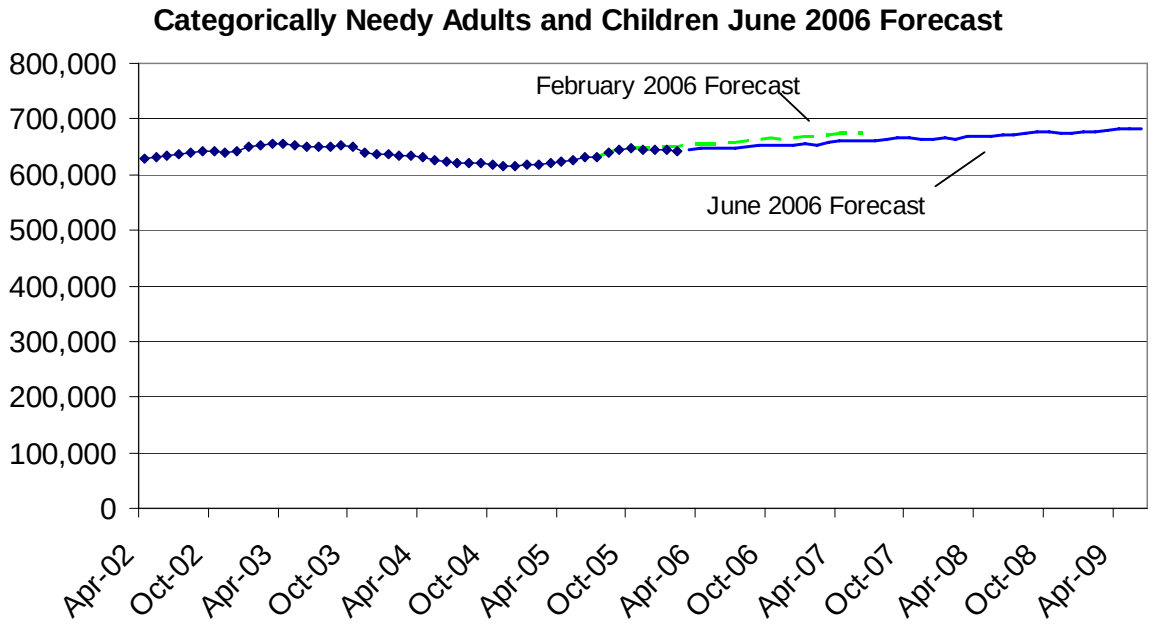
Categorically Needy Adults and Children
Health & Recovery Services Administration

Caseload Forecast Council
June 7, 2006



The Categorically Needy (CN) Adults and Children category includes CN Family Medical (primarily for TANF recipients), CN Other Children (for other low income children), and CN Pregnant Women. SCHIP (the State Children's Health Insurance Plan for children from family's with income between 200 and 250% of the FPL) is not included as an official forecast, but will also be discussed here because of its close ties to the CN Other Children program.

Forecast Comparisons (Fiscal Year Averages)

Fiscal Year	Feb-06 Forecast	Jun-06 Forecast	Feb to Jun Difference	Percent Difference
2006	648,601	643,869	-4,732	-0.7%
2007	667,662	654,618	-13,044	-2.0%
2008		665,850		
2009		677,167		

The CN Other Children program accounted for 10,071 of the 13,044 drop in the forecast between February and June 2006. CN Family Medical accounted for 2,585 of the drop, and CN Pregnant Women accounted for the remaining 387. Although CN Other Children accounted for an estimated 53 percent of the caseload in fiscal year 2007, it accounts for 77 percent of the forecast decline.

Tracking the February 2006 Forecast

	Feb-06 Forecast	Actual	Variance	Percent Variance
Oct-05	647,269	646,332	-937	-0.1%
Nov-05	647,228	645,539	-1689	-0.3%
Dec-05	647,113	643,915	-3198	-0.5%
Jan-06	649,967	644,270	-5697	-0.9%
Feb-06	650,608	642,491	-8117	-1.3%

The variance between the February 2006 forecast and actual caseload increased steadily between October and February 2006 leading to the downward revision of the forecast in June 2006. The main cause of the increasing variance was higher than expected exits from the CN Other Children's caseload following the resumption of eligibility reviews in October 2005.

Fiscal Year Caseload Change for CN Family Medical, CN Other Children, and CN Pregnant Women

Fiscal Year	Caseload Change	Percent Change		Caseload
2003-2004	-7,715	-1.2%	*Actual*	639,072
2004-2005	-18,924	-3.0%		620,148
2005-2006	23,721	3.8%	*Forecast*	643,869
2006-2007	10,749	1.7%		654,618
2007-2008	11,232	1.7%		665,850
2008-2009	11,317	1.7%		677,167

The return to 12 months of continuous eligibility and 12 month eligibility reviews in the CN Other Children program in April 2005 caused the large caseload increase between fiscal year 2005 and 2006.

The growth rate of the CN Other Children, CN Family Medical, and SCHIP into fiscal years 2007, 2008, and 2009 is projected to remain above the population growth rate for all children. Two contributing factors to this faster growth are:

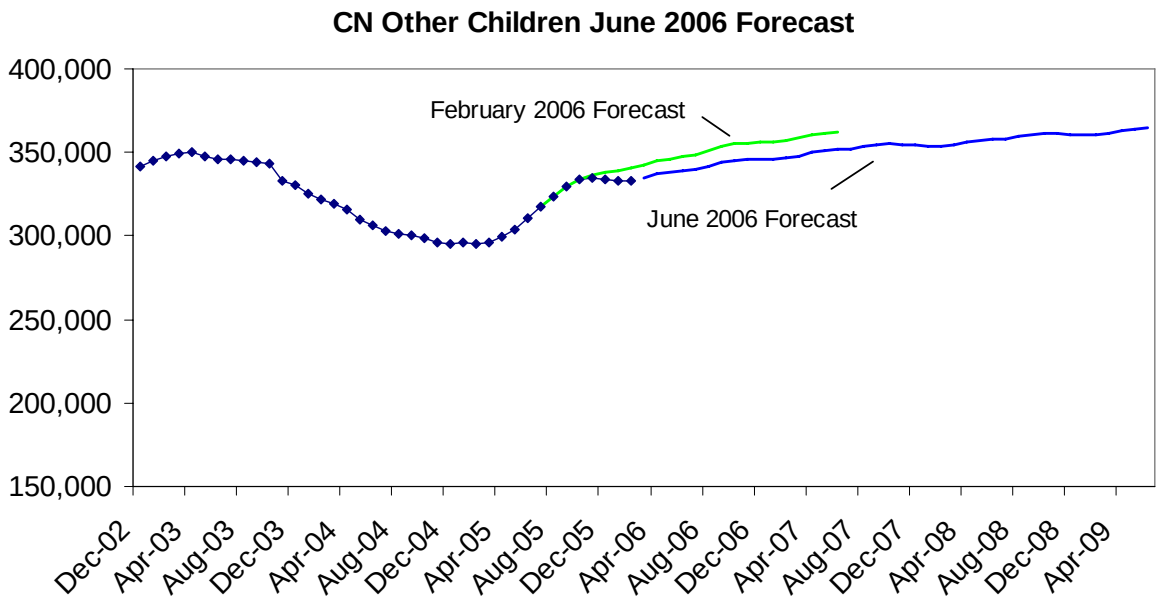
- the growth rate of low income children is generally faster than that of higher income children
- not all children who qualify for these program are currently enrolled.

The extent to which a greater percent of qualifying children enroll, the growth rate of the programs will exceed the population growth rate.

Risk Assessment:

The risk to the CN Family Medical, CN Other Children, and CN Pregnant Women combined forecast is moderate to high. Significant policy changes have occurred in the CN Other Children program over the past year. It is difficult to predict the how clients will react to these changes. Further outreach efforts to those who qualify for these programs, but who do not currently participate, could significantly increase enrollment. Finally, an improving economy and more stringent enforcement of sanctions in the TANF program could depress enrollment.

CN Other Children Program:



The CN Other Children's program experienced a number of policy changes between October 2003 and October 2005. These changes initially caused the caseload to fall and then to rise. The February and June forecasts are both trying to capture a return to more *normal* conditions. Much of the decline in the forecast is due to an under-estimation of exits from the program during this return to a more *normal* period.

Fiscal Year Change

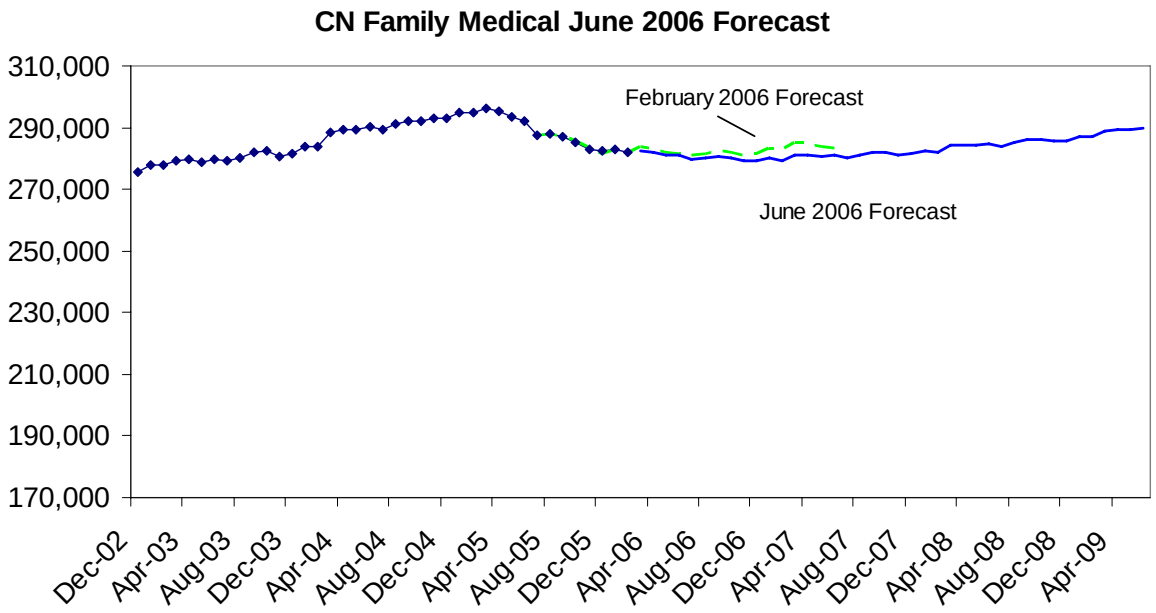
	CN Other Children Change		Pop Percent Change	
FY03-04	-16,104	-4.7%	0.0%	*Actual*
FY04-05	-28,580	-8.7%	0.3%	
FY05-06	32,578	10.9%	0.9%	*Forecast*
FY06-07	13,855	4.2%	1.3%	
FY07-08	8,590	2.5%	1.2%	
FY08-09	6,457	1.8%	1.1%	

Although the CN Other Children's caseload is expected to grow faster than the rate of population growth for all children, it is expected grow at a decreasing rate. The entry rate and exit rate for this program are expected to be roughly constant through fiscal year 2009, this will eventually lead the caseload growth rate towards that of the population.

Risk Assessment:
The risk to this forecast is moderate to high. The forecast assumes that entry and exit rates are approximately at their long-run equilibrium rates. These rates may not yet have fully adjusted to the policy changes over the past two years.

There is also risk that efforts to increase the percent of eligible children who enroll in the program will increase the entry rate or that an improving economy will increase the exit rate.

CN Family Medical Program:



The CN Family Medical program has fallen, in part, because of a fall in its feeder, the TANF program. Both lower entries and higher exits are contributing to the leveling out of the CN Family Medical caseload.

Although the TANF program is an important determinant of the CN Family Medical program, the two caseloads differ in important ways. First, the CN Family Medical caseload measures individual recipients, while the TANF caseload measures assistance units (usually whole families). Second, the CN Family Medical caseload not only includes individuals receiving a TANF grant, but also those who are eligible for a TANF grant but who choose to just receive medical assistance. There are also those who are no longer TANF recipients, but receive transitional medical assistance for a year after leaving the TANF caseload.

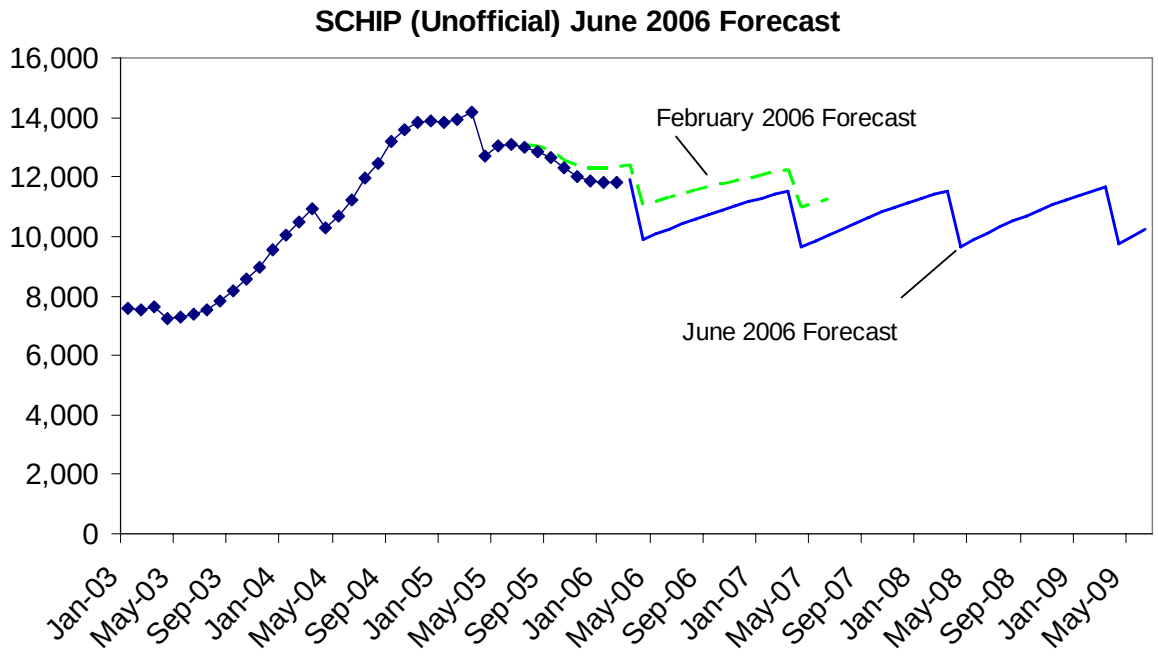
Fiscal Year Change

	CN Family Medical Change		0-64 Pop Percent Change	TANF Caseload Change		
FY03-04	7,753	2.8%	1.0%	968	1.8%	*Actual*
FY04-05	8,865	3.1%	1.2%	1,349	2.4%	
FY05-06	-9,467	-3.2%	1.6%	-1,301	-2.3%	*Forecast*
FY06-07	-3,511	-1.2%	1.8%	-1,238	-2.2%	
FY07-08	2,320	0.8%	1.6%	49	0.1%	
FY08-09	4,518	1.6%	1.5%	411	0.8%	

The table above compares CN Family Medical forecasted growth to that of the base population and to the TANF program. In the longer term, by fiscal year 2009, the growth rates of these three programs tend towards each other as TANF and CN Family Medical are pulled towards population growth.

In the short term, though, both TANF and CN Family Medical are expected to fall. From fiscal year 2005 to 2006, the decline in CN Family Medical is expected to be greater than that of the TANF caseload. A part of the decline may be due to a change in reporting forms in October 2004 that could have had a proportionally larger effect on those recipients receiving medical only coverage. By fiscal year 2007, the percent decline in CN Family Medical is expected to be smaller than that of TANF.

Risk Assessment:
The risk to the CN Family Medical forecast is high. This program and the TANF program experienced a significant change in direction of caseload growth in April 2005. The exact causes of this shift are, as yet, not well understood. Understanding this program shift will be an area of particular collaboration and research this summer between HRSA, OFM, legislative, and CFC staff.



The SCHIP program covers children who don't have access to other health insurance and whose families' income falls between 200 and 250 percent of the FPL. There is considerable flow between the SCHIP and the CN Other Children's program which targets lower income children. The growth in the SCHIP program in 2004 was due to transfers from the CN Other Children program as eligibility criteria tightened and reviews became more frequent. As most of these policy changes were discontinued in April 2005, the SCHIP program stopped receiving the elevated transfers from CN Other Children.

Fiscal Year Change

	SCHIP Caseload Change		Pop Percent Change	
FY03-04	2,187	29.8%	0.0%	*Actual*
FY04-05	3,781	39.7%	0.3%	
FY05-06	-1,610	-12.1%	0.9%	*Forecast*
FY06-07	-986	-8.4%	1.3%	
FY07-08	-38	-0.4%	1.2%	
FY08-09	90	0.8%	1.1%	

This program is expected to decline, but at a decreasing rate, in the near future. By 2009, growth will have resumed in the program, and in the long-term the program is expected to grow at the rate of population growth.

Risk Assessment:
The risk to this forecast is high. This forecast is dominated by changes in the CN Other Children's program which is much larger than the SCHIP program. Relatively small changes in the CN Other Children's program can, thus, have a large impact on the SCHIP program.

Further, the income group between 200 and 250 percent of the FPL is fairly narrow. This group is potentially closer to employer provided coverage than lower income groups and, so any change in the provision of employer sponsored coverage would have a disproportionate effect on this group. The nation has also seen a widening in the income distribution over the economic recovery. Such a move may decrease the number of lower middle income families relative to the poor and upper middle class, reducing the potential population eligible for this coverage.