

**The Project on Devolution
and Urban Change**

**Post-TANF Food Stamp
and Medicaid Benefits:
Factors That Aid or Impede
Their Receipt**

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Executive Summary

Medicaid and food stamps are important potential sources of support for low-wage workers, including those who have recently received Temporary Assistance for Needy Families (TANF) welfare. Yet we know that many former welfare recipients are not getting these benefits, despite the fact that the vast majority of TANF recipients who find employment are eligible for transitional Medicaid and that, depending on their income, they may be eligible for food stamps as well. While many explanations for declines in the Medicaid and food stamp rolls have been offered, this report focuses on what happens in welfare offices as eligibility workers put policies into practice and interact with agency clients.

This report is part of the Project on Devolution and Urban Change (“Urban Change” for short), which is being undertaken by the Manpower Demonstration Research Corporation (MDRC). The report is based on research conducted in early 2000 in welfare offices located in the four large urban counties participating in the project: Cuyahoga County (Cleveland, Ohio); Los Angeles County (California); Miami-Dade County (Florida); and Philadelphia County (Pennsylvania). The findings are based primarily on 67 interviews with line staff members (referred to here as “workers”) and their supervisors, and on 28 observations of worker-client meetings. We also drew on quantitative data from surveys administered to 615 line staff members at all sites except Los Angeles (where the surveys were fielded too late for the data to be included here). Finally, we analyzed the contents of in-depth interviews with 50 welfare recipients in Cuyahoga and Los Angeles Counties that were conducted as part of the Urban Change project’s ethnographic study.

This report contains the findings of our research and, based on those findings, recommendations to state and local welfare agencies and to the Food and Nutrition Service (FNS, the agency within the U.S. Department of Agriculture that administers the Food Stamp Program). We shared a draft of the report with FNS as well. On November 18, 2000, as we were putting the report into final form, President Clinton announced new rules governing the administration of food stamps that could substantially address some of the problems we observed.

The Findings in Brief

The main findings tell a clear and internally consistent story:

- **Welfare agency staff members, for the most part, followed prescribed policies.**

The study asked workers how they would handle several scenarios in which TANF recipients might lose cash aid. The workers generally said that when a recipient reported finding employment, they would enter her earnings into a computerized program to determine whether she would still be eligible for Medicaid and food stamps. They said that when a recipient reached her time limit or asked that her case be closed so that she could “bank” her time, they would take the necessary steps to ensure that she would continue to receive noncash benefits.

- **As a matter of policy, workers at all sites terminated both the cash and the food stamp benefits of recipients who lost cash assistance because they failed to appear for redetermination of their TANF eligibility. It appears that because of this policy, a significant number of eligible families were dropped from the food stamp rolls.**

Eligibility for TANF was redetermined quarterly in two of the four sites and semiannually and annually at the remaining two sites (which also required recipients who are employed to send in monthly verification of earnings). Ongoing eligibility for food stamps was almost always reestablished (“recertified,” in Food Stamp Program parlance) at the TANF eligibility redetermination interview. In interviews with staff, a recipient’s failure to attend this appointment (and to contact the worker to explain her absence) stood out as a scenario in which the recipient was likely to lose food stamps.

- **Medicaid was handled differently; states had changed their policies and practices, so that failure to attend TANF redetermination no longer resulted in automatic termination of Medicaid benefits.**

Until sometime in 1999 (depending on the site), failure to attend redetermination resulted in loss of Medicaid as well as of cash and food stamps. Thereafter, all sites, with the encouragement of the

Health Care Financing Administration (HCFA, the federal agency that administers Medicaid), instituted measures to ensure that Medicaid was continued, even when other benefits were cut off.

- **Attending redetermination is likely to be especially inconvenient for recipients who are working.**

From surveys of former recipients and other sources, it is clear that many welfare recipients who don't attend redetermination are working, whether or not they have reported such employment to their worker. For working recipients, attending redetermination is often a "hassle": Even when offices are open beyond regular working hours (several of the offices we studied stayed open one evening a week), coming to the appointment still requires recipients to juggle work, child care, transportation, and other considerations.

- **The evidence strongly suggests another likely explanation, besides inconvenience, for working recipients' failure to attend redetermination: They may not be aware that nonattendance will result in their loss of food stamp benefits because they may not be aware that they can receive food stamps in the first place.**

The majority of TANF clients who participated in the in-depth interviews knew little about their eligibility for transitional Medicaid or their continued potential eligibility for food stamps. Most in-depth study participants either said they didn't know about the rules governing post-TANF receipt of food stamps and Medicaid or erroneously believed that these benefits are time-limited. Even some women who had left welfare for jobs and continued to receive food stamps and Medicaid expressed confusion about how long they could receive these benefits.

A survey administered to current and recent TANF recipients as part of the Urban Change study confirms that lack of knowledge about Medicaid eligibility is widespread. The survey asked, "If you left welfare for work, would you continue getting Medicaid?" Responses were almost evenly split, with 48 percent saying "No" or "It depends" and 52 percent saying "Yes."

- Recipients' lack of awareness of their eligibility for post-TANF benefits is not surprising, because our observations indicate that welfare agency staff members did not routinely inform recipients early on that they might be eligible for food stamps and Medicaid when they left welfare for work.

The welfare workers who were interviewed generally assured us that they covered these subjects. But in observations of worker-client interactions during initial eligibility and redetermination interviews, mention of transitional benefits was the exception rather than the rule; it was discussed in only five of the 28 interactions observed. It seems likely that workers thought they provided the requisite information — but then failed to do so in the press of other business.

Our observations also suggest that even when information about post-TANF Medicaid and food stamp benefits was conveyed clearly, it occupied only a small part of most eligibility interviews. Both workers and clients are expected to cover a large number of subjects during these interviews. It may not be realistic to expect workers to cover the topic of post-TANF benefits without a specific prompt. It may be equally unrealistic to expect recipients to remember the information without additional materials that they can take home and examine at leisure.

Recommendations

As noted previously, there are new federal rules aimed at improving access to food stamps. Our assessment is that the recommendations below are fully consistent with these new rules; in a few instances, the rules give the states even more liberal options. For example, they allow states to provide a three-month transitional food stamp benefit to help support households leaving welfare for work.

- State and local welfare agencies can take (and in some cases have already adopted) a number of measures to make the redetermination process easier and more client-friendly and to disseminate information about post-TANF benefits more effectively.

Specifically, to facilitate food stamp and Medicaid receipt on the part of former TANF recipients and other working-poor citizens, state and local agencies may want to:

1. Increase the eligibility period for food stamp receipt to the six months permitted under federal regulations, in order to reduce the inconvenience associated with more frequent recertification.
2. Seek a federal waiver of the food stamp rules to adopt the quarterly reporting option for families with earnings.
3. Stop terminating food stamp benefits when the cash case closes for failure to attend redetermination; instead, offer a temporary extension of food stamp eligibility, and notify clients that they may still be eligible for this benefit if they provide the necessary information.
4. Extend welfare office hours to accommodate the needs of working participants, as has been done in Cuyahoga and Philadelphia Counties, and make sure that recipients know about the extended hours.
5. Institute or expand home visits to conduct eligibility recertification/redetermination for participants when an in-person meeting at the welfare office cannot be readily scheduled.
6. Experiment with permitting recipients to verify ongoing eligibility for food stamps and cash welfare by mail or by telephone, as is currently done in California for Medicaid.
7. Allow documents to be transmitted to the welfare office via fax machine, as is common practice in Cuyahoga County.
8. Accept verbal statements about the amount a participant pays for rent and utilities, instead of requiring official documentation. California has relaxed food stamp eligibility verification requirements in this way, with positive results.

9. Where TANF workers and food stamp-only or Medicaid-only workers are not colocated, be sensitive to the possibility that cases will not be transferred smoothly from one group to the other, and establish procedures that facilitate such transfers.
10. Consider placing outstationed workers in hospitals, clinics, and other community settings — not only to accept initial applications for food stamps and Medicaid (as is currently done for Medicaid in Miami) but also to conduct redeterminations. Los Angeles mounted a successful campaign to enroll children in Medicaid by locating outreach stations in schools, churches, community service agencies, and other sites outside the welfare office.
11. Require workers to keep a log of all cases in which any benefit other than TANF is terminated.
12. Require written authorization from clients who request closing not only the cash case but also food stamps and Medicaid; require that staff inform such clients about their potential continued eligibility for these benefits.
13. Institute supervisory review of all cases in which food stamps and Medicaid are closed along with cash.

To improve the flow of eligibility information, state and local agencies may need to:

1. Anticipate that the information will have to be repeated many times, and in many different ways.
2. Expect workers to provide the information in their first interactions with recipients.
3. Equip workers with a script to ensure that they cover the topic of eligibility in their meetings with recipients. Incorporate this script (or other prompts) as a screen in the computerized eligibility system.

4. Include mention of transitional Medicaid and possible continued food stamp eligibility in any “contract” or self-sufficiency plan the recipient is expected to sign; give the recipient a copy of the contract.
 5. Back up the oral communication with printed materials that recipients can take with them.
 6. Enlist the help of the media and community-based organizations in getting the word out.
 7. Provide training on transitional benefits to staff of all the divisions of the welfare agency who work with recipients, and to staff of outside agencies that provide welfare-to-work services.
 8. Inform staff at community agencies serving large numbers of welfare recipients, as well as at welfare advocacy organizations, about policies concerning continued eligibility for food stamps and Medicaid.
- Finally, we suggest that the Food and Nutrition Service, which administers the Food Stamp Program, could promote continued food stamp receipt among former TANF households by assisting states in their information dissemination efforts, by changing the quality control regulations to make quarterly reporting of income by working families the norm, and by reducing financial penalties imposed on states for overpayments made to working families. We recognize that some of these changes would require Congress to modify existing laws.

Our investigations indicate that states remain very concerned about meeting current federal quality control standards and keeping their error rates low. This concern drives them to adopt policies that might interfere with food stamp receipt (for example, requiring frequent face-to-face eligibility recertification and income reporting). We believe that there may well be a trade-off between keeping overpayments low and expanding food stamp aid to the working poor. As legislators prepare to debate the reauthorization of the Food Stamp Act, we suggest that the Food and Nutrition Service, Congress, the states, public auditors, and, ultimately, the American public may have to accept a somewhat higher

states, public auditors, and, ultimately, the American public may have to accept a somewhat higher level of food stamp overpayments as the “price” of greater income security for working families.

The new regulations are in keeping with these recommendations. Along with the three-month transitional food stamp benefit mentioned above, they allow states to eliminate the requirement that working families report modest income changes for six months at a time, thus providing states with an incentive to lengthen their food stamp certification periods. They require states to inform households losing cash benefits that they can continue to receive food stamps if they provide the needed information, and they give state agencies the option to suspend food stamp benefits for a month, rather than close the case altogether, if the information does not arrive in time.

As a final point, it is worth noting that while some of the new federal rules impose requirements on the states, other rules provide states with options to ease food stamp receipt that they are free to adopt or reject. States must now decide whether or not to adopt the options. If they decide in favor of a more generous approach, they must then put in place the measures — including revised procedures and staff training on the new procedures — that would make real the new initiatives to extend nutritional assistance to poor citizens.