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NEW MEDICAID CITIZENSHIP DOCUMENTATION REQUIREMENT IS TAKING A TOLL

States Report Enrollment Is Down and Administrative Costs Are Up

by Donna Cohen Ross

Introduction

A new federal law that states were required to implement July 1 is creating a barrier to health-care coverage for U.S. citizens — especially children — who are eligible for health insurance through Medicaid. The new law, a provision of the Deficit Reduction Act of 2005, requires U.S. citizens to present proof of their citizenship and identity when they apply for, or seek to renew, their Medicaid coverage. Prior to enactment of the law, U.S. citizens applying for Medicaid were permitted to attest to their citizenship, under penalty of perjury.

In the eight months following implementation of the new requirement, an increasing number of states are reporting marked declines in Medicaid enrollment, particularly among low-income children. States also are reporting significant increases in administrative costs as a consequence of the requirement.

This analysis presents the data available so far on this matter. The available evidence strongly suggests that those being adversely affected are primarily U.S. citizens otherwise eligible for Medicaid who are encountering difficulty in promptly securing documents such as birth certificates and who are remaining uninsured for longer periods of time as a result.

The new requirement also appears to be reversing part of the progress that states made over the past decade in streamlining access to Medicaid for individuals who qualify, and especially for children. For example, to improve access to Medicaid and reduce administrative costs, most states implemented mail-in application procedures, and many states reduced burdensome documentation requirements. The new Medicaid citizenship documentation requirement now appears to be pushing states in the opposite direction, by impeding access to Medicaid. Families must furnish more documentation and may be required to visit a Medicaid office in person to apply or renew their coverage, bypassing simpler mail-in and on-line enrollment opportunities, because they must present original documents such as birth certificates that can take time and money to obtain. This is likely to cause the most difficulty for working-poor families that cannot afford to take time off from work to visit the Medicaid office and for low-income families residing in rural areas.

Laura Cox, Leighton Ku and Melanie Nathanson contributed to this paper.

What State Officials Are Saying About the Citizenship Documentation Requirement

“The largest adverse effect of this policy has been on people who are American citizens ... we have not turned up many undocumented immigrants receiving Medicaid in Waterloo, Dubuque or anywhere else in Iowa.”

Kevin W. Concannon, Director, Iowa Dept. of Human Services
New York Times, March 12, 2007

“[Kansas] Gov. Kathleen Sebelius ... recently said the state's enrollment has declined by 18,000 people since the citizenship documentation requirement took effect. Many of those people are likely citizens who simply lack documents, she said, who may experience a harmful gap in health insurance coverage.”

United Press International (UPI)
Friday December 1, 2006

"While we understand that the new law targets illegal immigrants, we must point out that the impact of the law in our state is mostly falling on eligible citizens."

Andrew Allison, Deputy Director, Kansas Health Policy Authority
Lawrence Journal World, Friday January 19, 2007

“These numbers [the Medicaid enrollment decline] are not driven primarily by the loss of population from New Orleans and other parishes affected by Hurricane Katrina... We are quite confident that the overwhelming majority of these children are citizens — born right here in Louisiana — and not ineligible alien children.”

J. Ruth Kennedy, Deputy Medicaid Director
Louisiana Department of Health and Hospitals
November 13, 2006

“Congress wanted to crack down on illegal immigrants who got Medicaid benefits by pretending to be U.S. citizens ...but the law is hurting U.S. citizens, throwing up roadblocks to people who need care, at a time when we in Wisconsin are trying to increase access to health care.”

James D. Jones, Director, Bureau of Eligibility Management
Wisconsin Department of Health and Family Services
New York Times, March 12, 2007

The new citizenship documentation requirement — which the Bush Administration did not request and the Senate initially did not adopt, but which the House of Representatives insisted upon in conference — was presented by its proponents as being necessary to stem a problem of undocumented immigrants securing Medicaid by falsely declaring themselves to be U.S. citizens. The new requirement was adopted despite the lack of evidence that such a problem existed. In response to a report in 2005 by the Inspector General of the Department of Health and Human Services, Mark McClellan, then the Administrator of the Centers for Medicare and Medicaid Services at HHS, noted: “The [Inspector General’s] report does not find particular problems regarding false allegations of citizenship, nor are we aware of any.”¹

¹ U.S. Department of Health and Human Services, Office of Inspector General, "Self-declaration of U.S. Citizenship for Medicaid," July 2005.

Impact of the Citizen Documentation Requirement on Medicaid Applicants and Beneficiaries: The Early Evidence

Medicaid enrollment figures for all states for the period since the new requirement was implemented on July 1 are not yet available. By contacting several individual states that do have such data, however, we were able to secure enrollment information from Wisconsin, Kansas, Iowa, Louisiana, Virginia, New Hampshire and Ohio. The data show the following:

- All seven states report a significant drop in enrollment since implementation of the requirement began.
- Medicaid officials in these states attribute the downward trend primarily or entirely to the citizenship documentation requirement.

Two types of problems are surfacing:

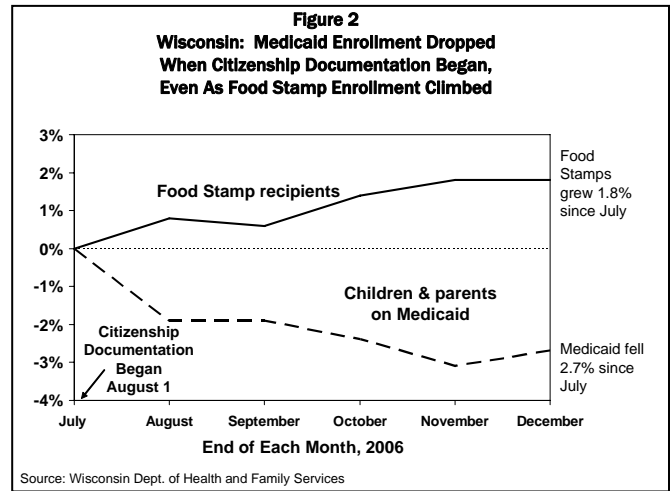
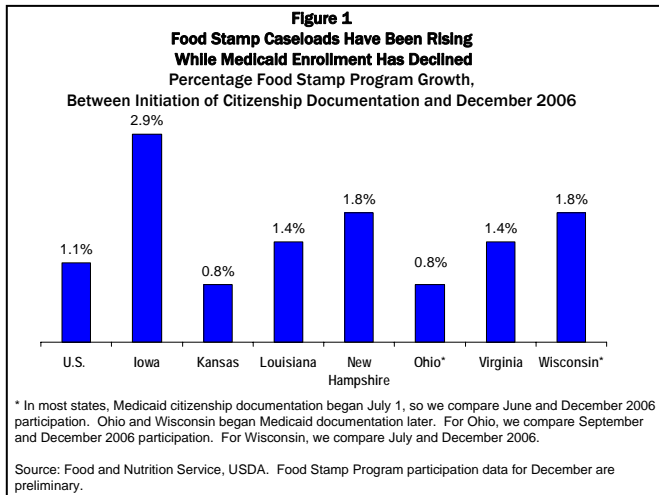
- Medicaid is being denied or terminated because some beneficiaries and applicants cannot produce the specified documents despite, from all appearances, being U.S. citizens; and
- Medicaid eligibility determinations are being delayed, resulting in large backlogs of applications, either because it is taking time for applicants to obtain the required documents or because eligibility workers are overloaded with the new tasks and paperwork associated with administering the new requirement.

Some states have designed mechanisms specifically to track enrollment changes resulting from the new procedures. Wisconsin, for example, has established computer codes to distinguish when Medicaid eligibility is denied or discontinued due to a lack of citizenship or identity documents. In other states, a comparison of current and past enrollment trends strongly suggests that the new requirement is largely responsible for the enrollment decline. For example, in many states aggressive “back to school” outreach activities conducted in August and September usually result in increased child enrollment in September and October. In 2006, however, states such as Virginia and Louisiana reported that child enrollment declined despite vigorous promotional campaigns, indicating that the new requirement undermined the value of the outreach efforts.

The Medicaid enrollment declines identified in this paper do not appear to be driven by broader economic trends or a change in the employment of low-income families. If that were the case, parallel enrollment decline trends would appear in the Food Stamp Program, which is the means-tested program whose enrollment levels are most responsive to such developments. Instead, Food Stamp caseloads have been increasing slightly in recent months. Moreover, each of the states identified in this paper as having sustained a drop in Medicaid enrollment saw its food stamp caseload *rise* since implementing the citizenship documentation requirement. (Figure 1).² An example comparing Food Stamp and Medicaid enrollment in Wisconsin is shown (Figure 2).³

² Data from Food and Nutrition Service, USDA, June 2006 through October 2006.

³ Wisconsin Department of Health and Family Services



Both Medicaid and the Food Stamp Program serve similar populations of low-income families and are often administered by the same agencies and caseworkers. A key difference is that the citizenship documentation rules were applied to Medicaid but there were no such changes in the Food Stamp Program. It thus appears that the changes in Medicaid enrollment are a result of changes in Medicaid policies — particularly citizenship documentation — that do not affect eligibility for food stamps.

The following states have documented declines in Medicaid enrollment since the implementation of the Medicaid citizenship documentation requirement⁴:

- **Wisconsin:** In seven months — between July 31, 2006 and March 1, 2007— a total of 19,413 Medicaid-eligible individuals were either denied Medicaid or lost coverage as a result of the documentation requirement. The loss of Medicaid coverage occurred despite Wisconsin’s efforts to minimize the impact of the requirement by obtaining birth records electronically from the state’s Vital Records agency. Obtaining proof of identify, rather than proof of citizenship, was the major problem for people in Wisconsin who were otherwise eligible during this period: two-thirds (66.5 percent) of those who were denied Medicaid or who lost Medicaid coverage due to the new requirement did not have a required identity document, as compared to 19.9 percent who did not provide the required citizenship documents and 12.3 percent who were missing both a citizenship and identity document.⁵ This indicates that most of those who were denied were, in fact, U.S. citizens.
- **Kansas:** The Kansas Health Policy Authority (KHPA) reports that between 18,000 and 20,000 applicants and previous beneficiaries, mostly children and parents, have been left without health insurance since the citizenship documentation requirement was implemented. About 16,000 of these individuals are “waiting to enroll” or “waiting to be re-enrolled;” the state says these eligibility determinations are being delayed because of a large backlog of applications related to the difficulties confronting individuals and eligibility workers alike who are attempting to

⁴ Data from Iowa, Louisiana, Virginia and New Hampshire first published in: *Resuming the Path to Health Coverage for Children and Parents: A 50 State Update on Eligibility Rules, Enrollment and Renewal Procedures, and Cost-Sharing Practices in Medicaid and SCHIP in 2006* by Donna Cohen Ross, Laura Cox and Caryn Marks, Kaiser Commission on Medicaid and the Uninsured, January 2007.

⁵ Wisconsin Department of Health and Family Services

comply with the new rule. Documents on the KHPA website state that the “majority of of families with pending applications will qualify for coverage under the new requirements when we are able to complete processing.”⁶ In the meantime, these children and parents are barred from getting the health coverage for which they qualify and are, in most cases, uninsured.

“We recently saw a toddler in our pediatrics clinic. Her grandmother, who has custody, brought her in. She was worried that her granddaughter was behind in her immunizations, and since the little girl has no health insurance, the grandmother turned to us for help. We then discovered that the child, who had been born prematurely, suffers from chronic lung disease and her development is considerably delayed. She needs a nebulizer to deliver the medication to help her breathe and she also needs speech and other therapy. This child is eligible for Medicaid, but because her grandmother does not have the required birth certificate, she could not be enrolled. The child will get Medicaid coverage when we obtain her birth certificate, most likely at least a month from now. But in the meantime, necessary treatment has been delayed because her grandmother cannot afford to pay the bills during the wait for an eligibility determination. For a child with developmental delays, every day without the necessary therapy and treatment makes it more difficult for her to catch up with her peers... It has gotten so complex that we’ve added a lawyer to our clinic to help sort things out.”

Dr. Pam Shaw
Chief of the Division of Ambulatory Pediatrics
KU Medical Center
January 31, 2007

- **Iowa:** Iowa has identified an unprecedented decline in Medicaid enrollment that state officials attribute to the Medicaid citizenship documentation requirement. Prior to July 1, 2006, overall Medicaid enrollment had steadily increased for the past several years. While sporadic declines occurred in rural counties, no county in the state’s larger population centers experienced a decline in the months leading up to the implementation of the new requirement. However, between July and September 2006, Medicaid enrollment sustained *the largest decrease in the past five years*; this also was the first time in five years that the state has experienced an enrollment decline for three consecutive months.

Although other factors may contribute to the recent decrease in enrollment, state officials point out the state is now experiencing a more severe effect on enrollment than it has following any of the Medicaid changes that have occurred over the past several years. The state’s conclusion that the citizenship documentation requirement is driving the decline is supported by the fact that enrollment has dropped among the populations subject to the requirement (children and families) but has remained steady among groups not affected by the requirement (individuals receiving Medicare and SSI).⁷

- **Louisiana:** Between July 1 and December 31, 2006 Louisiana experienced a net loss of more than 14,880 children in its Medicaid program. According to state officials, this decline represents the enrollment changes outside the Katrina evacuation area, indicating that the loss in enrollment has not been driven by factors related to the hurricanes, such as population

⁶ Kansas Health Policy Authority, Factsheet, www.khpa.ks.gov, December 4, 2006.

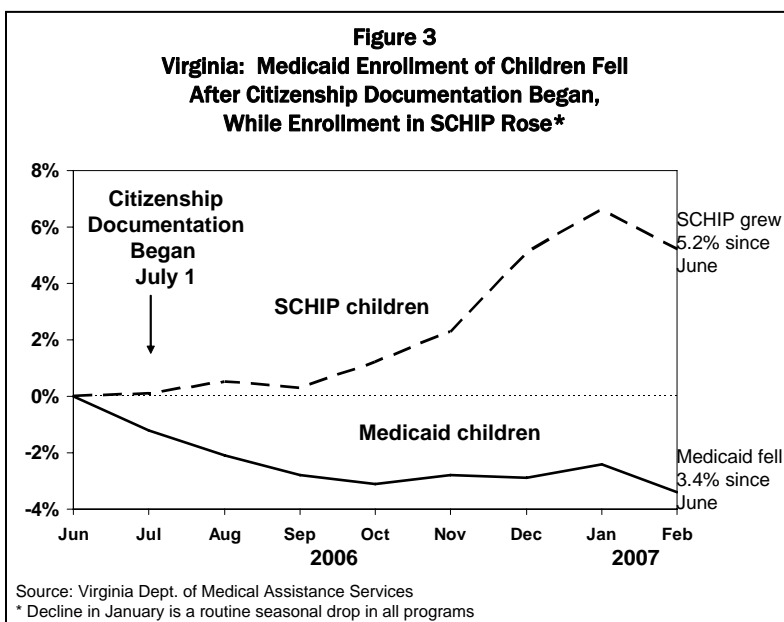
⁷ Communication with Anita Smith, Bureau Chief, Bureau of Medical Supports, Iowa Department of Human Services, December 8, 2006.

changes. The reason for the drop-off is two-fold, according to the state: for some people, Medicaid is being denied or terminated because they have not presented the required citizenship or identity documents. In addition, the additional workload generated by the new requirement is diverting the time and effort eligibility workers normally would spend on activities to ensure that Medicaid beneficiaries do not lose coverage at renewal. According to state officials, the enrollment decline would be even greater were it not for the ability of eligibility workers to conduct “real time” on-line inquiries with the state’s Vital Records agency to obtain birth records for individuals born in Louisiana. Eligibility workers have been conducting more than 60,000 such inquiries each month.⁸

- **Virginia:** Between July 1, 2006 and March 1, 2007, enrollment in the state’s Medicaid program has declined by 13,279 children. Virginia also reported a substantial backlog in application processing at its central processing site, with 3,500 cases pending approval for Medicaid at the end of February 2007, when normally no more than 50 such cases are pending at the end of a month.

After the plunge in children’s Medicaid enrollment over several months, a small increase occurred in December 2006 (although Medicaid enrollment for children then began dropping again in January). State officials say the December “up-tick” suggests that some families are finally “getting over the hurdles” imposed by the new law and children (who

were eligible at the time they applied but lacked the required documentation) are getting health coverage after a significant delay during which they were without coverage. After December enrollment dropped again, but according to state officials, this represents a routine seasonal trend seen in both Medicaid and SCHIP. However, while Medicaid lost about 2,000 children during February lat year, February 2007 decline was 3,900 children — almost double — suggesting that the ongoing effects of citizenship documentation exacerbated the usual post-holiday trend. During the same period in which children’s Medicaid declined, enrollment of children in the state’s separate SCHIP program, *not* subject to the citizenship documentation requirement, increased except for the usual seasonal drop after the holidays explained above.(Figure 3).⁹



⁸ Communication with J. Ruth Kennedy, Deputy Medicaid Director Louisiana Department of Health and Hospitals, November 13, 2006 and March 9, 2007.

⁹ Communication with Linda Nablo, Director, Division of Maternal and Child Health, Virginia Department of Medical Assistance services, November 13, 2006, January 16, 2007 and March 12, 2007.

- **New Hampshire:** Data from the New Hampshire Healthy Kids Program, a private organization that processes mail-in applications for the state’s Medicaid and SCHIP programs, indicate that the percentage of applications submitted with all necessary documents in September of this year dropped by *almost half* compared to the percentage of complete applications submitted in September 2005. If applicants do not supply missing documentation within 28 days, New Hampshire closes the application. The percentage of applications closed due to missing documents has also increased significantly: from around 10 percent of applications before the new requirement to 20 percent in August 2006. In addition, New Hampshire Healthy Kids reports that between June 2006 and September 2006, enrollment of children in Medicaid dropped by 1,275.¹⁰
- **Ohio:** According to data from the Ohio Department of Job and Family Services, Medicaid enrollment in the “Covered Families and Children” category dipped by 39,000 between September 2006 and February 2007, the period during which the state has been implementing the citizenship documentation requirement. In the months prior to this policy change, enrollment for this population, which is the group most affected by the citizenship documentation requirement, had increased steadily. In addition to the enrollment decline, beginning in September 2006, the proportion of applications processed in accordance with the state’s 30-day “timeliness” standard also dropped, from between 72 and 74 percent to 65 percent. This suggests that it is taking longer for families to complete their applications because it is taking a long time to secure the required documents.¹¹

Impact on State Administrative Costs

Data on state Medicaid administrative costs for the months since July 1 are not available from CMS or any other national source. Several states, however, have examined the impact of the new Medicaid citizenship documentation requirement on their administrative expenditures. The costs they expect to incur are below.

- **Illinois:** Illinois is projecting \$16 million to \$19 million in increased staffing costs in the first year of implementation of the requirement.¹²
- **Arizona:** The Arizona legislature has allocated \$10 million to implement the citizenship documentation requirement. This included the costs associated with staffing, training and payments for obtaining birth records.¹³
- **Colorado:** The FY07-08 budget request for the Colorado Department of Health Care Policy and Financing includes a request for an additional \$2.8 million for county administration costs. This request is based on an assumption by the Centers for Medicare and Medicaid Services (CMS) that it will take an additional 5 minutes per application for a caseworker to process citizenship and identity documents. The Department stated in a Joint Budget Committee

¹⁰ Communication with Tricia Brooks, President and CEO, New Hampshire Healthy Kids, November 14, 2006.

¹¹ Ohio Department of Job and Family Services

¹² Illinois Department of Healthcare and Family Services

¹³ Communication with Tom Betlach, Deputy Director, Arizona AHCCCS, October 23, 2006.

Hearing that this amount “may not be sufficient for Colorado counties and special record storage needs.”¹⁴

- **Washington:** Washington State is projecting additional costs associated with hiring 19 additional FTEs in FY07 due to the new requirement, and retaining seven of them in FY08 and FY09. The state estimates that the costs will be \$2.7 million on FY07 and \$450,000 in each of the succeeding two years.¹⁵
- **Wisconsin:** Wisconsin is expecting increased costs of \$1.8 million to cover the increased workload associated with administering the requirement in FY07 and \$600,000 to \$700,000 per year for the two years after that.¹⁶
- **Louisiana:** The Louisiana legislature allocated an additional \$1.58 million to the state budget to help cover the costs of administering the citizenship documentation requirement. This increase includes the cost of adding 20 new staff positions.¹⁷
- **Minnesota:** Minnesota is estimating that it will spend \$1.3 million in FY07 for new staff, birth record fees and other administrative expenses.¹⁸

Conclusion

Based on these findings and reports, and strong anecdotal evidence, it seems increasingly clear that the new Medicaid citizenship documentation requirement is having a negative impact on Medicaid enrollment, especially among children. Insufficient information is available to determine the precise extent to which individuals whose Medicaid eligibility has been delayed, denied or terminated are U.S. citizens, eligible legal immigrants, or ineligible immigrants. However, the fact that significant numbers of individuals are being approved for Medicaid after delays of many months, during which they were uninsured, demonstrates that the requirement is adversely affecting substantial numbers of U.S. citizens, especially children who are citizens. Moreover, a large body of research conducted over a number of years has conclusively shown that increasing documentation and other administrative burdens generally results in eligible individuals failing to obtain coverage as a result of the enrollment and renewal processes having become more complicated to understand and more difficult to navigate.¹⁹ Regarding the Medicaid enrollment declines, Anita Smith, Chief of the Bureau of Medical Supports for the Iowa Department of Human Services has stated: “There is

¹⁴ Colorado Center on Law and Social and Social Policy, December 14, 2006.

¹⁵ Communication with Mary Wood, Office Chief, Washington Health and Recovery Services Administration, December 21, 2006.

¹⁶ Communication with James Jones, Director, Bureau of Eligibility Management, WI Department of Health and Family Services, December 21, 2006.

¹⁷ Communications with J. Ruth Kennedy, Deputy Medicaid Director Louisiana Department of Health and Hospitals, March 9, 2007.

¹⁸ Communication with Pat Callaghan, Minnesota Department of Human Services, December 21, 2006.

¹⁹ Michael Perry, Susan Kannel, R. Burciaga Valdez and Christina Chang, "Medicaid and Children Overcoming Barriers to Enrollment: Findings from a National Survey," Kaiser Commission on Medicaid and the Uninsured, January 2000; Zoë Neuberger, "Reducing Paperwork and Connecting Low-Income Children With School Meals: Opportunities Under the New Child Nutrition Reauthorization Law," Center on Budget and Policy Priorities, November 2004.

no evidence that the [enrollment] decline is due to undocumented aliens leaving the program. Rather, we believe that these new requirements are keeping otherwise eligible citizens from receiving Medicaid because they cannot provide the documents required to prove their citizenship or identity.”²⁰

A number of governors across the nation are announcing their intentions to push new initiatives to cover the uninsured, particularly children. These proposals are being designed to build upon existing public coverage programs, of which Medicaid is the largest, and invariably these proposals call for the enrollment of individuals who are currently eligible for existing programs but remain uninsured. Success will depend, in large measure, on policies and procedures that facilitate rather than frustrate such efforts so that eligible individuals can obtain the benefits for which they qualify. The Medicaid citizenship documentation requirement, which appears to be an extremely blunt instrument, stands to undercut such efforts by placing a daunting administrative obstacle in the way of many low-income U.S. citizens who otherwise have shown that they qualify or by discouraging potentially eligible citizens from applying because the process appears too complex or intimidating. The requirement also appears to be deflecting state human and financial resources away from activities designed to reach eligible children and families and to enroll them in the most efficient and effective manner.

²⁰ Communication with Anita Smith, Bureau Chief, Bureau of Medical Supports, Iowa Department of Human Services, December 8, 2006.