

Express Lane Eligibility: Essential for A Strong SCHIP Reauthorization

The Problem Express Lane Addresses:

Over 9 million children in America are uninsured. Nearly three-quarters of them are eligible for Medicaid and SCHIP but not enrolled. Studies show that children do not enroll into Medicaid and SCHIP due to misunderstandings and confusion about eligibility, as well as the procedural difficulties their parents encounter in the application process. Medicare has overcome such challenges by automating enrollment. Additionally, eligible children cannot get health coverage if states are not given the resources and flexibility to enroll them. While modest gains are possible through conventional outreach, covering the remaining millions of eligible children requires more than traditional strategies – hence Express Lane Eligibility.

How Express Lane Eligibility Works:

Express Lane Eligibility (ELE) is a proven way to expedite enrollment into health insurance programs for large numbers of uninsured children. Most uninsured, low-income children participate in need-based programs like Food Stamps, the National School Lunch Program, or WIC. A state adopting ELE would have the flexibility to use the existing income eligibility determinations for these programs to enroll children for Medicaid or SCHIP without requiring additional paperwork from the parents. But states need help to make this common sense idea work.

Two major obstacles have prevented states from making the most of this linkage. First, each benefit program has its own technical rules for evaluating and counting income. These differences force state Medicaid and SCHIP agencies to require families to complete new application forms even after another program has already found them to be sufficiently low income that they meet the eligibility standards for health coverage. Second, in most states the Medicaid and SCHIP computers cannot communicate with the computers housing eligibility data for other programs. Employees must gather data from the non-health program by hand, convey it to the health program, evaluate the data, and enter it into health program files. These challenges can be addressed by giving states the option to use the following elements of Express Lane Eligibility:

- The ability to grant coverage based on the findings of other designated need-based programs;
- Enhanced federal funding that lets states develop the necessary IT infrastructure to receive and process eligibility-related data from other government programs;
- Modernized tools to determine satisfactory immigration status. Laws from the 1980's now require paper documents even when digital information is available; and
- The ability to access any government data that can help identify eligible, uninsured children who are not enrolled in Medicaid and SCHIP.

The Effectiveness of Express Lane Eligibility:

Express Lane Eligibility approaches have been tested in other programs and have achieved impressive results. For example:

- ***Help low-income seniors pay for Medicare prescription drugs.*** Less than six months after low-income subsidies for Medicare Part D became effective, 74 percent of eligible beneficiaries were

enrolled.* This was the highest enrollment rate ever achieved during the first year of a federally funded, means-tested program. Most were enrolled automatically, without filing any applications, based simply on receiving Medicaid or SSI. By contrast, without ELE, SCHIP covered only 60 percent of eligible children by its fifth year, despite extensive outreach.†

- **Provide eligible children with free school lunch.** Studies found that the use of Food Stamp and cash welfare program findings to locate and enroll eligible children into the school lunch program resulted in services for more eligible children while reducing those erroneously enrolled.‡ As a result, in 2004, Congress applied this Express Lane strategy to all participating schools, nationwide.§

Express Lane Eligibility is not only good public policy but also good fiscal policy. It lowers administrative costs. ELE requires an up-front investment in IT infrastructure in order for health programs to receive and process data from other government agencies. But once that investment is made, administrative costs can plummet. This was seen in the ELE experience within the school lunch program, mentioned above, where automated methods were found to have lowered administrative costs by 80 percent or more, taking into account both infrastructure development and operating costs.**

States should have the right to determine what works best for their citizens. Across the country, many states are watching SCHIP reauthorization closely, hoping to receive this new option. Ruth Kennedy, Louisiana's director of child health programs and one of the country's most respected state leaders, explains why Express Lane could make a difference in her state:

"We believe this [Express Lane] provision will go a long way in helping us here in Louisiana with our high rate of poverty to identify and enroll those lowest income children who have qualified all along, but are not enrolled. The poorer children (between 50% and 100% of poverty) have proven to be the most difficult to get signed up."

Across the political spectrum, America's leaders agree that uninsured low-income children who qualify for Medicaid and SCHIP should be enrolled. Numerous bipartisan bills†† have proposed giving states the flexibility to use ELE to provide health coverage to eligible, unenrolled children. It is time to officially give states the flexibility to use Express Lane options. Express Lane will allow those states to cut red tape while strengthening program integrity and lowering administrative costs for taxpayers.

* CMS enrollment data for June 11, 2006. Unpublished calculations by Urban Institute, 2006.

† T. M. Selden, J. L. Hudson, and J. S. Banthin, "Tracking Changes in Eligibility and Coverage Among Children, 1996–2002," *Health Affairs*, September/October 2004.

‡ P. Gleason, T. Tasse, K. Jackson, and P. Nemeth, *Direct Certification in the National School Lunch Program—Impacts on Program Access and Integrity*, prepared by Mathematica Policy Research, Inc., and Decision Information Resources for Economic Research Service, U.S. Department of Agriculture, October 2003, E-FAN-03-009. In this context, Express Lane eligibility is called "direct certification."

§ The Child Nutrition and WIC Reauthorization Act of 2004 (P.L. 108-265).

** Food and Nutrition Service of the Minnesota Department of Children, Families and Learning, *Free and Reduced Price Meal Eligibility Cost Study*, March 2002. Case studies are needed to shed light on administrative costs for the national school lunch program, given the paucity of national and state data. K. Jackson, P. Gleason, J. Hall, and R. Strauss., *Study of Direct Certification in the National School Lunch Program*, prepared by Decision Information Resources, Inc, for the Food and Nutrition Service, U.S. Department of Agriculture, September 2000, Report No. CN-00-DC.

†† In the 109th Congress, these bills included S. 1049, with lead sponsors Senate Majority Leader Frist (R-TN) and Senator Bingaman (D-NM); and H.R. 3050, with lead sponsors Representatives Johnson (R-CT) and Towns (D-NY). Express Lane Eligibility proposals in the current Congress include S. 1224, with lead sponsors Senators Rockefeller (D-WV) and Snowe (R-ME); S. 1213, with lead sponsors Senators Lugar (R-IN) and Bingaman (D-NM); H.R. 1535, with lead sponsors Chairman Dingell (D-MI) and Representative DeGette (D-CO); and H.R. 2147, with lead sponsors Representatives Emanuel (D-IL) and Ramstad (R-MN).

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