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## **SURVEY INDICATES THE DEFICIT REDUCTION ACT JEOPARDIZES MEDICAID COVERAGE FOR 3 TO 5 MILLION U.S. CITIZENS**

By Leighton Ku, Donna Cohen Ross and Matt Broaddus

The Deficit Reduction Act signed by the President on February 8th contains a new mandate requiring U.S. citizens covered by Medicaid to prove their citizenship by submitting a birth certificate or passport (or a limited set of similar documents) or else lose their Medicaid coverage. Beginning July 1, 2006, this provision will apply to all current beneficiaries and future applicants; it allows no exceptions, even for those with serious mental or physical disabilities such as Alzheimer's disease or those who lack documents due to homelessness or a disaster such as Hurricane Katrina. About 49 million U.S.-born citizens (and two million naturalized citizens) who are covered by Medicaid over the course of a year would be required to submit these documents or forfeit their health insurance coverage. New Medicaid applicants also would have to meet this requirement.

Data from a nationally representative telephone survey of 2,026 adults, commissioned by the Center on Budget and Policy Priorities and conducted between January 12 and January 16 by the Opinion Research Corporation, reveal that the new requirement could have large consequences on the health insurance coverage of millions of low-income U.S. citizens. Key findings from the survey include:

- About one in every twelve (8 percent) U.S.-born adults age 18 or older who have incomes below \$25,000 report they do not have a U.S. passport or U.S. birth certificate in their possession. Applying this percentage to the number of adult citizens covered by Medicaid over the course of a year indicates that approximately *1.7 million U.S.-born adults* who are covered by Medicaid could lose their health insurance because of the new requirement or experience delays in obtaining coverage as they attempt to secure these documents.
- More than one tenth of U.S.-born adults with children who have incomes below \$25,000 reported they did not have a birth certificate or passport for at least one of their children. This indicates that *between 1.4 and 2.9 million children* enrolled in Medicaid appear not to have the paperwork required.
- Taken together, the survey indicates that Medicaid coverage could be in jeopardy for *3.2 to 4.6 million U.S.-born citizens* because they do not have a U.S. passport or birth certificate readily available.
- Some types of citizens would shoulder a greater risk of losing Medicaid than others because they are less likely to have the required documents. While 5.7 percent of all adults in the survey (i.e., adults at all income levels) reported they lack these documents, the percentage was larger

for certain groups:

- African American adults: 9 percent
  - Senior citizens 65 or older: 7 percent
  - Adults without a high school diploma: 9 percent
  - Adults living in rural areas: 9 percent
- These data and earlier research also suggest that elderly African Americans with low incomes may experience particular difficulties because a significant number of them were never issued birth certificates.

These results are conservative. Many of those who would be most likely to experience difficulty in securing these documents — such as nursing-home residents, Katrina survivors living in temporary facilities, and homeless people — were not represented in the survey. Had the survey included such people, the percentage of people likely to be harmed by the requirement would almost certainly have been found to be higher.

## Background

Currently, both citizens and certain legal immigrants can be eligible for Medicaid.<sup>1</sup> Legal immigrants are required to submit documentation of their immigration status, and eligibility workers verify those documents using data from the Department of Homeland Security. People applying as citizens may self-attest, under penalty of perjury, that they are U.S. citizens. While most states permit such self-attestation, most states also have policies requiring documentation of citizenship when there is any reason to question an applicant's statement that he or she is a citizen.

The budget reconciliation conference agreement would impose a new requirement that all citizens applying or reapplying for Medicaid produce documents proving their citizenship, or be removed from the Medicaid program. The provision's backers have said the provision is needed to address a problem posed by illegal immigrants claiming to be citizens and securing Medicaid coverage.

In fact, a comprehensive study conducted last year by the HHS Inspector General failed to find any substantial evidence that illegal immigrants are fraudulently getting Medicaid coverage by claiming they are citizens, and the Inspector General did *not* recommend requiring that documentation of citizenship be required. State officials interviewed by the Inspector General's office also noted that such a requirement would add significant administrative costs and burdens. Half of the state officials interviewed said they would have to hire more eligibility personnel to handle the increased workload.<sup>2</sup>

The new provision would require citizens applying or renewing their coverage for Medicaid to submit a U.S. passport or U.S. birth certificate. Naturalized citizens could submit naturalization documents. (HHS could permit the use of other documents if they *prove* citizenship but few, if any, other documents do.) There would be no exceptions. Commonly used forms of identification such

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<sup>1</sup> Undocumented immigrants are ineligible for Medicaid except for coverage of medical emergencies. The new provision would not affect Medicaid eligibility rules or procedures for undocumented immigrants or eligible legal immigrants.

<sup>2</sup> HHS Office of the Inspector General, "Self-Declaration of U.S. Citizenship Requirements for Medicaid," July 2005.

as driver's licenses, Social Security cards or school records would not be sufficient since they do not prove citizenship and are not limited to people who are citizens. People who do not submit the required documents would be denied Medicaid coverage.

As written, the new provision thus would sharply reduce states' flexibility to establish and implement citizenship documentation requirements. For example, states would have no flexibility to waive the requirement for severely impaired individuals who do not have one of the specified documents but for whom there is no question of their citizenship status.

Earlier Center analyses have examined the potential pitfalls and unintended side-effects of the new requirement, including the fact that many poor, elderly African Americans may encounter especially serious problems as a result of having been born at home due to poverty or racially discriminatory practices in hospital admissions in some parts of the country before World War II. Because they were not born in a hospital or similar institution, some such elderly African-Americans were never issued a birth certificate.<sup>3</sup>

### **New Survey Shows Millions of People Could Lose Coverage**

An earlier Center analysis, based on Census data and Medicaid administrative data from HHS, estimated that 49 million U.S.-born citizens and two million naturalized citizens are enrolled in Medicaid over the course of a year.<sup>4</sup> The new survey conducted by the Opinion Research

#### **The New Survey**

Between January 12 and January 16, 2006, the Opinion Research Corporation conducted a nationally representative telephone survey of 2,026 adults, 18 or older, 1,855 of whom were born in the United States. With a sample of this size, the survey generally has a margin of error, or 95 percent confidence interval, of  $\pm 2$  percentage points. The survey was conducted in English.

#### **Wording of Questions Asked in the Survey**

1. Were you born in the United States?

*Yes/ No*

2. Do you currently have a U.S. birth certificate or a valid U.S. passport in your home?

*Yes/ No*

3. IF THERE IS ONE CHILD (< 18 YEARS OLD) IN THE HOUSEHOLD: Do you have a U.S. birth certificate or valid U.S. passport in your home for your child?

IF THERE IS MORE THAN ONE CHILD (<18 YEARS OLD): Do you have a U.S. birth certificate or valid U.S. passport in your home for all of your children?

*Yes -- all children have birth certificate or passport/ No — at least one does not*

Note: Less than one percent of respondents did not know or did not answer whether they had these documents. These people are excluded from the analysis.

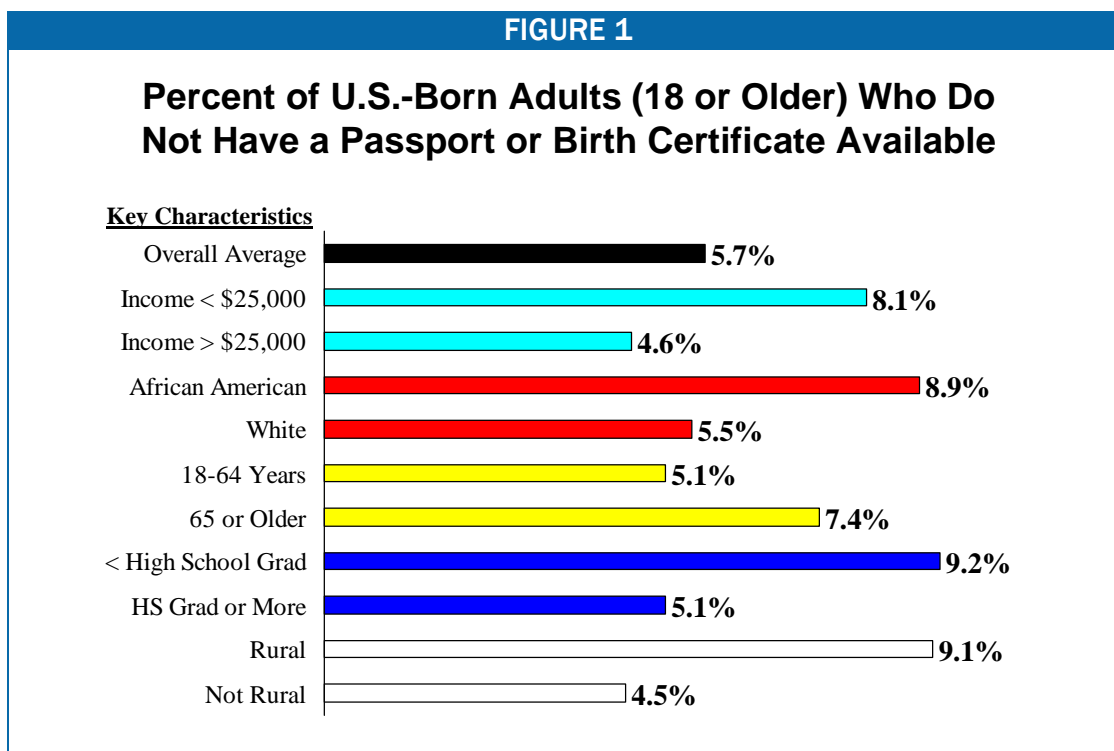
<sup>3</sup> Leighton Ku and Donna Cohen Ross, "New Medicaid Requirement Is Unnecessary and Could Impede Citizens' Coverage," Center on Budget and Policy Priorities, Revised, Jan. 4, 2006. Leighton Ku and Matt Broaddus, "New Requirement for Birth Certificates or Passports Could Threaten Medicaid Coverage for Vulnerable Beneficiaries: A State-by-State Analysis," Center on Budget and Policy Priorities, revised Feb. 17, 2006.

<sup>4</sup> Leighton Ku and Matt Broaddus, *op cit.* These estimates are based on a combination of Census data and administrative data for 2003 on Medicaid enrollment.

Corporation on January 12-16 indicates that a substantial percentage of low-income adults and children do not have a passport or birth certificate available and that several million people likely would find their Medicaid coverage at risk because of the new requirement. The survey included questions asking respondents whether they and their children have U.S. passports or U.S. birth certificates available at home.

The survey results are conservative because the telephone survey either did not include or under-represented certain groups of low-income people who are at significant risk of lacking these documents, such as people in nursing homes or other institutions, homeless people, and Hurricane Katrina survivors living in temporary quarters. Had such individuals been included, the percentage of people surveyed who lack these documents almost certainly would have been higher.

Key results from the survey for U.S.-born adults are shown in Figure 1. Some 5.7 percent of all adults (not just adults with low incomes) reported they do not have a U.S. passport or birth certificate available at home. The percentage is greater for those with incomes of less than \$25,000. Some 8.1 percent of U.S. born adults with incomes under \$25,000 in 2005 reported they do not have these documents.



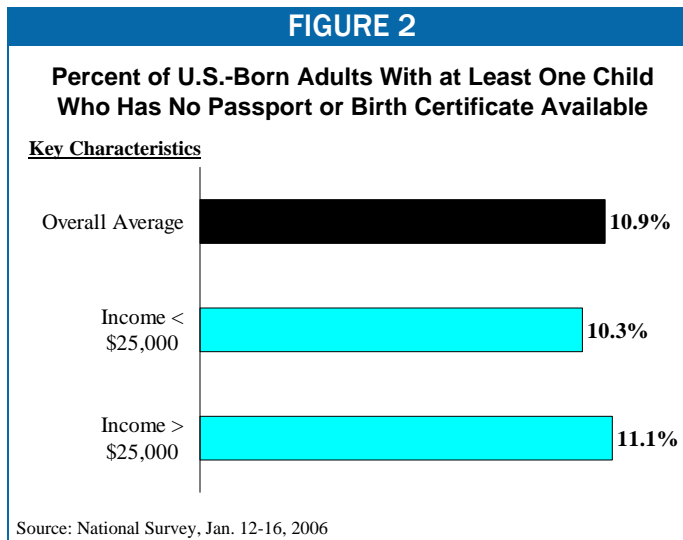
ack of documentation also appears to be more common among African Americans (8.9 percent), senior citizens (7.4 percent), people without a high school diploma (9.2 percent), and people living in rural areas (9.1 percent). (The figures in the preceding sentence cover all survey respondents in these four categories, not just those with low incomes; the number of adults surveyed in each of these categories who have incomes below \$25,000 was not large enough to produce statistically reliable results.)

Some groups may encounter more serious roadblocks, such as elderly African Americans with low incomes. A substantial number of elderly African Americans apparently were never issued birth certificates because they were born at home, in large measure as a result of racial discrimination or poverty that kept their mothers from delivering in hospitals (especially in the South). One earlier academic study estimated that one-fifth of African Americans born in 1939-40 lacked birth certificates.<sup>5</sup> The new survey finds that both African American adults and senior citizens in general are less likely to have a birth certificate or a passport than adults in general; these results are consistent with the conclusion that elderly African Americans would encounter greater difficulty securing these documents.<sup>6</sup>

Key results for U.S.-born citizens who have children are shown in Figure 2. Overall, 10.9 percent of people with children said they did not have a birth certificate or passport for at least one of their children. Similar percentages were found for children in families with incomes above and below \$25,000 per year.

The survey also found significant gaps for certain other groups.

- Adults in rural areas are more likely to lack the documents than adults who live in urban areas, with one in every 11 U.S. born adults who live in a rural area lacking these documents. Since rural adults generally live further from Medicaid eligibility offices, they will face greater burdens if they have to travel back and forth multiple times to straighten out paperwork problems with Medicaid eligibility officials. Low-income people living in rural areas consequently are likely to be more susceptible to losing coverage and becoming uninsured if the provision is enacted.
- Poorly educated adults also are at greater risk of lacking a birth certificate or passport, and because they are less well educated, they may have more difficulty understanding the new requirement and negotiating the steps necessary to try to obtain the newly required paperwork.



<sup>5</sup> S. Shapiro, "Development of Birth Registration and Birth Certificates in the United States," *Population Studies*, 4:86-111, 1950. Cited by I. Rosenwaike and M. Hill, "The Accuracy of Age Reporting Among Elderly African-Americans: Evidence of a Birth Registration Effect," Population Aging Research Center, Univ. of Pennsylvania, Working Paper, July 1995.

<sup>6</sup> In the new survey, 20 percent of elderly African Americans said they did not have the documents, but the sample size of this group is too small to be statistically reliable.

## The Number of People on Medicaid Without a Birth Certificate or Passport

Using the percentages of adults and children with incomes below \$25,000 to estimate the number of U.S.-born citizens receiving Medicaid who do not have a birth certificate or passport available yields the following results.<sup>7</sup>

- An estimated 1.7 million U.S.-born adult Medicaid beneficiaries (8.1 percent) do not have the necessary documents available. (As noted above, 8.1 percent of U.S.-born adults with incomes below \$25,000 reported they do not have a birth certificate or passport in their possession.)
- An estimated 1.4 to 2.9 million children of U.S.-born citizens lack the documents.<sup>8</sup>
- A total of 3.2 to 4.6 million Medicaid beneficiaries who are U.S.-born citizens thus appear not to have the U.S. passport or birth certificate that would be required and could find their Medicaid coverage jeopardized.

(As noted, we used a combination of Census data and HHS administrative data to estimate the number of native-born citizens who participated in Medicaid in 2003 and thereby to estimate the number of current beneficiaries who would be subject to the new requirement.<sup>9</sup>)

## What Are the Consequences of Lacking a Passport or Birth Certificate?

Under the new requirement, every citizen receiving or applying for Medicaid would have to submit citizenship documents. There would be no exceptions.<sup>10</sup>

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<sup>7</sup> The survey did not ask which respondents were covered by Medicaid. The percentage of adults and children with incomes below \$25,000 that do not have these documents was used as a reasonable approximation of the percentage of Medicaid beneficiaries who lack these documents.

<sup>8</sup> The survey found that 10.3 percent of adults with children under 18 and incomes below \$25,000 reported they lack the required documents for at least one child. In the case of families that have only one child and reported they lack the documents for their child, this obviously means that all children in those families lack the documents. In the case of families with more than one child that reported a lack of documents for at least one child, the story is different. If such a family has, say, three children, this means that between one and three of those children lack the documents. To estimate the overall number of children receiving Medicaid who lack these documents, we relied upon Census data on the number of children who live in families with one child, families with two children, families with three children, etc. Using these data, we estimate that, *at a minimum*, the documents are not readily available to 50 percent of children in families in which an adult reported that at least one child lacks these documents. *At a maximum*, 100 percent of the children in such families lack the documents. If 50 percent of the children in such families lack the required documents, then an estimated 1.4 million children who receive Medicaid during the course of a year (10.3 percent of such children times 50 percent) do not have the documents in their possession. If 100 percent of children in these families lack the documents, the number of child Medicaid beneficiaries without the documents is 2.9 million.

<sup>9</sup> Ku and Broaddus, *op cit*.

<sup>10</sup> The legislation includes a provision exempting Medicare and SSI beneficiaries, but it applies only to immigrant beneficiaries and does *not* exempt Medicare or SSI beneficiaries who are citizens.

## **New Provision Could Bog Down Birth Certificate System**

The implementation of this provision in July could lead to even longer delays in getting birth certificates due to the high volume of requests that state vital statistics offices will need to field. Garland Land, executive director of the National Association for Public Health Statistics and Information Systems, has observed that, “We expect the legislation will increase the volume of birth certificate requests by as much as 25 percent to 50 percent. Many vital records jurisdictions may find it very difficult to manage this large of an increase of requests in such a short time period. This could result in significant delays in processing birth certificate applications.”

Those already on Medicaid who are unable to supply the required documentation would lose their coverage. Those applying for Medicaid without the citizenship documents would be denied coverage or delayed from obtaining coverage until they produced the documents. Some low-income citizens may be discouraged by the new requirement from applying for Medicaid or renewing their coverage because they do not know how to, or are unable to, navigate the systems to secure these documents or because they were never issued a birth certificate in the first place.

U.S. citizens who do not have a passport or birth certificate in their possession would have to try to secure the documents, which can take time and money. In a number of states, obtaining a duplicate birth certificate can take more than one month. Because of homeland security concerns, some states have recently made it harder to get a birth certificate. For example, the state of California now requires that a person applying for a birth certificate must submit a *notarized application*, which adds time, effort and expense.

In addition, some people, such as foster parents or other caregivers, may find it difficult to obtain copies of birth certificates for their children. The cost of getting a duplicate birth certificate or passport also would effectively add an application fee to Medicaid for some people; it can cost \$5 to \$23 to get a birth certificate, while a passport costs \$87 to \$97.<sup>11</sup> These burdens and delays would create barriers that could keep many eligible people from participating in Medicaid or from getting vital medical care on a timely basis.

Delaying medical care while families attempt to comply with the new requirement could have adverse consequences for patients who have chronic conditions or need lifesaving treatments or medications, and it could result in more costly care once the documentation was eventually obtained. In addition, to the extent that the new requirement increases the number of uninsured people or increases the length of time that people remain uninsured, there would be increases in the costs of uncompensated health care borne by state and local hospitals and clinics that provide health care to the uninsured.

## **Misunderstandings About the New Requirements**

In defending the new policy, some policymakers or their staffs have made statements seeking to minimize the adverse effects of the new provision. For example, a spokesman for Senate Majority

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<sup>11</sup> Based on a review of information on state websites regarding the costs of obtaining birth certificates, and a review of federal websites regarding the cost of obtaining a passport.

Leader Bill Frist said that “applicants in serious need of care would receive it, and that Medicaid officials could accept the documentation of citizenship later.”<sup>12</sup> The legislation contains no such provision, however. It states that a person cannot be eligible for Medicaid coverage if citizenship documentation is not provided; under the provision, states would not be eligible for federal reimbursement for costs incurred in providing Medicaid coverage to such individuals. States that went ahead and provided Medicaid coverage to an individual before the documents were produced could be at risk of being sanctioned for program errors. Providing a “grace period” would reduce, but not eliminate, the harm that could result from this provision, but the language of the provision does not appear to authorize a grace period.

Similarly, a spokesman for Rep. Charles Norwood, one of the authors of the new requirement, has claimed that new state driver’s licenses, which will be issued in accordance with on the Real ID Act enacted last year, will be permissible as proof of citizenship. “These new licenses will state whether an individual is a U.S. citizen or not. Most states are expected to adopt the new license standards.”<sup>13</sup> This statement also appears to be incorrect, based on the wording of the new provision. The Real ID Act encourages states to tighten documentation requirements for the issuance of driver’s licenses by 2008, including more thorough checking of citizenship or immigration status. (State driver’s licenses that do not meet the new requirements will be barred from being used as ID cards for purposes such as boarding an airplane or securing a passport.) The Real ID Act does *not* require, however, that state driver’s licenses say whether a person is a citizen and does not restrict the issuance of licenses to citizens. Legal non-citizen immigrants can be issued driver’s licenses under the Act. As a result, it does not appear that a driver’s license issued in accordance with Real ID Act would satisfy the requirements of the new Medicaid provision. In any event, new driver’s licenses under the Real ID Act are not required until 2008, so this would not help the millions of current Medicaid beneficiaries who will have to prove their citizenship over the coming year.

A Norwood staffer also claimed that the HHS Secretary “could establish that an elderly person who has received Social Security benefits for years is obviously a citizen,” but this, too, is not correct and is inconsistent with the language of the provision. These statements suggest that the provision is significantly harsher than its sponsors have understood or apparently intend.<sup>14</sup>

## Conclusions

The new requirement for documentation in Medicaid is intended to prevent illegal immigrants from declaring they are citizens and obtaining Medicaid benefits. The HHS Inspector General found no substantial evidence, however, that this is occurring.

Instead, the principal effect of the provision would likely be to endanger health-care coverage for millions of poor U.S. citizens, because substantial numbers of native-born citizens do not have a passport or birth certificate readily available. Data from a new national survey indicate that between

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<sup>12</sup> Cited by Bob Herbert, *op cit*.

<sup>13</sup> Cited in “CBPP Predicts Coverage Losses, Delays From Medicaid Citizenship Check,” *Inside CMS*, Jan. 12, 2006.

<sup>14</sup> “Cited in Eunice Moscoso, “Bill adds citizen ID test for Medicaid,” *Cox New Service*, January 19, 2006.”



3 million and 5 million U.S.-born Medicaid beneficiaries do not have these documents readily available, and have could find their Medicaid coverage at risk.

The risks would not be borne evenly. Those who are African American, elderly, live in rural areas, or lack a high school diploma would be at greater risk of losing their health insurance. The survey results also indicate that a substantial number of children — between 1.4 and 2.9 million — would be at risk of losing coverage because of the new provision.

Some of these individuals may eventually obtain the necessary documents and enroll in Medicaid, but they may experience substantial delays in the interim, impeding their access to medical care when they need it. A significant number of those at risk are likely to lose Medicaid coverage altogether and to become uninsured because they are unable to secure the necessary documents.

Proponents of the legislation have responded that few eligible beneficiaries will lose coverage since any problems that emerge will be addressed during implementation. However, the current severe problems with implementation of the Medicare prescription drug benefit for low-income senior citizens, which are occurring despite repeated assurances by Administration officials over the past year that implementation would run smoothly, illustrate the risks of relying on such assurances in an area as important as the health care coverage of the nation's most vulnerable citizens.