



State Plan Options

STATE PLAN OPTIONS UNDER MEDICAID

States have a large amount of flexibility in the design and implementation of their Medicaid programs. There are many policies that have been approved at the federal level that are options for states to adopt and include in their Medicaid programs. In order to implement one of these options, a state Medicaid agency writes a State Plan Amendment (SPA) and submits it to CMS for approval. Sometimes, in addition to a SPA, a state will also need to pass legislation in order to fully implement a state plan option. Below are some state plan options that are related to the system of care for CYSHCN.

Medicaid Expansion

The Affordable Care Act of 2010 originally required states to expand Medicaid eligibility to all adults with incomes up to 138% FPL. After this policy was contested in the courts, the policy became optional for states. While the Medicaid expansion policy applies only to adults, research has established a parental “welcome mat” effect in which health coverage among children already eligible for Medicaid or CHIP increases when their parents become eligible as well.³³

Use this resource from the Kaiser Family Foundation to answer the following questions. <https://www.kff.org/medicaid/issue-brief/status-of-state-medicaid-expansion-decisions-interactive-map/>



Public Health Essential Services— Policy Development #5	Is your state a Medicaid Expansion state?	
	If not, is there activity in your state towards adopting Medicaid expansion? Describe.	

Family Opportunity Act (FOA)

The FOA was passed as part of the [Deficit Reduction Act](#) in 2005. It offers states the opportunity to create a buy-in program to extend Medicaid coverage to children who meet SSI disability criteria, but whose family incomes are too high to be eligible for SSI. Per the legislation, family incomes must still fall below 300% FPL for them to be eligible. Under this state option, state Medicaid programs are allowed to charge premiums to families whose children with disabilities are enrolled in Medicaid through the FOA.

A buy-in program allows both uninsured and underinsured children to be eligible to enroll in Medicaid. Medicaid, especially the EPSDT benefit, can play a crucial role in filling gaps in coverage for CYSHCN covered by commercial insurance. When a child is enrolled in both private coverage and Medicaid, the private insurance is their primary

33 Hudson, J. L., & Moriya, A. S. (2017). Medicaid Expansion For Adults Had Measurable ‘Welcome Mat’ Effects On Their Children. *Health Affairs*, 39(9). <https://www.healthaffairs.org/doi/10.1377/hlthaff.2017.0347>

coverage. Services can be covered under EPSDT after all options under the commercial insurance have been exhausted. Please see the EPSDT chapter for more information on children with a combination of Medicaid and private insurance.

Public Health Essential Services— Policy Development #5 and 6	Does your state have a Medicaid Buy-in Program?	
	<p>Reflection Question:</p> <p>How would the CYSHCN in your state potentially benefit from a FOA buy-in program?</p>	


TEFRA

This state plan option is named for the legislation that contains it, the [Tax Equity and Fiscal Responsibility Act \(TEFRA\) of 1982](#). As described above in the Pathways to Medicaid section, this state plan option allows state Medicaid programs to extend Medicaid eligibility to children who require an “institutional level of care.” Being eligible for Medicaid mean that these individuals can receive care in the home and community (Home- and Community-Based Services) instead of being restricted to living in an institution. Family income is disregarded when determining eligibility for Medicaid via this pathway. Read more about TEFRA in Chapter 5.

Health Homes³⁴

The state Health Home option was created in [Section 2703 of the Affordable Care Act](#). Health Homes provide a system of comprehensive care coordination to Medicaid beneficiaries who have chronic conditions. Notably, this state option is not specific to children or CYSHCN. Under Section 2703, a state can limit enrollment in health homes

³⁴For additional information about Health Homes, please see: Centers for Medicare & Medicaid Services. (n.d.-d). *Health Homes*. <https://www.medicaid.gov/medicaid/long-term-services-supports/health-homes/index.html> and Thompson, V., & Honsberger, K. (2021). *Improving Care Coordination for Children with Medical Complexity: Exploring Medicaid Health Home State Options* <https://ciswh.org/wp-content/uploads/2021/03/Medicaid-Health-Home-State-Options-Brief.pdf>



STATE SPOTLIGHT:

“In December 2016, New York launched a pediatric-centered health home model, the Health Homes Serving Children (HHSC) program, through a SPA under Section 2703 of the ACA. The HHSC program is a component of the broader New York State Health Home Program, which provides statewide comprehensive care coordination and case management for Medicaid-enrolled individuals. Eligible individuals have two or more chronic conditions or one single qualifying chronic condition and are assessed by providers as being appropriate for the intense level of care provided by a health home. As of October 2019, approximately 27,000 children and youth were enrolled in the HHSC program.”

(Excerpted from [Improving Care Coordination for Children with Medical Complexity: Exploring Medicaid Health Home State Options](#))

to certain geographic areas, but they are not allowed to exclude Medicaid beneficiaries by age, delivery system (e.g., fee-for-service or managed care), or dual-eligibility status (Medicaid and Medicare). States are allowed to determine health home provider eligibility, and some states use this discretion to design health homes that specifically serve CYSHCN. Examples include children with medical complexity (CMC) served by pediatric specialists, or children with serious mental illness served by behavioral health providers.

Another Health Home option for states was established by the [Advancing Care for Exceptional \(ACE\) Kids Act in 2019](#). The ACE Kids Act allows states to develop health homes targeted to children with medical complexity starting October 1, 2022. CMS is in the process of releasing guidance to state Medicaid programs and interested parties about this state option.

Public Health Essential Services— Policy Development #5 and 6	Does your state have a Health Home under Section 2703 of the ACA?	
	Reflection Questions:	
	How would the CYSHCN in your state potentially benefit from such a program?	
	Is your state Medicaid agency planning to pursue a Health Home for children with medical complexity (CMC) through the Section 1945A state option?	
	How would the CMC in your state potentially benefit from such a program?	

Reimbursement for Expanded School-based Health Services³⁵

In 1997, CMS implemented what was known as the “Free Care Rule”, which limited the ability of education systems to bill Medicaid for student health care services. [CMS reversed this policy in 2014](#), creating an opportunity for state education systems to expand reimbursement for school-based health services provided to Medicaid beneficiaries, including CYSHCN.

Public Health Essential Services— Policy Development #5 and 6	Use this resource to find information about your state: https://docs.google.com/document/d/1u0j1so-se80hhyl7AcHaaXlGX5l3s0PN2culDejXZQw/edit	
	Has your state taken action to align its Medicaid policy with the reversal of the “Free Care” policy?	
	Reflection Question:	
	How would the CYSHCN in your state potentially benefit from expanding reimbursement for school based health services?	

³⁵Catalyst Center. (2022). *The Role of Title V Programs in Increasing Access to School-Based Health Services: Opportunities for Bolstering Medicaid Reimbursement*. <https://ciswh.org/wp-content/uploads/2022/04/Free-Care-Rule-Explainer.pdf>