

Transitional Medicaid Assistance: Health Coverage for Families Leaving or Diverted from Welfare

Executive Summary

Research indicates that the uninsured population is constantly changing—people continually gain and lose insurance coverage.¹ As a result, according to the Commonwealth Fund, “one key challenge is to find ways to help people avoid spells of uninsurance, perhaps by developing forms of coverage that allow people to remain insured as their circumstances change.”² Transitional Medicaid Assistance (TMA) is one such program. It is designed to provide *temporary* health coverage to families moving from welfare to economic self-sufficiency. Individuals are eligible for Transitional Medicaid if they have lost their Medicaid³ eligibility due to an increase in household income or child support. Eligibility for Transitional Medicaid is triggered by an increase in income or child support that causes the loss of Medicaid eligibility under the income standards defined in Section 1931 of the Social Security Act.

Options to increase health coverage via Transitional Medicaid Assistance discussed in the briefing paper include:

- More active outreach to those currently eligible
- Increase the “capture rate” by educating families about Transitional Medicaid.
- Convert Transitional Medicaid to OHP.
- Expand Eligibility
- Increase the coverage period to two years.
- Offer Transitional Medicaid to families who have not used Temporary Assistance to Needy Families (TANF).
- Adopt continuous Medicaid eligibility for children under age 19.
- Employer-based Strategies
- Extend the Health Insurance Premium Payment (HIPP) program to those receiving Transitional Medicaid.
- Create a minimum enrollment period.
- Establish co-pays/cost sharing arrangements.
- Seek a waiver to allow more flexible employer buy-in strategies.

¹ Continuity and Turnover in Medicaid Managed Care: The Oregon Health Plan. Portland OR: Center for Outcomes Research and Education. September 2000.

² Sherry A. Glied. Commonwealth Fund Report: Challenges and Options for Increasing the Number of Americans with Health Insurance. December 2000.

³ For the purposes of this briefing paper, the term Medicaid refers to federally mandated health coverage available to categorical eligibles, including those who qualify for TANF. This is sometimes referred to as traditional Medicaid. In this context Medicaid is distinct from the Oregon Health Plan.

Summary

Transitional Medicaid is an attractive option because it so clearly supports families making the switch from welfare to work and directly addresses the needs of the temporarily uninsured. In addition, the program, as currently configured, allows for continuous enrollment for 1 year (independent of short term changes in income levels). This continuous coverage is important given that many low-income individuals go on and off health coverage. Transitional Medicaid provides a small but real push in the direction towards stability.

However, Transitional Medicaid programs have limited scope. Only a portion of the uninsured would be eligible for any of the transitional Medicaid options under consideration. Moreover, Transitional Medicaid is time-limited and conditioned on a family's ability to meet reporting requirements that burden families and states alike.

If the public policy goal is universal access to health care, then other remedies are likely to be more effective (for example, Section 1931 expansion to low-income working families, State Children's Health Insurance Program (SCHIP) expansion to parents). However, if the goal is incremental change that builds on short-term back-to-work strategies then Transitional Medicaid could play an important role.

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