Research Note
Office of Forecasting, Research and Analysis

TANF-RELATED MEDICAL CASELOAD:
Characteristics and relationships with Oregon's economy, 2000–2005

SUMMARY

Oregon's Department of Human Services estimates future client caseloads (the number of clients served by DHS programs) to facilitate budget planning. Since late 2000, one Medicaid caseload group – Temporary Assistance for Needy Families (TANF) Related Medical, or TRM – increased rapidly beyond expectation.[1] Previous investigations into potential causes resulted in several possible answers including: (1) increasing loss of jobs and resulting unemployment, (2) shifts in the levels of population groups that form the client base, and (3) changes in client processing procedures. The Office of Forecasting, Research and Analysis (OFRA) attempted to provide a definitive answer by (1) comparing clients' caseload dynamics with various economic factors, and (2) conducting a statistical analysis of the relative effects of these three factors on caseload growth.

OFRA concluded that much of this growth was due to increasing numbers of the medical-only subgroup that did not receive the TANF cash benefit. Through the recession and beyond, these clients joined the caseload in increasing numbers, stayed on longer, and reentered the caseload more quickly. They also worked mostly part-time in low-wage, seasonal industries that typically offered little or no affordable health insurance.

After the recession Oregon lost jobs in average- and high-wage industries while the number of jobs in low-wage industries increased. This post-recession shift in job types minimized the opportunities for advancement from low-wage jobs to better-paying jobs with greater probabilities of employer-sponsored health insurance or affordable premiums. From 2000 onward, high unemployment and then decreasing availability of affordable health insurance would have stimulated low-wage workers to seek public assistance. Indeed, the number of uninsured Oregonians living in poverty had the greatest effect on the medical-only caseload.

Changes in client processing and program administration did contribute to changes in the TRM caseload. However, the study design could not define these effects, either positive or negative, with confidence. Program and policy studies require classical program-evaluation techniques such as client interviews and analysis of pre-post attributes, the inclusion of which would have unrealistically expanded the scope of the study. Additional efforts could focus on comparing several administrative processes to determine their relative importance.

METHODS

- Initial discussions with DHS program staff indicated that business process changes in the Medicaid program would not account for much of the observed growth in the TRM caseload. OFRA assumed that external factors must have stimulated potential clients to seek publicly provided health insurance.
- The data consisted of all TRM and TANF Extended episodes from April 2000 to December 2005 for adults (>18 years). OFRA determined whether they received the cash benefit during each episode, then matched clients to wage and work records from the Oregon Employment Department.
- Using these data, OFRA examined clients' episodes, earnings, work histories and job types relative to the economy during 2000–2005, focusing on differences between medical-only and cash clients.
- OFRA then used multiple-regression analysis to determine which factors had the greatest effects on the caseload.

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FINDINGS

Demographics and episodes

- Although the proportions of all males and females were almost identical between the cash and medical-only groups, female heads-of-household averaged 76.3 percent of new clients per month for the cash group, but 58.0 percent for the medical-only group.
- Monthly numbers of medical-only clients increased 224.8 percent during the recession (November 2000 – June 2003), and 529.7 percent during the interval from April 2000 through December 2005.
- Monthly numbers of TRM cash clients increased 25.6 percent during the recession, and 4.3 percent during the entire study period.
- Through the recession and beyond, medical-only clients joined the caseload in increasing numbers, stayed on longer, and re-entered the caseload more quickly than cash clients.
- As incomes and resulting eligibilities varied during the study interval, some TRM clients participated in other Medicaid programs such as OHP Standard. Therefore, leaving the TRM caseload did not necessarily indicate the lack of public assistance for a client.

Wages, work and the economy

- The level of medical-only reentries onto the caseload coincided with Oregon's unemployment rate – reentries increased when unemployment rose and then decreased with decreasing unemployment.
- Most clients worked part time in industries characterized by low wages, a high degree of seasonality and minimal access to affordable health insurance.
- The availability of affordable health insurance via employers decreased, while premiums increased.

Statistical relationships

- The number of uninsured adult Oregonians living in poverty, the percentage of female-headed households, and changes in applicant processing composed a regression model that accounted for 92.3 percent of the variation in the monthly numbers of new medical-only clients.
- Monthly numbers of TANF cash clients can be predicted using the total percentage of female-headed households with children who live in poverty as well as changes in applicant processing. These independent variables held 69.5 percent and 30.5 percent of the predictive power of the model, respectively.

CONCLUSION

OFRA found that increasing numbers of TANF-Related Medical medical-only clients accounted for the observed caseload growth from January 2001 through the end of 2005. Much of this growth was due to the interrelationships between two phenomena during the study interval: (1) Oregon's recession (November 2000 through June 2003) and (2) decreasing access to affordable health insurance. The relative proportion of jobs in low-wage industries increased during the study interval. For most of this time and well beyond the end of Oregon's recession, clients faced a continued lack of better-paying opportunities as well as access to affordable health insurance. This had a cumulative effect on the caseload whereby medical-only clients remained longer and reentered more quickly once they exited.

[1]TANF Related Medical (TRM) is composed of three primary subgroups: no-, single-, or two-parent households (Basic); un/under-employed two-parent households (UN), and Other Refugees, a relatively small group. After 1996, when cash assistance and Medicaid were separated, the Medicaid designation of TANF-eligible clients was Medical Assistance Assumed (MAA) and Medical Assistance for Families (MAF). MAA clients in the TANF Related Medical program are eligible to receive TANF cash grants. Some, however, do not, due to choice or other reasons; these are termed medical-only clients.