

SUBJECT: Medicaid coverage for children who formerly received TANF

COMMITTEE: Human Services — favorable, without amendment

VOTE: 6 ayes — Naishtat, Maxey, Chavez, Noriega, Telford, Wohlgemuth
3 nays — Christian, J. Davis, Truitt

WITNESSES: For — Patrick Bresette, Center for Public Policy Priorities; Susan Murphree, Disability Policy Consortium
Against — None
On — Judy Denton, Texas Department of Human Services

BACKGROUND: The federal Temporary Assistance for Needy Families (TANF) program provides cash assistance to impoverished families and pays for other programs that help families become financially independent of government programs through employment. Families lose TANF benefits when they earn a certain amount of income, and regardless of employment status, they may receive TANF benefits for no more than five years. States set their own income eligibility guidelines for TANF. In Texas, the program provides about \$188 per month in cash assistance for a mother with two children.

The federal welfare-reform law in 1996 created TANF to replace the Aid to Families with Dependent Children, Job Opportunities and Basic Skills, and Emergency Assistance programs.

Medicaid is the state/federal health benefit program for low-income and disabled or elderly individuals. Medicaid is an entitlement program — that is, the state must serve all who are eligible. Families enrolled in TANF qualify automatically for Medicaid coverage.

Children, who constitute about 59 percent of the Medicaid population, are eligible if they meet age and family-income criteria or if they are disabled. Infants are eligible for Medicaid assistance in families with incomes at or below 185 percent of the federal poverty level. Children aged one through five are eligible for assistance if their families' incomes are at or below 133

percent of poverty, and children aged six to 18 are eligible in families with incomes at 100 percent of poverty or below.

DIGEST:

HB 820 would require the Texas Health and Human Services Commission to establish and implement procedures for automatically reviewing the Medicaid eligibility of children in families who had lost their TANF eligibility.

The commission would have to ensure that there were no gaps in coverage for children who continued to meet Medicaid eligibility requirements under a criterion other than TANF.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house.

SUPPORTERS
SAY:

HB 820 would ensure that children in formerly TANF-eligible families would continue to receive the health-care coverage through Medicaid, to which they are entitled. The federal government specifically directs that “states are prohibited from denying or terminating Medicaid eligibility unless all possible avenues to Medicaid eligibility have been affirmatively explored and exhausted.”

Most parents, when they find a job, think that they lose all government benefits when they lose cash assistance. Therefore, they neglect to show up at their next scheduled eligibility review, thinking that such an endeavor would be fruitless. However, their incomes are usually low enough to qualify their children for Medicaid coverage.

Continued health-care coverage for these children would help parents move off the welfare rolls and into self-sufficiency by helping them obtain needed health-care services for their sick or injured children.

HB 820 reflects the recommendation of the Joint Committee on Welfare-to-Work, which studied Texas’ welfare issues during the interim between the 75th and 76th legislatures.

Most parents moving off welfare usually obtain minimum-wage jobs that provide few or no benefits. Access to health care through the Medicaid program would promote the development of healthy children and thereby minimize the parent’s loss of time from work and save the family’s limited

income to meet other priorities. Medicaid coverage of eligible children also would reduce the extent to which local taxpayers had to support the provision of indigent health care through public hospitals.

The bill's fiscal note, which projects a general revenue cost of \$18.6 million during fiscal 2000-01, reflects only the state's current responsibility for Medicaid children, not an expansion of the program. The state pays only about 39 percent of the total cost, and the federal government picks up the rest.

An estimated 598,000 Texas children are eligible for Medicaid but not enrolled. This bill would help contain, if not reduce, that number. Enrolling former TANF children in the Medicaid program would ensure that children received Medicaid assistance they never should have lost in the first place.

**OPPONENTS
SAY:**

The state should not be spending a potential \$18.6 million in fiscal 2000-01 on automatically enrolling children who might not need Medicaid assistance. If the problem is that parents are unaware of their possible eligibility, the state could implement an education campaign to increase parental awareness at a lower cost. Parents then could choose to enroll their children if they wanted the coverage.