

The Deficit Reduction Act of 2005:

*The Effects of Citizenship Verification for
Medicaid Eligibility in Arkansas*



A report by:
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In February 2005, President Bush signed the Deficit Reduction Act (DRA) of 2005 which was the result of the administration's call to reduce federal spending by approximately \$35 billion by 2010. Medicaid, one of the nation's largest federally funded programs, was an obvious target. Since Medicaid was an entitlement program, across the board cuts could not be made. Therefore, in an effort to control future costs, Congress used the DRA to give states greater "flexibility" in designing benefit coverage and cost-sharing, as well as establishing strict requirements for verifying citizenship as a condition of Medicaid eligibility. Both of these provisions could have detrimental effects on children's health care coverage in Arkansas.

To date there have been no changes in the benefits package for the children's Medicaid program nor has there been any discussion of increasing co-payments or instituting premiums. However, new citizenship verification requirements went into effect on July 1, 2006. This brief explains the new requirements and discusses how they will create barriers to the enrollment process for children needing Medicaid.

DRA Requirements

The DRA of 2005 requires that all current Medicaid recipients and applicants provide verification that they are citizens or nationals of the United States. A person will be required to verify his or her status one time and that information will then be stored in their records for future use.

There are five categories that are exempt from this rule:

- SSI recipients
- Medicare recipients
- Category 62 presumptive eligibility (verification will have to be provided during the complete eligibility process)
- Newborns whose mothers were on Medicaid for maternity for their first 12 months of coverage. They will have to prove citizenship when they renew after the first year.

A fifth exemption was created in the Tax Relief and Health Care Act of 2006 that was passed in December 2006. This legislation exempts foster care children from citizenship requirements. The new provision exempting foster children also adds a new requirement that, under Title IV, state child welfare

agencies are responsible for having procedures to verify the citizenship or immigration status of children in foster care. These new requirements for child welfare agencies will become effective this summer.

However, newborns born to mothers on emergency Medicaid and on the SCHIP maternity waiver are not exempt from the new requirements. The citizenship of these newborns must be proven before they will be allowed to enroll in Medicaid/ ARKids First. Unlike the newborns of other mothers on Medicaid, these newborns do not receive automatic Medicaid coverage for the first year of life. The SCHIP waiver allows Arkansas to cover pregnant women with family incomes up to 200 percent of the federal poverty line and who are not otherwise eligible for Medicaid, mostly because of their immigration status. Under this program, enrollees receive a benefit package equal to the state's Medicaid program that includes prenatal care for the mother and her unborn child.

Citizenship and Identity Documentation

The DRA of 2005 clearly sets a new standard for proving citizenship. It is no longer

acceptable for applicants simply to provide their birth certificate. They must also provide an acceptable form of identification to reduce fraudulent use of birth certificates. Therefore, they have to prove both citizenship and identification, and the new law lists the documents to verify both. The documentation is divided by the level of “reliability” as follows:

Primary Level – The documents in this level are considered the most reliable and conclusively establish identification and citizenship:

- A U.S. Passport
- A certificate of Naturalization (Dept. of Homeland Security (DHS Forms N-550 or N-570)
- A certificate of U.S. citizenship (DHS Forms N-560 or N-561)

Unfortunately, few people applying for Medicaid have this level of documentation which is also cost and time prohibitive to procure during the Medicaid eligibility process. These people must look to the secondary level for verification.

Secondary Level – This level of documentation is acceptable for proving citizenship but does not establish identification. A

photo ID is required along with these documents:

- A U.S. birth certificate
- A Certification of Birth issued by the Dept. of State (Form DS-1350)
- A Report of Birth Abroad of a U.S. citizen (Form FS-240)
- A Certification of Birth Abroad of a U.S. citizen (Form FS-240)
- A U.S. Citizen I.D. card (DHS Form I-197)
- An American Indian Card issued by the Dept. of Homeland Security with the classification code “KIC”
- Final adoption decree
- Evidence of civil service employment by the U.S. government before June 1976
- An official military record of service showing a U.S. place of birth
- A Northern Mariana Identification Card (issued by the INS to a collectively naturalized citizen of the U.S. who was born in the Northern Mariana Islands before November 4, 1986)

Third Level – Similar to secondary documentation, this level is acceptable for proving citizenship and requires an additional photo ID for establishing identity. This level

can be used only if primary and secondary documentation are not available, and a caseworker must explain in writing why the higher level documentation is not available. Level three documentation includes the following:

- Extract of U.S. hospital record of birth established at the time of the person’s birth and created at least five years before the initial application date and indicates a U.S. place of birth
- Life, health or other insurance record showing a U.S. place of birth created five years before the initial application date

Fourth Level – This level has the lowest level of reliability and requires both a photo ID and additional written documentation as to why other forms of documentation are not available. This level includes:

- Federal or state census record showing U.S. citizenship or a U.S. place of birth
- Institutional admission papers from a nursing home, skilled nursing care facility or other institution and was created at least five years before the initial

application date and indicates a U.S. place of birth

- Medical (clinic, doctor or hospital) record and was created at least five years before application date and indicates a U.S. place of birth unless the applications is for a child under five
- Other documents that were created at least five years before application for Medicaid including: Seneca Indian tribal census record, Bureau of Indian Affairs tribal census records of the Navaho Indians, U.S. State Vital Statistics official notification of birth registration, and an amended U.S. public birth record that is amended more than five years after the person's birth or a statement signed by the physician or midwife who was in attendance at the birth.
- Written affidavit

Written affidavits are an absolute last resort and will be closely scrutinized and have several verification levels. It is also important to note that the individuals attesting to citizenship on the affidavit will be subject to prosecution if the claim of citizenship is found fraudulent.

Forms of Identity Documentation

As noted above, the second through fourth levels require a photo ID to establish identification. The following forms of identification are acceptable according to the DRA:

- Certificate of Degree of Indian blood or other U.S. American Indian/Alaska Native tribal document (this document must carry a photograph of the applicant or recipient)
- Driver's license with a photograph of the individual or other identifying information of the individual such as name, age, sex, race, height, weight or eye color
- School I.D. card with photograph of the individual
- U.S. military card or draft card
- Identification card issued by the federal, state or local government with the same information included on the driver's license
- Military dependent's identification card
- Native American Tribal document
- U.S. Coast Guard Merchant Mariner card



Implementing the New Standards in Arkansas

Citizenship Verification

As required by law, Arkansas adopted the new citizenship verification requirements as of July 1, 2006. To its credit, the Arkansas Department of Health and Human Services (DHHS) decided to implement the citizenship verification requirements in stages to minimize the harm to Arkansas citizens that depend on Medicaid for their health insurance coverage. Effective July 1, 2006, all new Medicaid applicants will be required to meet the new citizenship verification standards. Those

currently enrolled in Medicaid will be required to prove citizenship upon re-enrollment.

A last minute clarification of the rules by CMS will allow states to obtain evidence of a person's U.S. citizenship and identity by conducting electronic cross-matches with existing databases, such as vital records, Social Security, the Food Stamp Program, and the state motor vehicles department. Arkansas was using this type of electronic cross referencing prior to the DRA and will continue to utilize it as the first step in citizenship verification.

If a new enrollee or re-enrollee does not have a cross-match, they will be notified of the need to present an original copy of their citizenship or alien status documentation to their local DHHS county office. A client will have 45 days to bring in their documentation as long as the applicant shows a good faith effort. If an applicant gives no response to the local DHHS office within 10 days (15 days for ARKids First applications) the case will be closed.

Identification Verification

Arkansas must verify the identity and citizenship of Medicaid applicants to fully comply with the DRA

requirements. However, due to the complexities of the photo ID documentation for children, they will be phased in within the next few months. The DHHS Division of County Operations (DCO) has completed the procedures to be used for verifying adult identity and is currently working on the procedures that will apply to children.

Potential Barriers of the Requirements

Requires a personal contact to verify identity

Several years ago, Arkansas adopted policies to allow for mail-in applications for all Medicaid categories. This policy, originally adopted to promote enrollment in ARKids First, has proven very successful for both families and DHHS eligibility offices. The new DRA citizenship and identity requirements will have obvious ramifications on this policy. Local eligibility offices will have the ability to cross check birth certificates and information with Vital Records and the Social Security Database (SOLQ). While this process will verify the citizenship of the majority of the applicants, it will not establish identity.

DCO will attempt to verify identity from other sources

such as Food Stamp case files if copies of a drivers license are part of the file. Even with these steps, a significant majority of applicants will be required to make a trip to the local eligibility office to verify their identity and/or citizenship. Local DHHS eligibility offices are in the process of training their front office staff to review these documents and record the information. This will expedite the process for applicants and eliminate the long wait to meet with a caseworker. While this strategy will help reduce some of the time inconvenience associated with going to a local eligibility office, it does nothing to address the stigma of such visits. We should know more about the effects of these new requirements on accessibility to health insurance for our most vulnerable population as we monitor enrollment over the next few months.

Children lack a photo ID

As difficult as meeting these new citizenship and identity requirements may be for adults, they may prove insurmountable for some children. The majority of children on Medicaid are under the age of 14. Until a child reaches that age and receives their first driver's permit or until they have obtained a passport needed to travel out

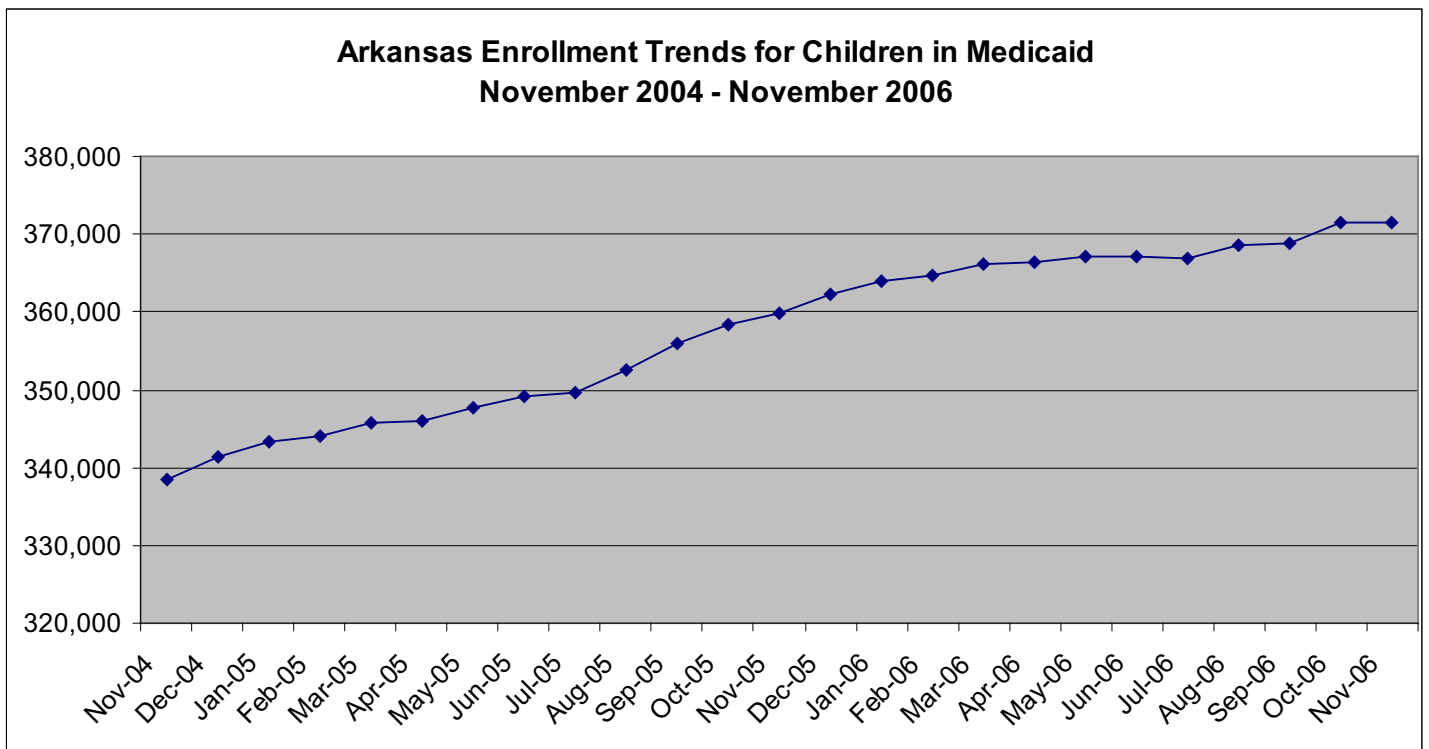
of the country, they have few opportunities for obtaining a picture ID. Requiring photo IDs for all children enrolling or re-enrolling in Medicaid could be a logistical nightmare. If parents are responsible, it will mean a trip to a photo ID business and the cost for preparing it. If schools are responsible, staff time and equipment will be needed. Either option will require substantial cost and resources that may ultimately prove to be too great a barrier and could prevent eligible and needy children from accessing health care. To date, Arkansas officials have not determined the procedures for verifying the identification of children. They are working on directives that will be made available within the next few months.

Monitoring

Arkansas Advocates for Children and Families has tracked Medicaid enrollment and uninsured rates in the state for the past eight years. In order to identify any significant trend changes, we have retained the monthly enrollment monitoring. To date there has been little change in the monthly Medicaid enrollment for children. July enrollment initially raised concern as the numbers dropped slightly, and this was the biggest drop in monthly enrollment in several years. However, August and September enrollment rebounded and continued the trend for monthly enrollment increases. The chart below reflects the monthly enrollment in all children on Medicaid for the past two years. The July

decrease was likely a result of the new policies creating a backlog of applications.

While enrollment trends are currently steady, the most arduous requirement of the DRA citizenship verification is yet to be instituted for children. Once the procedures for proof of identity are implemented, it will become clear that access to Medicaid is affected for children in the state of Arkansas.



Conclusion

In the year after the passage of the DRA of 2005 there have been no changes in benefits or eligibility criteria for children. Far and away the most significant impact of the DRA is the citizenship and identity verification requirements. These requirements were enacted under the guise of eliminating misuse of federal tax dollars by allowing undocumented aliens easy access to the Medicaid program. Unfortunately the rigorous verification requirements are destined to become barriers to children who are rightfully eligible for coverage. The effect of the new policies should be measured by continuing to monitor Medicaid enrollment and the number of uninsured as well as by engaging eligibility workers and families in local communities. Future action should be taken based on the extent of dis-enrollment among populations that are eligible for Medicaid coverage but now lack access due to onerous and unnecessary verification procedures.

Arkansas has worked diligently to provide access to health insurance for children and has led the nation with our success. The DRA of 2005 has the potential to undermine many of the improvements



instituted during the past seven years. It will be critical for local and state organizations to stay abreast of the effects of the citizenship and identity verifications and to develop strategies that will help families retain access to Medicaid and ARKids First.



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