

## **Unintended Consequences: The Effects of Medicaid Documentation Requirements in Wisconsin**

*Updated Summary – January 28, 2008*

Wisconsin is poised to make health insurance accessible to all children in the state who are U.S. citizens (and to qualified immigrant children). However, a federal rule implemented last year that requires documentation of citizenship and identity has had severe, unintended consequences that create a substantial roadblock to efforts in Wisconsin and elsewhere to serve eligible residents.

WCCF issued a report a year ago regarding the dramatic effects of the federal law in reducing Medicaid enrollment. The following is a summary of that paper, updated with the most recent statistics (through January 1, 2008) on the number of people in Wisconsin who have lost or been denied coverage because of the federal law.

### **Background**

- In February 2006, the President signed the Deficit Reduction Act (DRA), which requires that people applying for Medicaid benefits or whose eligibility is being reviewed must provide documentation that they are U.S. citizens.
- When the Center for Medicare and Medicaid Services (CMS) issued regulations in June 2006 to implement the statute, it added a requirement for documentation of identity.
- Wisconsin began applying the rules on August 1, 2006, and has been trying hard to be as flexible as the rules allow, to avoid disqualifying eligible citizens.
- Prior to the initiation of the new federal law, Wisconsin already had a requirement that applicants verify that they were citizens, and a review of cases and eligibility procedures by the Legislative Audit Bureau failed to turn up a single non-citizen who was improperly enrolled in Medicaid or BadgerCare.

### **Effects of the Documentation Requirements**

- Despite Wisconsin's best efforts to avoid denying health insurance to eligible children and parents – from August 1, 2006, through Jan. 1, 2008, a total of 32,907 individuals lost their coverage or were denied Medicaid or BadgerCare enrollment solely because of the federal documentation requirements.
- More than 20,400, or 62 percent, of those who were denied or lost coverage are people who the state knows are citizens,<sup>1</sup> but who could not document their identity. (The rest are probably citizens as well, but had yet to produce the required documents to verify that.)
- About 45 percent of the group denied or terminated solely for inability to document their identity is comprised of children, and roughly 10,000 citizen children were denied or terminated since August 2006 solely for failure to document identity.<sup>2</sup>
- The number of people enrolled in the “family coverage” categories of Medicaid (which include family Medicaid, Healthy Start, BadgerCare and the Family Planning Waiver) fell by about 15,800 people in the first seven months after the documentation requirements were

imposed; even as Food Shares enrollment was climbing<sup>3</sup> – which indicates that Medicaid enrollment also should have been growing.

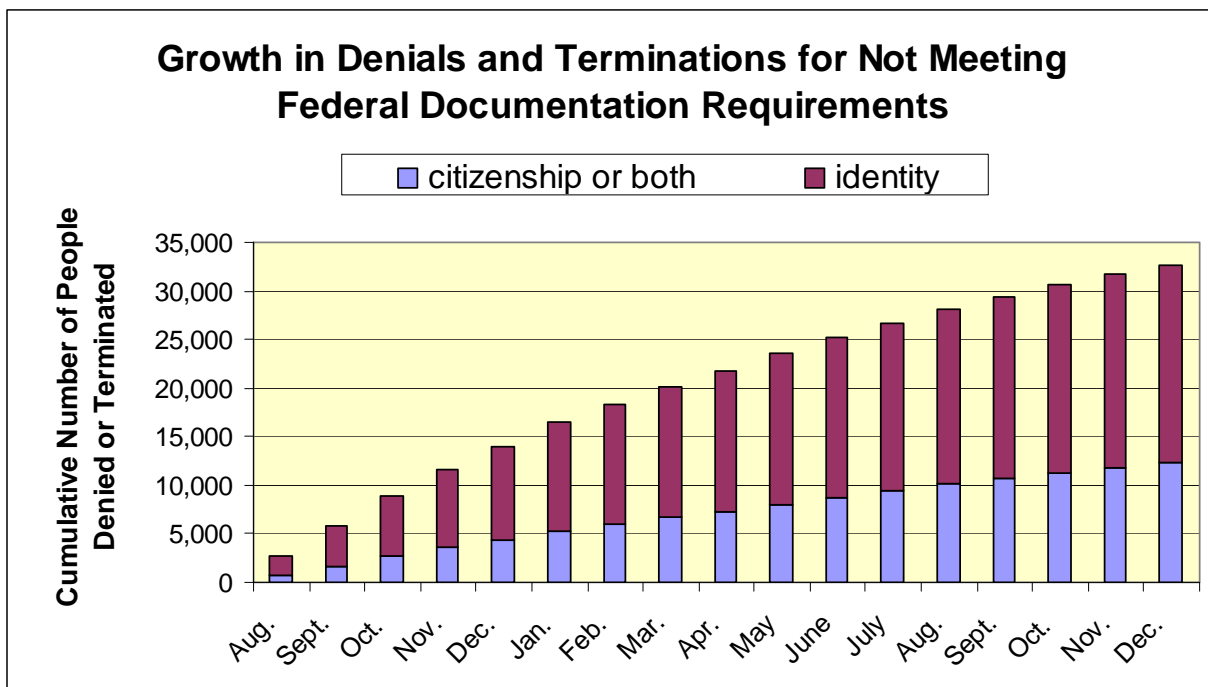
- Lower income families, who are less likely to have drivers licenses and other required documents, are being adversely affected much more than those who are less poor.

### Added Costs

- Administering the documentation requirements is expensive – costing Wisconsin an additional \$1.8 million in FY 2007.
- The 2007-09 biennial budget bill provided an increase of \$754,000 per year for the new workload caused by the documentation procedures.

### Recommendations

- Congress and the President should support the provision in the vetoed SCHIP reauthorization bill that would have allowed states to use Social Security Numbers to verify citizenship and identity – to reduce the number of eligible children and parents who are unable to document their eligibility.
- DHFS needs to recruit and train community groups to assist with the new express enrollment process for low-income children, which is an allowable way under federal law to reduce the number of citizen children whose applications are denied or delayed.



Source: WCCF analysis of data from the Wisconsin Department of Health and Family Services

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<sup>1</sup> In many of those cases, citizenship has been documented when the state finds electronic records in its birth records database. But electronic matching has not been nearly as effective in finding documentation of identity, and it doesn't generally yield documentation of citizenship for people born outside Wisconsin.

<sup>2</sup> The data regarding the age of people denied or terminated is only available since April 2007, and the 10,000 figure is estimated by extrapolation of the data since April to the denials and terminations before that date.

<sup>3</sup> Food Shares enrollment grew by a little over 6,700 people (1.7 percent) over the last five months of 2006.