

The Deficit Reduction Act's (DRA) Citizenship Documentation Requirements for Medicaid Through the Eyes of State Officials in December 2006 and January 2007

SUMMARY

Officials representing Medicaid programs or combination Medicaid/State Children's Health Insurance Program (SCHIP) programs from most states (77%) indicated that the Deficit Reduction Act (DRA) of 2005¹ citizenship documentation requirements already have affected, or will affect, their efforts to simplify enrollment forms and procedures. Officials from many states expect a negative effect on previous efforts to simplify enrollment using mail-in, fax or telephone applications (26 states) and Web-based or other paperless applications (14 states). While most officials indicated that DRA citizenship documentation requirements would increase the complexity of their processes, fewer Medicaid and combination Medicaid/SCHIP officials (56%) expect that these requirements will reduce the number of children and families enrolled in their programs. A smaller percentage of SCHIP and combination Medicaid/SCHIP officials (33%) expect a negative effect on SCHIP enrollment. Just over half (52%) of officials in states for which coordination between Medicaid and SCHIP is relevant indicated that the DRA citizenship documentation requirements already had affected, or would affect, efforts to improve coordination. Many states have implemented a variety of strategies to assist clients in retrieving identity and citizenship documentation.

BACKGROUND

The DRA attempted to reduce the federal budget deficit by implementing changes in a wide range of federal programs, including Medicaid. Among other mandatory changes to the Medicaid program, the DRA requires that all Medicaid recipients and future applicants prove their citizenship and identity, effective July 1, 2006, or at the first subsequent redetermination.² Most states had less than five months to develop and implement procedures for complying with DRA citizenship documentation requirements.³ Federal guidance was issued just three weeks before the law took effect, and the guidance on what

Contents

- 1 Summary
- 1 Background
- 2 Methods
- 4 DRA Effects on Enrollment
- 7 DRA Effects on Coordination
- 8 Other Findings about DRA Effects
- 10 Implications for Enrollment and Access
- 11 Appendix A: State Officials Surveyed and Survey Questions
- 15 Appendix B: Detailed Information on Survey Responses
- 16 Endnotes

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documents would be acceptable was stringent, although it was silent on the implications of noncompliance. Thus, states that had developed procedures prior to receiving the guidance may have had to revise them to meet the federally established criteria.⁴ Moreover, federal requirements and guidance have changed at least three times since the July 1, 2006 effective date.⁵ This confusing and evolving environment has required states to change their implementation strategies; some states are still developing these strategies.

METHODS

In December 2006 and January 2007, Health Management Associates interviewed 60 state officials from Medicaid, separate SCHIP, or combination Medicaid/SCHIP programs in 46 states to understand the status of enrollment, eligibility, coordination and outreach efforts that the *Covering Kids & Families*[®] (CKF) initiative had influenced since 2002.

During these interviews, we asked state officials for their perspectives on the effects that implementation of the DRA citizenship documentation requirements in Medicaid were having on efforts to simplify enrollment processes and shorten application forms for Medicaid, and improve coordination between Medicaid and SCHIP. State officials were also asked whether they expected these DRA provisions to affect enrollment levels in Medicaid and SCHIP in their states.⁶

For the 29 states with combination Medicaid/SCHIP programs, where a single official represented both programs, only one survey is part of the sample. For 14 states with a Medicaid-only program and separate SCHIP program, the sample includes two surveys per state. For three additional states with separate Medicaid and SCHIP programs, only SCHIP officials were available for this survey. Table 1 shows the distribution of state officials interviewed by program type, and the number of unique states represented. The 46 states with CKF grantees are listed by type of program in Appendix Table A-1.

TABLE 1

Distribution of Officials Interviewed and States Represented, by Program Type

	Combination Medicaid/SCHIP	Medicaid Only & Separate SCHIP	Separate SCHIP	Total
Officials Interviewed	29	28 (14 Medicaid, 14 SCHIP)	3	60
States	29	14	3	46

Questions about the effects of DRA citizenship documentation requirements on the Medicaid program were limited to officials from a combination Medicaid/SCHIP program or a Medicaid-only program. Thus, each official's response represents a single state, for a total of 43 states. A question related to the effects of the DRA on SCHIP enrollment was limited to officials from combination Medicaid/SCHIP or separate SCHIP programs. Therefore, the number of state official responses equals the number of unique states represented, or 46 states.

For questions about the effects of DRA citizenship documentation requirements on efforts to improve coordination between Medicaid and SCHIP, all respondents were queried. Because responses about the effects on coordination sometimes varied between a Medicaid and SCHIP official in the same state, we present this part of the analysis by individual official rather than by state.

By December 2006, at the time of the survey, some states had fully implemented the DRA citizenship documentation requirements and had nearly six months' experience with them, whereas others had done so only partially or recently. For this reason, responses reflect either what officials perceive has already happened or what they expect to happen.

DRA EFFECTS ON ENROLLMENT

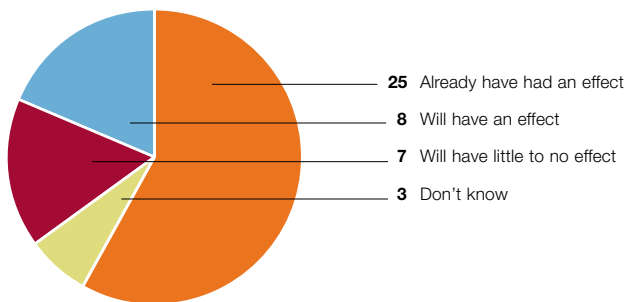
In three-quarters of the states, Medicaid or combination Medicaid/SCHIP officials reported that DRA citizenship documentation requirements already have had an effect, or will have an effect, on efforts to shorten or simplify enrollment processes.

More than half said that the DRA requirements already had affected the simplification of enrollment processes and nearly one-fifth said that it would have an effect (Figure 1).

FIGURE 1

Effects of Citizenship Requirements on Simplification of the Enrollment Process in 43 States

n=43 Officials



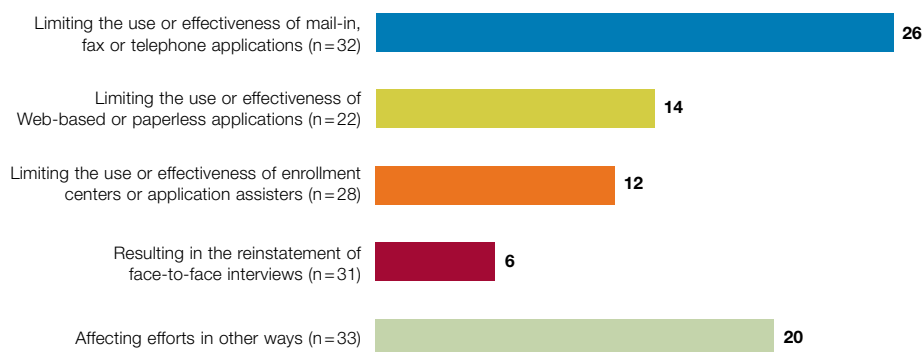
When officials indicated that there had been, or would be, an impact on enrollment processes, they were asked to identify the particular processes where an impact had occurred or was expected to occur.

Among the 33 state officials who reported that the DRA citizenship provisions have had an effect, or will have an effect, most officials were concerned about the limitations on the use or effectiveness of mail-in, fax or telephone applications.

As shown in Figure 2, officials in 26 states indicated that the DRA citizenship documentation requirements had limited, or would limit, mail-in, fax or telephone applications. The DRA requirements resulted (or were expected to result) in the reinstatement of face-to-face interviews in only six states.

FIGURE 2

Effects, or Expected Effects, of DRA Citizenship Documentation Requirements on Simplified Enrollment Procedures in 33 States*



*The "n" shown in parentheses for each item excludes state officials indicating that they do not have the applicable procedure. For face-to-face interviews, the "n" excludes states that do have this procedure.

As shown above, officials in 20 states mentioned other ways in which the DRA citizenship documentation requirements have affected, or were expected to affect, efforts to shorten or simplify enrollment procedures. These included:

- taking more time and effort to process applications (16 states);
- increasing client face-to-face visits (nine states); and
- increasing incomplete, pending or backlogged applications (seven states).

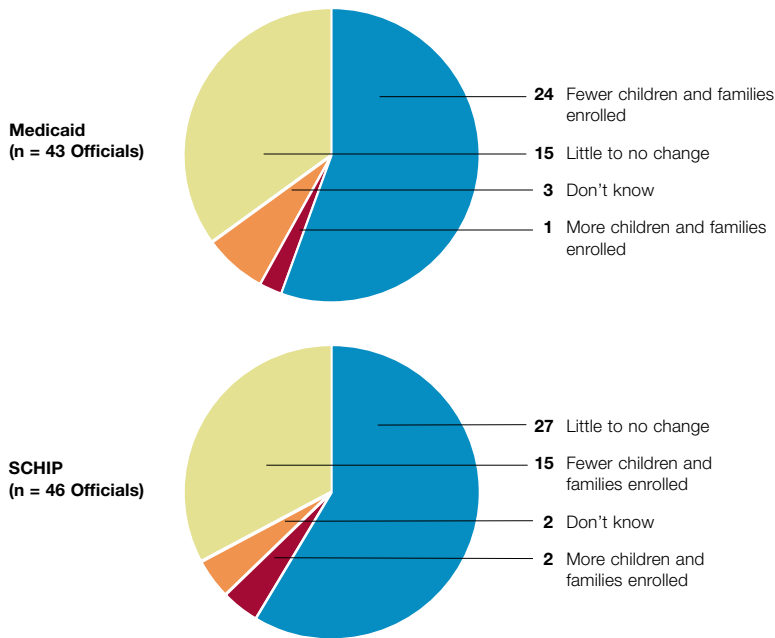
More than half of state officials interviewed expect the DRA provisions to reduce Medicaid enrollment for children and families in their state, but only one-third expect the provisions to reduce SCHIP enrollment in their state.

Officials from 24 (56%) of 43 states representing Medicaid or Medicaid/SCHIP combination programs expect the DRA citizenship documentation requirements to have a negative effect on enrollment in Medicaid. Only 15 (33%) of the 46 officials representing either SCHIP or combination Medicaid/SCHIP programs expected a negative effect on SCHIP enrollment levels (Figure 3).

Although the DRA documentation rules apply only to Medicaid, the use in some states of joint application forms for Medicaid and SCHIP and/or screening of all applicants for both programs means that SCHIP applicants in many states are indirectly subject to the DRA citizenship documentation requirements.

FIGURE 3

Expected Effects of DRA Citizenship Documentation Requirements on Medicaid and SCHIP Enrollment



In response to open-ended questions, officials from nine states indicated that they had been monitoring effects on denials, closure and/or enrollment and had seen no changes in these indicators for either Medicaid or SCHIP since July 2006. This included at least one state that is applying the citizenship documentation requirements to its SCHIP program. Officials from other states provided numbers on the enrollment reductions that they are attributing to the DRA requirements. For example, one official noted that enrollment has dropped 2000 per month, on average, since August 2006. Another official has seen a 15 percent increase in the number of closures due to the lack of appropriate documentation.

DRA EFFECTS ON COORDINATION

Many state officials indicated that the DRA citizenship documentation requirements have affected, or will affect, coordination between Medicaid and SCHIP programs in their state, although they do not expect the effect to be as significant as that on simplification of enrollment processes noted above.

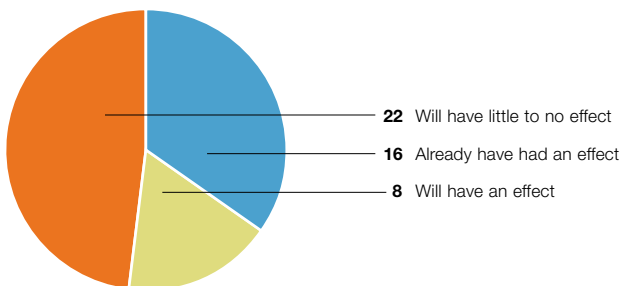
The analysis of DRA effects on coordination efforts excluded responses from officials in six states with only Medicaid-expansion SCHIP programs and also responses from another eight officials who said that issues related to coordination were “not applicable.” For 46 of the 60 officials whose responses were analyzed, 24 (52%) indicated that the DRA citizenship documentation requirements already have had, or would have, an effect on coordination between their Medicaid and SCHIP programs (Figure 4).⁷

Medicaid, SCHIP and combination Medicaid/SCHIP officials differed in how they thought the DRA provisions had affected, or would affect, coordination. Only about one-third of Medicaid officials said there had been, or would be, an effect on coordination compared to just over half of SCHIP officials (data not shown), while two-thirds of officials who represented both programs indicated that an effect had occurred or is expected (data not shown).

FIGURE 4

Effect of DRA Citizenship Documentation Requirements on Coordination Between Medicaid and SCHIP Programs in 32 States

n=46 Officials



OTHER FINDINGS ABOUT DRA EFFECTS

Documentation of identity was noted by officials from several states as more problematic than documentation of citizenship.

In response to an open-ended question regarding DRA experiences, state officials provided the following observations about the challenges of documentation of identity:

- One state indicated that the DRA identity documentation provisions are especially challenging for adolescents over age 16 if they do not have a driver's license or other photo I.D., since their parents are not allowed to attest to their identity in an affidavit.
- Another state provided specific data from November 2006, which showed that for more than two-thirds of the cases denied for lack of documentation, the client had documentation to verify citizenship but was missing identity documents. The official in this state also observed that those at the lowest poverty levels seemed to have the most difficulty complying with the documentation requirements.
- Another official from a state that already required documentation of citizenship indicated that there was a drop in Medicaid enrollment with implementation of the DRA requirements for documentation of identity and an approximately 15 percent increase in the number of cases closed due to lack of appropriate documentation. This state also reported an increase in the number of incomplete applications.

Some states commented on the likely term of the effects and the costs to their state.

- Several officials noted that they expect adverse results for Medicaid enrollment levels to be short term. One stated that things would improve "as applicants become more knowledgeable about the requirements and staff becomes better at locating documents."
- One state had quantified the administrative costs. The official indicated that the new DRA requirements have added 10 minutes per case to the processing costs. The increased costs are greater in the first year since renewals/redeterminations are also subject to the new provision. For this state, the cost increase is estimated at \$1.8 million in the first year and \$800,000 annually thereafter. States that are paying for out-of-state birth certificates or developing new data exchanges will have additional administrative costs.

Officials from several states commented on how they are implementing the DRA citizenship documentation requirements.

The survey asked state officials about the *effects* of the DRA citizenship documentation requirements but did not ask about the *methods* states were using to meet the new requirements. However, as part of the interview conversation, a number of state officials told us how the DRA citizenship documentation requirements were being implemented.

- To facilitate documentation of both citizenship and identity, many states have developed automated data matches with other government agencies, such as vital records (birth certificates), department of motor vehicles (driver's licenses), the Social Security Administration, and the agency administering the Temporary Assistance for Needy Families (TANF) program. Specific comments included statements such as, "The agency is making extreme efforts to get the necessary documentation on behalf of the beneficiary and make it as easy on the beneficiary as possible."
- Many states are submitting applications for out-of-state birth certificates on behalf of beneficiaries. However, a few states explicitly indicated that applicants and enrollees are required to secure this information. One state indicated that according to census data, a full 40 percent of state residents were born in another state. This issue will be more significant for some states than for others.
- While the DRA regulations require states to accept only original documents, some states are accepting photocopies. Accepting photocopies enables states to continue a mail-in application process. At least one state indicated that it hopes that the "original document" requirement will be reversed.
- Some states have developed new forms to accommodate the DRA citizenship documentation process.
 - One state mentioned that to do data matches it needs additional information about applicants or the parents of applicant children beyond what was included on the application form. The additional information included name at birth, county of birth, mother's maiden name and gender of the individual.
 - Some states have developed new "attestation forms" on which the parents of children under the age of 16 can attest to the identity of the child.

IMPLICATIONS FOR ENROLLMENT AND ACCESS

Fifty-six percent of Medicaid officials in 43 states expect, or have already experienced, Medicaid enrollment declines as a result of the DRA citizenship documentation requirements. This means that fewer children and families are gaining Medicaid coverage and that some current enrollees will likely lose coverage. While some of them will be truly ineligible for Medicaid, some will be eligible but unable to provide adequate documentation in a timely manner or unable to negotiate the more complex application process. Several states indicated that documentation of identity was more problematic than documentation of citizenship, with the implication that many citizens or legal residents were having difficulty with this DRA provision. On the positive side, three states indicated that they expect the negative enrollment trends to be short term, with the implication that eligible individuals would eventually be enrolled in Medicaid or SCHIP but that coverage would be delayed.

Either way, there will be an impact on the safety net. Those individuals who are unable to satisfy the documentation requirements will likely receive less primary and preventive care. These findings also suggest that more research is needed to determine how states are dealing with the new requirements, which methods seem most successful at minimizing the negative consequences, and whether negative consequences vary in degree by demographic characteristics other than citizenship status (e.g., by income level or age). In addition, there is an increased administrative cost as a result of the new requirements. As noted above, one state documented an initial investment of \$1.8 million and an ongoing cost of \$800,000 per year. That state represents only 1.6 percent of the total national Medicaid enrollment. If its experience is at all typical, the national administrative price would be more than \$50 million per year. While this provision was designed to reduce Medicaid costs, any savings are at least partially offset by the administrative cost increases.

Finally, at the time of the interviews in December 2006 and January 2007, documentation policies at the state and federal levels had not yet come to rest. A number of states had not yet implemented, or fully implemented, the new documentation requirements and some states were choosing not to implement certain features of the federal policy (e.g., by allowing photocopies) with the hope that the federal government would change its policies accordingly. A number of statutory and regulatory changes have occurred since the original Centers for Medicare & Medicaid Services (CMS) guidance was released in June 2006. As recently as March 20, 2007, CMS announced a reversal of its previous policy regarding documentation requirements for newborns of noncitizen Medicaid recipients. The continuing evolution of federal policy and the varying status of state compliance efforts suggest that the ultimate impact of the documentation requirements remains unknown and that continued monitoring of the effects of this policy is likely needed.

Appendix A: State Officials Surveyed and Survey Questions

In December 2006 and January 2007, staff from Health Management Associates conducted telephone interviews with 60 state officials from Medicaid, SCHIP or combination Medicaid/SCHIP programs in the 46 states with *Covering Kids & Families* grants.

TABLE A-1

State and Program Type of Officials Interviewed

Medicaid (n=14)	SCHIP* (n=17)	Medicaid/SCHIP (n=29)
Alabama	Alabama	Alaska
Arizona	Arizona	Arkansas
California	California	Connecticut
	Colorado*	Minnesota
Florida	Florida	District of Columbia
Georgia	Georgia	Delaware
Iowa	Iowa	Hawaii
Massachusetts	Massachusetts	Idaho
Mississippi	Mississippi	Illinois
Nevada	Nevada	Indiana
New Hampshire	New Hampshire	Kentucky
New York	New York	Louisiana
	North Dakota*	Missouri
Oregon	Oregon	Maine
Pennsylvania	Pennsylvania	Maryland
	West Virginia*	Nebraska
Wyoming	Wyoming	Michigan
		New Jersey
		New Mexico
		North Carolina
		Ohio
		Oklahoma
		Rhode Island
		Tennessee
		Texas
		Utah
		Virginia
		Washington
		Wisconsin

*For Colorado, North Dakota and West Virginia, only an official from the SCHIP program was available to participate in the survey.

The questions asked of state officials about citizenship documentation requirements of the Deficit Reduction Act are presented in order of the types of program officials who were asked a particular set of questions.

Questions asked of officials representing Medicaid or combined Medicaid and SCHIP programs

Questions related to enrollment simplification:

- Do you think that the citizenship documentation requirements of the DRA... *will have an effect, already have had an effect, or will have little to no effect*, on efforts made to shorten or simplify enrollment?
- If answered “will have” or “already have had” an effect, respondent was asked to answer *yes, no* or *does not apply* to the following: Do you think the citizenship documentation requirements of the DRA will affect, or have already affected, efforts made to shorten or simplify enrollment by:
 - limiting the use or effectiveness of mail-in, fax or telephone applications;
 - limiting the use or effectiveness of Web-based or paperless applications;
 - limiting the use or effectiveness of enrollment centers or application assisters;
 - resulting in the reinstatement of face-to-face interviews; or
 - affecting efforts made to shorten or simplify enrollment in some other way? Please describe.

Questions related to outreach:

- Lead-in questions were asked about whether the program currently conducts or funds any outreach, whether state employees conduct outreach, whether the program funds community-based organizations to conduct outreach, and whether other organizations fund outreach activities. For any of these questions answered “yes,” corresponding follow-up questions were asked:
 - Please tell me which statement *best* reflects your sense about the effects of the citizenship documentation requirements of the DRA on the volume of outreach activities conducted by state employees. The volume of outreach activities conducted by state employees... *will increase, already has increased, will decrease, already has decreased, or won't change that much*.

- Please tell me which statement *best* reflects your sense about the effects of the citizenship documentation requirements of the DRA on the volume of outreach activities that the state funds. The volume of outreach activities the state funds... *will increase, already has increased, will decrease, already has decreased, won't change that much.*
- Please tell me which statement *best* reflects your sense about the effects of the citizenship documentation requirements of the DRA on the volume of outreach activities that *other* organizations fund. The volume of outreach activities that other organizations fund... *will increase, already has increased, will decrease, already has decreased, won't change that much.*

Question related to Medicaid enrollment:

- Thinking about your state, do you think that the citizenship documentation requirements of the DRA will result in:
 - more children and families enrolled in Medicaid than would otherwise be the case;
 - fewer children and families enrolled in Medicaid than would otherwise be the case; or
 - little to no change in Medicaid enrollment?

Question asked of officials representing SCHIP or combined Medicaid and SCHIP programs

Question related to SCHIP enrollment:

- Thinking about your state, do you think that the citizenship documentation requirements of the DRA will result in:
 - more children and families enrolled in SCHIP than would otherwise be the case;
 - fewer children and families enrolled in SCHIP than would otherwise be the case; or
 - little to no change in SCHIP enrollment?

Questions asked of all respondents

Questions related to coordination:

- Do you think that the citizenship documentation requirements of the DRA... *will have an effect, already have had an effect, or will have little to no effect* on efforts made to improve coordination between Medicaid and SCHIP?
- If answered “will have” or “already have had” an effect, respondent was asked to answer *yes, no* or *does not apply* to the following: Do you think the citizenship documentation requirements of the DRA will affect, or have already affected, efforts made to improve coordination between Medicaid and SCHIP by causing:
 - the suspension or discontinuation of joint applications;
 - delays in the eligibility determination process;
 - a more complicated eligibility transition between Medicaid and SCHIP for families; or
 - an effect on coordination efforts in some other way? Please describe.

Appendix B: Detailed Information on Survey Responses

TABLE B-1

Types of Effects on Efforts to Shorten or Simplify Enrollment

Will have, or already have, had an effect (n=33)

	Yes	No	Don't Know	Not Applicable
Limiting the use or effectiveness of mail-in, fax or telephone applications	26	6	0	1
Limiting the use or effectiveness of Web-based or paperless applications	14	8	0	11
Limiting the use or effectiveness of enrollment centers or application assisters	12	14	2	5
Resulting in the reinstatement of face-to-face interviews	6	24	1	2
Affecting efforts in other ways	20	11	1	1

Endnotes

1. P. L. 109-171.
2. Centers for Medicare & Medicaid Services (CMS). "Medicaid Program; Citizenship Documentation Requirements: Interim Final Rule." 42 CFR Parts 435, 436, 440, 441, 457 and 483 [CMS-2257-IFC] RIN 0938-AO51. Federal Register, vol. 71, no. 133, July 12, 2006.
3. The DRA was signed February 8, 2006. Prior to this time, four states already required proof of citizenship. However, the documentation requirements in those states were sometimes different than the new DRA requirements.
4. The law does not specify penalties for noncompliance with the citizenship documentation requirements; presumably, CMS could withhold a state's federal Medicaid matching funds until the state complied.
5. On July 12, 2006, CMS published its Interim Final Rule, which included an exemption for Medicare and Supplemental Security Income (SSI) recipients that had not been included in the June 2006 guidance. On December 20, 2006, the citizenship and identity documentation requirements were amended by the Tax Relief and Health Care Act of 2006, which exempted foster care and adoption assistance children and individuals receiving Social Security Disability Income (SSDI) from the documentation requirements. Finally, on March 20, 2007, CMS announced its intention to issue a new interim final rule eliminating the documentation requirements for newborns of noncitizen mothers eligible for emergency Medicaid services (to cover the costs of delivery). These newborns will be "deemed" eligible under the mother's status with eligibility continuing for the first year, as is the case for other newborns whose mothers are covered by Medicaid at the time of birth.
6. Appendix A describes the questions asked of state officials.
7. The 24 officials who indicated that the DRA citizenship verification already had affected coordination between Medicaid and SCHIP or would affect coordination included nine SCHIP officials, five Medicaid officials, and 10 officials representing combination Medicaid/SCHIP programs.

This brief is part of the *Covering Kids & Families* evaluation. For more information on this and other RWJF national program evaluations please visit www.rwjf.org.

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