



*Still No Need to "Take Five"*  
**Filling the Coverage Gap for Legal Immigrant Children  
Remains Appropriate and Affordable**

**Summary:**

In 2009, Congress gave states the option to allow legal immigrant children to qualify for Medicaid and the Children's Health Insurance Program (CHIP) without enduring the five-year waiting period that applies to most public assistance programs for immigrants. During the 2012 regular session, state legislation (SB 1294) was proposed that would have exercised that option in Florida and allowed such children to qualify for coverage through Florida KidCare (which includes children's Medicaid and CHIP). SB 1294 passed unanimously out of its first committee but did not make it to final passage. This legislation (or a closely related proposal) is expected to be considered again during the 2013 session. If enacted in 2013-14:

- The maximum cost to the state of extending coverage to these legal immigrant children would be \$17.6 million.
- Using unspent state funds already earmarked for children's health coverage as well as money freed up as a result of increased federal match rates, a bare minimum of \$39.1 million in state funding is available to fund this coverage.

That amount is more than double the amount needed, and is in addition to the \$63.4 million in recurring state dollars freed up.

- Investment in coverage of these otherwise uninsured children will draw down an additional \$43.1 million in federal funds.

*State money is available to fund health coverage for legal immigrant children. Investment in coverage of these otherwise uninsured children will draw down an additional \$43.1 million in federal funds.*

**Background:**

Collectively, Medicaid and the Children's Health Insurance Program serve as the health coverage safety net for low-income children. Both Medicaid<sup>1</sup> and CHIP<sup>2</sup> are federal programs administered by states and funded through a federal-state partnership.

Immigration status has always been a factor in the eligibility determination processes for both Medicaid and CHIP. In particular, prior to 2009, the federal welfare reform law<sup>3</sup> prevented most legal immigrant children from enrolling in Medicaid or CHIP during their first five years in the U.S. A five-year waiting period was established for most public assistance programs, including Medicaid<sup>4</sup> and CHIP, under federal welfare reform in 1996.<sup>5</sup> States were permitted to use their *own* funds to cover children during that five-year waiting period, but could not enroll them in these federally funded programs.

***With the passage of the Children's Health Insurance Program Reauthorization Act, states now have the option of extending eligibility for Medicaid and CHIP to all immigrant children lawfully residing in the U.S., with no waiting period.***

With the passage of the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA), however, states now have the option of extending eligibility for Medicaid and CHIP to all immigrant children who are lawfully residing in the U.S., with no waiting period.<sup>6</sup> At present, 21 states allow legal immigrant children who meet all other relevant eligibility criteria to enroll in Medicaid or CHIP without a waiting period.<sup>7</sup>

It is important to note that CHIPRA does *not* permit states to eliminate the waiting period for adult legal immigrants, with the exception of pregnant women. Furthermore, undocumented immigrants always have been and continue to be ineligible for both Medicaid and CHIP, regardless of how long they have resided in the U.S.<sup>8</sup>

Florida KidCare consists of several children's health coverage programs funded through Medicaid or CHIP. The CHIP-funded programs include Florida Healthy Kids, MediKids, and Children's Medical Services. More than two million Florida children are currently covered through Florida KidCare,<sup>9</sup> including almost 1.8 million in Medicaid and an additional quarter-million in CHIP.<sup>10</sup>

#### **Current Situation in Florida:**

To date, Florida has not elected to extend KidCare eligibility to legal immigrant children. However, proposed state legislation (SB 1294) was considered by the legislature in 2012 that would have done precisely that. That legislation (or a closely related proposal) is expected to be considered again during the 2013 regular session.

In its analysis of SB 1294, legislative staff estimated that 20,550 legal immigrant children would be eligible for and enroll in KidCare next year.<sup>11</sup> Even after factoring allowing for year-over-year enrollment growth, this would increase total KidCare enrollment by only one percent.

The federal match rates for Medicaid and CHIP are different, but in both programs:

- The federal government provides the significant majority of funding (currently 57.7 percent in Medicaid and 70.4 percent in CHIP<sup>12</sup>), and
- Federal match rates change annually as a result of changes in the relationship between state per capita income and the national average.<sup>13</sup> (Florida's match rates have been steadily increasing.)

The estimated cost to the state for providing coverage to these children in 2012-13 is \$17.6 million.<sup>14</sup> With this investment of state funding, Florida would in turn draw down \$43.1 million in federal funds.<sup>15</sup>

**Ample Available Resources:**

**1. Unspent State Funding in CHIP**

In 2012-13, approximately 4,600 fewer children are currently projected to enroll in the CHIP portion of Florida KidCare than were funded by the legislature. (This under-enrollment can be attributed, at least in part, to the fact that more children are instead qualifying for Medicaid, which serves lower-income children than CHIP.) Thus, \$9.8 million in state general revenue (GR) that was appropriated for CHIP is projected to remain unspent as of the end of the fiscal year.<sup>16</sup> Reinvestment of only a third of that balance would be needed to fund coverage for the CHIP-eligible subgroup of these legal immigrant children in 2013-14. This follows on the heels of an additional \$11.7 million in GR that remained unspent and reverted at the end of 2011-12. In fact, a total of \$61.9 million in GR has reverted over the past five years.

**2. Increased Share of Federal Funding in CHIP**

For 2013-14, the federal matching rate for CHIP will increase by 0.66 percent in Florida.<sup>17</sup> Thus, the share the state must contribute will be reduced by an offsetting percentage. Specifically, the percentage of CHIP funding provided by the federal government will increase from 70.41 percent to 71.07 percent, while the percentage provided from state sources will decrease from 29.59 percent to 28.93 percent. An estimated \$3.8 million in additional federal dollars will flow into Florida as a result, freeing up an equivalent amount of state general revenue or other non-federal funds. This amount is an addition to the \$3.1 million GR freed up in CHIP in 2012-13 resulting from a prior increase in the federal match rate.

*A bare minimum of \$39 million in additional GR will be freed up next year that could be used to provide coverage to legal immigrant children. Furthermore, that amount is in addition to the \$63 million in recurring GR dollars freed up last year. Only \$18 million is needed.*

**3. Increased Share of Federal Funding in Medicaid**

With respect to the Medicaid portion of KidCare, the federal match rate will increase by 0.94 percent next fiscal year.<sup>18</sup> Consequently, approximately \$208 million in federal funds will flow into Florida due to this change alone, based on currently projected caseloads and expenditures.<sup>19</sup> However, restricting the focus to children alone, even under the most conservative assumptions, \$26.4 million in state general revenue will be available to boost efforts to provide coverage.<sup>20</sup> A minimum of \$48.6 million more in GR was similarly freed up in children's Medicaid for 2012-13.

The table below summarizes the situation. All told, a bare minimum of \$39 million in additional GR will be freed up next year that could be used to provide coverage to legal immigrant children. Furthermore, that amount is in addition to the \$63 million in recurring GR dollars freed up last year. Again, only \$18 million is needed.

Component of Florida KidCare	State General Revenue Available for 2013-14 (in millions of dollars)			
	Available for Reinvestment from 2012-13 (Projected) (A)	Available Due to Higher Federal Match Rate in 2013-14 (B)	Total Amount Available to State (C) = (A) + (B)	Amount Needed
CHIP (Florida Healthy Kids, MediKids, Children's Medical Services)	\$9.8	\$3.8	\$13.6	\$3.3
Medicaid for Children		\$25.5	\$25.5	\$14.3
<b>Total</b>	<b>\$9.8</b>	<b>\$29.3</b>	<b>\$39.1</b>	<b>\$17.6</b>

### **A Few Important Postscripts:**

- Extending coverage to these legal immigrant children is likely not only to improve their health status, but also to reduce the cost of uncompensated care in the health system as a whole. Low-income immigrant children who are insured are more likely to receive preventive health care and less likely to use hospital emergency rooms.<sup>21</sup>
- Florida cannot allow CHIP-eligible immigrant children to enroll in CHIP without also allowing Medicaid-eligible immigrant children to enroll in Medicaid.<sup>22</sup> The basis for this requirement is the fact that Medicaid serves even poorer families than CHIP, although both serve only low-income families in Florida.

For 2013-14, the state's projected share of Medicaid funding is 41.3 percent. However, these children are a new eligibility group and therefore considered "targeted low-income children." As a result, Florida can claim the higher federal match rate for all of them, regardless of whether enrolled in Medicaid or CHIP.<sup>23</sup> The state share for all newly eligible immigrant children would therefore be only 28.9 percent next year, saving Florida \$6.1 million.

- Florida cannot allow some categories of lawfully present<sup>24</sup> immigrant children to enroll and not others.<sup>25</sup> However, Florida law already expresses the intent to allow "qualified alien" children to qualify for KidCare, regardless of length of time in the U.S. Under federal law, however, Florida could not, prior to the passage of CHIPRA, enroll them for five years.<sup>26</sup> Now Florida can qualify for federal match, but only if it expands the window slightly to include some lawfully present immigrant children who do not meet the technical definition of "qualified alien."
- Florida has a track record of providing coverage for legal immigrant children during their waiting period, using solely state and local funds. As one example, more than 22,000 such children were covered through the Florida Healthy Kids program in 2003.<sup>27</sup> As another, \$13.5 million in state

general revenue funding was appropriated in the 2000-01 state budget to provide coverage.<sup>28</sup> However, this form of coverage has been unavailable since 2004, because there were no matching federal funds.<sup>29</sup>

This report was researched and written by Greg Mellowe.

## Endnotes

- <sup>1</sup> Title XIX of the Social Security Act, as amended
- <sup>2</sup> Title XXI of the Social Security Act, as amended
- <sup>3</sup> Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193), Section 403
- <sup>4</sup> Immigrants who are ineligible for Medicaid but meet all other eligibility criteria can receive emergency medical assistance through the Medicaid program during the five-year waiting period.
- <sup>5</sup> See Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193), Section 403
- <sup>6</sup> See CHIPRA (P.L. 111-3), Section 214
- <sup>7</sup> Kaiser Family Foundation, State Health Facts, State Adoption of Selected Coverage and Enrollment Options in CHIPRA, January 2011
- <sup>8</sup> See, e.g., Section 1902(a)(46) of the Social Security Act
- <sup>9</sup> Florida KidCare recipients also include enrollees who purchase unsubsidized coverage.
- <sup>10</sup> Derived from Florida Healthy Kids, Monthly Enrollment Report, February 2012
- <sup>11</sup> Florida Senate, Health Regulation Committee, Bill Analysis and Fiscal Impact Statement - SB 1294, February 2012, p.7
- <sup>12</sup> See Florida Legislature, Office of Economic and Demographic Research (EDR), Social Services Estimating Conference (SSEC), Official FMAP Estimate, November 2012. The match rate in CHIP (known as eFMAP) is calculated as the FMAP + (1 – FMAP) x 0.3.
- <sup>13</sup> Official federal match rates are calculated by federal fiscal year, which runs from October through September. The federal match rate for a given state fiscal year is calculated as a hybrid of the two federal fiscal years that overlap it.
- <sup>14</sup> Estimates were derived using legislative assumptions regarding caseload and per recipient per month cost, but were adjusted using actual federal matching rates. In addition, other legislative assumptions, particularly the cost per recipient, may be overstated, although consideration of such matters is beyond the scope of this brief.
- <sup>15</sup> Assuming a federal share of 70.4%
- <sup>16</sup> EDR, SSEC, KidCare Program Forecast Detail, November 2012, p.1
- <sup>17</sup> Derived from EDR, SSEC, Official FMAP Estimate, November 2012. See endnote 13.
- <sup>18</sup> Id.
- <sup>19</sup> Derived from EDR, SSEC, Medicaid Long-Term Forecast, July 2012, p.2
- <sup>20</sup> Based on deliberately understated assumptions of 1.5 million children in Medicaid and an \$150 average cost per recipient per month
- <sup>21</sup> Center for Budget and Policy Priorities, Reducing Disparities in Health Coverage for Immigrant Children and Pregnant Women, April 2007, p.2
- <sup>22</sup> U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS), Letter to State Health Officials - SHO #10-006, July 2010, p.2
- <sup>23</sup> CMS, SHO #10-006, p.5
- <sup>24</sup> CHIPRA uses the phrase “lawfully residing in the United States.”
- <sup>25</sup> CMS, SHO #10-006, p.4
- <sup>26</sup> Section 409.814(4)(d), Florida Statutes
- <sup>27</sup> Florida House of Representatives, Appropriations Committee, Staff Analysis – CS/SB 1073, March 2004, p.3
- <sup>28</sup> See 2000-01 General Appropriations Act (Chapter 2000-166, Laws of Florida (L.O.F.), proviso language for Specific Appropriation 193
- <sup>29</sup> See s. 6, Ch. 2004-1, L.O.F.