminate the variations cited above and other conflicting requirements.

States are apprehensive about developing joint applications and uniform verification procedures when Federal laws governing the public benefit programs they administer appear to conflict.

RECOMMENDATIONS

Readability Of Application Forms

We recommend that HCFA work with States to improve the readability of CHIP applications. The high reading level of some CHIP applications can dissuade prospective applicants from applying. Language complexity may lead other applicants to incorrectly fill out forms, which may have an impact on whether applications for health care coverage are accepted or denied. Reducing language complexity and reading level on CHIP applications can improve access to available services.

Simplification Efforts

We recommend that HCFA continue to encourage States to simplify their application and enrollment processes for CHIP and Medicaid. State efforts to simplify application and enrollment processes are showing encouraging results in several States, however, a successful practice in one State may have different results in another. It is too early in the CHIP program to determine the effectiveness of State changes to application and enrollment processes.

We encourage HCFA to continue to support State efforts to:

- ▶ Reduce application length;
- ▶ Use joint Medicaid/CHIP applications;
- ▶ Use multi-program applications;
- ▶ Print applications in Spanish or other languages;
- ▶ Distribute applications at multiple sites;
- ▶ Utilize toll-free telephone lines to provide information;
- ▶ Provide assistance with the application process;
- ▶ Increase the use of outstation and application collection sites;
- ▶ Utilize mail-in applications and post-paid envelopes;
- ▶ Eliminate face-to-face interviews.

We also encourage HCFA to continue helping States investigate the following practices:

- ▶ Contracting with enrollment brokers;
- ▶ Eliminating some verification requirements.

Under Medicaid, eligibility is effective with the date of application or, at State option, the

first day of the month of application. There is no requirement in the CHIP legislation that governs the effective date of CHIP eligibility. States can decide what the effective date of coverage will be under CHIP. We recommend that HCFA encourage States with separate CHIP programs to adopt CHIP eligibility policies that parallel their Medicaid policies. We also recommend that HCFA encourage States to either utilize presumptive eligibility or back-date coverage for eligible children from the date of application.

Citizenship Issues

We recommend that HCFA work with INS to encourage INS's development of clear guidance and policy statements on how applications for CHIP and Medicaid will impact noncitizens. Qualified aliens, concerned about "public charge" issues, should know whether using the CHIP benefit will affect their citizenship. Illegal aliens should know if the information they provide on CHIP applications for their citizen children will be used to enforce immigration laws.

We recommend that HCFA work with the INS to develop a joint policy as to whether INS will use SAVE system information about CHIP applicant children to find and prosecute parents and siblings residing illegally in the United States. Illegal aliens should know if the information they provide on CHIP applications for their citizen children will be used to enforce immigration laws. While HCFA and INS have indicated that information from the SAVE system will not be used to find and prosecute illegal residents, the American public needs a clear and public joint, written statement on this issue.

Uniformity Of Program Requirements

We recognize that program rules often differ due the exigencies of running each program. We realize that amending program rules can be a difficult process. Several groups have been formed to look into the problem of conflicting program rules, not all of which have been successful. Despite this, there may be places of agreement between programs which can allow rule changes to bring programs into closer alignment.

We recommend that an interagency task force be formed to address conflicting public benefit application requirements. We recommend that this interagency workgroup develop uniform policies for verifying income, using the Income Eligibility Verification System, determining household/family composition, defining countable income, counting child support and disclosing information. Where necessary, agencies should seek statutory change to permit uniformity across programs. Taking first steps on this project will be a useful endeavor and may particularly benefit States wishing to use multi-program applications for their child health insurance and other benefit programs.

AGENCY COMMENTS

We would like to thank HCFA, the Health Resources and Services Administration (HRSA) and the Assistant Secretary for Management and Budget (ASMB) for commenting on the draft of this report. Based on comments we received from HCFA and ASMB some wording changes and clarifications were made to the report.

The HCFA concurred with our findings and recommendations. They highlighted their ongoing efforts in the areas we discussed in the report. The HRSA found the draft report to be acceptable and had no comments. The full text of HCFA's and ASMB's comments on the draft report, along with HRSA's response, can be found in Appendices A, B and C.

Health Care Financing Administration Comments on the Draft Report

DATE: APR 27 1999

TO: June Gibbs Brown
Inspector General

FROM: Nancy-Ann Min DeParle
Administrator

SUBJECT: Office of Inspector General (OIG) Draft Report: "The Children's Health Insurance Program: State Application and Enrollment Process: An Early Report from the Front Lines," (OEI-05-98-003 10)

We appreciate OIG's efforts to help the Health Care Financing Administration (HCFA) identify promising practices, barriers, and issues related to the application and enrollment procedures of the Children's Health Insurance Program (CHIP). We support the recommendations in this draft report, especially those that will make the application process easier and more user friendly for potential beneficiaries.

HCFA has been providing technical assistance to states in order to simplify enrollment procedures. We are encouraged to see in the findings that States are following this advice and simplifying their application and enrollment processes. In a letter to State Health Officials issued on January 23, 1998, we described options for successful outreach and enrollment and provided examples of such activities, such as out-stationing sites for filing applications, use of mail-in applications, joint applications for both CHIP and Medicaid, and presumptive eligibility. In a second letter issued on September 10, 1998, we highlighted the flexibility States have to simplify the application and enrollment processes. In that same letter, we clarified two eligibility-related issues that were seen as barriers to enrollment. States were advised that a child's eligibility for Medicaid or CHIP is not contingent on disclosure of parents' Social Security Number (or lack thereof) or on information about non-applicant parents' immigration status.

Additionally, a multitude of other initiatives are underway to promote successful implementation of CHIP. The following describes some examples which illustrate Federal support for State outreach programs.

- ◆ Continuing the Outreach Campaign. The national campaign initiative between the National Governor's Association and the White House which includes a national toll-free

telephone number (1-877-KIDS-NOW) to provide information to potential enrollees and a series of radio ads in both English and Spanish.

- ◆ Providing Technical Assistance. HCFA and Health Resources and Services Administration recently completed a series of Technical Advisory Panels (TAPs) involving twenty States. The purpose of these sessions was to: (1) provide a forum for exchange of experiences with the development and implementation of outreach strategies, (2) establish partnerships for outreach between States and the Federal government and (3) develop strategies for involving the private and voluntary agencies in outreach programs.
- ◆ Publishing Useful Information. Federal support for State outreach is the lead being taken by HCFA in developing a Technical Assistance Guide that describes for State Medicaid agencies and partners the latest information on “how to” provide appropriate information to consumers in an easy to understand format. This guide will address issues related to cultural sensitivity and will include information on methods of material distribution and use of the media, among other topics, and will be available in the Fall of 1999.

Our detailed comments on the report recommendations follow.

OIG Recommendation #1

HCFA should work with States to improve the readability of CHIP enrollment applications.

HCFA Response

We concur. By reducing language complexity and reading level on CHIP applications, States can improve access to available services. HCFA will continue to bring this concern to the attention of States and will offer technical assistance to States on improving the readability of application forms.

OIG Recommendation #2

HCFA should continue to encourage States to simplify their application and enrollment processes for CHIP and Medicaid.

HCFA Response

We concur. We will continue to encourage States to simplify their application processes, and promote successful examples of simplification procedures and action States have already taken. We have released a model application form that States can use to see how easy it is to have a simple application. We have also released a guide book titled, “Working Families” that discusses the importance of a simple application.

OIG Recommendation #3

HCFA should encourage States with separate CHIP eligibility policies that parallel their Medicaid policies. We also recommend that HCFA encourage States to presume eligibility of all children effective with the date of application.

HCFA Response

We concur. States should be encouraged to adopt CHIP eligibility policies that parallel their Medicaid policies which make eligibility effective either with the date of application or the first day of the month of application. Since there is no requirement under Title XXI for retroactive eligibility, as there is under Medicaid, States have flexibility. It should be noted that many States have linked the eligibility effective date to the date of enrollment in a health plan.

OIG Recommendation #4

HCFA should work with Immigration and Naturalization Service (INS) to develop clear guidance and policy statements on how applications for CHIP and Medicaid will impact noncitizens.

HCFA Response

We concur. We have taken the initiative to work with INS to develop and release the much needed policy guidance regarding the “public charge” issue. However, the recommendation seems to imply that HCFA is responsible for public charge policy. As was discussed in the body of the report, it is the INS of the Department of Justice which has jurisdiction over public charge determinations and policy guidance. INS is, however, consulting with the Department of Health and Human Services about its views on this issue. Once such policy guidance is issued by the INS, HCFA plans to notify the States as to how the receipt of Medicaid or CHIP benefits relates to the determination of public charge.

OIG Recommendation #5

HCFA should work with the INS to develop a joint policy as to whether INS will use the Systematic Alien Verification for Entitlements (SAVE) system information about CHIP applicant children to find and prosecute parents and siblings residing illegally in the United States.

HCFA Response

We will consult with the INS on this, but it is our understanding that their policy already prohibits the use of SAVE for administrative (non-criminal) immigration enforcement purposes, i.e., to deport people. The proposed INS rules pertaining to Verification of Eligibility for Public Benefits, published on August 4, 1998, in the Federal Register, contain an entire subpart (Subpart C) which addresses the SAVE system. Specifically, Section 104.51 states that the INS cannot use the information in the SAVE system for administrative (non-criminal) immigration enforcement purposes. Such information may, however, be used for the purpose of enforcing any provision of criminal law. Additionally, we have clarified through a representative of the INS that receiving a

“no match” through the SAVE system does not necessarily imply that an alien is in an illegal status.

OIG Recommendation #6

We recommend formation of an interagency task force to address conflicting public benefit application requirements. We recommend that this interagency workgroup develop uniform policies for verifying income, using the Income Eligibility Verification System, determining household/family composition, defining countable income, counting child support, and disclosing information.

HCFA Response

We concur. We support the establishment of an interagency task force to address conflicting public benefit application requirements. Greater uniformity in various program rules can be beneficial to the administration of the programs as well as to beneficiaries. Complete uniformity across all programs, however, may not be possible due to the differences in statutory requirements of such programs as Medicaid, Food Stamps, and SSI.

Technical Comments

Pg. 1, paragraph 4: In the last sentence add at the end “and have more flexibility on the benefit package.”

Pg. 2, first line: After “. . . the law prohibits States,” please add “from receiving enhanced match if they tighten . . .” Delete “. . . from tightening the . . .”

Pg. 6, paragraph 2: It would be better to have one paragraph devoted to the advantages and another to the disadvantages. The first sentence might be stronger if it were reworded: “Using a joint Medicaid/CHIP application can simplify the application process for families because they only have to complete one application and the families do not have to determine which program their children may be eligible for.” The second sentence of this paragraph should be rewritten as follows: “Joint applications ensure the enrollment of CHIP applicants in Medicaid if they qualify for that program.”

Pg. 7, paragraph 7: Please verify that the number 71 is correct? It seems very high.

Pg. 12, paragraph 3: In the third sentence, substitute “statute” for “legislation.”

Pg. 12, paragraph 5: The State reports that the number of presumptively eligible women who are determined eligible is very low. This seems at odds with other reports that the vast majority of women are found eligible.

Pg. 12, last paragraph: The last sentence does not appear to be correct. It says that States prefer backdating the program eligibility to the date of application because it ensures that eligible children get immediate medical care. If the children are not eligible until determination, this would not help them get care in the short run. They would still have to pay out of pocket for any services initially received.

Pg. 16, second paragraph: Please add at the beginning of the 4th sentence: “In a letter to State Health Officials on September 10, 1998, HCFA clarified that ...”

Pg. 17, third paragraph: The conflicting positions of HCFA and INS are never specified. It only mentions HCFA policies.

Pg. 19, first full paragraph: It would make sense if the work group were interagency.

Simplification Efforts, as continued at top of page 21: The last sentence should be clarified. Does the report mean that HCFA should encourage States to adopt “presumptive eligibility” in separate State CHIP programs? Does the report mean that States should presume all children who apply are eligible until a final CHIP determination? Does the report mean that anyone taking the CHIP applications should determine children presumptively eligible?

Health Resources and Services Administration Comments on the Draft Report

TO: Inspector General

FROM: Deputy Administrator

SUBJECT: OIG Draft Report, "THE CHILDREN'S HEALTH INSURANCE PROGRAM - State Application and Enrollment Processes: An Early Report from the Front Lines," Issued February 2, 1999

We have reviewed the subject report and find it to be acceptable. HRSA has no comments on this report.

Assistant Secretary for Management and Budget Comments on the Draft Report

MEMORANDUM TO: June Gibbs Brown
Inspector General

FROM: John J. Callahan
Assistant Secretary for Management and Budget

SUBJECT: Comments on OIG Draft Report: “The Children's Health Insurance Program - State Application and Enrollment Processes: An Early Report from the Front Lines”

Thank you for the opportunity to review the draft report entitled “The Children's Health Insurance Program (CHIP) - State Application and Enrollment Processes: An Early Report from the Front Lines” (OEI-05-98-00310). We would like to offer the following comments:

- The use of simplified application forms has been cited by the Department as a form of outreach. Since the Department has no authority to require the states to undertake any of the activities described in the report, it should be clearly stated that any state activity related to outreach is done at state option.
- On page 1, Background section -The report cites the number of uninsured children, but does not cite a source. Given that there is more than one way to count numbers of uninsured children and given that there is more than one set of published numbers, it may be useful to cite a source or use a range of numbers rather than a discrete number.
- On page 13, Use of enrollment contractors - The language in the first paragraph which describes the use of enrollment contractors in assisting eligible families in choosing a health care plan, may not be consistent with department policy. Policies differ depending on if the state is implementing a CHIP Medicaid expansion or if the state is developing a separate state plan. In Medicaid, while enrollment contractors may assist in application completion, I understand that they are prohibited from determining eligibility or directing beneficiaries to enroll in health plans.

In separate CHIP plans, assisting enrollment in health plans may be acceptable if these contractors are truly independent from the health plans and if there is no financial incentive. While this is implicitly discussed, we believe a more explicit explanation would be useful.