

Executive Summary

Medicaid to 26 for Former Foster Youth: An Update on the State Option and State Efforts to Ensure Coverage for All Young People Irrespective of where They Aged Out of Care

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Signed into law on March 23, 2010, the Affordable Care Act (ACA) expands Medicaid coverage to former foster children up to age 26. To qualify, individuals must be under the responsibility of the state when they turn 18 (or older, if the state's federal foster care assistance under title IV-E continues beyond that age), must have been enrolled in Medicaid while in foster care and not yet reached the age of 26.

Congress recognized the importance of health care coverage for youth who age out of foster by specifically providing Medicaid coverage for this population in the ACA. The provision equalizes insurance coverage among young adults, placing youth aging out of foster care on par with their peers who are able to stay on their parents' insurance until age 26, allowing them to explore educational and professional opportunities, which do not often come with insurance coverage.

This policy brief provides an overview of the new mandatory Medicaid coverage for former foster youth under the ACA, highlighting relevant Centers for Medicare and Medicaid Services (CMS) regulatory activity to date and additional concerns regarding the "state option," summarizes state progress in taking up this option to provide coverage for former foster youth, irrespective of where they aged out of care, and makes recommendations for what more should be done to ensure access to coverage for every young person aging out of care.

To date, only 12 states have taken up the option to extend coverage to youth who aged out in another state: California, Georgia, Kentucky, Louisiana, Massachusetts, Michigan, Montana, New York, Pennsylvania, South Dakota, Wisconsin and Virginia (pending state plan amendment).

Given the clear Congressional intent for states to provide Medicaid coverage for all youth aging out of foster care up to age 26, advocates have urged CMS to reconsider its interpretation of the law. Although CMS has responded that it cannot interpret the statute as such, it can take additional action to support this population of young people, including the following:

- Issue an Informational Bulletin or joint letter in partnership with the Administration for Children and Families to state Medicaid and child welfare agencies that highlights the importance of providing coverage for youth aging out of foster care, providing examples of effective outreach and enrollment by states, as well as highlighting states that have opted to provide coverage for all youth aging out, irrespective of where they aged out of care;
- Request that states report on whether they have or plan to take up the option to extend coverage to youth who have aged out in other states and help to track state progress, making this information easily accessible to the public;
- Consider providing incentives for states that opt to take up the option;
- Provide technical assistance to states that plan to take up the option; and,
- Facilitate data sharing across states that would make it easier for states to confirm eligibility for youth who have aged out in another state.

Congress can also take decisive action through legislation. The Children's Health Insurance Program (CHIP), which provides health insurance for children of working families whose parents earn too much to qualify for Medicaid but too little to purchase private health insurance, is due to be reauthorized at the end of FY2015; this reauthorization provides an opportunity to include language to address Medicaid coverage for former foster youth. Legislation has been introduced in both the U.S. House of Representatives and U.S. Senate that both reauthorizes CHIP and addresses this issue: S. 246 (CHIP Extension Act of 2014) and H.R. 5364 (CHIP Extension and Improvement Act of 2014) extend the program for four years, as well as ensure Medicaid coverage for former foster care youth, regardless of state of residence. At the time of this writing, it appears likely that Congress will approve a "straight funding extension" or reauthorization of CHIP, without this provision regarding Medicaid coverage for former foster youth.

State advocates should know about and be involved with what their Medicaid and child welfare agencies are doing or planning in terms of continuous coverage of youth who aged out of foster care, so that efforts can be streamlined and coordinated. Advocates should consider the following:

- Urge your Medicaid agency to expand eligibility to youth who aged out elsewhere, sharing examples from states that have opted to provide this coverage;
- For states that have opted to cover youth irrespective of where they aged out of care, encourage the Medicaid agency to streamline the state's Medicaid application and ensure that the process does not create additional barriers for these young people. The application process should be simplified and made uniform regardless of where the applicant was in foster care, and the state should take on the responsibility of verifying the applicants' foster care history and begin coverage while verification is in process;
- Urge your child welfare agency to advocate for the "state option" to cover youth irrespective of where a young person aged out of care in discussions with their Medicaid agency counterparts;
- Ask your child welfare agency to assist in efforts to identify young people who may become eligible for coverage as a result of the state's decision to cover youth aging out of care in another state.

State-level advocates can also promote legislation to ensure out of state youth are covered by Medicaid to age 26. California enacted legislation that requires the state's Medicaid plan to cover young people who were in foster care in another state until age 26. For states that decide to cover out-of-state youth in the state's Medicaid plan, it is important to specify ways for the young person to verify they were in foster care and receiving Medicaid in another state. States should take care to streamline the process and quickly verify eligibility for other states if youth move and are trying to enroll in a new state's Medicaid program.

The expansion of Medicaid to cover youth previously in foster care to age 26 is a significant victory for this population. One of the most popular parts of health reform is coverage for kids up to age 26 on their parents' insurance plan. This new mandatory coverage for former foster youth has the potential to provide equal treatment in cases where the state steps in to care for children removed from the home as a result of abuse or neglect. It is critical that we remove any barriers to coverage for young people aging out of care, and that includes removing the eligibility restriction tied to residency.