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NEW MEDICAID DOCUMENTATION REQUIREMENT HURTING ENROLLMENT AND RAISING STATES' COSTS, STUDY FINDS

A recent federal requirement that U.S. citizens document their citizenship status when they apply for or renew their Medicaid coverage is reducing Medicaid enrollment, particularly among low-income children, and raising state administrative costs, according to a report by the Center on Budget and Policy Priorities.

Congressional supporters of the requirement claimed it was needed to prevent undocumented immigrants from fraudulently obtaining Medicaid coverage, despite the lack of hard evidence that this was a problem. Now, increasing evidence suggests that the requirement is harming *U.S. citizens*, delaying or denying coverage for which they qualify.

"States have made substantial progress over the past decade in streamlining their Medicaid programs to make them more accessible," said Donna Cohen Ross, an analyst at the Center and the report's author. "Early evidence suggests the new rule is reversing some of that progress and harming vulnerable low-income children and families who are citizens."

The requirement, part of the Deficit Reduction Act of 2005, formally took effect July 1. The Center obtained information from six states that have collected data on changes in enrollment since then: **Iowa, Kansas, Louisiana, New Hampshire, Virginia, and Wisconsin**. All six states show significant declines in Medicaid enrollment since implementation began.

One of these six states, Wisconsin, has designed mechanisms specifically to track enrollment changes caused by the documentation requirement (as opposed to other factors). It has found that 14,000 Medicaid-eligible individuals were either denied Medicaid or lost coverage between August and December as a result of the new rule.

In the remaining five states that are reporting enrollment declines — such as Louisiana, which experienced a net loss of more than 7,500 children in Medicaid in September and October despite a vigorous back-to-school outreach effort — other data strongly suggest that the new rule is a major factor behind the decline.

For example, if the enrollment decline were a product of broader economic trends or a change in the employment of low-income families, a parallel decline would occur in enrollment for the Food Stamp Program, which serves a similar population (and is often administered by the same state agency). Instead, each of the states that sustained a drop in Medicaid enrollment saw an increase in enrollment for the Food Stamp Program, which is not affected by the new documentation requirement.

Moreover, evidence from Virginia suggests that a significant number of the people who have lost or been denied Medicaid coverage as a result of the new rule are U.S. citizens. In Virginia, the number of children on Medicaid declined by 12,000 from July through November but then increased slightly in December. State officials say the increase suggests that children who were eligible for Medicaid at the time they applied but lacked the required documentation were ultimately approved for coverage after delays of many months, during which they were uninsured.

In addition to its effects on enrollment, the new rule will raise state administrative costs, according to all six states for which the Center collected administrative cost data (**Arizona, Colorado, Illinois, Minnesota, Washington, and Wisconsin**). Illinois, for example, projects up to \$19 million in increased staffing costs in the first year.

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The Center on Budget and Policy Priorities is a nonprofit, nonpartisan research organization and policy institute that conducts research and analysis on a range of government policies and programs. It is supported primarily by foundation grants.

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