The Majority of California's Low-Income Uninsured Children Are Enrolled in the School Lunch Program

A Strategy for Reaching Nearly 700,000 Children With Health Insurance

In October 2001, California became one of the first states in the nation to pass comprehensive Express Lane Eligibility legislation (AB 59 by Assemblymember Gilbert Cedillo) that utilizes the National School Lunch Program as an entryway into health insurance for California's uninsured children.[1] With nearly 70%, 680,000, of California's low-income uninsured children living in families that participate in the School Lunch Program, this new policy not only has the potential to significantly decrease the number of uninsured children in the state but also to increase the long-term health and education status of California's children.[2]

As the state gears up to implement AB 59 by July 2003, this Issue Brief examines current data and research available to better understand its reach and impact. First, it reports on the estimates and characteristics of the children who stand to benefit from Express Lane Eligibility. The Urban Institute, utilizing the latest data available from the National Survey of America's Families (NSAF), calculated these previously unpublished estimates. In addition, the Issue Brief presents background information and research on the policy of Express Lane Eligibility, examining its long-term ability to improve health and education outcomes, and leverage state resources. It concludes with a brief look at the commitment that is required to ensure Express Lane's ultimate success.

THE IMPETUS FOR EXPRESS LANE ELIGIBILITY

Of the nearly 1 million uninsured children under age 19 in California, two-thirds[3] are eligible for California's public health insurance programs -- Medi-Cal or Healthy Families.[4] Many barriers exist to enrolling these uninsured but eligible children into the programs. Studies show that besides a lack of knowledge about the programs, families do not enroll because of misunderstandings about eligibility and the length and complexity of the application process.[5]

Because of these enrollment hurdles, signing children up for Medi-Cal and Healthy Families has tended to be both time- and resource-intensive. Express Lane Eligibility (ELE) is a policy that addresses these obstacles by making fundamental changes in how public programs enroll children. First, it targets outreach to where the "yield" is greatest by setting up working connections with programs that have income-eligibility rules that are similar to Medi-Cal and Healthy Families, and thus, high numbers of eligible children. Second, it makes it easier for families to enroll in the health insurance programs by using the information in the application forms that families have already completed and submitted to the other public program. Through both of these strategies, Express Lane Eligibility cuts through the bureaucratic barriers that families face and makes government programs work more efficiently.

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Under AB 59, the bill that implements ELE through School Lunch, the program will work as follows:

- School districts can share, with a parent's consent, necessary income and other information from the School Lunch Program with Medi-Cal and Healthy Families to greatly simplify and speed up the enrollment of uninsured eligible children.

Support provided by The California Endowment

- Families will not be required to complete a regular Medi-Cal/Healthy Families application. Instead, the state will use the information provided on the School Lunch application to enroll the children into the health insurance programs.
- Children determined income-eligible for Medi-Cal utilizing the School Lunch information will immediately receive Medi-Cal's health benefits while any outstanding information is being gathered to certify continuing eligibility. Children eligible for Healthy Families would be enrolled after the family is contacted for additional information.[6]

The School Lunch Program is a particularly effective Express Lane model because it has a higher rate of uninsured children than other public programs.

- 26% of the 2.6 million low-income children in families participating in the School Lunch Program are uninsured versus an 18% rate for those in the Supplemental Nutrition Program for Women, Infants and Children (WIC) and a 4% rate for those in Food Stamps.[7]

In addition, schools are an important, reliable and trusted source of information for parents.[8] Parents who in the past were reluctant to sign up their child for Medi-Cal or Healthy Families may be more receptive to information they receive from their child's school or teacher.

WHO STANDS TO BENEFIT FROM EXPRESS LANE[9]

Nearly 70%, or 680,000, of the state's low-income uninsured children live in families that participate in the School Lunch program.[10] Because the income-eligibility requirements of the School Lunch Program are similar for Medi-Cal/Healthy Families, a large majority of these children can be enrolled into the health insurance programs.[11]

- 64% of these uninsured children are believed to be eligible for Medi-Cal or Healthy Families.[12]
- Another 34% of these uninsured children are potentially eligible for Medi-Cal or Healthy Families but because their immigration status was not known,[13] their eligibility could not be determined.[14]

Understanding the characteristics of the low-income uninsured children who participate in the School Lunch Program presents an even fuller picture of the potential impact of Express Lane Eligibility. Besides enrolling large numbers of children, the data show that Express Lane Eligibility provides California with an opportunity to reach uninsured children who in the past have tended to be more difficult to enroll: adolescents, Hispanics and those with working parents.

AGE Historically, it has been more challenging to enroll adolescents in public health programs than it has been to enroll younger children.[15] The vast majority (82%) of the low-income uninsured children in families who participate in the School Lunch Program are ages 6-17 -- with two out of five participants between the ages of 13 and 17. (Figure 1.) While participation in the School Lunch program tends to decrease in middle and high schools, this data show that Express Lane through School Lunch could be particularly effective in reaching uninsured adolescents.

Figure 1. Low-Income Uninsured Children in California's School Lunch Program, by Age

Age	Percent	Number
0-5	18%	123,080
6-12	40%	271,320
13-17	42%	285,600

By targeting older children, Express Lane Eligibility through the School Lunch Program would complement the state's current efforts to use the Child Health and Disability Prevention (CHDP) program -- which provides physical exams, screenings and immunizations to children -- as an avenue for finding and enrolling uninsured children into Medi-Cal and Healthy Families. With a majority, 66%, of children served through this program between the ages of birth and 5, the "CHDP Gateway" has the potential to effectively reach young children.[16] Express Lane School Lunch's target population of older children coupled with the new "CHDP Gateway's" emphasis on younger children would combine to create a powerful vehicle for reaching all of California's children.

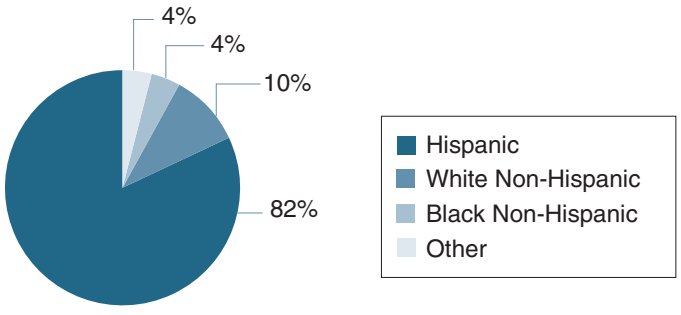
Over four-fifths of the low-income uninsured children in families who participate in California's School Lunch Program are ages 6-17.

ETHNICITY In California, as in the rest of the United States, Hispanic children are much more likely to be uninsured than black and white non-Hispanic children.[17] Fear and confusion about Medi-Cal and Healthy Families enrollment is also intensified in California among immigrants or the U.S.-born children of immigrant parents.[18] Despite federal guidance indicating otherwise, many immigrants fear that public health insurance will negatively affect their immigration status, their ability to naturalize, or their capacity to sponsor an immediate relative.

82% of the low-income uninsured children in families enrolled in California's School Lunch Program are Hispanic.

The School Lunch Program is an important avenue for reaching Hispanic children. A large majority, 82%, of the low-income uninsured children in families enrolled in the School Lunch Program are Hispanic. (Figure 2.) In addition, schools are a highly trusted resource for Hispanic families.[19] Besides being able to directly reach these Hispanic children through School Lunch, Express Lane would provide an important opportunity to provide culturally appropriate education to families concerned about immigration issues.

Figure 2. Low-Income Uninsured Children in California's School Lunch Program, by Ethnicity



WORK STATUS The delinking of Medi-Cal from cash assistance in 1996 and the creation of Healthy Families to cover higher-income families in 1997 has meant that a large percentage, 89%, of uninsured children eligible for these programs, have parents who are connected to the workforce.[20]

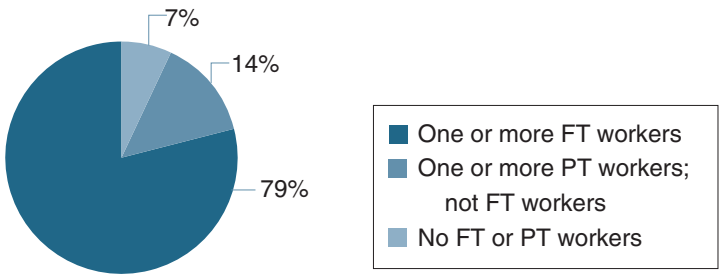
93% of the low-income uninsured children in families enrolled in California's School Lunch program are in working families.

Many of these families mistakenly believe that Medicaid is only available to welfare recipients or that they do not qualify due to their income.[21]

For this reason, a number of outreach efforts have attempted to reach out to working families, especially by connecting with employers. Success has been limited because employers are often leery of the complicated administrative requirements.[22] In addition, most uninsured children, 78%, have parents who are employed by small businesses, which normally have little time and few resources to spend researching public health insurance options.[23]

Again, the School Lunch Program offers an important avenue to connecting with working families. The vast majority, 93%, of the low-income uninsured children enrolled in California's School Lunch program are in working families. In fact, four out of every five of these children lives with at least one full-time worker. (Figure 3).

Figure 3. Low-Income Uninsured Children in California's School Lunch Program, by Family Work Status



Express Lane Eligibility can serve as an important coverage option for the children of working families, who are not offered, or cannot afford, private coverage through their employer, but are eligible for Medi-Cal or Healthy Families. This linkage to health insurance will be particularly valuable as health insurance premiums continue to rise, and employers find that providing health care coverage for their workers and/or dependents is increasingly difficult, forcing them to stop providing coverage.[24]

THE VALUE OF HEALTH INSURANCE IN TIGHT FISCAL TIMES

The immediate goal of Express Lane Eligibility is to provide uninsured children with health insurance. But the long-term goals of Express Lane Eligibility are to improve the health and education status of California's children, in turn ensuring that state resources are used most efficiently. The following describes how Express Lane makes these connections by providing health insurance to more children, and, as a result, effectively leverages public dollars when state and local budgets are lean.

Children Will Be Healthier

Preventive health care and routine screenings and physician check-ups are particularly important for children because they help to ensure healthy physical and mental development during these crucial years. Having health insurance is the primary avenue for children to obtain this preventive care.

- Children who are insured are more likely to have a regular source of medical care than those who lack health care coverage.[25] Children with a regular source of care, in turn, seek preventive screenings and treatment on a more timely and regular basis than those who are uninsured.[26]
- Uninsured children are six times more likely than insured children to have gone without needed medical or dental care and four times more likely than insured children to have waited to seek care.[27]

Children Will Be Better Able to Learn

A child's ability to learn is directly affected by whether he or she is healthy enough to attend school. In fact, a lack of health insurance is associated with a higher number of school days missed by students, and as a result can have a negative impact on the educational achievement of children.[28]

- Comparisons of standardized test scores have proven that high rates of absenteeism are associated with lower school achievement.[29]

A lack of health insurance can have a negative impact on the educational achievement of children.

- A study at the University of Iowa revealed that after being enrolled in a state's child health program for one year, children missed significantly fewer school days due to illness or injury.[30]
- In California, a 2001 study of third grade students in Oakland and Alameda public schools found a direct link between absenteeism and school performance.[31]

State Resources Will Be Leveraged More Effectively

At a time when state and local budgets are depleted, enrolling children in Medi-Cal or Healthy Families can significantly reduce the drain on state and county tax dollars. When children have no insurance, they are forced to seek care in the county hospital emergency room or community health clinic. By the time they arrive, they are often sicker and their illness has become more expensive and difficult to treat, often requiring hospitalization.[32] In fact, uninsured children are five times more likely than their insured counterparts to rely on the emergency room for their regular source of medical care.[33]

The state and county health care systems are forced to pay for this expensive care. In contrast, for the children enrolled in Medi-Cal and Healthy Families, costly care for complications can often be avoided. In addition, the federal government shares in the cost of care—picking up 50% of the Medi-Cal charges and two-thirds of the Healthy Families costs.

Uninsured children are five times more likely than their insured counterparts to rely on the emergency room for their regular source of medical care.

As California faces an economic downturn and health care costs continue to rise, the need for health insurance by working families is likely to grow. Because of the state budget deficit, policy-makers' first impulse may be to cut back on health insurance enrollment. The data suggests, however, that state resources would be more wisely invested if the opposite occurred and the state undertook a concerted effort to enroll its uninsured children into the public health programs that have generous federal cost-sharing. Because Express Lane Eligibility through School Lunch has the potential to reach large numbers of working families, it is a particularly smart strategy for the state to implement at this time.

POLICY IMPLICATIONS: MAKING EXPRESS LANE A REALITY FOR CALIFORNIA'S SCHOOLCHILDREN

The Urban Institute data show that if Express Lane through School Lunch is implemented across the state, hundreds of thousands of California's uninsured children could be enrolled into Medi-Cal and Healthy Families. The data also show that using School Lunch will help to reach distinct groups that have historically been difficult to reach -- Hispanic children, adolescents and working families. As such, using the School Lunch Program to find and enroll these children into cost-effective health insurance puts California down a wise policy path.

The Governor and Legislature must provide the necessary leadership and vision required to make Express Lane happen, especially during a tremendously challenging budget year.

Putting ELE in place, however, will not be simple or easy. Its implementation will require a fundamental shift in how government makes such services available to families – a shift that allows the door into a desired program to open easily and efficiently when a child is eligible. It will also require state agencies, school districts, counties and community groups to work more closely together to establish the required changes in enrollment procedures. As a result, however, California will have built an efficient long-term solution to providing health insurance to its uninsured children, in turn positively impacting the health status of its residents and the financial viability of its health care system for years to come.

Making sure this door to health insurance for California's children opens on July 2003 will require the commitment of many stakeholders. Most importantly, the Governor and Legislature must provide the necessary leadership and vision required to make these infrastructure changes, especially as they face a tremendously challenging budget year. They should consider that since Express Lane Eligibility will be implemented gradually, beginning with pilots and expanding as school districts get prepared, the program will not cause a huge influx of new enrollees in the immediate difficult budget year, though it will prepare the groundwork for a vastly improved system.

In addition, they will have the expertise and resources of many organizations that have already stepped up to the plate to ensure the successful implementation of Express Lane Eligibility. The California Endowment, through a public-private partnership, has committed over $2 million to assist a group of pilot school districts, including Los Angeles Unified School District and San Diego Unified School District, to implement Express Lane. The California Endowment is also putting resources toward the development of a technology "fix" that will allow school and health computer systems to communicate and share data. Other organizations are providing support and resources, including the California Teachers Association, County Welfare Directors Association, California Association of Health Plans, and PICO California. In addition, The Children's Partnership is utilizing its knowledge and expertise to provide strategic assistance to the state, counties and schools.

It is unprecedented to have so many diverse groups working together in California to ensure the health and education of California's children. This opportunity should not be wasted.

METHODOLOGY

This report presents research and analysis conducted by The Children's Partnership (TCP). It also includes TCP's interpretation of findings from the 1997 and 1999 National Survey of America's Families (NSAF) as calculated by The Urban Institute. The NSAF is a survey of over 42,000 households in each round with and without telephones that are representative of the nation as a whole and of 13 selected states, including California. As in all surveys, the data are subject to sampling variability and other sources of error. TCP takes full responsibility for the presentation of the data. The standard errors for the data in this report are available at www.expresslane.info. Additional information about the NSAF survey is available at the Urban Institute Web site: www.urban.org.

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ENDNOTES

[1] AB 59, with its companion legislation SB 493 (Senator Byron Sher) also implements Express Lane Eligibility processes for children and parents within the Food Stamp program. For additional information see www.childrenspartnership.org/expresslane/careport.

[2] 1997 and 1999 National Survey of America's Families, calculations by The Urban Institute, 2002.

[3] Brown, E.R., Ponce, N., Rice, T., & Lavarreda, S.A. (2002). *The State of Health Insurance in California: Findings from the 2001 California Health Interview Survey*. Los Angeles: UCLA Center for Health Policy Research.

[4] Medi-Cal is California's implementation of the federal Medicaid program and pays for medical services for children, and some adults, with limited income and resources. The Healthy Families program implements the federal State Children's Health Insurance Program (SCHIP) and provides low-cost health benefits to children whose families do not meet the income requirements to qualify for Medi-Cal.

[5] *op. cit.* (3). See also: Stuber, Maloy, Rosenbaum and Jones. (2000). *Beyond Stigma: What Barriers Actually Affect the Decisions of Low-Income Families to Enroll in Medicaid.* Washington, D.C.: George Washington University Center for Health Services Research and Policy; Perry, Valdez and Chang. (2000). *Medicaid and Children: Overcoming Barriers to Enrollment*. Washington, D.C.: The Kaiser Commission on Medicaid and the Uninsured; and Kenney, G. and Haley, J. (2001). *Why Aren't More Uninsured Children Enrolled in Medicaid or SCHIP?* Assessing the New Federalism Policy Brief B-35. Washington, D.C.: Urban Institute.

[6] The Departments of Health Services and Education are charged under AB 59 to develop implementation guidance that has not yet been completed. As such, the specific process steps under AB 59 are still under consideration.

[7] *op. cit.* (2).

[8] *What Every Educator Should Know...About the Changing Social Policy Landscape and Efforts to Ensure Student Success.* (1998). Washington, D.C.: Council of Chief State School Officers.

[9] *op. cit.* (2). The data for this section is from the Nation Survey of America's Families, with calculations by the Urban Institute.

[10] Low-income uninsured children are defined as those in families with incomes below 200% of the federal poverty level (FPL) who were without insurance coverage at the time of the survey. In 1999, 200% of FPL for a family of four was $33,400. The NSAF estimated that the average number of low-income uninsured children in California in each year for the 1997-1999 period was 992,000. Participation in School Lunch was measured at the family level. This means that if at least one child in the family received free or reduced-price lunches in the year prior to the survey, the family as a whole was considered a participant even if the participating child was not necessarily the child whose insurance status was assessed. Changes in enrollment in these programs, the economic downturn, and other changes since the 1997-1999 period have the potential to affect the number of low-income uninsured children in California, the share participating in School Lunch, and the characteristics of those participants.

[11] Medi-Cal and Healthy Families combined provide health insurance to children with family incomes at or below 250% of FPL. The School Lunch Program provides free and reduced-price meals to children with family incomes at or below 185% of FPL.

[12] Researchers at the Urban Institute assigned eligibility for Medi-Cal/Healthy Families using a detailed micro-simulation model that applies state-specific rules and used Healthy Families rules in place at the time of the 1999 survey. The model attempts to mimic the eligibility determination process faced by families. First, eligibility units were created from the household survey data. Only individuals who would be considered in the eligibility determination process were included in these units. Second, eligibility rules in place at the time of the survey were applied to these units regarding eligibility thresholds (which vary by the age of the child), family composition, and work status of the parents; how income is counted, including whose income and what types of unearned income are counted; work, earned income, child care, and child support disregards; asset limits; and deeming of stepparent and grandparent income. See Dubay, Haley, and Kenney. (2002). *Children's Eligibility for Medicaid and SCHIP: A View from 2000.* Assessing the New Federalism Policy Brief B-41. Washington, D.C.: Urban Institute.

[13] Medi-Cal and Healthy Families require participants to be U.S. citizens, legal permanent residents or certain qualified immigrants. NSAF does not collect sufficient information on the legal status of non-citizens to determine whether they are eligible for public health insurance programs.

[14] A small percentage, 2%, of California children in families participating in School Lunch were citizens but determined not eligible for Medi-Cal or Healthy Families based on income. Because the income threshold for Medi-Cal/Healthy Families (250% of FPL) is substantially higher than for School Lunch (185% of FPL) it would seem that all of these children should be income-eligible. However, the determination of eligibility uses income during the month of the interview and includes the income of only those family members whose incomes would be utilized for eligibility determination. This amount may differ from income in the prior year used for determining eligibility for School Lunch.

[15] Seldon, T., Banthin, J., and Cohen, J. (1998). *Medicaid's Problem Children: Eligible But Not Enrolled.* Health Affairs 17: 192-200.

ENDNOTES

[16] *1998-1999 CHDP Annual Report.* Sacramento, CA: Children's Medical Services Branch, California Department of Health Services, represents unduplicated number of children served by CHDP providers in 1998-99.

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[19] *Ibid.*

[20] Brown, E.R., Ponce, N., Rice. T. (2001). *The State of Health Insurance in California: Recent Trends, Future Prospects.* Los Angeles: UCLA Center for Health Policy Research.

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[23] *op. cit.* (11). See also Jacobson, W. (2000). *Expanding Health Insurance Coverage to Children of Small Business Employees: A Briefing Paper.* Santa Monica, CA: The Children's Partnership.

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[26] Coleman, M.S., et al. (2002). *Care Without Coverage: Too Little, Too Late.* Washington, D.C.: Institute of Medicine of the National Academy of Sciences.

[27] *Ibid.*

[28] Melnick, G., et al. (2002). *Evaluation of the Los Angeles CalKids Program.* Los Angeles: University of Southern California School of Policy, Planning and Development, Center for Health Financing, Policy and Management.

[29] *The Tie That Binds: Linking Children's Health Insurance with School Nutrition Programs in California.* (1999). San Francisco: Consumers Union.

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[32] Seliger, J. (2001). *Report of the Health Care Options Project. California Health and Human Services Agency.* Northridge, CA: California State University.

[33] Schwarz, C. and Lui, E. (2000). *The Link Between School Performance and Health Insurance.* San Francisco: Consumers Union; and *No Health Insurance? It's Enough to Make You Sick: Scientific Research Linking the Lack of Health Coverage to Poor Health.* (1999). Washington, D.C.: American College of Physicians-American Society of Internal Medicine.

For Additional Information

Visit The Children's Partnership new Express Lane Web resource at www.expresslane.info for information on national and California specific Express Lane activities.

You can also receive timely Express Lane updates by signing up for our E-list. Go to the Web site and click on Share Your Ideas or send an e-mail to frontdoor@expresslane.info.

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