



Legislative Fiscal Bureau

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Joint Committee on Finance

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MA Coverage for Youths Leaving Out-of-Home Care (DHFS -- Children and Families)

[LFB 2005-07 Budget Summary: Page 294, #8]

CURRENT LAW

If, after investigating an allegation of abuse or neglect, a child welfare agency determines that a child is not safe and is at risk of further abuse or neglect and the child cannot remain safely in the home, a court may order that a child be placed in out-of-home care. Courts may order that these children be placed in foster care, treatment foster care, group homes, residential care centers for children and youth, or kinship care. Under state law, a child can remain in an out-of-home care placement until he or she is 18 years of age, or, if the youth is expected to graduate from high school, 19 years of age.

Under federal law, all children whose out-of-home care costs are partially reimbursed under Title IV-E of the Social Security Act are categorically eligible for medical assistance (MA). Wisconsin's MA program also provides coverage for children whose out-of-home care costs are not paid under Title IV-E. A youth in out-of-home care in either group remains eligible for MA until he or she reaches the age of 18 or, if he or she is expected to finish high school or complete a general education diploma (GED) program, the age of 19. After turning 19 years of age, some youths that had been in out-of-home care can remain eligible for MA, or become eligible for BadgerCare, if they meet other eligibility criteria for these programs. Under MA, children in out-of-home care receive comprehensive health care services, including mental health and substance abuse services.

GOVERNOR

Provide \$838,000 (\$357,000 GPR and \$481,000 FED) in 2006-07 to increase MA benefits funding to support the estimated cost of extending MA coverage for individuals who are

18 or 19 years of age and who were in a foster care or treatment foster care placement on their 18th birthdays. Specify that this eligibility would first apply to MA determinations made on January 1, 2007. Beginning January 1, 2008, specify that individuals who are 18, 19, or 20 years of age and who were in a foster care or treatment foster care placement on their 18th birthdays would be eligible for MA and that this eligibility would first apply to MA determinations made on January 1, 2008.

The bill would increase MA benefits funding by \$588,000 (\$232,000 GPR and \$356,000 FED) in 2006-07 to support estimated increases in MA benefits costs and \$250,000 (\$125,000 GPR and \$125,000 FED) in 2006-07 to support one-time costs of implementing changes in MA information systems.

DISCUSSION POINTS

1. Approximately 600 youths "age out" of out-of-home care each year in Wisconsin. Publicly-funded support services for most of these youths terminate when they become 18 years of age. A study of foster youth transitions to adulthood, conducted by the University of Wisconsin-Madison, examined the experiences of youths after they were discharged from out-of-home care in Wisconsin. The study concluded that these youths are more likely to experience physical and sexual victimization, unemployment and underemployment, homelessness, incarceration, and public assistance utilization than other youths their age.

2. In addition, the study showed that this population has higher than average health care needs, particularly mental health care needs, than youths their age who have not been placed in out-of-home care. The study reported that 47% of youths participating in the study received mental health services in the year before leaving foster care. In the year after leaving out-of-home care, 21% of these youths received mental health services. However, the study reported no change in these youths' need for mental health services from the previous year, when they were still in the child welfare system. The study concluded that, "although the receipt of mental health services decreased dramatically over time, there is no evidence that the young adults' need for services decreased."

3. The study also reported that 44% of participating youths had difficulty obtaining medical care most or all of the time after leaving foster care. The most frequently cited reasons for difficulty in accessing medical care were that they had no insurance coverage (51%) or not enough money to pay for the medical care (38%). The study reported that youths who have left out-of-home care are unlikely to have the income or savings to access needed health care -- 46% reported having over \$250 in savings upon leaving out-of-home care. Additionally, these young adults do not have access to the same social resources, such as family members, that could assist them in accessing health services as other young adults have.

Extending MA Coverage to Youths Leaving Out-of-Home Care

4. The federal Chaffee Foster Care Independence Act of 1999 authorized states to extend MA coverage for individuals 18 through 21 years of age who had been in out-of-home care

on their 18th birthday. The Governor's budget bill would exercise this option by extending MA eligibility for individuals that were in out-of-home care on their 18th birthday so that, beginning January 1, 2007, they could remain eligible for MA until they reach the age of 20, and beginning January 1, 2008, until they reach the age of 21.

5. Currently, when a youth leaves out-of-home care, he or she may remain eligible for MA only if he or she meets other MA eligibility criteria. For example, a youth who lives alone and has countable income that does not exceed 100% of the federal poverty level is eligible for MA coverage under the "healthy start" criteria until he or she reaches the age of 19. If the youth is pregnant, she remains eligible for MA if her countable income does not exceed 185% of the federal poverty level and, once she gives birth, remains eligible for one year following the birth. If the youth has a dependent child, he or she may be eligible for either MA or BadgerCare by meeting financial and nonfinancial criteria. However, some youths who leave out-of-home care do not meet the financial and nonfinancial criteria for these programs, or if they do, they become ineligible before they reach the age of 21. Further, each of these youths must visit a county income maintenance office to apply to enroll in these programs because their MA eligibility is not automatically redetermined once their categorical eligibility for MA benefits ends.

6. Because MA eligibility for youths who were in out-of-home care on their 18th birthday would be phased in beginning on January 1, 2007, the bill would only provide funding to support the estimated costs that would occur during the first six-months of this phased-in eligibility expansion. Using projected calendar year 2007 average fee-for-service costs for 15-, 16- and 17-year old MA recipients in out-of-home care, it is estimated that the average cost of extending MA benefits to a youth after he or she leaves out-of-home care is \$296 per month. Assuming that the number of 18-year-olds enrolled will increase each month, while the number of 19-year olds is, on average, constant (the number of 18- year-olds that turn 19 equal the number of 19- year- olds that turn 20 and thus, lose coverage), at the end of June, 2007, it is estimated that approximately 440 individuals could receive MA benefits under this provision by the end of June, 2007.

7. Based on revised estimates of the MA matching rate in 2006-07 and using the projected calendar year 2007 fee-for-service costs for this group of youth, rather than 2003 cost data the administration used in preparing its estimate, if the Committee adopts the Governor's recommendations, funding in the bill should be increased by \$47,800 (\$38,400 GPR and \$9,400 FED) in 2006-07.

8. Under the bill, youths who become eligible for MA after January 1, 2007, but who turn 20 years old before January 1, 2008, would lose their MA coverage for the period between the time they turn 20 and January 1, 2008, after which they would become eligible again until they reach the age of 21. To avoid this potential gap in coverage, the Committee could extend MA coverage for all three age groups (18-, 19-, and 20-year olds), beginning on January 1, 2007, and increase funding in the bill by \$476,100 (\$220,500 GPR and \$255,600 FED) in 2006-07. Under this alternative, it is estimated that approximately 640 youths could receive MA benefits under this provision by the end of June, 2007.

9. The bill would first extend this MA coverage to youths on January 1, 2007. While

this effective date minimizes the cost of the expansion in the 2005-07 biennium to reflect the limited availability of general fund revenues in this biennium, it also creates a cost-to-continue for the 2007-09 biennium, since only six months of increased funding would be budgeted in the 2006-07 fiscal year, which will be the base for the next biennium. In order to support a greater portion of the costs of expanding coverage to 18- and 19-year olds in the base year, the Committee could amend the bill to make 18- and 19- year- olds eligible for MA benefits on July 1, 2006, and 20- year- olds on July 1, 2007. To support this alternative, the amount of funding in the bill would need to be increased by \$1,038,700 (\$459,700 GPR and \$579,000 FED) in 2006-07. This alternative would increase the base funding for the program to \$1,876,700 (\$816,700 GPR and \$1,060,000 FED) in the next biennium, reducing the amount of additional funds that would be required to maintain the program in future biennia.

10. When the eligibility phase-in is completed, the total annualized benefit costs under any of these alternatives is estimated to be \$5,975,100 (all funds), based on the calendar year 2007 cost data. The total annualized costs would not be realized until the fourth year of implementation because many youths who have already left out-of-home care may not be aware of their MA eligibility under this provision and would not apply to receive coverage. Therefore, the cost estimate is based on the number of individuals that counties still have contact with, either through the child welfare independent living program or because the individual is receiving MA or BadgerCare benefits at age 18 and would receive MA under this provision beginning at age 19, since it is most likely that it will be these youths that will apply for MA coverage under this provision. If youths who have left out-of-home care, but who were in out-of-home care on their 18th birthdays, and are 18 or 19 years old before January 1, 2007, enroll in the MA program under this eligibility category, the costs of this proposal would be greater than the estimates presented in this paper.

11. The funding in the bill, as reestimated, would support both the estimated costs of providing MA benefits to these youths of \$635,800 (\$270,400 GPR and \$365,400 FED) and the one-time administrative costs of \$250,000 (\$125,000 GPR and \$125,000 FED) associated with expanding MA eligibility to a new group of individuals. The administrative costs include changes to the MA eligibility determination and information systems (CARES and MMIS) to implement the eligibility change. However, all of the funding that would be provided for this item in AB 100 is budgeted in the appropriation that supports MA benefits costs. The additional funding to support one-time costs of implementing changes in MA information systems should be budgeted in a separate appropriation that currently funds these costs. Consequently, if the Committee chooses to extend MA eligibility to children who are leaving out-of-home care, the Committee should transfer \$125,000 GPR and \$125,000 FED in 2006-07 from the MA benefits appropriation to the appropriation that supports MA administrative contracts to support these one-time costs.

12. In addition, the Governor's intent is to extend MA coverage to youths who, on their 18th birthdays, were in out-of-home care, including foster care, treatment foster care, group home, a residential care center for children and youth, and kinship care under a court order. The funding recommended by the Governor reflects this intent, but a change to the bill is needed to reference all of these placement options to meet this intent.

ALTERNATIVES

1. Modify the Governor's recommendation to extend MA coverage to 18- and 19-year olds, effective January 1, 2007, and to 20-year olds, effective January 1, 2008, by: (a) reestimating the federal MA matching rate and using projected calendar year 2007 benefits costs (\$38,400 GPR and \$9,400 FED in 2006-07); (b) transferring funding between appropriations, as described in Discussion Point 11; and (c) specifying that out-of-home care, as it relates to this provision, includes placements in foster care, treatment foster care, a group home, a residential care center for children and youth, and court-ordered kinship care.

<u>Alternative 1</u>	<u>GPR</u>	<u>FED</u>	<u>TOTAL</u>
2005-07 FUNDING (Change to Bill)	\$38,400	\$9,400	\$47,800

2. Modify the Governor's recommendation by: (a) extending MA coverage to 18-, 19-, and 20-year olds beginning January 1, 2007, and increasing funding in the bill by \$476,100 (\$220,500 GPR and \$255,600 FED) in 2006-07 to reflect an earlier effective date for 20-year-olds than proposed by the Governor; (b) transferring funding between appropriations, as described in Discussion Point 11; and (c) specifying that out-of-home care, as it relates to this provision, includes placements in foster care, treatment foster care, a group home, a residential care center for children and youth, and court-ordered kinship care.

<u>Alternative 2</u>	<u>GPR</u>	<u>FED</u>	<u>TOTAL</u>
2005-07 FUNDING (Change to Bill)	\$220,500	\$255,600	\$476,100

3. Modify the Governor's recommendation by: (a) extending MA coverage to 18- and 19- year olds beginning July 1, 2006, and specifying that 20-year-olds would be eligible for coverage beginning July 1, 2007, and increasing funding in the bill by \$1,038,700 (\$459,700 GPR and \$579,000 FED) in 2006-07, to reflect an earlier effective date for all groups than proposed by the Governor; (b) transferring funds between appropriations, as described in Discussion Point 11; and (c) specifying that out-of-home care, as it relates to this provision, includes placements in foster care, treatment foster care, a group home, a residential care center for children and youth, and court-ordered kinship care.

<u>Alternative 3</u>	<u>GPR</u>	<u>FED</u>	<u>TOTAL</u>
2005-07 FUNDING (Change to Bill)	\$459,700	\$579,000	\$1,038,700

4. Delete provision.

<u>Alternative 4</u>	<u>GPR</u>	<u>FED</u>	<u>TOTAL</u>
2005-07 FUNDING (Change to Bill)	-\$357,000	-\$481,000	-\$838,000

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