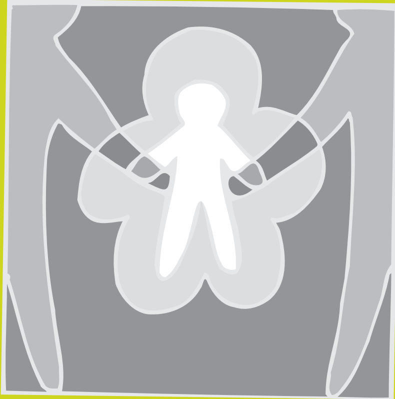
# FOCUSING ON FAMILIES IN WELFARE REFORM REAUTHORIZATION



ADULTS WITH MENTAL HEALTH NEEDS & CHILDREN WITH SPECIAL NEEDS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# Medicaid

## Purpose of this Brief:

- ***To highlight the importance of Medicaid and transitional Medicaid for families who receive welfare or who have recently left welfare and who are faced with mental health problems and/or with having a child with a disability.***
- ***To discuss ways that Medicaid can be made available and more easily accessible to these families.***
- ***To describe ways to assist families in being aware of and taking advantage of their Medicaid eligibility.***

## Voices from the Field

*I also get very depressed sometimes. The doctors give me medicine for depression. I am okay as long as I have medication. If I run out of medicine I have problems with my nerves. ... My son was referred to a psychologist by his school. ... His case manager was going to arrange counseling for my depression but nothing has happened.*

(46-year-old mother from Pinellas Park, FL, #FL-4[1])

*...I just went through a severe breakdown. The doctor has me on two medications, and they are not cheap. I have no insurance, so the cost of that and the doctor visits are outrageous.*

(39-year-old mother from Lafayette, IN, #IN-1[1])

*[What] I would lose [if she went off welfare], which is very important, which I can't lose, is the children's Medicaid. I can't pay it [health insurance].*

(mother of a child with a severe physical disability in Miami[2,p.167])

*Running out of food stamps, the cash, it doesn't even really concern me. I mean, it does, it would help but, at the same time...the well-being of my children. I'm not financially able to give them the health care that they need.*

(mother of a child with heart problems in Philadelphia[2,p.167])

## Defining the Issue

### The Importance of Medicaid to Families

The importance of Medicaid for families who have mental health problems or children with disabilities is well-documented. In their study of Aid to Families with Dependent Children (AFDC) recipients in California, Meyers, Brady and Seto found that Medicaid receipt was associated with lower levels of out-of-pocket spending.[3] This can be an important difference for families who are already financially strapped. Transitional Medical Assistance (TMA), which is available to families for one year after they leave Temporary Assistance to Needy Families (TANF), can also be a very useful resource for families trying to "make it" on their own.

Medicaid is an important resource for promoting the health of the entire family. It is not sufficient for just parents or just children to have medical care, even if it is only the parent or only the child who has special needs. Families may be more

likely to use Medicaid if the entire family can access it, making it easier to coordinate health services for the whole family.

### Access to Medicaid

Despite the importance of Medicaid, it is becoming increasingly clear that there is a huge problem around access to Medicaid: a significant proportion of children and families who are eligible for Medicaid are not receiving it.[4] This may be due partially to the "delinking" of Medicaid and welfare eligibility. As a result of the way that the Personal Responsibility and Work Opportunity and Reconciliation Act of 1996 (PRWORA) amended Section 1931 of the Social Security Act, individuals receiving cash assistance are no longer automatically eligible for or enrolled in Medicaid.[5]

Loss of Medicaid is also a problem for families whose children lose Supplemental Security Income (SSI) benefits, as well as for families who transition off of TANF and for families who simply disappear from the system without officially transitioning off. Often when children lose SSI, they also erroneously lose their Medicaid benefits. Though states are required to continue Medicaid coverage for children who have lost SSI due to redeterminations, many state Medicaid agencies have not yet implemented a process for ensuring that these children maintain their benefits.[6,7]

Similarly, families who go off TANF may stop receiving Medicaid, even though they are still eligible for transitional Medicaid. Possible reasons for families losing Medicaid benefits even when they remain eligible include:

- lack of awareness of Medicaid eligibility
- TANF workers not providing information about the process to redetermine Medicaid eligibility
- being put off by the forms required to initiate the process
- difficulties in collecting the documentation required
- language barriers.[8]

Whatever the reason, for families who are already existing at or below the poverty line "this loss may be disastrous."[3,p.72*]

### Increasing Coverage for Children and Adults

Increasing Medicaid coverage for adults in poverty, particularly adults with mental health issues, is vital to helping these parents stay healthy. A report from the Center on Budget Policies and Priorities (CBPP) discusses the 28 billion dollars set aside in the congressional budget for reducing the number of Americans without health insurance.[9] This could be accomplished by expanding both Medicaid and the State Children's Health Insurance Program (SCHIP). Medicaid eligibility levels are often so low that a very low income level can disqualify parents, even if their children remain eligible. According to the CBPP,[9] while most of the 6.9 million uninsured low-income parents in this country are ineligible for Medicaid because Medicaid income limits fall far below the poverty line, 90% of these parents have a child who is eligible for or enrolled in Medicaid or SCHIP.

Making Medicaid available and accessible for more adults is vital not only for the physical and mental health of the adults in the family, but for their children, as well. Studies have found that that states which expanded their Medicaid programs to increase coverage for parents also increased the number of insured low-income children.[10] As the CBPP report describes:

> A former human services commissioner for Missouri, describes what happened in his state after it implemented a Medicaid expansion for parents: "With no outreach, no advertising, no partnerships to spread the word, enrollment soared." "Helping adults greatly contributed to the enrollment of children."[9,p.9]

## Existing Strategies, Policies, and Programs

### 1 Making initial enrollment more accessible.

Some states are making enrollment more accessible by adopting practices such as "presumptive eligibility." This practice allows community agencies (e.g. child care agencies, Head Start programs, school lunch programs), with parents' consent, to enroll children directly if it appears likely that they qualify for coverage. Their families then have extra time to fill out the necessary paperwork.[8]

Donna Cohen Ross, of CBPP, in testimony before the Senate Finance Committee, provided an example of what is occurring in Albuquerque:

> In the Albuquerque Public Schools, a team of school nurses uses information from the School Lunch Program to identify students who are eligible for health coverage. They can enroll these students into the states' Medicaid expansion program using the presumptive eligibility option.[8,p.4]

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*For information concerning actions that states must take to address improper Medicaid terminations, along with some promising practices in this area, see: Schott, L. (2000). *Issues for consideration as states reinstate families that were improperly terminated from Medicaid under welfare reform.* Washington, D.C.: Center on Budget and Policy Priorities. [On-line]. Available: http://www.cbpp.org/5-30-00wel.pdf

**2 Simplifying the application process for both Medicaid and SCHIP.**

Some states are beginning to recognize the importance of simplifying the Medicaid application and redetermination processes. In response to this, they are engaging in activities which include: presenting instructions more clearly; shortening the forms; combining applications for Medicaid with applications for other social services, such as food stamps, child care, and TANF; allowing the forms to be submitted in multiple ways (e.g. phone, mail, or Internet); and including foreign language translations. (For an in-depth discussion, see Brown.[11])

Ross provides an example of this from Florida:

> In Florida, when families apply for federal child care assistance at community-based child care resource and referral agencies, the information they provide is electronically transferred onto a joint Medicaid/SCHIP application. Families answer a few supplemental questions needed to determine eligibility for health coverage and the application is printed out from the computer for the family to sign and mail to the child health insurance agency in a pre-addressed, postage-paid envelope.[8,p.4]

**3 Making Medicaid more accessible for individuals who have left welfare.**

In Kentucky, when individuals stop being eligible for K-TAP (Kentucky's TANF program), they are screened at local community-based services offices to determine if they are still eligible for support services such as Food Stamps, Medicaid, and continued case management support.

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## Recommendations

**1 Make it easier for families to apply for Medicaid and to maintain their Medicaid eligibility.**

In discussing the under-utilization of Medicaid, Haskins, Sawhill and Weaver suggest that "working families may find it too difficult and time consuming to report to welfare offices to confirm their eligibility, especially in states where families must actually visit the welfare office, and families with frequent changes of income may be put off by the continuous reporting requirements."[12,p.5] Wendell Primus, a former member of the Clinton administration, suggests that one way to accomplish this is to allow states to simplify their transitional Medicaid program, perhaps by making food stamps, child care, and health insurance available from one place and from one application.[13]

This is an issue for families receiving Transitional Medicaid Assistance (TMA) as well. To begin with, many families are not even aware of their eligibility for this program. For those who are, they are required to submit three months of information about their earnings and their child care costs in the fourth month of receiving TMA, in the seventh month, and again in the tenth month. Ross argues that guaranteeing a full year of TMA to those who are eligible without the burdensome reporting requirements would "enable states to give families a clear and unambiguous message that they will get at least one year of Medicaid coverage if they leave welfare for work."[8,p.6]

**2 Improve family-level health by expanding Medicaid eligibility for low-income parents as well as children.**

Ross's testimony before the Senate Finance Committee highlighted the current stringent nature of Medicaid eligibility standards: in 37 states, a parent working full-time and making $7.00 per hour earns "too much" to receive Medicaid. In most states, a parent in a family of three will lose Medicaid eligibility if her income is greater than 67% of the federal poverty line. She argued that increasing Medicaid coverage to parents in families where children are already eligible increases participation rates for the entire family.[8] As discussed above, when parents are eligible, their children are more likely to be enrolled in health insurance programs.

**3 Conduct research which explores the reasons for families going off Medicaid.**

Department of Health and Human Services Secretary Tommy Thompson states that "...many of us have been surprised by the drop in food stamp and Medicaid receipt by families leaving welfare...[w]e should thoroughly investigate this problem..."[14,p.3] Only by understanding why families are not receiving benefits to which they are entitled will it be possible to ensure that families actually use the services for which they are eligible.


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[6]Bazelon Center for Mental Health Law. (2000, January 13). *Children's SSI program.* Washington, D.C.: Author.

[7]Family Voices. (1998, Spring). *Children's SSI status update.* [On-line]. Available: http://www.familyvoices.org/fs/ ssiupdate98.html

[8]Ross, D.C. (March 15, 2001). *Reducing the number of uninsured children: Outreach and enrollment efforts.* Testimony before the Senate Finance Committee, Washington, D.C. [On-line]. Available: http://www.cbpp.org/ 3-15-01dcrtest.htm

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[12]Haskins, R., Sawhill, I., & Weaver, K. (2001). Welfare reform reauthorization: An overview of problems and issues. *Brookings Institute Policy Brief 2.* Washington, D.C.: The Brookings Institute. [On-line]. Available: http://www.brookings.edu/wrb

[13]Primus, W. (2001). What next for welfare reform?: A vision for assisting families. *Brookings Review: Welfare reform and beyond, 19,* 34-38.

[14]Thompson, T.G. (2001). Welfare reform's next step. ? *Brookings Review: Welfare reform and beyond, 19,* 34-38.

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