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**CONTINUATION AND LONGITUDINAL
RETENTION OF FOOD STAMPS AND MEDICAID
BENEFITS AMONG WELFARE LEAVERS**
**An analysis of Cuyahoga County families who left welfare in
fourth quarter, 1998 through third quarter, 2000.**

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Introduction

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) completely revamped the welfare system as it was under Aid to Families with Dependent Children (AFDC). Significant changes included a stronger emphasis on employment as well as the implementation of a federal lifetime time limit of 60 months for cash assistance. Since the implementation of PRWORA, there has been a rapid decline in the number of families receiving cash assistance in all states.

Although the Temporary Assistance to Needy Families (TANF) cash assistance program (which replaced AFDC) has received the most attention, two related sources of support for low-income families, Medicaid and the Food Stamp Program, have also undergone some modifications. PRWORA severed the ties between cash welfare and Medicaid so that receiving cash aid was no longer a prerequisite for medical assistance.¹ Unlike Medicaid, eligibility for the Food Stamp Program was not tied previously to AFDC. However, on a practical level, the process of food stamp eligibility determination usually occurred simultaneously with the determination of AFDC for families receiving both benefits. Also, because both programs were administered by the same local agencies, a significant portion of families entered the Food Stamp Program when they applied for AFDC and the programs have been linked in the minds of the public. PRWORA made only minor changes in the Food Stamp Program for families but did allow states

flexibility as to whether sanctioned individuals under TANF would also have their food stamps cut.

The PRWORA changes in the cash assistance program along with the modifications in eligibility procedures for these other programs may have initially resulted in unanticipated consequences for Medicaid and Food Stamp Program participation among families. In fact, there has been a concern nationally that families leaving cash assistance may be losing their Medicaid and food stamps even though they are still eligible and in need. This report examines patterns of food stamp and Medicaid continuation and longitudinal retention among families that left cash assistance (Ohio Works First) in fourth quarter, 1998 through quarter 3, 2000 in Cuyahoga County.

Food Stamp and Medicaid Programs

The Food Stamp Program offers assistance to all families with incomes below 130 percent of poverty with the benefit adjusted according to the amount of family income.² Most families who leave welfare for work remain below this poverty line. The maximum monthly food stamp benefit amount for a single parent working at minimum wage is \$260, making food stamps a potentially significant supplement for families making the welfare to work transition.³ The average food stamp benefit for a family of three in Ohio is \$213.30.⁴

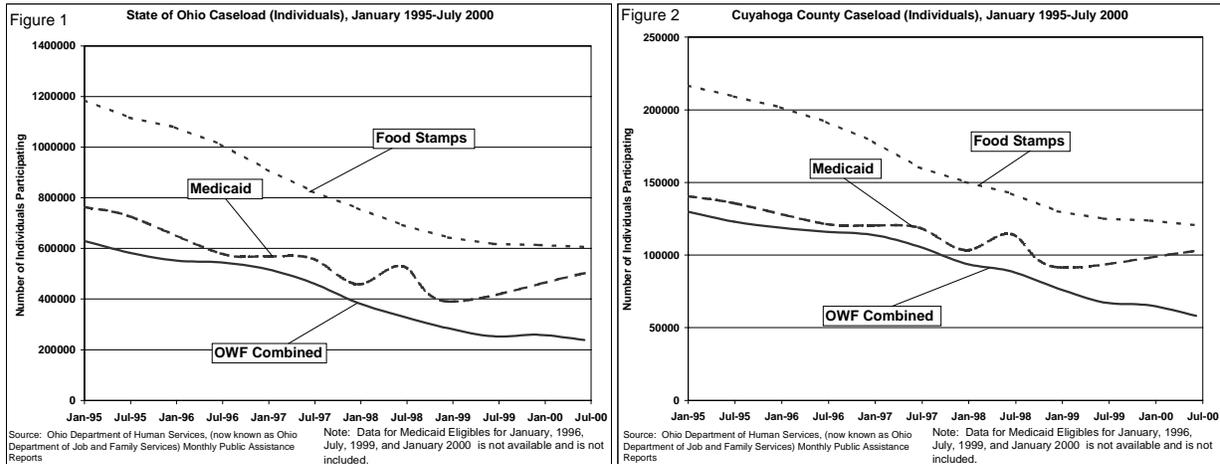
Although there are over ten specific Medicaid programs, there are three primary programs utilized by welfare recipients and families who leave cash assistance. The primary Medicaid program into which welfare recipients are enrolled when they apply for cash assistance is OWF-Related Medicaid. To be eligible under this Medicaid category, individuals must have incomes below the threshold defined by the state (approximately 85 percent of the poverty threshold in Ohio).⁵ Families who leave cash assistance can continue in this Medicaid category as long as they remain below the threshold for financial eligibility. Moreover, families otherwise meeting the financial eligibility requirements for OWF can enroll in the Medicaid for Low-Income Families (LIF) program even if they do not request cash aid. OWF-Related and LIF Medicaid are not time-limited. Former recipients who leave cash assistance for reasons related to work and income increases may qualify for 12 months of Transitional Medicaid.⁶ Income is disregarded for the first 6 months after exit, and in the second six months the family must have income at or below 185 percent of poverty.⁷ The third Medicaid Program utilized is Healthy Start. This category includes the Child Health Insurance Program (CHIP) in the State of Ohio, is available for children under 18 years of age living at or below 200 percent of the Federal Poverty Threshold and for pregnant women living at or below 150 percent of the Federal Poverty Threshold.⁸

Medicaid cannot be terminated when cash assistance is terminated without first determining that none of the members of the assistance group are eligible for any of several programs.⁹ However, if the head of the assistance group does not complete a redetermination meeting (which is typically scheduled on the same date for both cash

assistance and Medicaid) and thus does not submit all the information necessary to re-determine eligibility, then the benefit is terminated.

Trends in Cash Aid, Food Stamps and Medicaid in Ohio and Cuyahoga County

The cash assistance welfare caseload has dropped precipitously in the years leading up to and since welfare reform was implemented (see Figures 1 and 2). For example, between January 1995 and July 2000, the number of cash assistance recipients in Cuyahoga County fell by 55 percent.¹⁰ This decline can be attributed to the strong economy and, since 1997, to Ohio’s implementation of PRWORA that has an explicit focus on moving families from welfare to work. The framers of the OWF program did not anticipate that the decrease in cash assistance would be accompanied by a fall in food stamp and Medicaid caseloads. Although the policy intent of welfare reform in Ohio was not to restrict access to these safety net programs, this may have been an unintended consequence of administrative procedures. As can be seen in Figures 1 and 2, all three of these programs have followed similar, declining trends.¹¹ Food stamp participation historically has tracked the business cycle, rising during high unemployment.¹² However, since the implementation of welfare reform, food stamp rolls have fallen more quickly nationwide than expected based on economic trends. Ohio experienced the fifth largest percent decrease in food stamp participation of all the states during that period.¹³ Medicaid enrollment has fallen more slowly, in part offset by expanded eligibility during this period.



In a national comparison of declines in Medicaid and cash assistance participation from 1995 to 1997, the national percentage change for Medicaid enrollment was -7.4 percent and -23.4 percent for cash assistance. Although at -23.5 percent, Ohio’s change in cash assistance participation closely mirrored the national average, the state’s drop in Medicaid enrollment was significantly higher at -15.9 percent.¹⁴

The idea that the movement of families from welfare to work may be inadvertently causing them to drop out of the Food Stamp and Medicaid Programs has been supported by studies of welfare leavers. In a national survey, which did not include Ohio, only 38

percent of families who left welfare in 1995-97 had food stamps by the time they were interviewed for the study.¹⁵ Only 36 percent of the women who left cash assistance were enrolled in a Medicaid program during the six months after exiting, with 41 percent completely without any health insurance. Only 50 percent of the children were covered by Medicaid and about 25 percent had no health insurance.¹⁶

In April 2000 the Health Care Financing Administration (HCFA) initiated action to address the problem of a large number of cases losing Medicaid benefits when exiting cash assistance. HCFA asked states to investigate their termination procedures. Any families who States found to have been wrongfully terminated from Medicaid were to be given up to 120 days of coverage as well as an opportunity to reapply for the benefits. Additionally, states were given the option to reimburse families for medical expenses accrued after the family was wrongfully terminated from the program.¹⁷ In response to this mandate, the State of Ohio created "The Ohio Family Medical Project." Under this program, families who left cash assistance between November 1997 and April 30, 2000 and may have wrongfully discontinued from Medicaid at the time of exit will be given three months of Medicaid coverage as well as an opportunity to have past bills reimbursed.¹⁸ This initial period of coverage will be January 1, 2001 through March 31, 2001. This same pool of leavers will also be sent shortened applications for the Medicaid program.

Methodology

This analysis of the retention of food stamps and Medicaid draws upon an ongoing, longitudinal study of families leaving cash assistance in Cuyahoga County. Each quarter, beginning in quarter 4, 1998, all families who leave cash assistance for at least 2 months are identified from agency records (this identification of quarterly exit cohorts will continue through quarter 4, 2000.) Each exit cohort is tracked for thirteen months. For this study, an exiter is defined as an assistance group whose OWF cash assistance case was open for at least 1 month and then closed for at least 2 consecutive months. The assistance group must have at least one adult over the age of 18 and all members of the assistance group must exit and not transfer to a new assistance group in the two-month period. The month of exit is the first month in which the assistance group does not receive an OWF check. Administrative records containing information on monthly welfare benefits (including case closing codes) and quarterly employment and earnings are compiled for all of the exiters for the year prior to and following the exit.

This report covers exit cohorts from quarter 4, 1998 through quarter 3, 2000. A total of 26,486 assistance groups left cash during this time period. There were 27,926 adults and 53,939 children in these groups. Much of this report relies upon administrative data that were available on all families who left cash assistance.

From this universe, a random sample of 1014 was drawn for a survey interview. Unlike the administrative data used in this report (which goes through quarter 3, 2000), the survey data used is only through the second quarter of 2000. The number of interviews

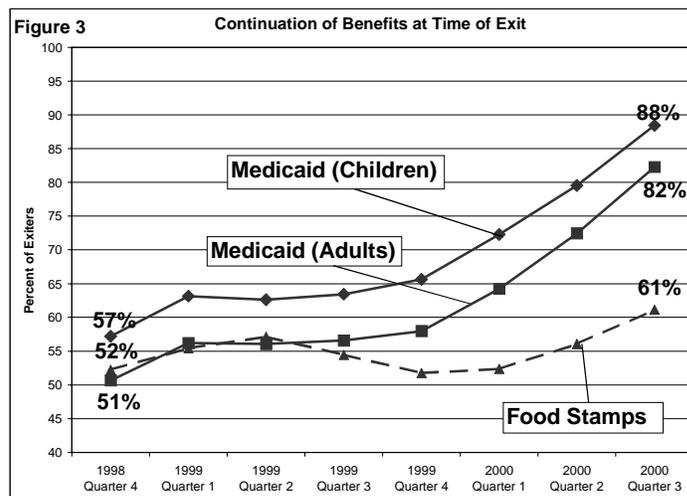
completed with quarter 4, 1998 through quarter 2, 2000 assistance groups was 668 and the response rate was 66 percent. Even though 34 percent of the sample were not interviewed, most had their home address confirmed by interviewers. There were no significant differences in the demographic characteristics of the respondents and non-respondents. The current sample size of 668 produces estimates that have a margin of error of approximately ± 4 percent. Subsequent reports will have larger interview samples and increased accuracy. Weights have been assigned to each respondent to reflect their probability of selection into the survey sample. The weights used in the analysis are relative weights and sum to the actual sample size. Weighting was necessary because the number of assistance groups leaving cash differs each quarter and there is also slight variation in the number who turn out to be eligible for and respond to the interview. Unless otherwise noted, all results coming from the survey data are weighted to represent the population of assistance groups that left welfare during the study period.

Survey interviews covered many topics including the reasons families left cash assistance. Respondents were asked whether they continued to receive food stamps and Medicaid at the time of their exit, as well as the primary reasons they did or did not continue participation in these programs. The survey also included questions regarding food insecurity and medical hardships the respondents may have endured in the 6 months after their exit. In this report we use results of the survey to supplement the analysis of administrative records.

Findings

Continuation of Benefits

Most of the families who left cash assistance would have been eligible to continue food stamps and to receive Medicaid, either as a transitional benefit, under the Low Income



Families Medicaid or under the Healthy Start program for children. The percent of families leaving cash assistance that kept these other benefits appears in Figure 3. For much of 1999, the continuation rates of exiters were quite constant, about 60 percent of children keeping Medicaid and 55 percent of adults and families keeping Medicaid and

food stamps, respectively. This began to change in at the end of 1999 and beginning of 2000, when the rates of each program began to steadily and somewhat dramatically increase. By the third quarter of 2000, 88 percent of children and 82 percent of adults were continuing to receive their Medicaid benefits. A more modest, yet still encouraging 61 percent of families were continuing to receive their Food Stamp benefit after exiting cash assistance.

Retention of Benefits

The continuation of Medicaid and food stamps at the time of exit becomes less significant if the exiters only retain these benefits for a short period of time. Likewise, the loss of the benefits is not as potentially damaging if the exiters have them reinstated soon after their exit. There is also concern that a significant number of food stamp and Medicaid participants may leave the programs at subsequent redetermination points due to the inconvenience of completing paper work and/or attending meetings. To explore these issues, Tables A-1, 2, and 3 illustrate the longitudinal retention of food stamps and Medicaid for adults and children.

Although retention rates are improving, there continues to be gap between those who are income eligible for the benefits, and those who are actually receiving the benefits. For example, in the quarter 2, 2000 cohort, 55 percent were enrolled in food stamps in the sixth month after their exit. However, we know that approximately 78 percent were living below 130% of the US Poverty Threshold, which is the income limit for the Food Stamp Program. This indicates that an additional 23 percent may have qualified for Food Stamps, but were not receiving the benefit.

Comparison of Families by Benefit Status

The loss of food stamps by families with continued need may have resulted in food hardships. Conversely, it is possible that people who felt the greatest need for financial help to purchase food made greater efforts to retain their food stamps. Although the direction of causality cannot be determined, survey respondents were asked about food hardships they may have endured at anytime in the 6 months after their exit from OWF cash assistance (see Table 1). These hardships included adults eating less, adults cutting or skipping meals, and adults being hungry but not eating, all because they could not afford enough food. Of those who did not have food stamps in the sixth month after exit, 33 percent indicated that they had eaten less and 34 percent said that the adults in their household had cut or skipped meals because there was not enough money to provide adequate amounts of food. Rates of food hardship were slightly less, but not significantly different in the group that received food stamps.

The loss of Medicaid by families with continued need may have resulted in hardships related to medical care. The adult survey respondents were asked about medical hardships they may have endured at anytime in the 6 months after their exit from OWF cash assistance, which was then compared to their reported health care coverage in the sixth month after the OWF exit (see table 1). Those who had no health care coverage

were much more likely to have missed a medical or dental appointment because they could not afford to go than those covered by private insurance or Medicaid. Likewise, those who were covered by Medicaid or had no health care coverage were more likely to not be working because of an illness in their households than those with private health coverage.

Table 1 Hardships Endured by Receipt of Benefits in the Sixth Month				
Food Hardships				
	N	Adults cut or skipped meals	Ate less	Was hungry but did not eat
		%	%	%
Food Stamps	366	34	33	17
No Food Stamps	302	35	35	16
Medical Care Hardships				
	N	Did not go to doctor when I needed to go	Did not go to dentist when I needed to go	Not currently working because of illness (self or family member)
Type of Coverage:		%	%	%
Medicaid	391	15	16	11
Private Insurance	116	14	14	3
None	161	60	57	10
Source: OWF Tracking Survey, quarter 4, 1998 and quarter 1, 1999, Case Western Reserve University				

Conclusions

In 1996, PRWORA complicated the relationship between cash and non-cash benefits. Under Ohio's welfare policy, families are encouraged to leave welfare for work but it was expected that most families would retain food stamp and Medicaid benefits due to their low-income status or eligibility for transitional services. However, at the outset of welfare reform, this split appeared to cause confusion and misunderstanding among the very recipients it was supposed to help. Early on, failure of leavers to take advantage of these non-cash benefits was, in part, due to the fact that all three programs were tied together administratively and in the minds of the participants.

It is encouraging that Cuyahoga County's rate of retention for both food stamps and Medicaid has risen in recent quarters and is now notably higher than those found in national studies. Much of this increase can be attributed to an increase in awareness on both the county and state level surrounding the issue of continuation. The review of the previous termination procedures initiated by HCFA in April 2000 most likely brought about much of the increase in continuation rates at the end of 2000. Additionally, in the early months of 2000, Cuyahoga County launched a more extensive outreach plan to not

only encourage families to sign up for the benefits, but to remind them that they may continue to qualify for them even after leaving cash assistance.

Nevertheless, there is still reason to be concerned about the families who have lost or not retained these important aspects of the safety net that they may need to maintain their nutrition and their access to medical and dental services. Research into the experiences of these welfare leavers (both those who keep benefits as well as those who do not) shows these benefits have been important in helping the leavers avoid hardships, particularly in medical care. It also shows some hardships persist even among those with benefits, indicating the benefits perhaps do not go far enough to meet the needs of Ohio's poor families.

Appendix A

Table A-1

Percent of Cuyahoga County Adults with Food Stamp Benefits At:			
Exit Cohort	Exit Month	Month 6	Month 12
1998 Q4	52	47	42
1999 Q1	55	50	46
1999 Q2	57	53	50
1999 Q3	54	53	48
1999 Q4	52	50	47
2000 Q1	52	51	NA
2000 Q2	56	55	NA
2000 Q3	61	NA	NA

Table A-2

Percent of Cuyahoga County Adults with Medicaid Benefits At:			
Exit Cohort	Exit Month	Month 6	Month 12
1998 Q4	51	51	39
1999 Q1	56	55	45
1999 Q2	56	59	51
1999 Q3	57	61	53
1999 Q4	58	61	56
2000 Q1	64	54	NA
2000 Q2	72	71	NA
2000 Q3	82	NA	NA

Table A-3

Percent of Cuyahoga County Children with Medicaid Benefits At:			
Exit Cohort	Exit Month	Month 6	Month 12
1998 Q4	57	62	58
1999 Q1	63	67	63
1999 Q2	63	70	68
1999 Q3	63	71	68
1999 Q4	66	72	71
2000 Q1	72	72	NA
2000 Q2	80	80	NA
2000 Q3	88	NA	NA

Endnotes

- ¹ Mann, C. (1999). Ins and outs of delinking Promoting Medicaid enrollment of children who are moving in and out of the TANF system. Washington, DC: Center on Budget and Policy Priorities.
- ² Code of Federal Regulations (2000). 7CFR273.9.
- ³ Zedlewski, S. and Brauner, S. (1999). Declines in Food Stamp and welfare participation: Is there a connection. Washington, DC: The Urban Institute.
- ⁴ Food and Nutrition Services (2001) <http://www.fns.usda.gov/pd/fsavgben.htm> (Preliminary FY 2000 data as of January 25, 2001)
- ⁵ Gallagher, L. J., Gallagher, M., Perese, K., Schreiber, S., and Watson, K. (1998). One year after federal welfare reform: A description of state Temporary Assistance for Needy Families (TANF) decisions as of October 1997. Washington, DC: The Urban Institute
- ⁶ Ellwood, M. (1999). The Medicaid eligibility maze: Coverage expands, but enrollment problems persist. Findings from a five-state study. Washington, DC: The Urban Institute, Occasional Paper Number 30.
- ⁷ Garrett, B. and Holahan, J. (2000). Welfare leavers, Medicaid coverage, and private health insurance. Washington, DC: The Urban Institute, Series B-13. Garrett & Holahan, 2000.
- ⁸ Ullman, F., Hill, I., and Almeida, R. (1999). CHIP: A look at emerging state programs. Washington, DC: The Urban Institute, Series A-35.
- ⁹ Schott, L. and Mann, C. (1998). Assuring that eligible families receive Medicaid when TANF assistance is denied or terminated. Washington, DC: Center on Budget and Policy Priorities.
- ¹⁰ The caseload went from 129,797 individuals in January 1995 to 58,158 in July 2000, see Ohio Department of Human Services, Monthly Public Assistance reports.
- ¹¹ The individuals represented in Figures 1 and 2 include not only OWF recipients who also received food stamps, but also other low-income individuals who may or may not have ever received OWF cash assistance. Although welfare reform also changed eligibility requirements for food stamp receipt for other subgroups, including immigrants and able-bodied adults without dependents, this report will primarily focus on another subgroup, families with children and particularly those who had received OWF cash assistance.
- ¹² Lower unemployment rates have been linked to decline in food stamp participation. See Gunderson, G. (1998). "Economic growth, welfare reform, and the Food Stamp Program" Food Review (January-April).
- ¹³ General Accounting Office. (1999). Food Stamp Program: Various factors have led to declining participation. Washington, DC.
- ¹⁴ General Accounting Office. (1999). Medicaid enrollment: Amid declines, state efforts to ensure coverage after welfare reform vary. Washington, DC.
- ¹⁵ Zedlewski and Brauner, 1999. The time between welfare exit and the determination of whether they still had food stamps varied for families in this study, making it difficult to determine whether they kept their food stamps at exit from cash assistance or not.
- ¹⁶ Garrett, and Holahan, J. (2000). Welfare leavers, Medicaid coverage, and private health insurance. Washington, DC: The Urban Institute, Series B-13.
- ¹⁷ Health Care Financing Administration (2000). Letter to State Medicaid Directors, available at: <http://www.hcfa.gov/medicaid/smd40700.htm>
- ¹⁸ This applies for all exiters except those whose OWF Related/LIF Medicaid was closed due to death (CRIS-E code 372), moving out of state (CRIS-E code 457), or those who declined to continue Medicaid (CRIS-E code 410). Additionally, anyone who was immediately placed into another Medicaid category, or who was receiving Medicaid in August 2000 is also not eligible for this program.