

NEW MEXICO ADVOCATES

FOR CHILDREN AND FAMILIES

Campaign to Reduce Child Poverty

Policy Brief #2

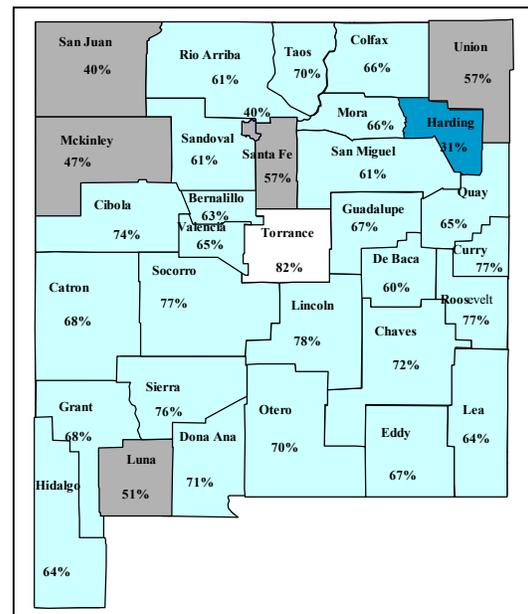
Mail-In Medicaid Enrollment: Reducing Barriers to Health Insurance for New Mexico's Low-Income Children¹

Medicaid is a federally-supported program that provides health insurance to low-income children, the disabled and the elderly. This policy brief addresses the need for health insurance for low-income children.

Despite recent program expansions that extended Medicaid eligibility to almost two-thirds of New Mexico's children, 15% of low-income children remain uninsured.

Densely populated, highly literate Los Alamos County also has a 40% enrollment rate, but under-enrollment there probably results from lack of awareness of Medicaid eligibility for the children of working parents. An additional reason may be that enrolling in Medicaid requires time away from work to travel to, and wait at, the ISD office in Espanola.

Percentage of Eligible Children Enrolled in Medicaid by County



Medicaid Enrollment Rates Vary Across Counties

A recent study of regional patterns of Medicaid enrollment conducted by New Mexico Advocates for Children and Families and the New Mexico Taxation and Revenue Department² concludes that significant variation exists in Medicaid enrollment rates in New Mexico (see map).

For example, enrollment of eligible children ranges from 31% in Harding County to 82% in Torrance County. Reasons for low enrollment differ across counties: San Juan County's 40% enrollment rate may be attributable to literacy, language barriers, and the long distances many rural residents must travel in order to reach the Income Support Division Office in Farmington.

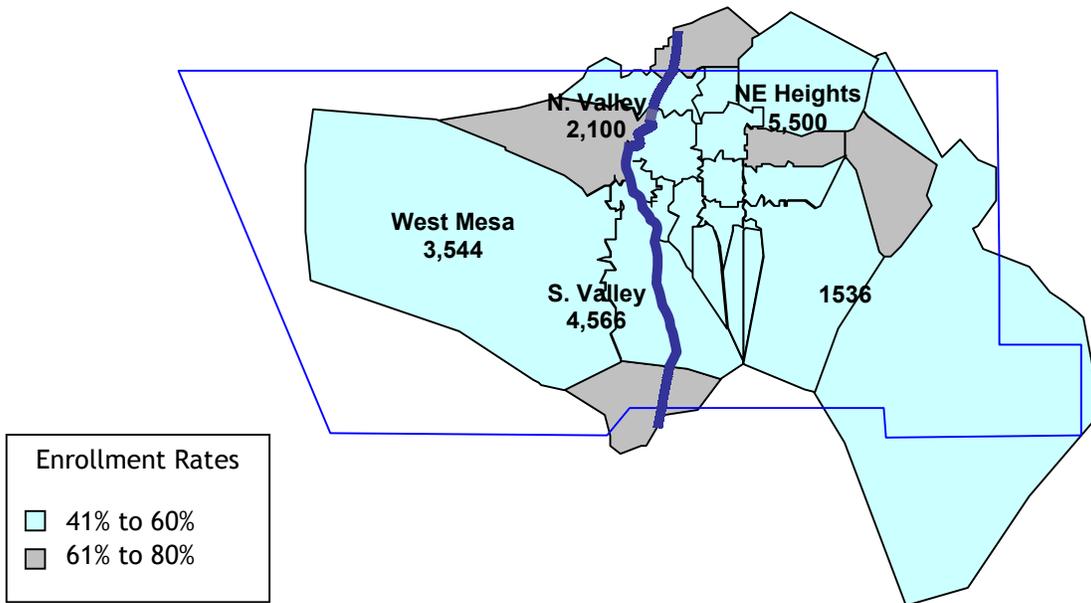
All U.S. children in households below 185% of the federal poverty threshold are eligible for conventional Medicaid, regardless of existing coverage and/or the immigration status of their parents. Children in households with income between 185% and 235% of federal poverty who are not already insured are eligible for Medicaid coverage under the State Children’s Health Insurance Program (SCHIP). Even before Medicaid expansion (under SCHIP) raised the income ceiling on Medicaid eligibility from 185% to 235% of the federal poverty threshold, New Mexico led the nation in providing Medicaid to the children of low-income working parents.³

Medicaid enrollment in New Mexico is considerably more time and paperwork intensive than it is in other states.

Unfortunately, the Human Services Department has adopted policies that may retard enrollment. Among these are requirements for face-to-face interviews with an Income Support Division employee before enrollment can be completed. New Mexico is one of only 12 states still requiring face-to-face interviews. Another HSD policy requires extensive verification of income and residency. Only 18 states require applicants to verify both income and residency.

Income and residency verification requirements imposed by the state Human Services Department substantially exceed those mandated by the federal government. Under federal Medicaid law the only eligibility criterion that must be verified is the child’s immigration status⁴. The consequences of the state’s additional requirements are severe: *eligible applicants can be discouraged from completing the application process, or be wrongly denied Medicaid.*

Medicaid Enrollment and Unenrolled Eligibles in Bernalillo County by Zip Code



Medicaid is available to many working families with children, even if they are not eligible for cash assistance. Welfare reform “de-linked” cash assistance from medical assistance. However, county-wide rates of Medicaid enrollment parallel Temporary Assistance to Needy Families (TANF) utilization, suggesting that the two programs remain linked in the minds of many potential recipients. As a result, many people who are eligible for Medicaid are not enrolled because they do not realize Medicaid is available to working families. As the table below illustrates, 122,319 children in New Mexico who are eligible for Medicaid are not receiving it. Children in families with income at, or just above, the poverty threshold are the largest un-enrolled group.

Un-Enrolled Medicaid Eligible Children by Income		
Income as a % of the 1998 Federal Poverty Threshold	Un-Enrolled Eligibles	% of all Un-Enrolled
0% to 50%	11,009	9%
51% to 100%	28,133	23%
101% to 185%	56,266	46%
186% to 235%	26,911	22%
Total	122,319	100%

A Simple Approach to Enroll Children in Medicaid Using Tax Data

The profound county-by-county variation in the barriers to Medicaid participation calls for a systemic solution such as mail-in Medicaid enrollment. Mail-in Medicaid enrollment could be administered through New Mexico’s Low Income Comprehensive Tax Rebate (LICTR). Application for LICTR requires completion of the “Rebates and Credits” form included in a New Mexico personal income tax packet. The information provided is sufficient to determine Medicaid eligibility in most cases⁵.

Mail-in Medicaid enrollment administered in conjunction with LICTR has the potential to 1) improve the health and well-being of New Mexico’s children, 2) enhance the efficiency of government and 3) save the state money.

The non-trivial sums of money distributed and the anonymous, non-stigmatizing nature of the delivery mechanism means that New Mexicans who are geographically isolated, or otherwise unable to avail themselves of assistance through the Human Services Department (food stamps, general assistance, and TANF) do file for LICTR. Estimates based on comparisons of the 1990 census with 1990 state tax filings indicate that 90 to 95% of poor New Mexicans file a state tax return.

Fiscal Benefits for New Mexico

Sick children are more likely than healthy children to be enrolled in Medicaid. By making Medicaid enrollment more convenient, mail-in enrollment will bring children with a lower demand for healthcare into the Medicaid “risk pool,” reducing the average cost per child.

Most low-income New Mexicans file tax returns as early as possible in order to recoup withheld personal income tax and take advantage of LICTR. If mail-in enrollment were administered in conjunction with LICTR, most enrollments and re-enrollments would occur in February and March, making it much easier to forecast growth in caseloads and perhaps eliminating the need for supplemental appropriations throughout the fiscal year.

If over 80% of Medicaid eligible children can be identified through (legally binding) data already submitted on their parents' tax returns, why does New Mexico require a separate application and a face-to-face interview?

Existing Policy Paves the Way for Mail-in Medicaid Enrollment

Three existing policies already adopted by the Medical Assistance Division establish a strong policy foundation for mail-in Medicaid enrollment:

1. **Presumptive eligibility** (PE) allows providers to be reimbursed for treating uninsured children in need of care who appear Medicaid eligible. Children deemed presumptively eligible are enrolled in Medicaid for one month. If, within that month, their parents fail to officially enroll them by supplying the required verification of residency and income, the children are dropped from Medicaid.

2. **Twelve-month continuous eligibility** means that once a family is determined to be Medicaid eligible they retain coverage for twelve months regardless of changes in their parents' income. Thus, data from an annual tax filing would be sufficient evidence to justify 12 months of Medicaid.

3. **Elimination of the assets test:** In New Mexico eligibility for Medicaid is based on income alone and not on the value of assets such as savings accounts, houses, or cars. The assets test was eliminated for Medicaid as a pragmatic decision. Assets are easy to conceal and verifying their value is costly to the state.

In addition, The innovative system of low-income rebates and credits administered through the New Mexico personal income tax system makes it possible to identify most Medicaid eligible households from their tax returns.

Data provided on 1998 state personal tax returns was used to identify households with Medicaid eligible children. These tax

returns were then matched by social security numbers to Medicaid case files provided by the Human Services Department. Households that appeared to be eligible but that did not have an active case file at the Medical Assistance Division were sent a letter informing them of their apparent eligibility, the benefits of Medicaid enrollment, and how to go about enrolling their children.

By capitalizing on the wealth of data already collected through the tax system and the well-understood penalties associated with providing false information on a tax return, the need for face-to-face Medicaid enrollment is eliminated. Valuable human services dollars could then flow to programs vital to the self-sufficiency of New Mexico's low-income working families such as job training, child care, LICTR, or a state-level earned income tax credit.

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² *The Medicaid Enrollment, Zip Code and County Profiles, NMACF and New Mexico Taxation and Revenue Department. Available at www.nmadvocates.org.*

³ In 1997, before the state children's health insurance program significantly increased the income eligibility threshold for Medicaid and other forms of health insurance for low-income children, all New Mexico children under 185% of the federal poverty threshold were eligible for Medicaid. In most states, Medicaid eligibility was limited to children under 100% of the federal poverty threshold. Only 7 states had income eligibility thresholds higher than New Mexico's and most of these states had considerable higher median wage.

⁴ *Steps States Can Take to Facilitate Medicaid Enrollment of Children* December 6, 1999 Center for Budget and Policy Priorities.

<http://www.cbpp.org/12-6-99health.htm>.

⁵ The Modified Gross Income (MGI) upon which LICTR amounts are based includes all the components of adjusted gross income (AGI) as well as TANF, SSI, gifts, pensions, child support, and workers' compensation payments. MGI does not measure wealth, but it does constitute a fairly comprehensive measure of both earned and unearned income for low-income households.