

July 11, 2003

Texas Board of Human Services

Public Hearing

Comments on Proposed Rule Changes to the Temporary Assistance for Needy Families (TANF) program (and related Medicaid Changes)

Medicaid Program Rules

- E. Denial of Medicaid to a TANF recipient who is sanctioned for failure to cooperate with “work” requirement.**

Client impact : Budget documents show that between 8,475 and 11,316 clients will lose Medicaid as a result of this provision.

Important note : This provision of HB 2292 is permissive. The bill clearly states that the agency “may” deny medical assistance as part of the new full-family sanction policy, it is not required.

We urge you to reject this policy proposal.

- **Only 13 States have chosen to terminate Medicaid coverage for adults not in compliance with work requirements.** None of the other top five most populous states impose this Medicaid sanction and of the five states with the largest TANF caseloads – California, New York, Texas, Pennsylvania, Michigan, only Michigan has a Medicaid Sanction. (*U.S. Department of Health and Human Services, Administration for Children and Families and Mathematica, Review of Sanction Policies and Research Studies, March 10, 2003*)

TANF clients with health problems already have an especially hard time complying with all program requirements.

- National research, and research by the Texas Department of Human Services, identifies that TANF clients with health problems are among those who have the most difficulty complying with program requirements.

Brookings Welfare and Beyond Policy Brief #12, *Sanctions and Welfare Reform*, January 2002:

“ . . .studies have consistently found that, on average, sanctioned clients have lower levels of education and are more likely than other recipients to face barriers to employment such as physical and mental health problems.”

- Termination of Medicaid coverage for these clients could exacerbate their health problems, making it even harder to comply with program requirements.
- Termination of Medicaid benefits to TANF adults would also shift the costs of any needed health care to emergency rooms and other local health care providers who will not be compensated for the care provided.

Recommendations:

- Reject implementation of this optional policy.
- If imposed, the rule must clarify that it only applies to non-pregnant, adult caretakers over the age of 18.
- It is essential that this provision be applied strictly to the work and child support requirements of the Personal Responsibility Agreement (PRA), NOT, as has been rumored to, for any other provision of the PRA.
- It is essential that clear and understandable notices are developed for clients to make them fully aware of this change. Information about this major intensification of sanction policy must also be shared with community-based organizations who work with low-income families.

TANF Program Rules

A. *Reducing TANF Asset limit to \$1,000.*

Client Impact:

DHS budget documents show that 693 current clients will lose assistance as a result of this change and 2,590 future TANF applicants will be denied assistance. The budget savings is only \$3.3 million.

This is a major and foolhardy reversal of a positive state policy change that was part of HB 1863 (73R – 1995) – the state’s major welfare reform legislation. This change is in direct opposition to all the recent research about the importance of helping poor families build assets and savings as a critical component of escaping poverty.

This policy is particularly problematic in conjunction with the reduced vehicle asset limits because any vehicle value in excess of the new limit will count against this \$1,000 cap. While DHS has little choice but to implement this statutorily-required change, CPPP wishes to go on record that the Legislature made a poor decision in taking the state’s asset policies backwards nearly a decade.

B. *Reducing TANF-SP¹[1] vehicle limit to \$4,650.*

Client Impact:

¹ [1] TANF-SP – TANF State Program is the TANF two-parent program.

DHS budget documents show that 233 current clients will lose assistance as a result of this change and 2,388 future TANF-SP applicants will be denied assistance.

Again, the recent research is clear – owning a reliable car, particularly for rural clients and clients in the migrant workforce – is essential if clients are to make a transition from welfare to stable employment. This is a shortsighted policy change.

The good news is that the DHS board has new flexibility to set future vehicle limits at rational levels (within available funding). We urge the agency to closely monitor the impact of this provision and collect data on the typical value of vehicles owned by TANF applicants and recipients. We suggest that the staff return to the board with this research and a recommendation for a future policy change to set this limit at a higher, more workable level.

C. *Responsibility Agreement for Payee Cases and Imposition of Full-Family Sanctions for “Non-cooperation” with Any Aspect of the Personal Responsibility Agreement.*

Client impact:

Budget Documents suggest as many as 46,356 will have their TANF benefits terminated as a result of this change, for an all funds savings of \$20.7 million. Interestingly, proponents of this policy suggest that the sanction will in fact not have to be applied very often because once clients understand the consequences they will come into compliance. We hope they are correct, but this assertion would seem at odds with the projected fiscal impact.

This is a major restrictive policy change that is not being adequately balanced with case management tools to help inform clients, review cases to ensure benefits are not terminated by mistake, and implement new compliance procedures. Full-family sanctions in many other states are accompanied by these tools –key elements of their successful implementation.

Key issues:

Adequate and understandable client notices about this policy change and its ongoing implementation must be a high priority. These notices must include clear information about “good cause” provisions and the process by which a client may challenge a finding of “non-compliance. We would urge the agency to consider a pulling together one or more small focus groups of current clients to review the notices to make sure that are effectively communicating the desired information. Additionally, we would recommend a review of the notices by a small panel of client advocates and community organizations who work with the client population.

Recommendations:

We would propose consideration of one substantive change to the rule:

Prior to the imposition of a full-family sanction, and any accompanying Medicaid denial, a “reasonable” attempt should be made to contact the client directly, either by phone or face-to-face, to ensure that they have received a notice of the impending sanction and that there are no obvious “good cause” reasons for non-compliance or factual inaccuracies in the finding of non-compliance.