



The Hilltop Institute

analysis to advance the health of vulnerable populations

Preliminary Evaluation of the Maryland Kids First Act: The Use of Tax Forms to Identify Medicaid/SCHIP- Eligible Children

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Maryland Kids First Act

- Enacted by Maryland legislature and signed by Governor O'Malley in May 2008
- Requires a Medicaid/State Children's Health Insurance Program (SCHIP) outreach initiative based on information from state income tax forms

2007 Tax Year

- Comptroller must send a **notice** to taxpayers with one or more dependent children and income that does not exceed the highest income eligibility standard for Medicaid/SCHIP (300% FPL)
 - Notice must indicate that the taxpayer's dependents may be eligible for Medicaid/SCHIP and provide information on how to enroll
 - Department of Health and Mental Hygiene (DHMH) was required to develop the notice
 - No insurance information was collected

2008 & 2009 Tax Years

- Taxpayer shall report on tax return, “the presence or absence of **health care coverage**,” for each dependent child for whom an exemption is claimed
- A taxpayer may not be penalized for not providing this information

2008 Maryland Individual Resident Income Tax Return Form 502 and Form 503: Dependent Health Care Question

		(C) Dependents:			(4) Check if Dep. ▶ Child	(5) If Dependent Child is checked, does child have health care?		(6) Regular	(7) 65 or Over
(1) First name	Last name	(2) Social Security number	(3) Relationship	▶ Yes		▶ No			
		▶							
		▶							
		▶							
		▶							
		▶							

2008 Maryland Individual Resident Income Tax Return

- Question on tax form
 - “If Dependent Child is checked, does child have **health care?**”
- Data Collected
 - First, Last Name
 - Child’s and tax filers’ social security numbers
 - Relationship to taxpayer
 - Adjusted Gross Income

2008 & 2009 Tax Years, continued

- Comptroller must send a **Medicaid/SCHIP application** and **enrollment instructions** to taxpayers who indicate dependent children without health care coverage and report income that does not exceed Medicaid/SCHIP financial eligibility limits
- DHMH is required to develop cover letter and any supporting materials to be sent with the applications
- Insurance information was collected

Preliminary Health Coverage Statistics, 2008 Tax Returns (as of May 6, 2009)

- 855,296 dependent children have been identified as having health care coverage
- 338,495 dependent children have been identified as not having health insurance coverage, representing 208,549 households
- Dependent children of tax return filers who leave the health care coverage question blank are classified as not having health insurance
- This count may include some individuals who are already in Medicaid or SCHIP
- There are approximately 1.5 million children in Maryland aged 0-19 years

Kids First Act Evaluation

- Funded by the Robert Wood Johnson Foundation
- Evaluation of key decisions made, policy making process, and implementation of the initiative
- Analysis of challenges and opportunities in using data from state income tax forms as basis for Medicaid/SCHIP outreach
- Analysis of whether the initiative achieved its goal of identifying and enrolling uninsured, eligible children into Medicaid/SCHIP

Leadership Interviews

- Conducted face-to-face interviews with key stakeholders from:
 - Maryland State Legislature
 - Department of Health and Mental Hygiene (DHMH)
 - Local Health Departments
 - Office of the Comptroller
 - Advocacy Groups

Select Key Players

- Dr. Peter Beilenson - Howard County Health Officer
 - Asked comptroller to mail letters to individuals who may be eligible for subsidized insurance in Howard County
 - Identified 2,000 individuals for the Healthy Howard Program. Most of these individuals (1,800) were eligible for Medicaid or SCHIP
- State Legislature
 - Worked in the House to resolve controversial issues (e.g., individual mandate, guaranteed eligibility) before initiating cross-filed bill in the Senate
 - Permitted the use of outreach money to support the initiative
 - Viewed as first step towards individual mandate, but no apparent goal of moving towards auto-enrollment

Select Key Players, continued

■ DHMH

- Develop the notice and any information materials to be sent with the applications
- Provided the Comptroller with Medicaid/SCHIP income threshold

■ Comptroller's office

- Made adjustments to tax form to include health insurance question
- Identified the children who met the income threshold and mailed the notices/applications
- Determined wording of question on 2008 tax form

Important Factors Leading to Enactment

- Initiative was a priority of the Governor
- Legislative support
- Cooperation from the Comptroller's office
- Internal DHMH staff support
- Howard County was already doing it

Challenges

- Wording of question (“health care”, “health care coverage”; “health insurance”)
- Sending applications to those who are income ineligible e.g. some self-employed
- Concern that Maryland’s portion of costs of covering new enrollees not budgeted
- Legal issues concerning Medicaid agency/Comptroller’s office data-sharing
- Legal issues concerning informed consent
- Tax return filers opting not to answer the question
- Applications received by individuals already enrolled in Medicaid/SCHIP
- Concerns about various costs, e.g., mailings, changes in tax forms, and updating the data collection system
- Who gets the credit: Comptroller, Governor, DHMH, legislators

Challenges

- Only reaches children whose parents file tax returns
- Small amount of space available on tax form
- Health insurance information reported by the taxpayers may be out-of-date – unclear what period they are responding to
- Unable to track cost-effectiveness or number of people whose enrollment resulted from this outreach method
- Comptroller does not have a machine that accommodates a large mailer
- Tax form for 2009 occurring before outcomes of initial outreach are understood

Advantages of Data-sharing

- Could reduce the size of the mailing by eliminating enrolled children from outreach
- Could reduce confusion among current enrollees who receive notice/application
- Could allow for a tracking of number of individuals who applied and those enrolled as a result of the mailing

Opportunities

- The initiative is innovative, inclusive and attracts widespread support
- In theory, tax data is an ideal mechanism for Express Lane Eligibility (ELE): it provides both financial and identifying information needed to determine eligibility
- If you have a willing Comptroller, you can outreach on a smaller scale without legislation (as in Howard County, Maryland)

Why Seek Legislation?

■ Legislation

- Mandated the Comptroller to send out information packets containing applications for Medicaid/SCHIP
- Required modification of state tax forms to support the effort
- Permitted the use of outreach money to support the initiative

Recommendations

- Involve the major stakeholders in the development phase
- Determine whether data can be shared across state agencies
- Redesign health insurance question on tax form
- Consult health literacy experts and seek public input on wording of notices/letters

Recommendations, continued

- Mail the letters/notices in smaller batches to avoid overwhelming the eligibility system
- Design a mechanism to track Medicaid/SCHIP applications/inquiries that result from the mailing
- Expand self-employment criteria on tax form
- Not all initiatives of this type require legislation

Other Methods of Outreach Used in Maryland

- School lunch program
- Media
- Billboards
- Distribute brochures through provider facilities, e.g. ER, physician offices, and local health departments

CHIPRA (the Children's Health Insurance Program Reauthorization Act), Refocuses on Coverage of Children: "Express Lane Eligibility" (ELE)

- For children already in a means-tested program, such as free-or-reduced school lunch, food stamps, or WIC, allows states to deem the financial eligibility determinations from those programs as acceptable to Medicaid
- Other components of Medicaid eligibility still must be verified (e.g., citizenship)
- Allows eligibility to be granted, if income test met, pending the other eligibility elements
- Eases federal laws on privacy and data-sharing across these federal means-tested programs
- Requires error-rate monitoring to mitigate risk of inappropriate eligibility
- NOTE: this does NOT yet extend to tax records; our work in Maryland is very relevant to this debate

Next Steps

- Data matching
- Conduct interviews with operational staff at DHMH and the Comptroller's office
- Analyze 2009 tax form question and instructions
- Analyze 2008 application and enrollment outcomes in target population

About The Hilltop Institute

The Hilltop Institute at the University of Maryland, Baltimore County (UMBC) is a nationally recognized research center dedicated to improving the health and social outcomes of vulnerable populations. Hilltop conducts research, analysis, and evaluation on behalf of government agencies, foundations, and other non-profit organizations at the national, state, and local levels.

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