Medi-Cal Policy Institute

Medi-Cal Facts

Transitional Medi-Cal

What Is "Transitional Medi-Cal?"

Transitional Medi-Cal (TMC) is a public program that temporarily extends Medi-Cal coverage for families who leave welfare (CalWORKs). Federal law requires states to provide up to 12 months of Medicaid (Medi-Cal in California) coverage to families who leave welfare due to new or increased earnings from employment. California also provides TMC when family income increases due to marriage or the reunification of spouses under a program called "wedfare."

The first six months of TMC is available to families leaving welfare, regardless of income level, provided they:

- were on aid at least three of the last six months;
- maintain residence in California; and
- have a child in the home.

Families are eligible for an additional six months of TMC if their earned income is at or below 185% of the Federal Poverty Level.

TMC is not a new program. It was created in 1988 by the Federal Family Support Act and implemented in California in 1990. Yet, TMC has renewed significance as federal and state welfare changes make moving welfare recipients into jobs a priority. Many individuals will leave welfare for low-paying jobs without health benefits. TMC is intended to provide continuing health coverage in just such transitions for up to one year.

Once on TMC, families must meet the following requirements in order to maintain their coverage:

- have a child in the household during the entire period of TMC coverage;
- receive TMC for the entire first six month period in order to be eligible for the subsequent six month period; and
- file periodic status reports.

Accessing the Program

TMC, like most Medi-Cal programs, is administered by the California Department of Health Services (DHS). However, it is the individual county welfare offices that determine eligibility for the program and the county welfare eligibility worker who connects a family to TMC.

While receiving cash assistance, families must file a financial report (CA7 form) every month to continue receiving aid. When leaving cash assistance due to new or increased earnings, families must inform the eligibility worker to trigger automatic eligibility for TMC. This can be done with a phone call or by completing a final CA7 form.

Recipients who go off aid without notifying their eligibility worker or filing a final CA7 form (which constitutes the majority of people leaving aid), may be discontinued from Medi-Cal. In order to re-activate their eligibility, families are required to file a new "statement of facts" with the county welfare office.

In this "statement of facts," families document their assets and provide other information on their financial status. This can be time-consuming and difficult for working people. It is easier for families to access TMC by immediately notifying their eligibility worker or filing a CA7 form upon leaving CalWORKs.

Most families leaving CalWORKs automatically receive continuing Medi-Cal for a minimum of one month until their eligibility for TMC or any other Medi-Cal program is determined. This coverage is assured as a result of the court case Edwards v. Kizer and is commonly referred to as "Edwards" status. If the family cannot be located or does not provide the necessary form within 30 days, their Medi-Cal benefits are terminated.

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Highlights

- **Federal law requires states to provide up to 12 months of Medicaid coverage to families who leave welfare due to new or increased earnings from employment.**
- **When leaving cash assistance due to new or increased earnings, families must inform the eligibility worker to trigger automatic eligibility for TMC.**
- **Less than 10% of those families leaving welfare participate in the initial six months of TMC coverage.**

Participation in the Program

In December 1997, approximately 62,000 people were in their first six-months of TMC, while 22,000 were in their second six-month period. These numbers, however, may represent only a small percentage of those eligible.

Relatively few of the families who leave CalWORKs participate in the TMC program. The Legislative Analyst's Office estimates that every month, between 110,000 and 150,000 individuals leave the CalWORKs rolls, but less than 10% of those leaving welfare participate in the initial six months of TMC coverage. Of those who do enroll, about 40% go on to participate in the second six months of coverage. The reason for the low participation rate is unclear and may be somewhat misleading because it is not known what percentage of those leaving the CalWORKs rolls are actually eligible for TMC.

There are several possible explanations for the low rate of participation. It may indicate a lack of appropriate education and outreach. Some recipients may not be adequately informed of the option to continue Medi-Cal coverage when they stop receiving aid. Some families may be returning to welfare within a short period of time or enrolling in another Medi-Cal program. Others may have the option of employer-offered health benefits at their new job.

Although participation rates remain low, enrollment in TMC grew rapidly last year, increasing by 23% in 1997, from 65,129 to 84,165 enrollees.

How Much Does Transitional Medi-Cal Cost?

DHS estimates that in 1997 the average annual cost per person for TMC coverage was $545, roughly half of the average annual cost for a regular welfare-linked Medi-Cal beneficiary ($1,082 in FY 96/97) and about 10% of the cost for a disabled beneficiary ($5,331 in FY 96/97). The federal government covers about 50% of TMC costs.

Reforming the Transitional Medi-Cal Program

There have been several recent attempts to improve and extend the Transitional Medi-Cal program. The 1997-98 California Budget Act provided $1.5 million to improve outreach and simplify the eligibility process for TMC. DHS is currently developing a new outreach campaign that will include an educational flyer with information on TMC.

The January 1998-99 Governor's budget proposed $2.6 million for the cost of providing extended TMC benefits. Under the extended benefit, the state would provide transitional Medi-Cal for up to two years, rather than the current one-year limit. Federal Medicaid law limits transitional benefits to a maximum of one year, but allows the federal Health Care Financing Administration (HCFA) to issue waivers of this requirement to enable states to expand coverage. California's request for a waiver was recently denied. The 1998-99 state budget negotiation currently includes a proposal for state-only funding of $1.2 million for a second year of TMC.

Recently introduced legislation in the State Assembly addresses concerns that the procedures counties use in ending welfare payments do not link eligible families to TMC when they go to work. The bill would require the California Department of Social Services, whenever CalWORKs is discontinued for any reason other than fraud, to include in the notice of termination a brief summary of the requirements for TMC and a form with simple instructions that the family may fill out and return to request transitional coverage.

Looking Ahead

Welfare reform has spurred the attempt to move people from welfare to work, and TMC plays an important role in insuring that families in this transitional stage have access to the health coverage they need. The success of TMC, however, depends upon increasing awareness and utilization of the program.

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