Go Directly to Work, Do Not Collect Health Insurance:

Low-Income Parents Lose Medicaid

A REPORT BY

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INTRODUCTION

In May 1999, Families USA issued a report on the earliest effects of welfare reform. *Losing Health Insurance: The Unintended Consequences of Welfare Reform* found that, as of 1997, approximately 675,000 low-income people had lost Medicaid coverage and become uninsured due to welfare reform.[1] Several subsequent studies by other researchers have confirmed and expanded upon those findings.[2] It is now generally accepted that welfare reform has contributed to the growth in the number of Americans without health insurance.

Children have been disproportionately affected by welfare reform: Children account for two-thirds of those who lost Medicaid coverage due to welfare reform. The decline in children's insurance coverage, however, has been offset to some extent by the implementation of the Children's Health Insurance Program (CHIP) in the states. A Families USA study of Medicaid and CHIP enrollment in the 12 states with the most uninsured children found that, from 1996 to 1999, nearly one million children lost Medicaid, but many of these children were then enrolled in newly expanded Medicaid programs or the new CHIP programs.[3] While enrollment of children in Medicaid alone declined by 8.9 percent over these three years, combined Medicaid and CHIP enrollment dropped by 2.0 percent.

Although the parents of these children also lost coverage because of welfare reform, until now there have been no studies of welfare reform's impact on the health coverage of parents. To find out what is actually happening to low-income parents* in the wake of welfare reform, Families USA

* Throughout this report, "low-income" refers to people with annual incomes below 200 percent of the federal poverty level, $28,300 for a family of three.

gathered data on the insurance status of the low-income population and on parents' Medicaid enrollment in the 15 states with the largest number of uninsured low-income, non-elderly adults between 1996 and 1999. Those states are: Arizona, California, Florida, Georgia, Illinois, Louisiana, Michigan, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Tennessee, Texas, and Virginia. Among them, these states are home to 70 percent of the low-income, under-65 adult population without health insurance in America today.

These state enrollment numbers reveal a disturbing trend: Medicaid enrollment of low-income parents is declining rapidly. As states implemented welfare reform over the past four years, they failed to ensure that parents moving from welfare to work retained needed health coverage. What is more, there has been no major initiative to offset these declines and expand coverage of parents comparable to the expansions of Medicaid and CHIP for children. Although states can receive federal funds for at least half of the cost of expanding Medicaid coverage of parents, few have taken advantage of this opportunity.

KEY FINDINGS

Uninsured, Low-Income, Non-Elderly Adults

- Among the 15 states with the largest number of uninsured low-income adults, Texas has the highest percentage of uninsured low-income adults (51 percent) and Pennsylvania has the lowest percentage (28 percent). (See Table 1.) Among all 50 states, Texas has the highest percentage of uninsured low-income adults and Pennsylvania has the third lowest. (See Appendix I.)
- Among the 15 states with the largest number of uninsured low-income adults, California had the most (2,822,000) and Tennessee had the fewest (314,000).

Table 1

Uninsured Adults* Below 200 Percent of the Federal Poverty Level in 15 States, by State (in thousands)

State	Total	# Uninsured	% Uninsured	Rank by %
TX	3,779	1,924	51%	1
AZ	973	481	49%	2
CA	6,228	2,822	45%	3
GA	1,240	527	43%	4
NJ	928	386	42%	5
FL	2,525	1,043	41%	6
LA	869	326	38%	7
NY	3,092	1,154	37%	8
NC	1,187	426	36%	9
VA	957	332	35%	10
IL	1,545	528	34%	11
MI	1,252	403	32%	12
OH	1,531	457	30%	13
TN	1,082	314	29%	14
PA	1,627	449	28%	15
15-state Total	**28,815**	**11,572**	**40%**	

Source: March 1997-1999 Current Population Survey, 3-year average (data for 1996-1998)

* (Adults age 19-64)

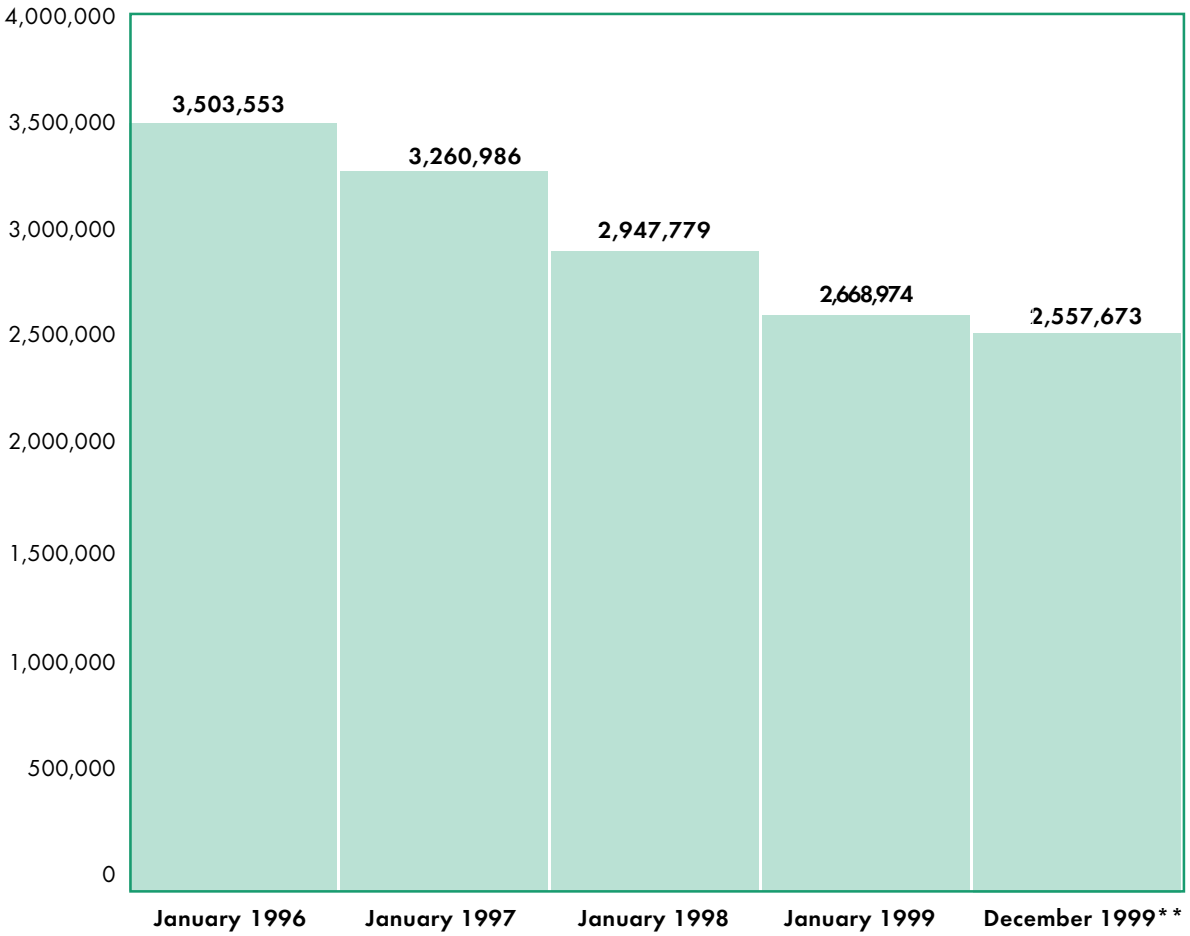
Parents' Enrollment in Medicaid over Four Years (January 1996 to December 1999)

- In the 15 states with the most uninsured low-income adults, low-income parents' enrollment in Medicaid declined from 3,503,553 in January 1996 to 2,557,673 in December 1999. This is a decline of 945,880 parents, or 27 percent. (See Table 2 and Figure 1.)
- The three states with the greatest percentage declines in parents enrolled in Medicaid during the four-year period from January 1996 to December 1999 were: Georgia (-50 percent), Texas (-46 percent) and Ohio (-42 percent).

- The three states with the smallest percentage declines in parents enrolled in Medicaid during that four-year period were: Tennessee (-11 percent), California (-19 percent), and Illinois (-19 percent).
- The three states with the greatest declines in the number of low-income parents enrolled in Medicaid over the four-year period were: California (-155,846), New York (-123,630), and Texas (-106,012).

Figure 1

Total Number of Parents Enrolled in Family-Related Medicaid* in 15 States, January 1996 - December 1999



* "Parents" are caretakers of dependent children under age 18. "Family-Related Medicaid" covers low-income families (with dependent children) who meet the income and asset rules for Medicaid in their state.

** All states provided enrollment data for December 1999 except Louisiana, New Jersey, and Ohio. The most recent data available in Louisiana were for July 1999; in New Jersey and Ohio, the most recent data were for October 1999.

Table 2

Drop in Medicaid Enrollment of Parents in 15 States, January 1996 to December 1999*

State	January 1996	December 1999*	Change Jan 96 – Dec 99	% Change Jan 96 – Dec 99
AZ	60,031	47,829	-12,202	-20%
CA	841,348	685,502	-155,846	-19%
FL	226,292	143,610	-82,682	-37%
GA	130,428	65,497	-64,931	-50%
IL	294,947	239,488	-55,459	-19%
LA	60,672	41,584	-19,088	-31%
MI	204,525	153,267	-51,258	-25%
NJ	126,263	88,171	-38,092	-30%
NY	503,445	379,815	-123,630	-25%
NC	106,999	74,450	-32,549	-30%
OH	226,612	130,758	-95,854	-42%
PA	323,300	247,325	-75,975	-23%
TN	106,980	94,678	-12,302	-11%
TX	232,380	126,368	-106,012	-46%
VA	59,331	39,331	-20,000	-34%
Total	**3,503,553**	**2,557,673**	**-945,880**	**-27%**

Source: Families USA calculations of data provided by state Medicaid agencies.

* All states provided enrollment data for December 1999 except Louisiana, New Jersey, and Ohio. The most recent data available in Louisiana were for July 1999; in New Jersey and Ohio, the most recent data were for October 1999.

- Overall, in the 15 states there was a decline in every year from January 1996 through December 1999. The decline for the earlier two-year period January 1996 through January 1998 (-16 percent) was slightly larger than the decline from January 1998 through December 1999 (-13 percent). (See Appendix II.)

Table 3

Drop in Medicaid Enrollment of Parents in 15 States, January 1998 to December 1999*

State	January 1998	December 1999*	Change Jan 98 – Dec 99	% Change Jan 98 – Dec 99
AZ	52,554	47,829	-4,725	-9%
CA	687,799	685,502	-2,297	0%
FL	194,061	143,610	-50,451	-26%
GA	80,253	65,497	-14,756	-18%
IL	267,171	239,488	-27,683	-10%
LA	44,296	41,584	-2,712	-6%
MI	200,737	153,267	-47,470	-24%
NJ	113,127	88,171	-24,956	-22%
NY	439,543	379,815	-59,728	-14%
NC	91,396	74,450	-16,946	-19%
OH	170,287	130,758	-39,529	-23%
PA	271,503	247,325	-24,178	-9%
TN	107,849	94,678	-13,171	-12%
TX	181,029	126,368	-54,661	-30%
VA	46,174	39,331	-6,843	-15%
Total	**2,947,779**	**2,557,673**	**-390,106**	**-13%**

Source: Families USA calculations of data provided by state Medicaid agencies.

* All states provided enrollment data for December 1999 except Louisiana, New Jersey, and Ohio. The most recent data available in Louisiana were for July 1999; in New Jersey and Ohio, the most recent data were for October 1999.

Parents' Enrollment in Medicaid over the Past Two Years (January 1998 to December 1999)

- Among the 15 states, 390,106 low-income parents lost Medicaid coverage from January 1998 to December 1999. (See Table 3.)
- In six of the 15 states (Florida, Michigan, New Jersey, North Carolina, Tennessee, and Texas), the decline in the number of parents enrolled in Medicaid over the past two years (January 1998 to December 1999) was larger than the decline during the previous two years (January 1996 to January 1998). (See Appendix II.)

- The three states with the largest percentage declines in parents' Medicaid coverage during the past two years were Texas (-30 percent), Florida (-26 percent), and Michigan (-24 percent).
- The three states with the smallest percentage declines in parents' Medicaid coverage during the past two years were California (down less than 1 percent), Louisiana (-6 percent), and Pennsylvania (-9 percent).
- The three states with the largest numerical declines in parents' Medicaid coverage during the past two years were New York (-59,728), Texas (-54,661), and Florida (-50,451).

A Note about Terminology

Eligibility Levels – Throughout this report, discussions of eligibility levels for parents' Medicaid refer to the maximum income limit set by each state for applicants for the family-related Medicaid category. Eligibility levels expressed as a dollar amount are calculated based on a family of three; they assume that all income is earned income and include the state's standard "earned income disregard," a set amount of earned income that is not counted for purposes of determining eligibility. State Medicaid and CHIP eligibility levels expressed as a percent of the federal poverty level refer to the poverty level for a family of three in 2000.

Family-Related Medicaid – This term refers to the category of Medicaid coverage available to low-income families with dependent children. ("Low income" levels are determined by each state.) People in family-related Medicaid may or may not receive cash welfare assistance in addition to Medicaid. This category is comprised of parents (or other adult caretakers) of dependent children under the age of 19 and those children; however, we only include data for the caretaker adults in this report.

METHODOLOGY

Families USA requested information from the U.S. Census Bureau about the number of uninsured adults age 19-64, by income level, for all 50 states and the District of Columbia. The Census Bureau provided a three-year average from the 1997-1999 Current Population Surveys in order to ensure a large enough sample size for accurate measurement. We ranked the states by number of uninsured low-income adults and determined that seven out of ten uninsured low-income adults lived in the top 15 states. Accordingly, we gathered information about the Medicaid enrollment of parents in those 15 states.

We asked these states to provide monthly data about the number of parents enrolled in Medicaid. We chose to use state data rather than data kept by the Health Care Financing Administration (HCFA) for two reasons. First, the state data would permit us to track monthly enrollment changes. Second, state data are available for 1999, while the latest available federal data are for fiscal year 1998. We asked each of the 15 states to provide monthly Medicaid enrollment data for the period from January 1996 through December 1999. We included in our study parents (defined as caretakers of children) enrolled in "family-related Medicaid" (i.e., those who are eligible because they have dependent children under age 18 and who meet the income and asset rules for Medicaid coverage in their state). We excluded the elderly, adults enrolled in Medicaid due to their disability status, and people such as pregnant women, who generally are not eligible for benefits comparable to those available to families. States do not have common practices for tracking enrollment in their Medicaid programs, nor do they consistently define how people eligible for Medicaid are categorized within the program. In Appendix III, we note differences in the way enrollment is counted or who is included in the counts we received from the 15 states.

In addition to gathering Census and Medicaid enrollment data, we interviewed staff of the Medicaid agencies and health consumer organization leaders in the 15 states about policies and practices for Medicaid eligibility determinations that occurred during the study period.[4]

BACKGROUND

In 1998, there were 44.3 million uninsured people in the United States—2.6 million more than in 1996.[5] While earlier increases in the number of uninsured have been tied to declines in employer-sponsored coverage, the number of people covered by employer-sponsored insurance increased between 1996 and 1998. The most recent increase in the number of uninsured, by contrast, is largely due to declines in Medicaid enrollment. During this period, Medicaid was experiencing the first real decline in enrollment since the program's inception in 1965.

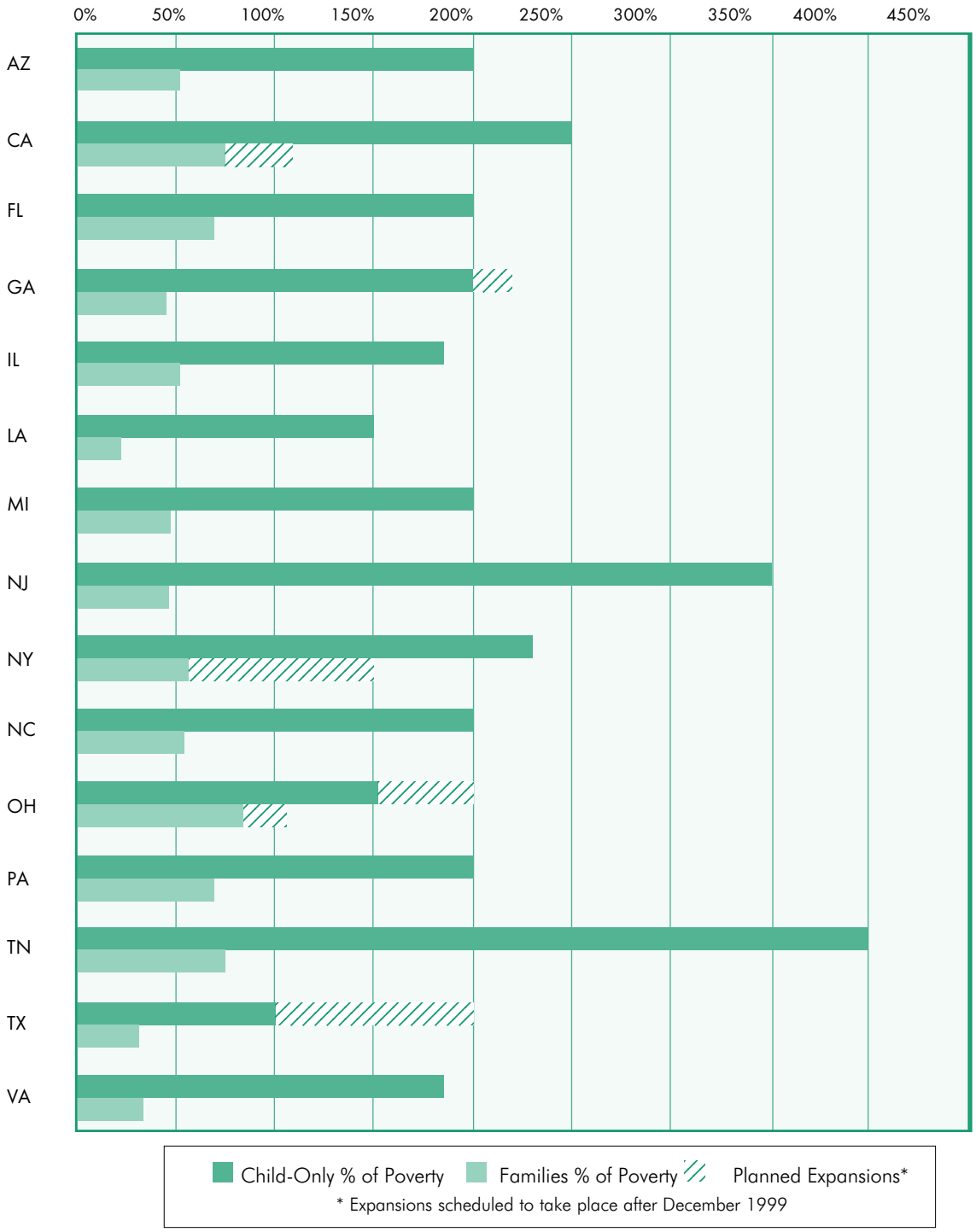
Medicaid and Welfare Reform

For the poorest families, the Medicaid program has historically offered the primary path to health insurance coverage. Medicaid was provided automatically to families who qualified for welfare—most families got Medicaid when they applied for welfare and lost it when they left welfare.[6] In 1996, federal welfare reform changed the landscape for families who had previously relied on public assistance for support. New time limits were imposed for receipt of welfare benefits and new requirements were added that parents had to work to maintain eligibility. Because the federal welfare reform program was intended to reduce state welfare rolls by emphasizing work, states developed policies that discouraged participation in welfare and encouraged people to find jobs as quickly as possible. At the same time, states remained obligated to provide Medicaid to all families who were eligible based on their income and assets, whether they qualified for welfare or not. This change marked an important shift in Medicaid policy, "de-linking" welfare and Medicaid and making Medicaid a health insurance program for low-income families.

To replace the welfare pathway to Medicaid, Congress required states to implement a new Medicaid eligibility category for low-income families and set the minimum income standard for this new category at the same level as had been in effect in state welfare programs in 1996. This meant that, in order to qualify for Medicaid, a parent still had to meet income and asset limits designed to measure a family's need for cash assistance, not

Figure 2

Income Eligibility Levels for New Applicants for Public Coverage for Children and Parents, 1999



Note: Family Medicaid eligibility levels are based on a family of three applying for Medicaid and assume that all income is from earnings. Eligibility for families reflects earned income disregards only. Child-only eligibility levels may not include disregards.

their need for health insurance. In most states, this income level was so low that many working parents could not qualify for Medicaid. Levels remained low even as states expanded eligibility for low-income children (see Figure 2). States were also given authorization to increase Medicaid eligibility levels for low-income families without first obtaining special approval from the federal government. A few states have taken advantage of this new option for parents, but most have not.

At the same time that low eligibility levels make it difficult for working parents to qualify for Medicaid, state administration of the Medicaid program has also created barriers to coverage for thousands of parents who are eligible. While most states have simplified the administration of Medicaid for child-only coverage, they have left in place many of the welfare system's burdensome requirements—such as long, complicated application forms and extensive documentation of income and assets—for determining parents' eligibility for Medicaid. In addition, most states failed to make timely changes to their Medicaid eligibility systems to properly de-link welfare and Medicaid, causing families to lose Medicaid even when they were still eligible.

When Low-Income Parents Go to Work

Most people who have health insurance obtain coverage through their employment. However, employer-sponsored health insurance is frequently not available to low-wage workers. While 93 percent of workers in the U.S. who earn more than $15 an hour are offered health insurance coverage by their employer, only 43 percent of those earning $7 an hour or less are offered such coverage.[7] Even when coverage is offered, it is often too expensive for low-wage workers to purchase. In fact, it is often more expensive for low-wage workers than for higher-paid workers. The average monthly contribution required for the lowest cost family coverage plan is $130 in firms where the typical wage is less than $7 an hour but only $84 in firms where the typical wage is more than $15 an hour.[8] Consequently, low-income families are less likely to have employer-sponsored insurance: Only 13 percent of people with incomes below poverty, and only 43 percent of

those with incomes between 100 and 200 percent of poverty, have coverage from their employer.[9] Because they are unlikely to receive health coverage through their new jobs, parents leaving welfare for work are likely to become uninsured if they lose Medicaid coverage.

Figure 3

Percent Change in Parents Enrolled in Family-Related Medicaid in 15 States January 1996 - December 1999

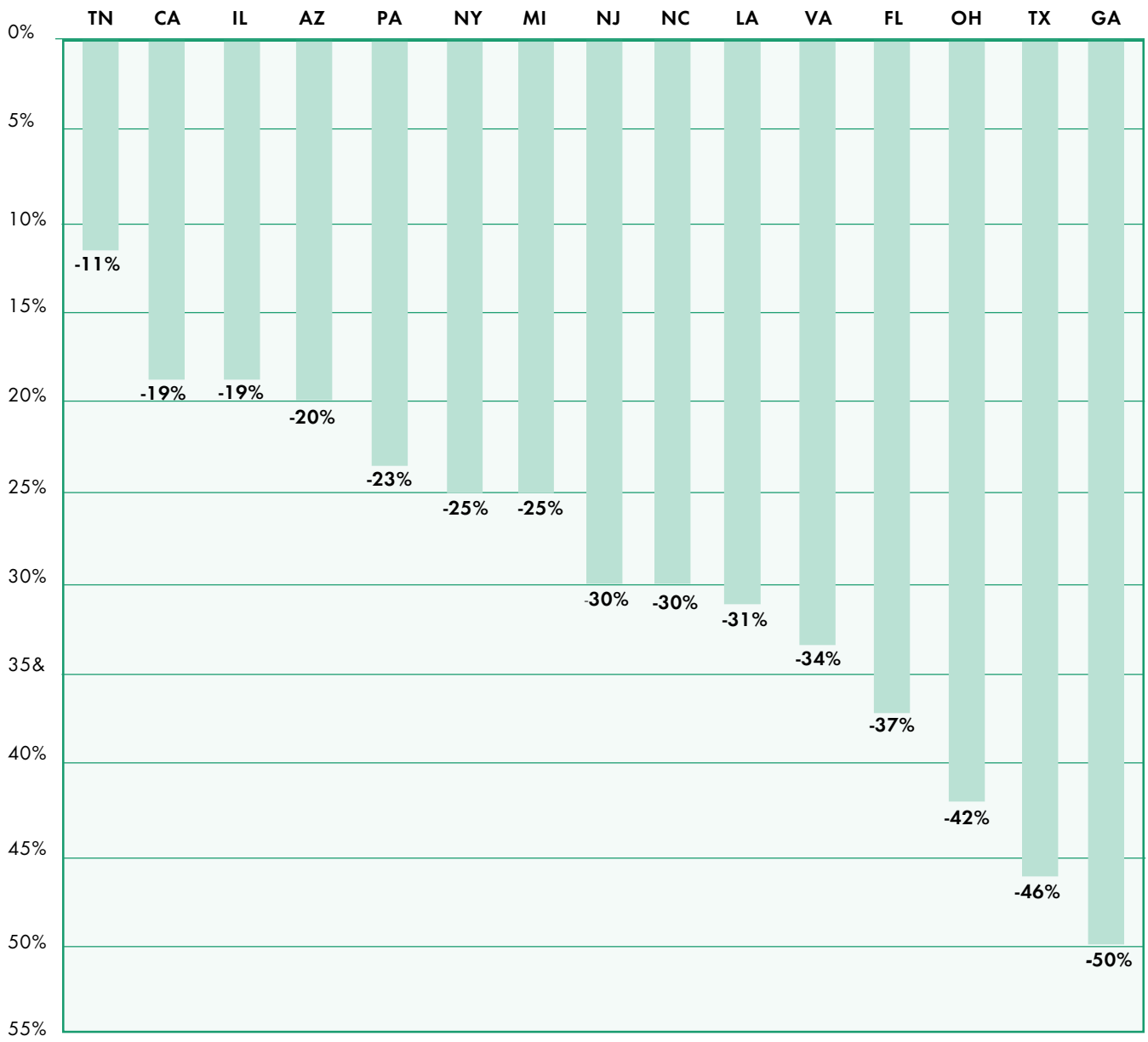
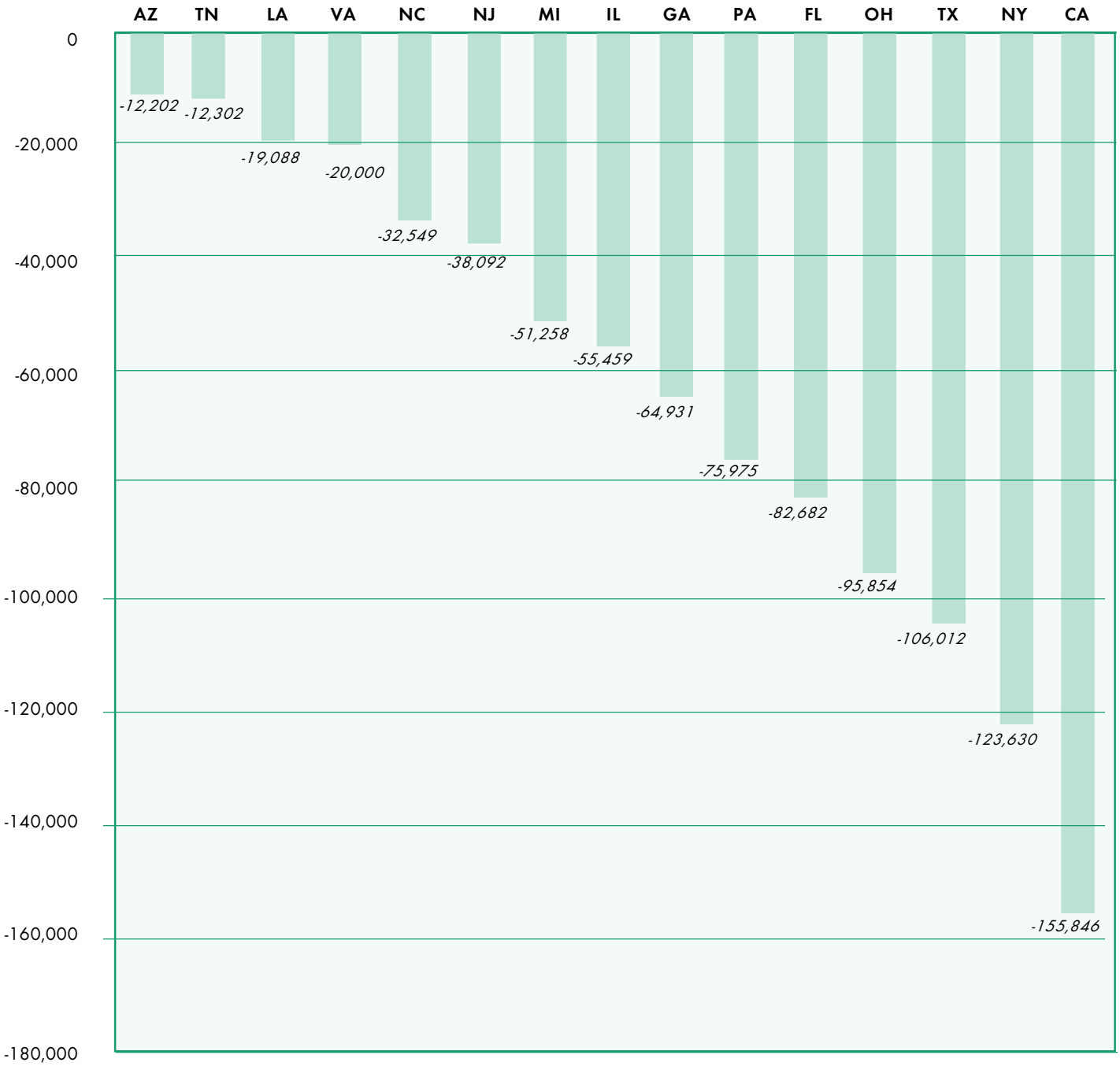


Figure 4

Change in the Number of Parents Enrolled in Family-Related Medicaid in 15 States, January 1996 - December 1999



FINDINGS

Uninsured, Low-Income, Non-Elderly Adults

- Nationally, an average 16.5 million adults (age 19-64) with incomes below twice the federal poverty level were uninsured between 1996 and 1998. Seventy percent of these low-income uninsured adults reside in the following 15 states: Arizona, California, Florida, Georgia, Illinois, Louisiana, Michigan, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Tennessee, Texas, and Virginia. Four of these states—California, Texas, New York, and Florida—account for 42 percent of all the low-income uninsured adults in the U.S. (See Appendix I.)

Parents' Enrollment in Medicaid

Complete enrollment data for each of the four years from January 1996 to December 1999 are presented in Appendix II. State Medicaid eligibility levels are presented in Table 4.

- **Arizona**
  - Enrollment of parents in Medicaid in Arizona fell from 60,031 in January 1996 to 47,829 in December 1999, a decline of 12,202 (-20 percent).
  - During the latest two-year period (January 1998 to December 1999), parents' enrollment in Medicaid dropped from 52,554 to 47,829, a decline of 4,725 (-9 percent).
  - Parents' enrollment in Medicaid began to decline after September 1996 and continued to drop until 1999. Beginning in 1999, Arizona simplified the process for Medicaid eligibility redeterminations, trained caseworkers on Medicaid eligibility rules, and updated the eligibility computer systems to automatically review a family's eligibility for low-income family Medicaid when that

family leaves welfare.[10] Partially as a result of these changes, the number of parents enrolled in Medicaid increased from 45,174 in January 1999 to 47,829 in December 1999 (+2,655).

- Parents are currently eligible for Medicaid in Arizona if their incomes are below $7,380 per year, which is 52 percent of the federal poverty level.

California

- Enrollment of parents in California fell from 841,348 in January 1996 to 685,502 in December 1999, a decline of 155,846 (-19 percent). This is the largest numerical drop among the 15 states.
- During the latest two-year period (January 1998 to December 1999), parents' enrollment in Medicaid declined from 687,799 to 685,502, a drop of 2,297 (-0.3 percent). These are the smallest numerical and percentage drops in the 15 states for this period.
- California's non-cash-related low-income family Medicaid category was scheduled to begin in January 1998. However, regulations were not issued until October 1998. While awaiting regulations, California halted all Medicaid redeterminations for families leaving welfare and put those families in a special "holding category" until the new rules could be developed and county workers could be informed about them. Those families' eligibility began to be reviewed in November 1998, and continued throughout 1999. From January 1999 to December 1999, enrollment of parents increased from 666,130 to 685,502 (an increase of 19,372).
- As of March 1, 2000, California increased Medicaid income eligibility levels for parents to $15,228 per year, which is 108 percent of the federal poverty level. California's previous income eligibility level was $864 per month ($10,368 per year), which is 73 percent of the federal poverty level.[11]

Florida

- Enrollment of parents in Florida fell from 226,292 in January 1996 to 143,610 in December 1999, a decline of 82,682 (-37 percent).
- During the latest two-year period (January 1998 to December 1999), parents' enrollment declined from 194,061 to 143,610, a drop of 50,451 (-26 percent).
- A class-action lawsuit on behalf of low-income families in Florida was filed in August 1999. The suit, which alleged that the state had failed to de-link welfare and Medicaid, is currently in mediation.[12]
- Parents are currently eligible for Medicaid in Florida if their incomes are below $9,648 per year, which is 68 percent of the federal poverty level.

Georgia

- Enrollment of parents in Georgia fell from 130,428 in January 1996 to 65,497 in December 1999, a decline of 64,931 (-50 percent). This was the largest percentage decline among the 15 states.
- During the latest two-year period (January 1998 to December 1999), parents' enrollment in Medicaid declined from 80,253 to 65,497, a drop of 14,756 (-18 percent).
- Parents are currently eligible for Medicaid in Georgia if their incomes are below $6,168 per year, which is 44 percent of the federal poverty level.

Illinois

- Enrollment of parents in Illinois fell from 294,947 in January 1996 to 239,488 in December 1999, a decline of 55,459 (-19 percent).

- During the latest two-year period (January 1998 to December 1999), parents' enrollment in Medicaid declined from 267,171 to 239,488, a drop of 27,683 (-10 percent).
- Parents are currently eligible for Medicaid in Illinois if their incomes are below $7,176 per year, which is 51 percent of the federal poverty level.

Louisiana

- Enrollment of parents in Louisiana fell from 60,672 in January 1996 to 41,584 in July 1999, a decline of 19,088 (-31 percent).
- During the latest two-year period (January 1998 to July 1999), parents' enrollment in Medicaid declined from 44,296 to 41,584, a drop of 2,712 (-6 percent). This is the second smallest percentage decline among the 15 states for this period.
- Currently, parents are eligible for Medicaid in Louisiana if their incomes are below $3,168 per year, which is 22 percent of the federal poverty level.

Michigan

- Enrollment of parents in Michigan fell from 204,525 in January 1996 to 153,267 in December 1999, a decline of 51,258 (-25 percent).
- During the latest two-year period (January 1998 to December 1999), parents' enrollment in Medicaid declined from 200,737 to 153,267, a drop of 47,470 (-24 percent).
- Parents are currently eligible for Medicaid in Michigan if their incomes are below $6,588 per year, which is 47 percent of the federal poverty level.

New Jersey

- Enrollment of parents in New Jersey fell from 126,263 in January 1996 to 88,171 in October 1999, a decline of 38,092 (-30 percent).
- During the latest two-year period (January 1998 to October 1999), parents' enrollment in Medicaid declined from 113,127 to 88,171, a drop of 24,956 (-22 percent).
- Currently, parents are eligible for Medicaid in New Jersey if their incomes are below $6,396 per year, which is 45 percent of the federal poverty level.

New York

- Enrollment of parents in New York fell from 503,445 in January 1996 to 379,815 in December 1999, a decline of 123,630 (-25 percent). This drop was the second largest numerical decline in the 15 states.
- During the latest two-year period (January 1998 to December 1999), parents' enrollment in Medicaid declined from 439,543 to 379,815, a drop of 59,728 (-14 percent).
- Currently, parents are eligible for Medicaid in New York if their incomes are below $8,004 per year, which is 57 percent of the federal poverty level.[13] In late 1999, New York State enacted a Medicaid expansion for parents (to 150 percent of the federal poverty level) and for childless adults (up to 100 percent of the federal poverty level). These eligibility expansions are scheduled for implementation in 2001.
- New York City has been sued by low-income families who claimed that the city improperly prevented people from applying for Medicaid and terminated Medicaid for people who were cut off welfare.[14]

North Carolina

- Enrollment of parents in North Carolina fell from 106,999 in January 1996 to 74,450 in December 1999, a decline of 32,549 (-30 percent).
- During the latest two-year period (January 1998 to December 1999), parents' enrollment in Medicaid declined from 91,396 to 74,450, a drop of 16,946 (-19 percent).
- Currently, parents are eligible for Medicaid in North Carolina if their incomes are below $7,608 per year, which is 54 percent of the federal poverty level.

Ohio

- Enrollment of parents in Ohio fell from 226,612 in January 1996 to 130,758 in October 1999, a decline of 95,854 (-42 percent). This drop was the third largest percentage decline among the 15 states.
- During the latest two-year period (January 1998 to October 1999), parents' enrollment in Medicaid declined from 170,287 to 130,758, a drop of 39,529 (-23 percent).
- Currently, parents are eligible for Medicaid in Ohio if their incomes are below $11,664 per year, which is 82 percent of the federal poverty level. Beginning in July 2000, Ohio is scheduled to expand Medicaid eligibility for parents to $15,230 per year, which is 108 percent of the poverty level.

Pennsylvania

- Enrollment of parents in Pennsylvania fell from 323,300 in January 1996 to 247,325 in December 1999, a decline of 75,975 (-23 percent).

- During the latest two-year period (January 1998 to December 1999), parents' enrollment in Medicaid declined from 271,503 to 247,325, a drop of 24,178 (-9 percent).
- In July 1999, Pennsylvania reinstated coverage of 8,000 parents and 24,000 children who lost Medicaid when they left welfare between 1997 and 1998.[15] The state has since conducted a public information campaign to inform families about the possibility of continuing Medicaid coverage for people who left welfare and has made computer system and administrative changes to prevent further improper terminations.
- Currently, parents are eligible for Medicaid if their incomes are below $10,080 per year, which is 71 percent of the federal poverty level.

Tennessee

- Enrollment of parents in Medicaid in Tennessee fell from 106,980 in January 1996 to 94,678 in December 1999, a decline of 12,302 (-11 percent). This is the smallest percentage decline among the 15 states. This decline may be overstated, however, because Tennessee was unable to provide the number of parents enrolled in its Medicaid expansion program, and some of those who lost Medicaid may have enrolled in this program.
- During the latest two-year period (January 1998 to December 1999), parents' enrollment in Medicaid dropped from 107,849 to 94,678, a drop of 13,171 (-12 percent).
- Tennessee is the only state in this report that had a Medicaid expansion program for adults prior to welfare reform. The state expanded Medicaid for all uninsured or uninsurable individuals with incomes below 400 percent of the federal poverty level in 1994. Many low-income parents received coverage through this expansion program. Starting in 1995, enrollment in the expansion

program was closed to most new enrollees and only parents who qualified for Medicaid under the welfare income standards could get into the program. Once covered by Tennessee's expansion program, TennCare, they are given the opportunity to continue that coverage even if their income goes up. In addition, all TennCare enrollees are guaranteed 12 months of continuous coverage.

- Currently, parents are eligible for Medicaid in Tennessee if their incomes are below $10,668, which is 75 percent of the federal poverty level. Once covered by the program, individuals may stay in TennCare until they earn as much as 400 percent of the federal poverty level. TennCare is free for individuals who earn less than the federal poverty level; people who earn more than that pay a monthly premium based on a sliding fee scale.

Texas

- Enrollment of parents in Texas fell from 232,380 in January 1996 to 126,368 in December 1999, a decline of 106,012 (-46 percent). This was the second largest percentage decline among the 15 states and the third largest numerical decline.
- During the latest two-year period (January 1998 to December 1999), parents' enrollment in Medicaid declined from 181,029 to 126,368, a drop of 54,661 (-30 percent). This was the largest percentage decline in the 15 states for this period.
- Currently, parents are eligible for Medicaid if their incomes are below $4,728 per year, which is 33 percent of the federal poverty level.

Virginia

- Enrollment of parents in Virginia fell from 59,331 in January 1996 to 39,331 in December 1999, a decline of 20,000 (-34 percent).

- During the latest two-year period (January 1998 to December 1999), parents' enrollment in Medicaid declined from 46,174 to 39,331, a drop of 6,843 (-15 percent).
- Currently, parents are eligible for Medicaid if their incomes are below $4,572 per year, which is 32 percent of the federal poverty level.

DISCUSSION

The ultimate success or failure of welfare reform will depend on our ability to help low-income families find a productive place in American society. Making sure that these families have health insurance as they move from welfare to work will be a major component of this transition. Yet the early record is not encouraging. States have mismanaged the implementation of welfare reform, failing to adequately de-link welfare from Medicaid, thereby causing many families to lose health coverage. This mismanagement exacerbated existing barriers to Medicaid enrollment arising from complex and burdensome eligibility determination processes. And states have done little to increase eligibility levels so that parents moving from welfare to work could continue to qualify as their incomes modestly grow.

Problems in Administration of Medicaid Compounded by Welfare Reform

After national welfare reform was enacted, thousands of people who were still eligible for Medicaid lost coverage because states were slow to understand the implications of the new law and had difficulty making the proper policy and administrative changes to ensure that Medicaid is truly independent of welfare. Before welfare reform, states had little incentive to design eligibility systems that were independent of welfare.[16] Medicaid was, in essence, an extra benefit that families received when they qualified for welfare and lost when they left welfare.

Welfare reform severed this link between the two programs. To implement the new law, states needed to update their computer systems; revise their policies and practices regarding applications for, and redeterminations of, Medicaid eligibility; retrain supervisors and caseworkers; and educate consumers about new eligibility rules. Although some states have made a smoother transition than others, in no state has this process been problem-free.

Since 1996, welfare rolls have fallen rapidly across the U.S. The people who no longer receive welfare left the program for many reasons. Many went to work. Others left because they violated a welfare program rule or reached a time limit. Some families left welfare voluntarily—because they felt that caseworkers treated them badly or because they wanted to save their cash assistance for some future time when their need might be even greater. Regardless of the reason, many of these welfare leavers—or members of their families—were still eligible for Medicaid, and states are obligated to ensure that those who are eligible remain covered. However, not all states have systems in place to properly review Medicaid eligibility when welfare is terminated or denied. What is more, too often caseworkers do not understand that Medicaid eligibility no longer follows welfare rules and do not inform families about the continuing availability of Medicaid after leaving welfare. Welfare reform has caused added confusion and complexity for caseworkers and systems that are ill equipped to deal with the sweeping changes.[17]

While many families lost Medicaid when they left welfare, new welfare policies prevented other eligible families from obtaining coverage. States' new incentive to reduce their welfare rolls has led them to develop strategies to deter families from applying for welfare. For example, they may require applicants to complete a job search before applying or offer families a lump-sum payment in lieu of monthly welfare support. Unless the state specifically acts to inform people that they may be eligible for Medicaid and then processes their Medicaid applications, welfare diversion strategies can result in families not receiving coverage to which they are entitled.

Problems in State Administration

Class action lawsuits have been filed in New York and Florida alleging that welfare leavers were illegally denied or terminated from Medicaid.[18] Three other states—Maryland, Pennsylvania, and Washington—found that their policies and practices led to improper terminations from Medicaid when families left welfare. These three states are changing those policies and reinstating Medicaid for thousands of people who wrongly lost coverage.[7]

In addition to these new problems, welfare reform has compounded problems already present in the Medicaid system. For example, families who become ineligible for Medicaid due to increased earnings are entitled to receive Transitional Medicaid for an additional six to 12 months.[19] They are entitled to the first six months regardless of income, and to the second six months if their incomes (minus childcare expenses) are less than 185 percent of the federal poverty level.[20] However, states have long had problems providing Transitional Medicaid. Historically, very few parents have received the Transitional Medicaid coverage to which they were entitled. In two of the states included in this report, an analysis of 1995 data found that only 8.4 percent of parents leaving welfare in California, and 14.2 percent in Florida, had Transitional Medicaid three months later.[21]

Transitional Medicaid

The degree to which families get Transitional Medicaid coverage when they should is difficult to measure, as states are not required to provide this information to the federal government. During the course of our discussions with state Medicaid agency staff, we sought to find out how Transitional Medicaid was provided to families who reported an increase in earned income. Staff in several states informed us that their eligibility computer systems are programmed to automatically review eligibility for Transitional Medicaid when a family becomes ineligible for Medicaid based on increased earnings. In the other states, caseworkers must know about Transitional Medicaid rules and input certain information into the computer system in order to provide Transitional Medicaid to eligible families. State-based consumer health organizations have found that families are less likely to receive coverage when Transitional Medicaid is dependent on action by the caseworker—such as when the caseworker has to override the computer's termination of eligibility.

Besides the problems created by welfare reform, state Medicaid programs have erected barriers to participation through burdensome eligibility policies and practices. Many states require parents to appear regularly, in person, at the welfare office to prove their continuing eligibility. Parents who work at low-wage jobs are unlikely to be able to take time off during work hours without jeopardizing their jobs. States also often require extensive documentation of income and any employment—documentation that can be difficult to produce.

Table 4

How Many Hours Can a Parent in a Family of Three Work at Minimum Wage and Qualify for Medicaid?

Eligibility levels are calculated based on a family of three, with one wage-earner, applying for Medicaid. Calculations assume that all income is from earnings. Only earned income disregards are applied. The federal poverty level in 2000 is $14,150 for a family of three.

State	Annual income eligibility limit	Income eligibility as a % of poverty for a parent in a family of three	Hours of work per week at $5.15 per hour
AZ	$7,380	52%	27.6
CA	$15,228	108%	56.9
FL	$9,648	68%	36.0
GA	$6,168	44%	23.0
IL	$7,176	51%	26.8
LA	$3,168	22%	11.8
MI	$6,588	47%	24.6
NJ	$6,396	45%	23.9
NY[1]	$8,004	57%	29.9
NC	$7,608	54%	28.4
OH[2]	$11,664	82%	43.6
PA	$10,080	71%	37.6
TN	$10,668	75%	39.8
TX	$4,728	33%	17.6
VA	$4,572	32%	17.1

Source: Families USA calculations based on income eligibility guidelines from the State Policy Documentation Project, the Center on Budget and Policy Priorities, and conversations with state Medicaid agency staff.

[1] New York is scheduled to expand Medicaid eligibility to 150 percent of the federal poverty level in 2001.

[2] Ohio is scheduled to expand Medicaid eligibility for parents to 108 percent of the federal poverty level in July 2000.

Low Eligibility Levels

While Congress and states have recognized that low-income children need health coverage regardless of whether their parents work or receive welfare, states have done little to assist the parents of those children. Because Medicaid income eligibility levels for parents remain very low in most states, working parents generally cannot qualify for Medicaid. In almost two-thirds of the states (32), parents who work full-time at the minimum wage ($5.15 per hour) are considered to have too much income to qualify for Medicaid.[22]

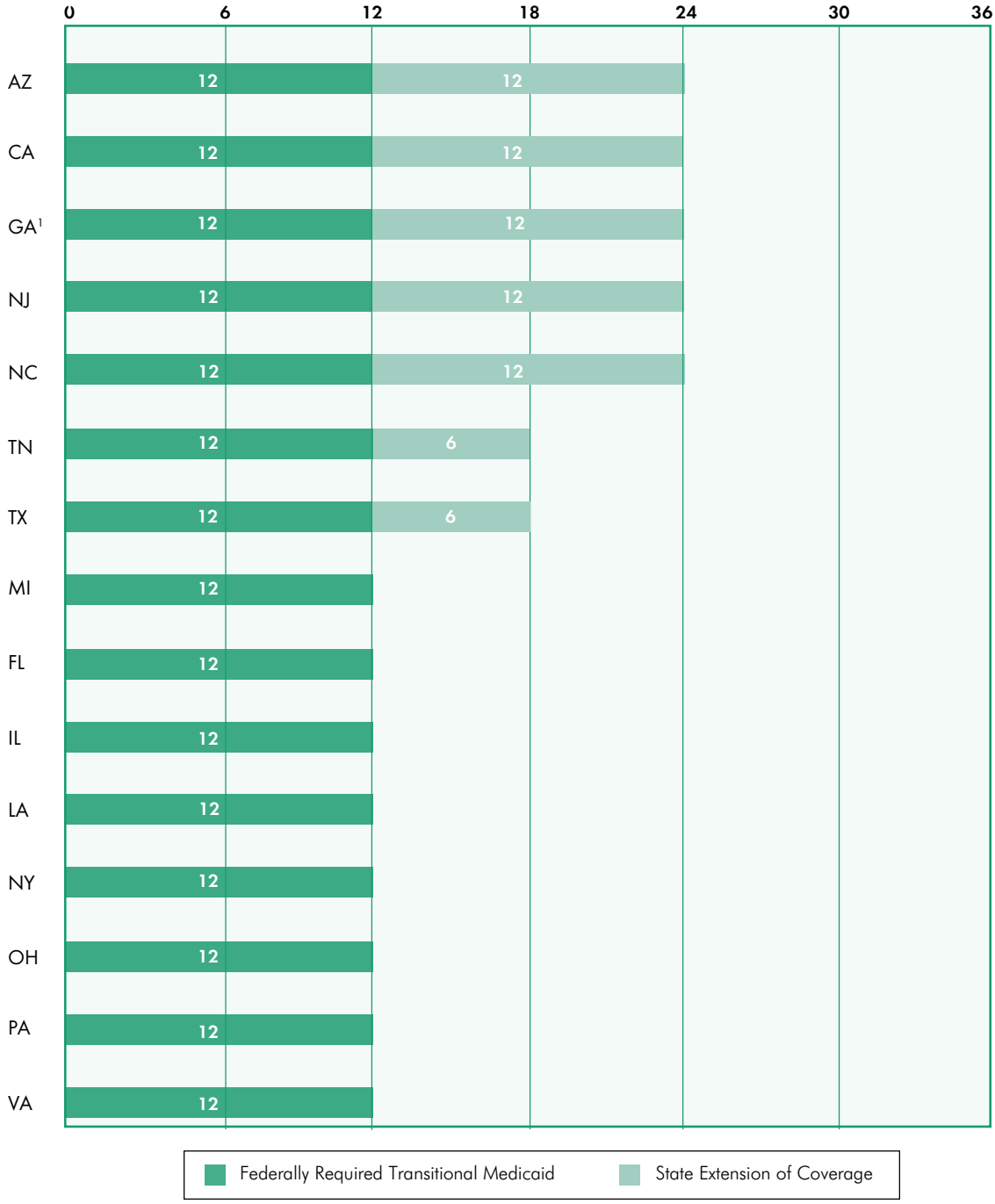
In 10 of the 15 states included in this report, parents are no longer eligible for Medicaid if they earn more than 60 percent of the federal poverty level for a family of three ($8,490 per year). (See Table 4.) The median wage of parents moving from welfare to work is $6.61 per hour.[23] At this wage, a parent with two children who works 25 or more hours per week will earn too much to be eligible for Medicaid in these 10 states. Although her children may be eligible for expanded child-only Medicaid or CHIP coverage, there is no other source of public insurance coverage for this low-income parent. In fact, almost half (49 percent) of the women who leave welfare are uninsured one year later.[24]

Federal law allows states significant latitude in setting Medicaid income eligibility levels (see below), but few states have taken advantage of this opportunity to cover more parents. States are also allowed to extend the length of time that families who lose Medicaid due to increased earnings can receive Transitional Medicaid. Again, few states have done so. Four of the states in our report (Arizona, California, New Jersey, and North Carolina) provide Transitional Medicaid to families for up to 24 months, and Georgia is scheduled to go to 24 months of Transitional Medicaid in July 2000. Two states (Tennessee and Texas) provide 18 months of Transitional Medicaid. Michigan provides 12 months of Transitional Medicaid regardless of income. (See Figure 5.)

Figure 5

Duration of Transitional Medicaid in 15 States (as of 2000)

(In Months)



[1] Georgia is scheduled to implement an extension of Transitional Medicaid to 24 months in July 2000.

What Can States Do to Stop the Declines?

■ Implement Federal Law Correctly

In order to halt the flood of parents losing Medicaid, states should make sure that they have properly implemented the new Medicaid eligibility rules and have modified their policies and procedures to ensure that families who may be eligible for Medicaid are not terminated too hastily. HCFA, the federal agency that oversees Medicaid, has issued a guidance letter to the states directing them to review their eligibility policies and practices to ensure that they are in accordance with federal law. If states find that their policies or practices have resulted in eligible families losing Medicaid, they are to reinstate eligibility for the affected families. Furthermore, the HCFA guidance directs states to streamline their computer systems and eligibility determination processes to help keep families enrolled in Medicaid when they are denied or terminated from welfare.[25]

Congress allocated $500 million to help states implement the de-linking of welfare and Medicaid and to ensure that families do not lose access to Medicaid because of welfare reform. As of the end of December 1999, states had claimed less than one-quarter (24 percent) of the funds made available by the federal government for the program.[26] This under-utilization of funds is especially puzzling since they were made available with a very favorable (90 percent federal to 10 percent state) matching formula.

In addition to correcting the problems they have experienced de-linking welfare and Medicaid, states should take steps to ensure that families moving from welfare to work receive the Transitional Medicaid coverage to which they are entitled.

■ Simplify Certification and Re-Certification Processes

When the Children's Health Insurance Program was enacted in 1997, states eager to enroll children in the expansion programs simplified the application process for children's Medicaid and engaged in new outreach efforts to inform families about the programs. These changes simplified the process of getting public health insurance coverage for low-income children.

States have significant flexibility under existing law to simplify their Medicaid programs for families as well. While many have taken advantage of this flexibility to encourage the enrollment of children, few have done so for parents. As a result, it is more difficult for families to enroll in Medicaid, and maintain eligibility, if they want coverage for the parents as well as the children.

Some of the simplification measures states have undertaken for children in Medicaid include:

- Simplifying and shortening application and redetermination forms;
- Eliminating face-to-face interview requirements and allowing families to mail application and redetermination forms;
- Simplifying and reducing documentation requirements or allowing self-verification;
- Extending the period between redeterminations or implementing continuous eligibility for children;
- Increasing the number of sites at which families can apply in person and receive assistance with the application and redetermination processes.

States are also conducting outreach campaigns to inform families about child-only health insurance coverage. States have the ability to apply these outreach and simplification measures to family Medicaid as well as child-only coverage, but they have largely failed to apply these policies to family Medicaid.

Expand Coverage for Parents

Most states quickly expanded coverage to low-income children after CHIP was enacted in 1997. By contrast, states have maintained very low eligibility levels for family-related Medicaid, so that only the poorest parents can qualify for Medicaid. These low eligibility levels have generally remained in place despite a new opportunity that Congress provided to states to expand Medicaid eligibility for parents without first obtaining a waiver from

the federal government. A few states have opted to use this new flexibility to expand parental coverage, understanding that health insurance is an important support for low-income working families. Among the 15 states included in this report, only Tennessee had an expansion program in place during our study period to cover parents who earn more than the traditional Medicaid eligibility level (See discussion of Tennessee on pages 20-21). During their 1999 legislative sessions, California and Ohio authorized expanded coverage for parents to begin in 2000,[27] and New York is scheduled to phase in expanded coverage for parents (as well as for childless adults) beginning in 2001.

Federal Medicaid rules permit states to expand coverage in several ways: First, they can raise the income eligibility level for family coverage. One approach to raising eligibility levels would be to increase eligibility for parents to match the Medicaid eligibility level for children, which would help simplify Medicaid eligibility determinations by making the entire family eligible at the same income level. Although there are limits on how much states can directly increase the income eligibility levels for parents, in effect, states can raise this eligibility level as high as they wish through indirect means. For example, states can elect to "disregard" (not count) certain types or amounts of income from the calculations used to determine eligibility. Thus, a state could opt to disregard all earned income between its current eligibility level and the federal poverty level (as California and Ohio have done) as a way of increasing the income limit for working parents to 100 percent of poverty or more.

In addition to increasing eligibility levels, states can use the authority to expand Medicaid to parents in more limited ways. For example, a few states have extended Transitional Medicaid beyond the six to 12 months required by federal law (see Figure 5), or they have eliminated rules limiting the amount of assets a family can have and qualify for Medicaid. Extending Transitional Medicaid allows low-income families to maintain Medicaid coverage for a limited time after their income increases, but does not provide coverage to other parents who do not first qualify for Medicaid at the current low eligibility levels. States can also expand Medicaid coverage by

eliminating the asset limit. Among the states in this report, only three—Illinois, Ohio, and Pennsylvania—have eliminated the asset limit for family-related Medicaid coverage. By contrast, nearly all the states in our study have eliminated the asset limit for child-only Medicaid coverage. Texas is the only state that still has an asset test for children.[28] Eliminating the asset test for families would reduce the amount of documentation parents need to provide for eligibility determinations and would make the process of getting and keeping Medicaid easier. It would also help states align the eligibility rules for child-only health coverage and family-related health coverage.

CONCLUSION

Thousands of parents have lost health insurance coverage in states' eagerness to move families from welfare to work. As parents have gone to work, they have lost access to Medicaid because many states have set very low eligibility levels. Other parents lost coverage when they left welfare—even when they were still eligible for Medicaid—because their state administrative processes and computer systems were not equipped to deal with the de-linking of welfare and Medicaid. This failure to ensure that families moving from welfare to work retain Medicaid coverage contributes to growing numbers of parents without health insurance. It creates unnecessary hardships for families struggling to become self-sufficient. By expanding access to Medicaid for parents and making Medicaid a more family-friendly program, states can support low-income families struggling to make work pay.

ENDNOTES

[1] Families USA, *Losing Health Insurance: The Unintended Consequences of Welfare Reform* (Washington, DC: Families USA, May 1999).

[2] For example, see: Bowen Garrett and John Holahan, *Welfare Leavers, Medicaid Coverage, and Private Health Insurance*, Assessing the New Federalism, Series B, No. B-13 (Washington, DC: The Urban Institute, March 2000); Leighton Ku and Bowen Garrett, *How Welfare Reform and Economic Factors Affected Medicaid Participation: 1984-96*, Assessing the New Federalism Discussion Papers 00-01 (Washington, DC: The Urban Institute, February 2000); Leighton Ku and Brian Bruen, *The Continuing Decline in Medicaid Coverage*, Assessing the New Federalism Series A, No. A-37 (Washington, DC: The Urban Institute, December 1999); Marilyn Ellwood, *The Medicaid Eligibility Maze: Coverage Expands, but Enrollment Problems Persist: Findings from a Five-State Study*, Occasional Paper Number 30 (Washington, DC: The Urban Institute 1999).

[3] Families USA, *One Step Forward, One Step Back: Children's Health Coverage after CHIP and Welfare Reform* (Washington, DC: Families USA, October 1999).

[4] We were unable to interview staff of the state Medicaid agency in Georgia, New York, and Ohio.

[5] Jennifer A. Campbell, "Health Insurance Coverage 1998," *Current Population Reports: Consumer Income*, P60-208 (Washington, DC: U.S. Census Bureau, October 1999); Robert L. Bennefield, "Health Insurance Coverage 1996," *Current Population Reports: Consumer Income*, P60-199 (Washington, DC: U.S. Census Bureau, September 1997).

[6] Beginning in the late 1980s and early 1990s, Medicaid eligibility for children expanded so that children leaving welfare often remained eligible for Medicaid based on their age and family income level. The only such option for parents, however, was limited to pregnant women.

[7] Cooper and Schone, 1997, cited in Ellen O'Brien and Judith Feder, *Employment-Based Health Insurance Coverage and Its Decline: The Growing Plight of Low-Wage Workers* (Washington, DC: Kaiser Commission on Medicaid and the Uninsured, May 1999).

[8] Peter J. Cunningham, et al., "Who Declines Employer-Sponsored Health Insurance and Is Uninsured?" *Issue Brief* (Washington, DC: Center for Studying Health System Change, October 1999).

[9] Ellen O'Brien and Judith Feder, *Employment-Based Health Insurance Coverage and Its Decline: The Growing Plight of Low-Wage Workers* (Washington, DC: Kaiser Commission on Medicaid and the Uninsured, May 1999).

[10] Conversation with Kathy Montano, Executive Staff Assistant, Arizona Department of Economic Security, and Chuck Blake, Programs and Project Specialist, Arizona Department of Economic Security, May 3, 2000.

[11] Prior to March 1, 2000, a parent enrolled in Medicaid could retain coverage until his or her income reached $21,456 per year, which is 152 percent of the federal poverty level. Under the expansion, the eligibility level for parents already receiving Medicaid is the same as for parents applying for Medicaid.

[12] *Grant v. Kearney*, 99 Civ. 2147 (S.D.Fl., filed August 3, 1999).

[13] Once enrolled in Medicaid, parents can retain coverage until their income reaches $12,809 per year, which is 91 percent of the federal poverty level.

[14] *Mangracina v. Turner,* 98 Civ.5585 (S.D.N.Y., August 1998); *Reynolds v. Giuliani*, 98 Civ. 8877 (S.D.N.Y., December 16, 1998).

[15] Pennsylvania Department of Public Welfare, *Statewide Initiatives to Support Families Leaving Welfare: Medical Coverage* (Harrisburg, PA: Department of Public Welfare, November 1999).

[16] Marilyn Ellwood, testimony before the Subcommittee on Human Resources of the House Committee on Ways and Means, Hearing on Health Coverage for Families Leaving Welfare, May 16, 2000.

[17] Marilyn Ellwood, testimony before the Subcommittee on Human Resources of the House Committee on Ways and Means, op. cit.

[18] *Mangracina v. Turner,* 98 Civ. 5585 (S.D.N.Y., August 1998); *Reynolds v. Giuliani*, 98 Civ. 8877 (S.D.N.Y., December 16, 1998); *Grant v. Kearney*, 99 Civ. 2147 (S.D.Fl., filed August 3, 1999).

[19] Federal law requires a minimum of six to 12 months of Transitional Medicaid. However, several states provide additional months of Transitional Medicaid to families who would otherwise lose Medicaid due to increased earnings.

[20] This entitlement is for families who have been receiving Medicaid for at least three of the previous six months and become ineligible for Medicaid due to increased earnings or hours of work. Families who become ineligible for Medicaid due to increased child support payments are entitled to four months of Transitional Medicaid.

[21] Marilyn Ellwood and Kimball Lewis, *On and Off Medicaid: Enrollment Patterns for California and Florida in 1995*, Occasional Paper Number 27 (Washington, DC: The Urban Institute, July 1999). An additional 22 percent of parents leaving welfare were still enrolled in Medicaid awaiting redetermination three months later.

[22] Catherine Hoffman and Alan Schlobohm, *Uninsured in America: A Chart Book*, 2nd ed. (Washington, DC: Kaiser Commission on Medicaid and the Uninsured, May 2000).

[23] Pamela Loprest, *Families Who Left Welfare: Who Are They and How Are They Doing?* (Washington, DC: The Urban Institute, July 1999).

[24] Bowen Garrett and John Holahan, *Welfare Leavers, Medicaid Coverage, and Private Health Insurance*, Assessing the New Federalism, Series B, No. B-13 (Washington, DC: The Urban Institute, March 2000).

[25] Timothy M. Westmoreland, *State Medicaid Director Letter Regarding Efforts to Improve Eligible Families' Ability to Enroll in Medicaid* (Baltimore, MD: Health Care Financing Administration, April 7, 2000).

[26] Families USA, TANF $500 Million Fund Expenditures as of 12-31-99 (www.familiesusa.org/pubs/tanfup.htm).

[27] Both California and Ohio expanded parent coverage. California's expansion to 108 percent of the federal poverty level took effect in March 2000, and Ohio's expansion to 108 percent is scheduled to begin in July 2000.

[28] Laura Cox and Donna Cohen Ross, *Medicaid for Children and CHIP Income Eligibility Guidelines and Enrollment Procedures: Findings from a 50-State Survey*, Preliminary Report (Washington, DC: The Kaiser Commission on Medicaid and the Uninsured, April 2000).

Appendix I

Uninsured Adults (Age 19-64) Below 200 Percent of the Federal Poverty Level, by State (in thousands)

State	Rank by No.	Total	Uninsured	Percent Uninsured	Rank by Percent
CA	1	6,228	2,822	45%	4
TX	2	3,779	1,924	51%	1
NY	3	3,092	1,154	37%	21
FL	4	2,525	1,043	41%	10
IL	5	1,545	528	34%	30
GA	6	1,240	527	43%	6
AZ	7	973	481	49%	2
OH	8	1,531	457	30%	40
PA	9	1,627	449	28%	49
NC	10	1,187	426	36%	24
MI	11	1,252	403	32%	35
NJ	12	928	386	42%	8
VA	13	957	332	35%	27
LA	14	869	326	38%	20
TN	15	1,082	314	29%	45
Subtotal (top 15 states)		**28,815**	**11,572**	**40%**	
AL	16	723	264	37%	23
WA	17	802	263	33%	32
MD	18	602	262	44%	5
SC	19	626	251	40%	13
MS	20	625	246	39%	14
AR	21	588	242	41%	11
IN	22	735	241	33%	33
MO	23	725	234	32%	34
MA	24	771	234	30%	38
KY	25	664	230	35%	28
OK	26	601	228	38%	19
CO	27	539	206	38%	17
OR	28	567	203	36%	25
NM	29	414	202	49%	3
WI	30	627	186	30%	41
MN	31	532	160	30%	39
WV	32	389	152	39%	15
CT	33	382	132	35%	29
IA	34	414	115	28%	48
KS	35	376	111	30%	42
NV	36	249	103	41%	9
ID	37	213	90	42%	7
UT	38	273	77	28%	46
MT	39	188	72	38%	16
NE	40	244	71	29%	44
ME	41	184	64	35%	26
NH	42	130	44	34%	31
HI	43	188	43	23%	50
DE	44	92	35	38%	18
SD	45	116	34	29%	43
AK	46	82	33	40%	12
RI	47	117	33	28%	47
ND	48	102	32	31%	36
WY	49	84	31	37%	22
DC	50	102	31	30%	37
VT	51	86	17	20%	51
U.S. Totals*		**42,965**	**16,548**	**39%**	

Source: March 1997-1998 Current Population Survey, 3-Year average (data for 1996-1998)
* Numbers do not add due to rounding.

Appendix II

Monthly Medicaid Enrollment of Parents in 15 States January 1996 to December 1999*

State	January 1996	January 1997	January 1998	January 1999	December 1999*	Numerical Change Jan 96-Jan 98	Numerical Change Jan 98-Dec 99	Numerical Change Jan 96-Dec 99	Percent Change Jan 96-Jan 98	Percent Change Jan 98-Dec 99	Percent Change Jan 96-Dec 99
AZ	60,031	59,432	52,554	45,174	47,829	-7,477	-4,725	-12,202	-12%	-9%	-20%
CA	841,348	794,576	687,799	666,130	685,502	-153,549	-2,297	-155,846	-18%	0%	-19%
FL	226,292	197,179	194,061	166,873	143,610	-32,231	-50,451	-82,682	-14%	-26%	-37%
GA	130,428	104,679	80,253	77,414	65,497	-50,175	-14,756	-64,931	-38%	-18%	-50%
IL	294,947	284,418	267,171	246,160	239,488	-27,776	-27,683	-55,459	-9%	-10%	-19%
LA	60,672	48,333	44,296	43,186	41,584	-16,376	-2,712	-19,088	-27%	-6%	-31%
MI	204,525	186,665	200,737	174,534	153,267	-3,788	-47,470	-51,258	-2%	-24%	-25%
NJ	126,263	122,798	113,127	100,032	88,171	-13,136	-24,956	-38,092	-10%	-22%	-30%
NY	503,445	471,324	439,543	398,336	379,815	-63,902	-59,728	-123,630	-13%	-14%	-25%
NC	106,999	100,053	91,396	76,978	74,450	-15,603	-16,946	-32,549	-15%	-19%	-30%
OH	226,612	204,355	170,287	141,003	130,758	-56,325	-39,529	-95,854	-25%	-23%	-42%
PA	323,300	304,424	271,503	254,087	247,325	-51,797	-24,178	-75,975	-16%	-9%	-23%
TN	106,980	115,838	107,849	97,263	94,678	+869	-13,171	-12,302	+1%	-12%	-11%
TX	232,380	213,872	181,029	139,802	126,368	-51,351	-54,661	-106,012	-22%	-30%	-46%
VA	59,331	53,040	46,174	42,002	39,331	-13,157	-6,843	-20,000	-22%	-15%	-34%
Total	**3,503,553**	**3,260,986**	**2,947,779**	**2,668,974**	**2,557,673**	**-555,774**	**-390,106**	**-945,880**	**-16%**	**-13%**	**-27%**

Source: Families USA calculations of data provided by state Medicaid agencies.

* All states provided data for December 1999 except Louisiana, New, Jersey, and Ohio. The most recent data available in Louisiana were for July 1999; in New Jersey and Ohio, the most recent data were for October 1999.

APPENDIX III: METHODOLOGY

Families USA requested information from the U.S. Census Bureau about the number of uninsured adults age 19-64, by income level, for all 50 states and the District of Columbia. The Census Bureau provided a three-year average from the 1997-1999 Current Population Surveys in order to ensure a large enough sample size for accurate measurement. We then ranked the states by number of uninsured low-income (below 200 percent of the federal poverty level) adults. We determined that seven out of ten uninsured low-income adults lived in the top 15 states: Arizona, California, Florida, Georgia, Illinois, Louisiana, Michigan, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Tennessee, Texas, and Virginia.

We asked those 15 states to provide monthly data about the number of people enrolled in Medicaid. We chose to use state data rather than data kept by the Health Care Financing Administration (HCFA) for two reasons. First, the state data permit us to track monthly enrollment changes, while data from HCFA show the number of people enrolled in Medicaid at any time throughout the year. Second, state data are available for 1999, while the latest available federal data are for fiscal year 1998. We asked each of the 15 states to provide monthly Medicaid enrollment data for the period from January 1996 through December 1999, by age and by category of eligibility for Medicaid. We included in our study parents (defined as adult caretakers of children) enrolled in "family-related Medicaid" (i.e., those who are eligible because they have dependent children under age 18 and who meet the income and asset rules for Medicaid coverage in their state). We excluded the elderly, adults enrolled in Medicaid due to their disability status, and people such as pregnant women, who generally are not eligible for benefits comparable to those available to families.

In addition to gathering Census and Medicaid enrollment data, we interviewed staff of the Medicaid agencies and health consumer organization leaders in the 15 states about policies and practices for Medicaid eligibility determinations in effect during the study period.*

* We were unable to interview staff of the state Medicaid agency in Georgia, New York, and Ohio.

States do not have common practices for tracking enrollment in their Medicaid programs, nor do they consistently define how people eligible for Medicaid are categorized within the program. In four states (Illinois, Michigan, Tennessee, and Texas), we included parents who do not qualify for the family-related Medicaid category but are enrolled as "Medically Needy."* In Illinois, the family-related category for parents not receiving cash assistance also includes pregnant women and parents who are Medically Needy. The state was able to break down the category into those who are subject to a deductible and those who receive regular Medicaid coverage equivalent to that received by the parents in the cash-related family coverage category. In Michigan, these parents are included in the broader family-related category. In Tennessee, Medically Needy adults receive the same scope of benefits as parents, and they receive 12 months of continuous eligibility for Medicaid, just as parents do. Texas never established a new category for families who do not receive welfare; rather, Texas includes these parents in its Medically Needy category. Therefore, some of the Texas parents are subject to a monthly deductible in order to get Medicaid coverage.

States use different methods to count the number of people enrolled in Medicaid. Some states provided data as a point-in-time count (i.e., the total number enrolled on a particular day of each month), and some states provided monthly-unduplicated counts (the total number of people enrolled at any time during the month, adjusted to acount for people who left and then reentered the program during the month). In addition, some states include retroactive eligibility determinations in their monthly enrollment counts,

* States have the option of providing Medicaid coverage through a Medically Needy program to individuals who would be eligible for Medicaid except that their income and/or assets exceed the states' guidelines. States may provide this coverage to people whose health expenses are high (thereby causing them to have little discretionary income) and may limit coverage to certain populations (the elderly, the disabled, families, etc.). Generally, individuals enrolled as Medically Needy do not receive the same scope of coverage as those enrolled in the family coverage category because they are subject to a deductible (called a "spend-down") in order to receive Medicaid coverage. However, some states provide Medically Needy coverage to families without a spend-down requirement if they meet the Medically Needy eligibility limit.

while others use a "snapshot" of monthly enrollment that does not change. Because of these differences, the addition of data across states does not provide an exact measurement of enrollment.

To analyze year-to-year changes in enrollment, we compare enrollment in one month in a year to enrollment in the same month in other years. We were able to obtain monthly enrollment for all or part of the period from January 1996 to December 1999 for all 15 states. This enabled us to check that the comparison month we selected was not inconsistent with the state's month-to-month enrollment trends. Unfortunately, since not every state could supply us with data for the same months in 1999, we had to use different end months for several states. Due to lag time in reporting the data, New Jersey and Ohio were only able to provide enrollment data through October 1999. Because Louisiana had replaced its eligibility computer system in 1999, the state was only able to provide data through July 1999.

We asked states to report data for adults age 19-64. However, Arizona, California, and Louisiana reported data for adults age 21 and over (including some people over age 64). New York, North Carolina, and Texas also provided data for people age 21 through 64 rather than age 19 through 64. Michigan provided data for people age 21 to 65. Pennsylvania reported data for cash recipients age 19-64 and for non-cash enrollees age 21-64. Georgia and New York reported people enrolled in family Medicaid as "adults" and "children," with no age breakdown.

For more detail about the enrollment data received from each of the states and how it was adjusted to measure parents' enrollment, please contact Families USA.

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