

Implementation of the U.S. Deficit Reduction Act of 2005 in Oregon and its impacts on Oregon Health Plan clients

An overview of the effects of the new
identity and citizenship documentation requirements during
the first six months of implementation,
September 1, 2006 – February 28, 2007



Table of Contents

| | |
|---|----|
| Introduction | 3 |
| Summary of Findings | 5 |
| Study Methodology | 7 |
| Demographic Overview..... | 8 |
| Detailed Findings | 9 |
| Closure/denial rate..... | 9 |
| Study participants | 9 |
| Demographic data | 10 |
| Process barriers..... | 10 |
| Other findings | 14 |
| Impacts of being denied OHP/Medicaid coverage | 15 |
| Next Steps | 16 |
| Resources..... | 18 |

Introduction

The U.S. Deficit Reduction Act of 2005 (DRA) established new identity and citizenship documentation requirements for individuals receiving services through those Medicaid-funded programs that require recipients to be citizens. (Not all Medicaid-funded programs require recipients to be citizens.) Nearly 500,000 Oregonians were affected.

The DRA requires all individuals applying or recertifying for Medicaid-funded services – who state that they are U.S. citizens – to prove their identity and citizenship by providing specified documents. The DRA does not change who is eligible for benefits, nor does it change the application process for non-citizens; it adds the burden of providing documented proof of identity and citizenship for citizens who apply or recertify for Medicaid-funded services.

The largest categories of Medicaid recipients in Oregon are persons on the Oregon Health Plan, seniors and people with disabilities in long-term care, and persons using family planning services from county health departments and other providers. These individuals represent our state's most vulnerable citizens, many of whom are unable to comply with the new federal requirements due to lack of financial resources, cognitive impairments or other barriers.

When the DRA passed, Oregon was concerned that the new regulations would keep these vulnerable citizens from receiving needed services for which they were eligible. In an effort to mitigate the potential harmful effects of this new law, the Oregon Department of Human Services (DHS) implemented processes designed to help citizens meet the new paperwork requirements that, for many applicants, can present a nearly insurmountable burden. These processes were implemented September 1, 2006.

While DHS was successful to a large degree in mitigating the harm caused by the DRA, more than 1,000 citizens lost or were denied benefits because they were unable to meet the new federal requirements. Many of these individuals were infants and children who obviously cannot assist in the process of gathering the required documentation, and whose families were unable or unwilling to help. Unfortunately, despite Oregon's best efforts to overcome these difficulties, the new federal law disadvantages those citizens with the fewest resources.

The state's goal was – and remains – to implement the new documentation requirements in a manner that both complies with the law and avoids causing harm to clients' health and safety. Changes made by DHS to ease the burden of these new federal requirements include electronically checking Oregon's birth records at no cost to individuals born in Oregon, and providing financial assistance under specified hardship conditions to individuals who must purchase embossed copies of birth certificates from other states.

This has created costs for Oregon in the form of thousands of hours of staff training; development of new policies, procedures and forms; computer system changes; and approximately \$44,000 spent to date on purchasing required identification and/or citizenship documentation for people who were unable to afford the costs of these materials.

As part of this implementation process, DHS also committed to analyzing the results of the first six months of implementation. The goals of this analysis were to determine whether Oregon's new processes were successful in overcoming the anticipated harm caused by the DRA, and to determine whether there are any additional changes the department can make to further minimize the harm to U.S. citizens caused by these new documentation requirements. This report summarizes the findings of that analysis.

Summary of Findings

During the first six months of program implementation, approximately 125,000 families applied or recertified for Medicaid-funded services. An estimated 188,000 individuals have had their identity and citizenship documentation successfully verified. However, approximately 1 percent of applicants were unable to provide the required documentation, and their applications initially were closed or denied. Almost all of these individuals are believed to be U.S. citizens.

Despite being citizens, however, these individuals were unable to provide the required proof of identity and/or citizenship. The total number of households impacted by these closures/denials at the time of the review was 708.

Within these households:

- 1,011 individuals in 708 households had their medical assistance benefits closed or denied on the basis of not providing proof of identity and/or citizenship.
- Those individuals included both first-time applicants and those re-applying for benefits.
- Demographically, the denied applicants were similar to the rest of the Medicaid/OHP population:
 - 91 percent of the households were English speaking;
 - 64 percent of denied applicants were children (in 390 households); and
 - 53 percent of denied applicants were female.
- Most households had a combination of members approved and closed or denied. In only 291 of the families was every applicant in the household initially closed or denied for failure to provide identity and/or citizenship documentation.

The most common challenges faced by households in which at least one family member had been denied medical assistance were:

- Insufficient time to complete the process, despite DHS giving 45-90 days for individuals to provide documentation;
- Lack of money or transportation to obtain or provide the documentation; and/or
- Misunderstandings regarding which documents were still needed for completing the process, particularly the Proof of Identity for children (Form 694).

Again, it is important to note that almost all of these individuals are citizens who, for a variety of reasons, were unable to find and provide the proof of identity and/or citizenship required by this new federal law.

With the implementation of any new major policy change, some process issues can be expected to emerge. The analysis suggested a few implementation problems/issues:

- In a few of the cases, the required documentation was submitted by the applicants, but there was a breakdown in passing this along when the case was moved to a different caseworker or to the Central Processing unit. Thus, some of the cases were closed or denied in error, or there were delays in processing.

- There were inconsistencies and/or miscommunications in providing extensions when needed; in providing consistent written information in application packets, pend notices and denial notices; and in informing applicants about their ability to obtain an extension or receive help paying for birth certificates.

Notably, the majority of households interviewed reported that the DHS staff was courteous, supportive and helpful, even though their families had been denied coverage.

DHS will address the above issues as it seeks to improve the ease and effectiveness of the application process, but the department anticipates the DRA's requirements will continue to cause eligible citizens, especially children, to lose benefits. As such, DHS will continue to work with the Centers for Medicare and Medicaid Services, Congress, advocates and others, and will carefully re-examine Oregon's application processes to try to ensure that no eligible person loses benefits.

Study Methodology

This analysis was conducted by gathering information about households in which at least one individual has been denied medical assistance due to not providing the required identity and/or citizenship documentation. Since this concentrates only on the applicants whose benefits were denied or closed due to not providing the required identity or citizenship documentation, the focus is only on potential barriers or constraints.

Information was gathered from a sample of DHS case narratives; questionnaires conducted via telephone with a small sample of 30 households representing 58 individuals denied coverage; intake logs from six branch offices and the statewide processing center; and discussions with the four eligibility workers who conducted the client interviews for this study.

The 30 households responding to the questionnaires were derived from a summary of the Citizen Denied and Closed (CID) Report generated by the Children, Adults and Families (CAF) Division of the Oregon Department of Human Services (DHS). The CID Report tracks clients who do not provide the required documentation and whose Medicaid benefits have been closed or denied on or after September 1, 2006.

This is a preliminary review designed to give a very high-level, broad-brush overview of the current application and recertification process for those Medicaid-funded programs that require recipients to be citizens. Given the small sample size, the methodology and rapid turnaround time, results should be considered preliminary and be used with caution.

Demographic Overview

Of the 708 households in which at least one person was denied benefits:

- 91 percent of the households spoke English as their primary language;
- 8.5 percent of the households spoke Spanish as their primary language; and
- 0.5 percent of the households spoke a language other than English or Spanish as their primary language.
- Most households had a combination of members approved and closed or denied. In only 291 families was every applicant in the household initially closed or denied for failure to provide identity and/or citizenship documentation.

Of the 1,011 individuals whose benefits were closed or denied:

- 67 percent were re-applicants;
- 33 percent were new applicants;
- 64 percent of denied applicants were children (in 390 households);
- 53 percent of denied applicants were female;
- 40 percent of denied applicants were male; and
- 7 percent of denied applicants did not have gender information available.

Of the 330 new applicants denied benefits:

- 64 percent were children;
- 96 percent spoke English as their primary language;
- 3.5 percent spoke Spanish as their primary language; and
- 0.5 percent spoke a language other than English or Spanish as their primary language.

Of the 99 Spanish-speaking applicants who were denied benefits:

- 97 percent were children.

Of the 2,169 individuals in the 708 households:

- 64 percent identified themselves as White;
- 19 percent identified themselves as Hispanic; and
- 17 percent did not identify their racial or ethnic background.

Detailed Findings

Closure/denial rate

Between September 1, 2006, and February 1, 2007, approximately 125,000 families applied or recertified for Medicaid-funded services. An estimated 188,000 individuals had their identity and citizenship documentation successfully verified. However, approximately 1 percent of applicants initially were found ineligible due to lack of documentation, and their applications were closed or denied. That number dropped to approximately 700 after some of those individuals were able to provide the required documentation of identity and citizenship. Almost all of these individuals are citizens who had difficulty finding and providing the required proof of identity and/or citizenship. The total number of households impacted by these closures/denials was 708.

Study participants

Rather than attempting to call all 708 households in which at least one person's benefits were closed or denied, a sample size of 129 households was chosen to respond to a questionnaire. Each of the 129 households was called at least one time. Of the households called, 57 had wrong or out-of-date phone numbers, 35 did not answer, two were unwilling to participate, five needed to reschedule the call, and 30 participated in answering the questionnaire. Case narratives were obtained and reviewed for all of the 129 households. The demographic make-up of the 30 households was similar to the 708 households, with the exception of an over-representation of Spanish-speaking households.

There were 104 individuals associated with the 30 successfully contacted households, 80 of whom were applicants. Six of these 30 households were Spanish speaking; representing 20 percent of the 30 completed calls. This compares with just fewer than 10 percent of Spanish-speaking households in the sample of 708.

Similar to the total group, of all the applicants in the 30 households, approximately 75 percent were denied benefits and, of those, the majority were children. In the study group, more than 90 percent of the denied applicants in Spanish-speaking households were children, which follows the same trend as in the 60 Spanish-speaking households that had at least one member closed or denied benefits.

The majority of the denied applicants in the 30 households were re-applicants, which parallels the larger population of denied applicants. Of the new applicants who were denied, 62 percent were children and 9 percent were Spanish speaking. This compares with 64 percent and 3.5 percent in the total group. Of the six Spanish-speaking families, four contained at least one person who was not a citizen.

Of the 30 households interviewed, the number of applicants ranged from a single individual to five people in the household. The majority of these households had two or three applicants. Among the original 708 households, there were almost an identical number of households with one and two applicants followed closely by households with three applicants; the largest households consisted of nine applicants.

Demographic data

While the CID Report does not clearly distinguish new applicants from re-applicants, a code describing the current medical status of “started” or “ended” remains blank for those who are not now, nor in the recent past, receiving medical assistance. The applicants were assumed to be new if their medical status and medical date fields were blank, or if their medical status had ended prior to September 1, 2006.

Of the 1,011 applicants whose applications were closed or denied as of February 1, 2007, 33 percent were new applicants while the remaining 67 percent were re-applicants. Of the 330 new applicants denied benefits, 64 percent were children and 3.5 percent spoke Spanish as their primary language. Of the 17 Spanish-speaking new applicants who were denied benefits, 16 were children. By the time that the calls for the study were made in mid-March, 30 percent of the denied applicants had their medical benefits restored, opened or returned to a “pend” status as opposed to “denied”.

Of the households in which at least one member had benefits closed/denied, 91 percent reported English as their primary language, while 8.5 percent reported Spanish. The other .5 percent reported other languages.

When comparing the primary language of only the denied individuals (those with the CID code), the percentage of English reported as the primary language dropped to 89.5 percent. Of the other denied individuals, 0.5 percent reported languages other than Spanish and 10 percent reported Spanish. Of the Spanish-speaking individuals denied, 97 percent were children.

Approximately 2 percent of all individuals included in the CID Report were coded as “IA” (Ineligible Alien). When just Spanish-speaking households were considered, however, that number rose to 16 percent. Generally, the CID race/ethnicity demographics are similar to the Medicaid population as a whole, with 64 percent reporting White and 19 percent reporting Hispanic backgrounds.

Process barriers

With the implementation of any new process, it is expected that issues will emerge. The review revealed various issues encountered during the application/recertification process. A detailed list follows.

Problems obtaining birth certificates

Lack of time

- Several respondents voiced insufficient time as a major constraint in obtaining their birth certificates from other states. This is confirmed in reading the case narratives. Forty-five days, and in some cases even 90 days, does not provide enough turnaround time for many persons seeking birth certificates from other states, particularly from California.
- While extensions could have been provided in these circumstances, the applicants generally were unaware they could request an extension. Or, when caseworkers did learn that an out-of-state birth certificate had been requested, extensions were not granted consistently.
- Sometimes applicants' changes of addresses or names also caused problems in the timely receipt of birth certificates or relevant forms needed to request an out-of-state birth certificate (Form DHS 2100 Release of Information).

Lack of money and transportation

- For those who needed to order birth certificates (nearly universally from other states), several respondents said that the cost of ordering birth certificates was prohibitive. These families were unaware that DHS may have been able to assist them financially in obtaining the needed documentation.
- Several noted that they did not have transportation to get to the branch offices to bring in the needed documentation.
- Also notable were several families who reported not trusting the mail service or DHS to deliver and keep the originals (the applicants were applying via the mail to the Central Processing unit). In these cases, the families did not know they could bring the originals to any branch office for viewing.

Complicated and confusing process

- Some respondents found the process to get their out-of-state birth certificates confusing or difficult. For example, some did not know what office to contact. (It is unclear whether the state-by-state list of what office to contact was available in all application packets.) Several applicants who reported not knowing whom to contact did not recall seeing/receiving such a list.
- Often, when individuals were confused about the process of ordering birth certificates, they did not know where or from whom to get help, or that they could get help from DHS.

Application, application packet and process issues

Tedious and complex process

- While most households reported that the application itself was not difficult to fill out, they felt the application was “tedious” with many redundant questions, and that the process was complicated and too time-consuming. Their perception was that there were always more forms that needed to be completed or brought in, and that there simply was not enough time for them to do everything. Adding identity and citizenship documents merely added another layer of paperwork. Perhaps unsurprisingly, most of the households that reported being too busy as a reason for not completing the identity/citizenship documentation process had children in the household.
- Unlike the English speaking applicants who reported that filling out the application was easy, albeit tedious, nearly all of the Spanish-speaking applicants reported difficulties in understanding and filling out the application. Many sought help from family members or outreach centers.
- There seemed to be a lack of standardization among application packets. The study did not include a review of any application packets (neither the packet sent in the mail, nor the forms/information handed out in the branch offices). However, based on the responses to the questionnaire, and in discussions with the eligibility workers/interviewers, it did seem that some people received all necessary forms (including Form 694 Affidavit of Child Identity) with their packet, while others did not; some had the state contact list, others did not. The missing Form 694 proved problematic, which is discussed below.

Pend and denial notices

- Some applicants reported never receiving pend notices prior to a denial notice. Some received pend notices too late without enough time to send required documents. Applicants often stated they didn’t receive the pend notice, even if it had been recorded in the case file as having been sent.
- While most households knew their case had been closed or denied, and stated they understood the reasons why, often the reasons they provided were different than those stated in the case record. For example, one family stated they thought they were over-income, but the case narrative stated that the case was pending for pay stubs as well as an affidavit of identity for a child.

Affidavits for identity documentation

- For children, missing affidavits or other identity documentation was the number one reason for closures/denials.

- Many times, English-speaking households thought that only birth certificates (citizenship documents) needed to be supplied, and knew that since the child was born in Oregon, and DHS would match against Vital Records to obtain the needed proof that the family didn't need to provide the birth certificate. In the interviews, these families were often perplexed in regards to what documentation was still needed.
- Some families did not know what an affidavit was, nor did they have it in the application materials.
- Some told the interviewers that it was "common sense" on who the child was, so didn't realize that providing the information was required of them.
- Spanish-speaking households reported a great deal of confusion regarding the needed documentation. The families thought the children had been denied because they didn't turn in citizenship documentation. A common reason given for not turning in the citizenship documentation was that since the children were citizens/born in the U.S., they thought the rules didn't apply to them. They thought that having to prove citizenship or documentation applied only to those born outside of the U.S. However, the case narratives for most of the families with non-citizen parent(s) and citizen children indicated that the cases actually had been pended and then denied because the children were missing the Affidavit of Identity, not the citizenship documentation. Thus, there was a lack of understanding of the reasons for pending and then closing or denying the cases.

Inconsistencies, miscommunications and misunderstandings

Caseworkers and disconnects

- In discussions with the eligibility workers/interviewers, they saw inconsistencies among caseworkers. Some appeared to know information that others do not. This can cause problems during the application process because, while some caseworkers are granting extensions to submit missing documentation, others are not. Or some applicants were given incorrect information when they called.
- Sometimes, applicants did not understand from the caseworkers what exactly needed to be sent or why an applicant was being pended or denied. According to the eligibility workers/interviewing team, the confusion seemed to arise when the applicants were discussing with caseworkers the myriad possible documents that could be used to provide needed documentation.
- Voicemail disconnects also caused problems. For example, one client called and left a voicemail to request an extension with the caseworker. However, the caseworker was unable to connect back with the applicant, since the family did not have voicemail or an answering machine, and the application ended up being denied.

General misunderstandings

- Applicants sometimes believed that once denied, they could not reapply even if they did receive the needed documentation.
- There were several instances of a breakdown in handoff of materials within branches and to Central Processing (Branch 5503). This led to some cases being closed in error, or to delays in processing the case.
- Some of the re-applicant families felt that since they were not required to prove citizenship before, they did not have to most recently. They were therefore caught off guard.

Customer service

Caseworkers

- In general, applicants felt that caseworkers were very supportive, helpful and courteous. There were only a few instances where the applicant felt the caseworker was not helpful or polite.
- After interviewing with the caseworkers, many denied applicants were able to gain valuable information about the process and noted that they would try to reapply or submit the necessary information as soon as possible.

Other findings

Number of applicants

One hypothesis of the new Proof of Citizenship rules was that some people would be discouraged from even applying for Medicaid, especially among the immigrant community. Thus, one would anticipate that geographic areas with a high immigrant population would see more drops in the number of applicants when compared to other areas. Preliminary data, however, do not support this.

The study looked at the intake logs from six branches – three in high immigrant areas, and three in areas not as high in immigrants – as well as the applications processed at the Central Processing unit before, during and after the implementation of the proof of citizenship policy change. There was a short definite drop in November 2006 compared to the same time in the prior year. However there were no significant differences between branches. Also, for the most part, the preliminary data show that the overall number of applications/applicants has now returned to the same rates as last year at this same time.

Reapplying:

- A couple of families were able to obtain other health coverage, and said that they would not reapply.
- Several applicants reported that they had already reapplied, or had their case re-opened since turning in the needed information.
- In the majority of cases, the eligibility interviewer/worker explained what was still needed to the applicants, who then reported that they would now reapply and/or bring in the needed information. (Also, as noted above, the eligibility workers/interviewers found a couple of errors, and worked to get the case re-opened/accepted.)
- Many were still waiting for birth certificates from out of state. They said they would reapply and turn in the missing information once it arrived.
- Incorrect, incomplete or missing information led to a number of applicants not continuing to pursue receiving medical benefits, even though indications were that they or their families likely would have been eligible.

Impacts of being denied OHP/Medicaid coverage

An aspect of the new federal identity and citizenship documentation requirements that has received little attention is the fact that the new law applies only to citizens. Non-citizens must show proof of legal immigration status, as always has been the case. Undocumented aliens continue to be eligible for emergency medical services under Citizen/Alien Waived Emergency Medical (CAWEM). Only individuals who state they are citizens are now required to show proof of identity and citizenship. This new requirement has meant some applicants are being denied benefits inappropriately because they are not able to meet the new federal requirements for proof of identity and citizenship documentation.

For some applicants, being denied benefits has meant they or their children have missed medical appointments, or there has been a delay in receiving care for illnesses. One family had a child with an emergency visit that now has to be paid out of pocket. Another woman had to delay surgery for a life-threatening blood clot.

Not having health insurance has had significant impact on families not just in increased day-to-day worries as a result of being uninsured, but in severe health ramifications.

Next Steps

While the results of the study found that 99 percent of applicants successfully completed applications for Medicaid-funded services, the focus was on what happened in the 1 percent of cases where individuals' applications were closed or denied due to lack of identity and citizenship documentation. This 1 percent represents approximately 1,000 citizens who experienced medical, emotional and financial hardships because they were unable to provide the federally required proof of identity and citizenship. Nearly two-thirds of these citizens were infants and children.

As a result, these individuals faced the health problems and stresses that accompany lack of insurance and access to medical care. In some cases children were forced to go without medical care as minor health problems grew into serious, life-threatening issues; some adults were forced to delay needed surgeries; and families incurred medical bills they could not afford to pay.

Even though the study reviewed a relatively small sample of applicants, the results can serve as a general guide for identifying problems with the DRA and its harmful effects on Oregon's most vulnerable citizens.

Steps already taken by DHS to minimize harm from the new federal law include checking Oregon's birth records at no cost to individuals born in Oregon, and providing financial assistance under specified hardship conditions to individuals who must purchase embossed copies of birth certificates from other states. In addition, individuals who are re-enrolling are given from 45 to 90 days to produce required documents to minimize the number of persons who may temporarily lose benefits due to inability to gather proof of identity and citizenship.

DHS also has spent thousands of hours training staff; developing new policies, procedures and forms; making computer system changes; and has spent approximately \$44,000 purchasing required identification and/or citizenship documentation for people who were unable to afford the costs of these materials.

This study provides further ideas for reducing barriers faced by applicants for Medicaid-funded services. DHS staff are reviewing the study's findings to develop proposals for policy and procedural changes that will improve the speed and consistency of the application and recertification process. Possible improvements include:

- Implementing changes to information systems to help co-workers track case files that have been pended for documentation;
- Revising application materials and forms to simplify and clarify the needed documentation;
- Changing the process of collecting and recording documentation; and
- Additional training of caseworkers to aid in standardization, improve consistency of implementation and increase knowledge about these new rules.

It remains Oregon's goal to implement the new documentation requirements in a manner that both complies with the law and avoids causing harm to clients' health and safety. The first six months of implementation reviewed in this study represent the department's first efforts to mitigate the potential harm caused by the DRA to vulnerable citizens. The department now will re-examine its processes and continue to seek ways to streamline the application and recertification processes to ensure that no one is harmed.

However, Oregon expects the new federal law will continue to disadvantage those citizens with the fewest resources and will cause eligible citizens, especially children, to lose benefits. DHS will continue to make its concerns with the DRA known to the Centers for Medicare and Medicaid Services, Oregon's Congressional representatives, and others. Stakeholders, advocates and other interested parties will be kept informed of the department's progress in this effort.

Resources

This report can be found online at <http://www.oregon.gov/DHS/citizenship/>

For more information about the information in this report, contact:

Judy Mohr Peterson, Ph.D.
Forecasting, Research and Analysis
Finance & Policy Analysis
Dept. of Human Services
500 Summer St. NE
Salem, OR 97301-1098
Phone: (503) 945-5963
Fax: (503) 378-2897
E-mail: Judy.Mohr-Peterson@state.or.us

For more information about the new federal identity and citizenship rules and the department's implementation, contact:

Karen House
CAF Medical Program Manager,
Office of Self Sufficiency Programs
Department of Human Services
500 Summer St. NE
Salem, OR 97301-1098
Phone: (503) 945-6254
Fax: 503-373-7032
E-mail: Karen.House@state.or.us