



COBRA-Reciprocity: Factsheet

COBRA-Reciprocity is a policy which states can elect to provide Medicaid to children residing in their state who have non-title IV-E (i.e., state-funded) adoption assistance agreements with another state.

Background

Adoption exchanges report that 63% of prospective families who respond to child-specific adoption recruitment do not reside in the same state as the child. Interstate placements offer waiting children, especially children that may be difficult to place due to older age, severe medical, behavioral or emotional issues, or being part of a sibling or group, - a greater chance of being adopted by making the resource families of all states available to the child. For some children, adoption by a prospective adoptive parents living in another state may offer the best opportunity for a stable and nurturing home.

The availability of adequate medical services for the growing numbers of interstate cases will be critical for ensuring children's health and well-being and the lasting success of adoptions of children from foster care.

According to AAICAMA's 2003 Interstate Movement Report, the majority of adoption assistance-eligible children who are adopted interstate, 83% received title IV-E adoption assistance. Only 17% of children adopted received adoption assistance funded entirely with state dollars. This represents less than 2% of all children receiving adoption assistance nationwide.

Almost 7,700 children exiting foster care in FY 2004 were placed with relatives or prospective adoptive parents in other states.¹

The Problem: Children receiving title IV-E adoption assistance are categorically eligible (or guaranteed) title XIX Medicaid in all states. However, children whose *adoption assistance is entirely funded by state funds do not have this guarantee when they move or are placed outside their adoption assistance state.*

With more adopted children living outside the adoption assistance state, states can take steps to ensure that inter-jurisdictional challenges, such as loss of Medicaid for a non-title IV-E child, do not pose barriers to timely permanency by implementing a policy of COBRA-reciprocity.

¹ A Report to Congress on Inter-jurisdictional Adoption of Children in Foster Care. US Department of Health and Human Services. Children's Bureau Administration for Children and Families. p. 5.

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Presently 6 states do not have a policy of COBRA-reciprocity. This creates a hardship on the adoptive families of those state-funded children who are placed or move to any of these 6 states.

Adoption-assistance eligible children and state Medicaid costs

- Medicaid covers one-fourth of the nation's children, however services to children **are not** the main reason for the growth in Medicaid expenditures.
- Children are the least costly group covered by Medicaid. Although they comprise almost half of Medicaid enrollees, they accounted for only 18% of the total expenditures in 2006².
- Most Medicaid funds are spent on the elderly and disabled -- seniors and people with disabilities make up about 25% of the Medicaid population but consume nearly 70% of its resources.³
- Nationally, children involved with the child welfare system represent only a small portion of total Medicaid spending. In 2001, the Medicaid funds spent on children involved with child welfare agencies accounted for just over 2 percent of the total \$180 billion in Medicaid spent that year⁴. And children receiving state-funded adoption assistance are a small subset of this group--less than 1%

COBRA-reciprocity— Benefits for adopted children and their families

Medical services are essential supports for all children adopted from foster care-- whether they live in or outside the adoption assistance state. Without medical benefits many of these children with special needs will likely remain in foster care until adulthood.

- ***Financial and Medical Concerns.*** Research indicates that the most common concerns of families adopting children from public agencies are financial and medical. An overwhelming majority of adoptive families reported that the receipt of Medicaid for the child was critical to their decision to adopt.⁵

²Marron, Donald, Testimony on Medicaid Spending Growth and Options for Controlling Costs, given before the Special Committee on Aging, July 16, 2006.

³ Kaiser Commission on Medicaid and the Uninsured. (2004). Health Coverage for Low Income Children (Fact Sheet, Publication No. 2144-04). Per-capita costs for children (\$1,700) are the lowest of the groups eligible for Medicaid, compared with \$12,800 per elderly enrollee in 2003.

⁴Sullivan Sutton, Erin, Testimony before Subcommittee on Income Security and Family Support, July 2007.

www.napcwa.org/Home/docs/Health%20Care%20for%20Children%20in%20Foster%20Care%20Testimony.pdf

⁵Children's Rights, National Foster Parent Association, and North American Council on Adoptable Children. Ending the Foster Care Life Sentence: The Critical Need for Adoption Subsidies. July 2006.

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In fact, when adoptive parents were asked to rank the importance of 9 variables on their decision to adopt, the most important factor cited by parents was receipt of medical card or Medicaid. This was rated even more important than the receipt of a subsidy in this survey. ⁶

- ***Children do best in families.*** Child welfare experts have long understood the importance of safe and nurturing families to children's positive development. Adoption provides children with stability and continuity; assists children in developing a healthy self-image; and provides family support and connections which last well into adulthood. ⁷
- ***Benefits to society.*** A child's permanency also benefits society as a whole. Adoptive families are powerful positive influences on a child's life, increasing the likelihood of healthy development into productive, effective, and caring adults. Research shows that adoption improves health, behavioral, educational, and employment outcomes for children relative to the alternative of long-term foster care⁸. (For a review of this literature see Hansen, 2006.)⁹

COBRA-reciprocity and benefits to states

COBRA-Reciprocity carries several long-term financial benefits for States.

- ***FFP.*** Implementing COBRA-reciprocity, a state is able to claim Federal financial participation (FFP) to defray/off-set the cost of providing medical coverage for many for state-funded adoption-assistance eligible children.
- ***Avoiding return to foster care.*** Availability of post-adoption supports, such as Medicaid, are strong preventative measures to disruption and dissolution. Currently any child with state-funded adoption-assistance agreement with one state child would lose Medicaid upon being placed or moving to any state without COBRA-reciprocity, jeopardizing the placement. If the adoption dissolves, the child would enter the resident state's foster care system—a much costlier alternative to offering Medicaid.

In the long run, a well-supported adoption saves money and ensures that children do not remain in long-term foster care.

⁶Ibid.

⁷ Chritian & Ekman, 2000. p.8

⁸ Sedlak, Andrea and Diane Boradhurst. Study of Adoption Assistance Impact and Outcomes. Rockville, MD: Westat Corporation, 1993.

⁹ Henson, Mary. The Value of Adoption, Dec. 2006

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- Recent research suggests that the governmental cost of adoption is half the cost of foster care¹⁰.
- A study by Barth et al. reports that the 50,000 children adopted each year save the government from \$1 to \$6 billion, when compared to maintaining those children in long-term foster care. The savings result from reduced administrative costs and court expenses, compared to the costs of seeking adoptive families and providing adoption assistance.¹¹
- **Valuable state citizens.** Adoption promotes good child outcomes --such as educational attainment and self-sufficiency-- and reduces negative outcomes --such as delinquency and welfare receipt.

Federal efforts to address inter-jurisdictional barriers

For more than two decades, the Federal government has played a crucial role in promoting adoption and other permanency outcomes, including interstate adoptions, and eliminating barriers to adoption for those children in foster care who cannot return home.

- **Adoption and Safe Families Act (ASFA)**¹²—focused on the need for achieving timely adoptive or permanent placements, especially adoption, for children in foster care who could not be reunited safely with their birth parent. ASFA contains provisions on the effective use of cross-jurisdictional resources and prohibits states from denying or delaying a child’s adoption when an approved family is available outside the child’s jurisdiction.
- **Safe and Timely Interstate Placement of Foster Children Act of 2006**— improves protections for children and places accountability on states for the safe and timely placement of children across state lines. It also requires that adoption and other permanency plan recruitment efforts include the use of state, regional and national adoption exchanges to facilitate timely instate and interstate placements.¹³

Electing a policy of COBRA-reciprocity supports a state’s efforts to meet provisions of the Adoption and Safe Families Act (ASFA) and the Safe and Timely Act to eliminate barriers and delays to adoption across state lines.

Moreover, at a time when states are being held accountable for assuring timely permanency and the health and well-being of children in foster care under federally

¹⁰ Barth, R., Lee, C., Wildfire, J., & Guo, S. (2006). A comparison of the governmental costs of long-term foster care and adoption. *Social Service Review*, 80(1).

¹¹ http://waysandmeans.house.gov/hearings.asp?formmode=view&id=6363#_ftn16#_ftn16

¹²[9] 42 U.S.C. §§671-675

¹³[10] U.S. Health and Human Services, Administration of Children and Families (ACF). Information Memorandum, Log No: ACYF-CB-IM-06-03, August 11, 2006.

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mandated Child and Family Service Reviews (CFSRs), COBRA-reciprocity can enhance states' performance on these reviews.

Concluding observations

The data are clear – the availability of post-permanency services, particularly Medicaid and adoption subsidies:

- Encourage prospective parents to adopt children from foster care
- Help ensure that the placement is a stable, enduring one
- Prevent children from re-entering foster care

If we want adoption to be truly permanent, and to prevent children from aging out of care, states must find the resources to provide necessary supports to these permanent families. It is far better for children and families and more economical for states to make these services available in all adoptions—in-state or interstate.

This requires a partnership. Assuring child safety, permanence and well-being is a shared responsibility, requiring collaboration and coordination across public systems. Medicaid has been a chief partner in supporting these efforts, and in advancing the health and well-being of children and adolescents—those who are adopted and those who live with their biological families.

*AAICAMA, is committed to improving practice and policy in the area of special needs adoption. It facilitates the administration of ICAMA, works to strengthen protections for children with special needs, assists in the development and implementation of model practices and policies, and provides technical assistance to its members.

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