

May 1, 2007

To: Joint Finance Committee  
From: Charity Eleson, WCCF Executive Director  
Re: LFB paper #405 – Income Maintenance funding

The Wisconsin Council on Children and Families supports the increased funding recommended by the Governor for the added costs of complying with federal documentation requirements in the Medicaid program. Although we do not have a preference with respect to the particular options presented in Fiscal Bureau paper #405, we believe it is very important to fund the increased income maintenance workload. Failing to provide the funding needed for the increased administrative workload would exacerbate the problems that we have seen with thousands of eligible families losing health care coverage.

Wisconsin began to implement the federal documentation requirements in August of 2006. DHFS data gathered since that time show the following:

- During the period July 31, 2006, through April 1, 2007, a total of 21,053 individuals lost their coverage or were denied Medicaid or BadgerCare enrollment solely because of the federal documentation requirements.
- Almost 14,000, or two-thirds, of those who were denied or lost coverage are people who the state knows are citizens, but who could not document their identity. (The rest are probably citizens as well, but that has yet to be proven.)
- Roughly half of the group denied or terminated solely for inability to document their identity is comprised of children under the age of 16.<sup>1</sup>
- Lower income families, who are less likely to have drivers licenses and other required documents, are being adversely affected much more than those who are not as poor.

Some of the denials and terminations could be avoided or could be remedied much more quickly if caseworkers had time to explain to applicants what the documentation options are. As it is, Medicaid applicants or former participants often cannot even get through to caseworkers to find out what they need to do to receive health care benefits that have been terminated or denied. Failing to address the increased demands the federal requirements put on caseworkers is a surefire way of ensuring that thousands of additional eligible children and parents lose their health care coverage.

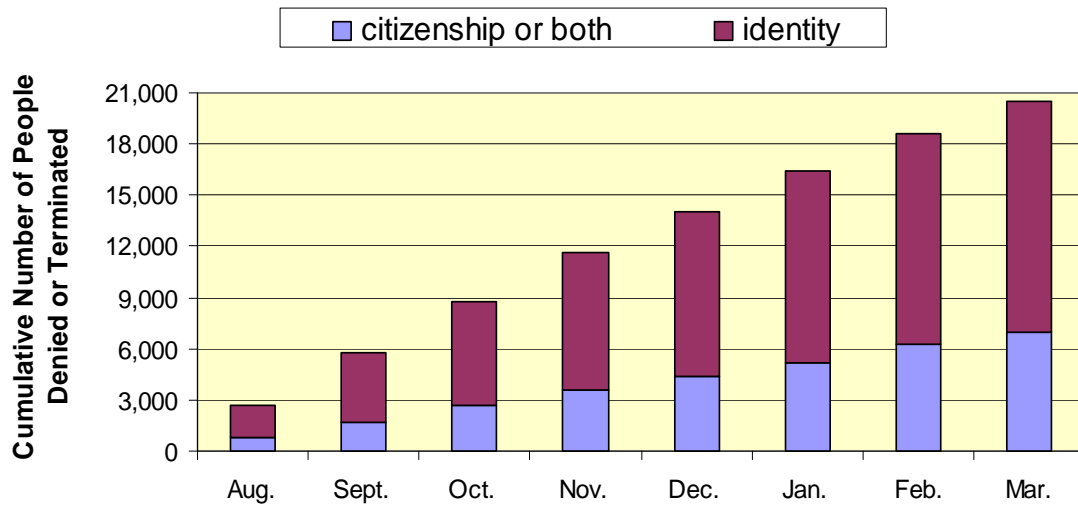
Denying coverage to eligible applicants can cost the state more in the long run. If or when they are able to produce the required documents, their coverage is retroactively restored. In the interim, some will probably forgo needed preventive care, which can be costly for the state as well as for the families. Others that went ahead and got care can have it reimbursed by Medicaid or BadgerCare, but at the fee-for-service rate, which is much more expensive for the state than if they had been enrolled in managed care.

During discussions about the Governor's health care proposals, legislators on both sides of the aisle have commented that we need to be sure that already eligible families are able to access BadgerCare and Medicaid services. We cannot achieve that objective if we do not recognize and address the additional workload and problems for caseworkers that have resulted from the federal documentation requirements.

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<sup>1</sup> The number of children affected is not a statistic that DHFS has monitored in recent months. The only data that we are aware of regarding the age of people denied or terminated is from November 2006.

## Growth in Denials and Terminations for Not Meeting Federal Documentation Requirements



Data from the Wisconsin Department of Health and Family Services