



Center for Public Policy Priorities

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MEMORANDUM

Combined Impact of Medically Needy Cut and TANF Sanctions: Medicaid Coverage of Parents in Poverty has Dropped by 30% with 78th Legislature's Changes¹

1. The 78th Legislature eliminated Medicaid's "Medically Needy spend-down" coverage for parents with dependent children (retaining the coverage for the children themselves, and for pregnant women); HHSC then estimated this would result in a monthly average of 9,328 "Medically Needy" adults having no coverage in FY 2005.

Profile: The average age of a Medically Needy parent was 34 years. Working parents could not have income (after medical bills) of more than \$395/month for family of 3 (\$275 if not working), and no more than \$2,000 in resources.

2. The dramatic changes in TANF policy enacted by the 78th have also had an impact on the number of very poor parents of dependent children who are covered by Texas Medicaid. Because such parents can qualify for Medicaid and appear on the rolls in several categories—TANF recipients, Medically Needy and Section 1931, or Transitional Medicaid—it is easiest to combine these groups and look at how that total has changed. In July 2003 (we use July because it appears new sanction policies were applied in August 2003), 147,217 parents with dependent children were covered under Texas Medicaid (does not include Maternity coverage), and as of March 2005 that number has dropped to 102,314, a drop of 44,903 (30%).

Profile: The average TANF Parents client is a mother age 29-30 with 2 young children (actual average is 1.6); 80% are Hispanic or Black. Those on program more than 4 months cannot have income over \$308/month for family of 3 if the parent is working; if NOT working, only \$188 per month.

Conclusion:

Absent the changes enacted by the 78th Legislature (i.e., elimination of Medically Needy coverage for impoverished parents, and the new Medicaid and full-family sanctions in TANF), we would expect AT LEAST 44,900 more parents to be covered in FY 2005. (This is a conservative estimate, because it does not attempt to capture the GROWTH in coverage above 2003 levels that might have occurred without the cuts and TANF policy changes.)

Reminder: The operating cap for Texas Medicaid coverage of parents with dependent children (and for TANF, though parents no longer must enroll in TANF to receive Medicaid) remains at the legislatively-imposed income cap of \$188 per month for a family of 3 (\$308 if one parent is working²). This is a dollar amount cap, and does NOT increase from year to year with inflation. As a result, in 2004 this income cap denies Medicaid to parents with incomes above 14.4% of the federal poverty income (national average is \$546 per month, or 43%). This cap was last increased by the Legislature in 1985—and it was only increased 2 other times between 1970 and 1985.

Texas can increase the income threshold for parents to essentially any income level it chooses, without a waiver. The only limiting factor is our willingness to put up our state's share of the costs.

¹ Does not include the cut to Maternity coverage, which was restored effective 9/1/2004.

² This amount would translate to 24.3% of the federal poverty income. The national average Medicaid eligibility threshold for working parents is \$903 per month for a family of 3, or 71% of the FPL.

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| Adult Medicaid Enrollment Trend | | | |
|--|----------------|----------------|-------------------------|
| | Jul-03 | Mar-05 | change from 7/03 |
| Aged & Disabled | 628,948 | 670,062 | 41,114 |
| Cash Assistance | 72,935 | 40,593 | -32,342 |
| Maternity | 80,943 | 90,089 | 9,146 |
| Medically Needy and Sec. 1931 | 34,826 | 39,996 | 5,170 |
| Other Parents (TMA) | 39,456 | 21,725 | -17,731 |
| | | | |
| Parents: TANF+1931+MN+TMA | 147,217 | 102,314 | -44,903 |
| | | | -30.50% |
| | | | |

Source: CPPP analysis of HHSC monthly Med-ID Report

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