

TEFRA and the FAMILY OPPORTUNITY ACT MEDICAID BUY-IN PROGRAM

Two Medicaid policy options for helping address medical debt and financial hardship among families raising children with disabilities

Nationally, 34%¹ of families raising children with special health care needs who have health insurance report their insurance is inadequate. It does not pay for all the services their children need, does not provide access to the providers their children need, and the out-of-pocket expenses are not reasonable. Medicaid offers children better benefits with much lower cost-sharing but access to Medicaid is limited because of family income restrictions.

Here's what families report in _____:
(your state)

	Your state (%)	Nationally (%)
Children with Special Health Care Needs (CSHCN), including those with disabilities	a. %	15.1%
CSHCN who are insured, but insurance is inadequate	b. %	34.3%
CSHCN with an unmet need for one or more services	c. %	14.8%
CSHCN whose health condition causes financial problems for the family	d. %	21.6%
CSHCN whose family cut back or stopped working	e. %	25.0%

Source: 2009/10 National Survey of Children with Special Health Care Needs at <http://www.childhealthdata.org>

States have two specific programs they can offer privately insured families in getting the extra help they need in paying for their child's care through Medicaid. They are called **TEFRA**² and the **Family Opportunity Act (FOA) Medicaid Buy-in Program**.³

TEFRA and FOA: Elements in Common

- Requires a Medicaid State Plan Amendment (SPA) and approval from the Centers for Medicare and Medicaid Services (CMS)
- Provides full children's Medicaid benefits, including the federally mandated Early and Periodic Screening, Diagnostic and Treatment (EPSDT)⁴ benefit
- If a child has other insurance, Medicaid pays for co-pays, co-insurance, deductibles, and other uncovered medically necessary services
- Waiting lists are not allowed [**Note:** there can be a waiting list for waivers, but neither program is a waiver.]
- Your state receives federal matching funds for children enrolled in Medicaid under both of these programs. The Federal Medical Assistance Percentage (FMAP) in your state is **f.** ____%. This means your state receives **g.** \$ ____ of federal dollars (also called the Medicaid Multiplier) for each dollar your state spends on Medicaid⁵

¹National Survey of Children with Special Health Care Needs. NS-CSHCN 2009/10. Data query from the Child and Adolescent Health Measurement Initiative, Data Resource Center for Child and Adolescent Health website. (www.childhealthdata.org.)

²Section 134 (Medicaid Coverage of Home Care for Certain Disabled Children), Tax Equity and Fiscal Responsibility Act (TEFRA) of 1982 (PL No. 97-248)

³Section 6062 (Family Opportunity Act or FOA), Deficit Reduction Act of 2010 (PL No 109-171)

⁴To learn more about EPSDT, go to <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Benefits/Early-and-Periodic-Screening-Diagnostic-and-Treatment.html>

⁵Find the FMAP and Medicaid Multiplier for all states at <http://kff.org/medicaid/state-indicator/federal-matching-rate-and-multiplier/>

TEFRA and FOA: What's Different?

TEFRA		FOA MEDICAID BUY-IN PROGRAM
<ul style="list-style-type: none"> • Child < 18 years old • Child has an SSI-level of disability⁵ • Household income too high for Medicaid • Child must also require an institutional level of care 	Eligibility requirements	<ul style="list-style-type: none"> • Child < 18 years old • Child has an SSI-level of disability⁵ • Household income too high for Medicaid
<ul style="list-style-type: none"> • Child's income < 100% of the federal poverty level (FPL)⁶ • Family income is not counted 	Income limit	<ul style="list-style-type: none"> • Household income cannot exceed 300% of the federal poverty level (FPL)⁷
<ul style="list-style-type: none"> • No 	Premiums	<ul style="list-style-type: none"> • Generally yes, on a sliding-scale fee based on family income • Premiums are capped by law • Premiums are not required

Implications of both TEFRA and FOA for children with disabilities and their families:

- Helps ensure children with complex health needs receive medically necessary services
- Prevents family financial hardship, medical debt, and bankruptcy by reducing families' out-of-pocket expenses
- Bridges gaps in the scope, amount, and duration of health services covered by private insurance
- Pays for health care services that private insurance only partially covers, like durable medical equipment, or may not cover at all, for example, skilled nursing services
- Removes incentive for families to leave the workforce or decline raises in order to keep household income low enough for a child with complex health needs to qualify for Medicaid, which in turn means all children in the household qualify for Medicaid
- The majority of children with disabilities will continue to have private insurance as their primary source of coverage under both these options; Medicaid as payer of last resort covers co-pays, deductibles and uncovered services, not the full cost of a child's health care needs
- Independent of federal health care reform; a state does not have to expand Medicaid under the ACA in order to provide this option to families of children with disabilities

Learn more

- About **TEFRA** at <http://cahpp.org/project/the-catalyst-center/financing-strategy/tefra/>
- About the **FOA Medicaid Buy-In Program** at <http://cahpp.org/resources/FAQ-about-FOA-Medicaid-Buy-In>

Questions? Call the **Catalyst Center** at (302)329-9261

⁵<http://www.socialsecurity.gov/disability/professionals/bluebook/ChildhoodListings.htm>

⁶100% of the Federal Poverty Level for one person in 2016 is \$11,880 (<https://aspe.hhs.gov/poverty-guidelines>)

⁷300% of the Federal Poverty Level for a family of four in 2016 is \$72,900 (<https://aspe.hhs.gov/poverty-guidelines>)