

Medicaid Dynamics in Texas: Recidivism, Program Transfers, and Turnover

Texas Health and Human Services Commission
Fiscal Policy Division

Research Department

Scott McNitt
Director, Research and Statistics
Texas Health and Human Services Commission

May 1998

Executive Summary

The dynamics of Medicaid enrollment are little studied and little understood. The purpose of this study is to report on different measures of Medicaid caseload changes including recidivism or rate of return, transfers among the different Medicaid programs, and amount of client turnover.

Recidivism: Rates of ex-Medicaid clients returning to Medicaid

- Approximately 34 percent of Medicaid clients who leave Medicaid returned within one year.
- Nearly 41 percent of clients who stopped receiving AFDC/TANF cash benefits and did not use Transitional Medicaid returned to some Medicaid program within one year. About 37 percent of those who did utilize Transitional Medicaid returned to Medicaid within one year.
- Approximately 27 percent of clients who left AFDC/TANF Medicaid returned to AFDC/TANF within one year.
- Clients in the Newborn program had the highest rate of recidivism in one year (43.2 percent) while those in the Aged and Disabled group had the lowest (18.8 percent).
- Approximately 37 percent of children generally under 14 years of age leaving the Expansion Children and Federal Mandate Children Medicaid programs returned to Medicaid within one year.

Program Transfers: Movements between Medicaid Programs

- About 29 percent of clients leaving AFDC/TANF moved directly to Transitional Medicaid in a given month.
- Twenty percent of children who transferred out of the Newborn Medicaid program moved directly to the Expansion Children Medicaid program in a given month.

Caseload Turnover: Proportion of Change in the Client Base Experienced by Various Medicaid Caseloads

- Thirty-four percent of all Medicaid clients were no longer on Medicaid after one year.
- While 49% of those receiving AFDC/TANF were no longer in that program one year later, over one-third of those who left were on Medicaid in other programs.

Conclusions

- **There are significant numbers of former Medicaid clients who return to Medicaid within a relatively short time period.**
- **A substantive proportion of clients exiting from different Medicaid programs transfer to other Medicaid programs.**
- **Medicaid caseloads experience a high rate of turnover of participating clients.**

Introduction

Medicaid, financed jointly by the federal government and the state of Texas, is the dominant health care program for low-income Texans. Although originally a narrowly defined program aimed at recipients of welfare and the disabled, the federal government has directed states to significantly widen coverage in the over 30 years since its creation. Today coverage is focused on children, single parents, pregnant women, poor and low-income elderly and those with disabilities.

Although Medicaid finances health care for many low-income Texans, different issues arise in analyzing the utilization of publicly funded health care. Anecdotal evidence suggests that clients frequently go on and off Medicaid. If true, this phenomenon raises policy issues. For example, Managed Care Organizations have raised concerns that short cycles of Medicaid eligibility would affect their ability to effectively manage care. Therefore it is important to measure the proportion who leave Medicaid programs after only a short stay as well as the percent returning relatively quickly once they have left.

- How many of those who have participated in and subsequently left Medicaid return to the program for further assistance?
- Do those who leave one type of Medicaid program later reappear in another Medicaid program? If so, do recidivism patterns vary among different programs?
- To what extent do those leaving AFDC/TANF* utilize transitional or other Medicaid programs?
- How much client turnover is there among the various Medicaid program caseloads?

Purpose of this Study

The purpose of this study is to measure rates of recidivism, (i.e. the proportion of clients who return to Medicaid after leaving) for those who leave Medicaid. Also, this study will report on transfers of Medicaid recipients among types of programs and summarize program turnover. The data presented here concerning rates of intra-Medicaid transfers and recidivism back to Medicaid will hopefully assist with program administration and budget planning.

* - AFDC (Aid to Families with Dependent Children), has been renamed as the new block grant funding program, TANF (Temporary Assistance to Needy Families).

Methodology

- **Organization and Analysis**

This report on the dynamics of Medicaid utilization is broken into four analyses:

I. Medicaid Recidivism

Clients who left the Medicaid rolls were followed for twelve months to determine at what rate and to which programs they return. Only clients who left the rolls for two consecutive months were followed to exclude those who had a temporary hold on their benefits due to administrative reasons.

II. AFDC/TANF Medicaid Recidivism

Clients who left the Medicaid programs associated with enrollment in AFDC/TANF cash assistance were followed for twelve months to determine at what rate they return to the AFDC/TANF Medicaid programs and cash assistance. Only clients who left the rolls for two consecutive months were followed to exclude those who had a temporary hold on their benefits due to administrative reasons.

III. Program Transfers for a Typical Month

In order to analyze the extent of movement between and off Medicaid programs each month, two recent consecutive months were compared to summarize these movements.

IV. Turnover of Medicaid Risk Group Caseloads

Client movement onto programs, off of programs and between programs was compared for two “snapshots” of Medicaid eligibility twelve months apart.

- **Definitions - Medicaid Risk Groups**

There are dozens of different program classifications that make up Texas' Medicaid. For ease of reporting they are frequently combined into what are termed "risk groups." Certain aspects of this report utilize general groupings of programs into risk groups in order to give an enhanced picture of Medicaid program dynamics because the clients in these different groups have such unique characteristics.

Aged and Disabled – Combines groups receiving benefits due to being age 65 or older or entitled under Medicare with groups receiving coverage due to blindness or disability.

AFDC/TANF- Groups receiving AFDC/TANF cash assistance whom automatically qualify for Medicaid.

Transitional - Clients eligible for Medicaid for typically 12 months but anywhere between 4 and 18 months after being denied AFDC/TANF due to increased earnings or child support or loss of time-limited earned income disregards.

Pregnant Women - Non-AFDC/TANF eligible pregnant women whose income is below 185% of poverty.

Newborns - Non-AFDC/TANF eligible newborn children whose family income is below 185% of poverty.

Expansion Children - Generally children under age 6 whose family income is below 133% of poverty but some children of older ages or higher family incomes are included.

Federal Mandate Children - Children ages 6 and older and born after 10/1/83 with family income below 100% of poverty.

Medically Needy - Family and children who have had to "spend down" income due to current medical expenses.

- **Data Source**

Data used for these analyses were from the Integrated Database Network (IDBN); a data system that combines information from selected health and human service agencies, including the Texas Department of Human Services (TDHS) and Texas Department of Health (TDH). A longitudinal database was constructed from monthly extracts of these data between November 1996 and December 1997. Monthly extracts are like "snapshots" of Medicaid eligibility which are created after the end of each month and come from TDHS' System for Application Verification, Eligibility, Review, and Reporting (SAVERR).

- **Data Limitations**

This study uses monthly “snapshots” of the Medicaid population from administrative data captured in the SAVERR. These monthly data have limitations in that there are still approximately ten to fifteen percent of clients who become eligible for a given month but whose eligibility is not captured until the next month. Also, if a client goes on and off a program in the time interval between monthly data reports, then they are not captured. Additionally, data for the months of February and April of 1997 were not available.

The monthly extracts were linked using social security numbers. There are numerous instances where a newborn or a child less than one year of age will not have had a social security number at the time of eligibility determination forcing their exclusion from the analysis. There was also a small percent of duplicate records that had to be excluded. Overall, missing or duplicate data represents five to six percent of each month’s entire extract. For very young children specifically, 39% of children under one years of age, (type program ‘43’), and 76% of newborn children of Medicaid-eligible mothers, (type program ‘45’), were excluded due to these reasons. There was no analysis available to understand how well the remaining data represents these two groups.

Two additional groups were underrepresented for this analysis. The majority of clients from the type program ‘30’, undocumented aliens, were excluded due to missing social security numbers. Foster-care related AFDC/TANF recipients were totally excluded from this analysis due to missing data. These two program types represent a very small fraction of the client base included in the Medicaid data.

I. Medicaid Recidivism

Chart 1: Cumulative Percent of Clients Returning to Medicaid By Month

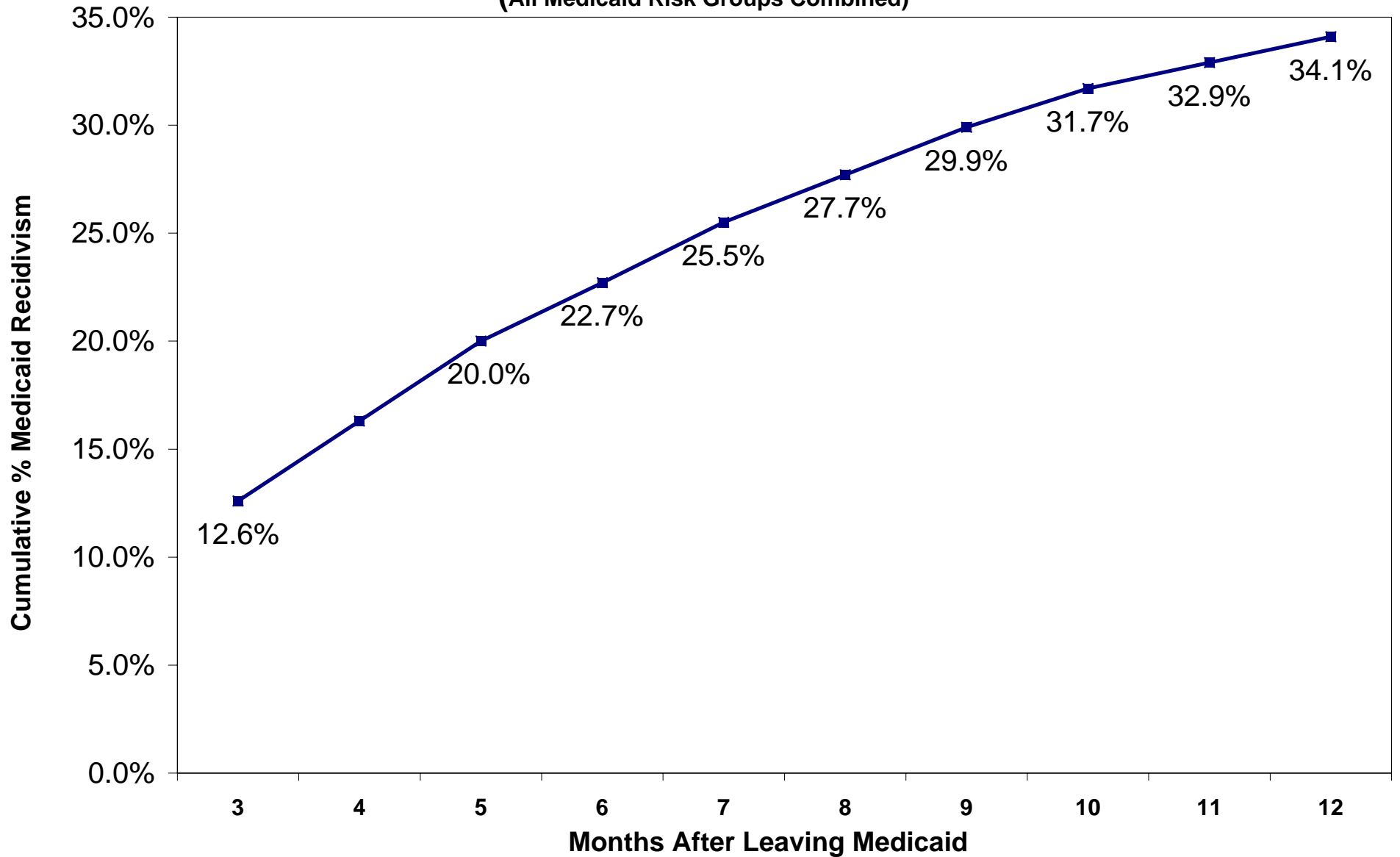
This chart follows clients who were eligible for Medicaid in November 1996 but who were off all Medicaid during both December 1996 and January 1997. All clients were tracked for twelve months.

The monthly percentages represent the proportion of ex-Medicaid clients who returned to Medicaid. These percentages are cumulative in that they capture anyone who returned within each time period regardless of how long they remained on Medicaid after their return.

Highlights

- **12.6% of clients who left Medicaid returned within three months.**
- **22.7% of clients who left Medicaid returned within six months.**
- **34.1% of clients who left Medicaid returned within one year.**

CHART 1
Cumulative Percent of Clients Returning to Medicaid
After Leaving in December 1996
(All Medicaid Risk Groups Combined)



I. Medicaid Recidivism

Chart 2: Percent Recidivism Within 12 Months By Medicaid Risk Group

Like chart 1, this chart follows clients who were eligible for Medicaid in November 1996 but who were off all Medicaid during both December 1996 and January 1997. All clients were tracked for twelve months.

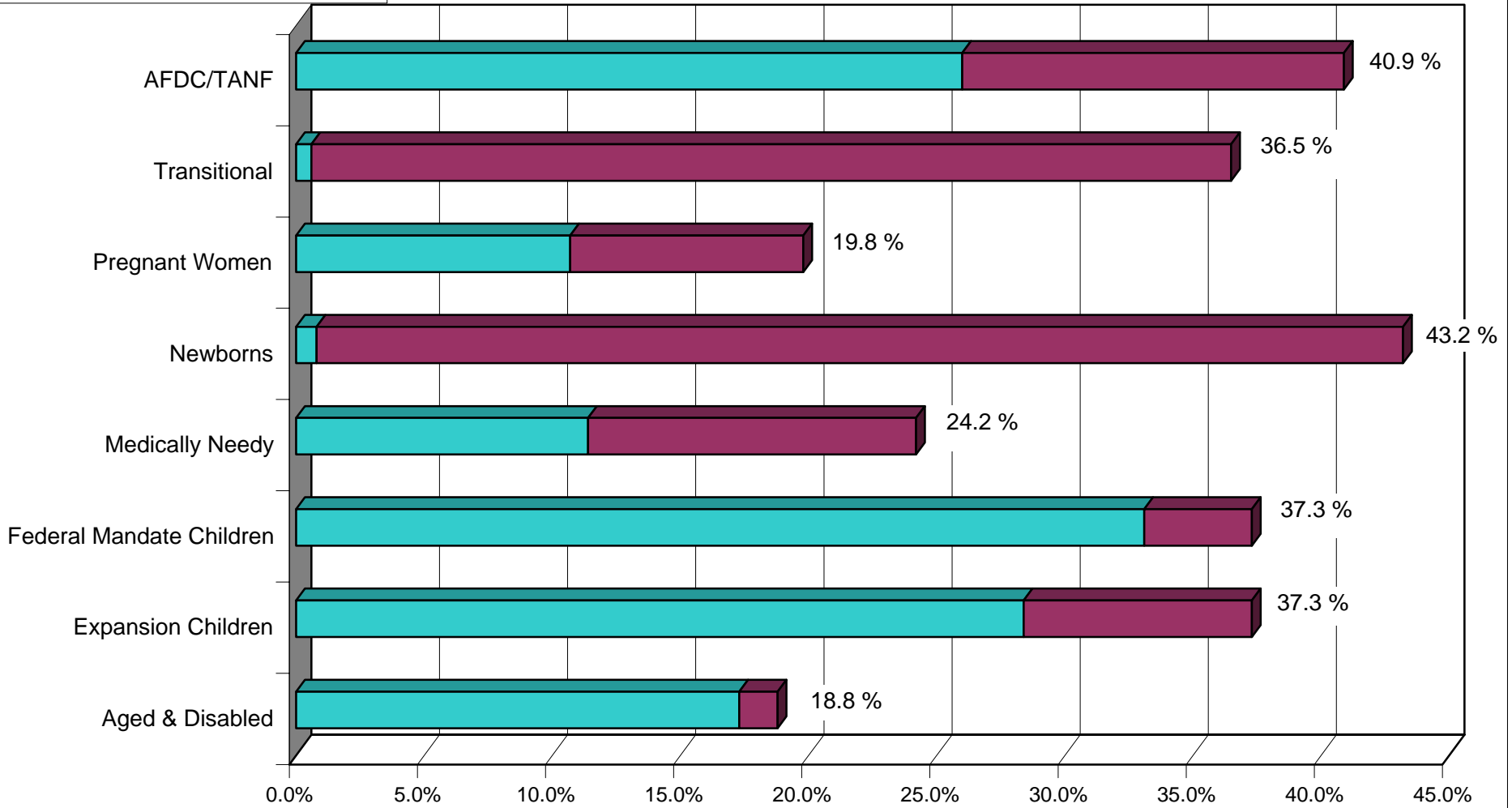
Represented by the bars in the chart are the percentages of ex-Medicaid clients who returned to Medicaid within one year. These are stratified by the Risk Group they left. These percentages are cumulative in that they capture anyone who returned within twelve months regardless of how long they remained on Medicaid after their return.

Highlights

- **About 41% of clients who left AFDC/TANF directly without using Transitional Medicaid were back on some Medicaid program within one year while 36.5% of those who first went to the Transitional Medicaid program returned to Medicaid in the same time period.**
- **Approximately half of the 19.8% of clients who left the Pregnant Women program and were back on Medicaid within one year returned to the same program.**
- **Nearly all of the 43.2% of the children who left the Newborn program and returned to Medicaid within one year were served in other programs. Eligibility for the Newborn program only lasts to the child's first birthday.**
- **The Aged and Disabled group had the lowest rate of recidivism within one year at 18.8% with the vast majority returning to the same program. Because the age range of this program is stable and clients meeting the programs' criteria are likely to maintain eligibility, this set of Medicaid participants are the least likely to return to different programs after leaving.**
- **Approximately 37 percent of children generally under 14 years of age leaving the Expansion Children and Federal Mandate Children Medicaid programs returned to Medicaid within one year.**

CHART 2
Percent Recidivism Within 12 Months
By Medicaid Risk Group

- Back to same program
- Back to other program



I. Medicaid Recidivism

Charts 3a – 3d: Percent Recidivism Within 12 Months By Medicaid Risk Group Client Left And Medicaid Risk Group Client Returned To

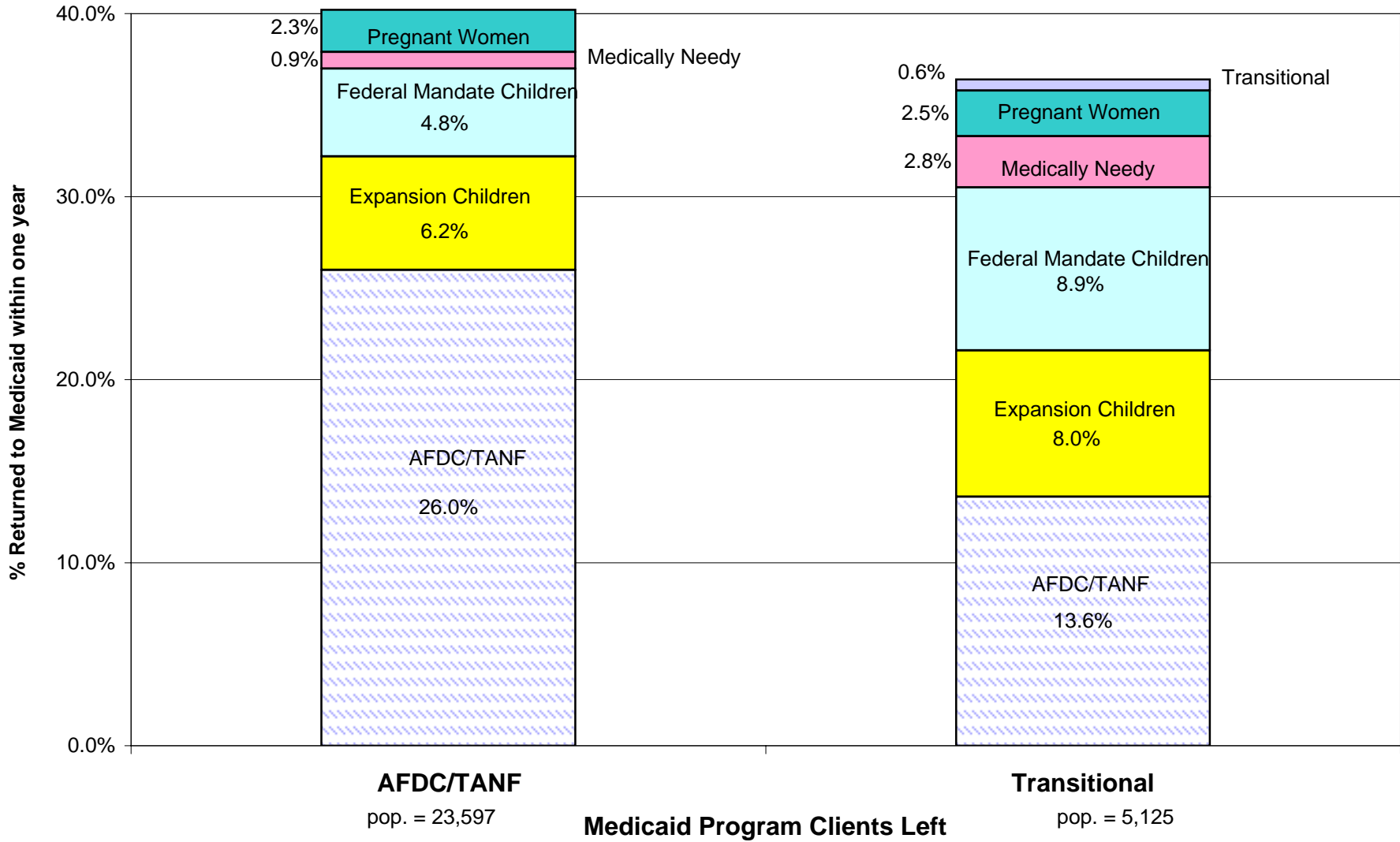
As in charts 1 and 2, these charts follow clients who were eligible for Medicaid in November 1996 but who were off all Medicaid during both December 1996 and January 1997. All clients were tracked for twelve months.

Represented by the bars in the chart are the percentages of ex-Medicaid clients who returned to Medicaid within one year. They are stratified by the Risk Group they left. The specific programs the recidivists returned to are also delineated. These percentages are cumulative in that they capture anyone who returned within twelve months regardless of how long they remained on Medicaid after their return.

Highlights

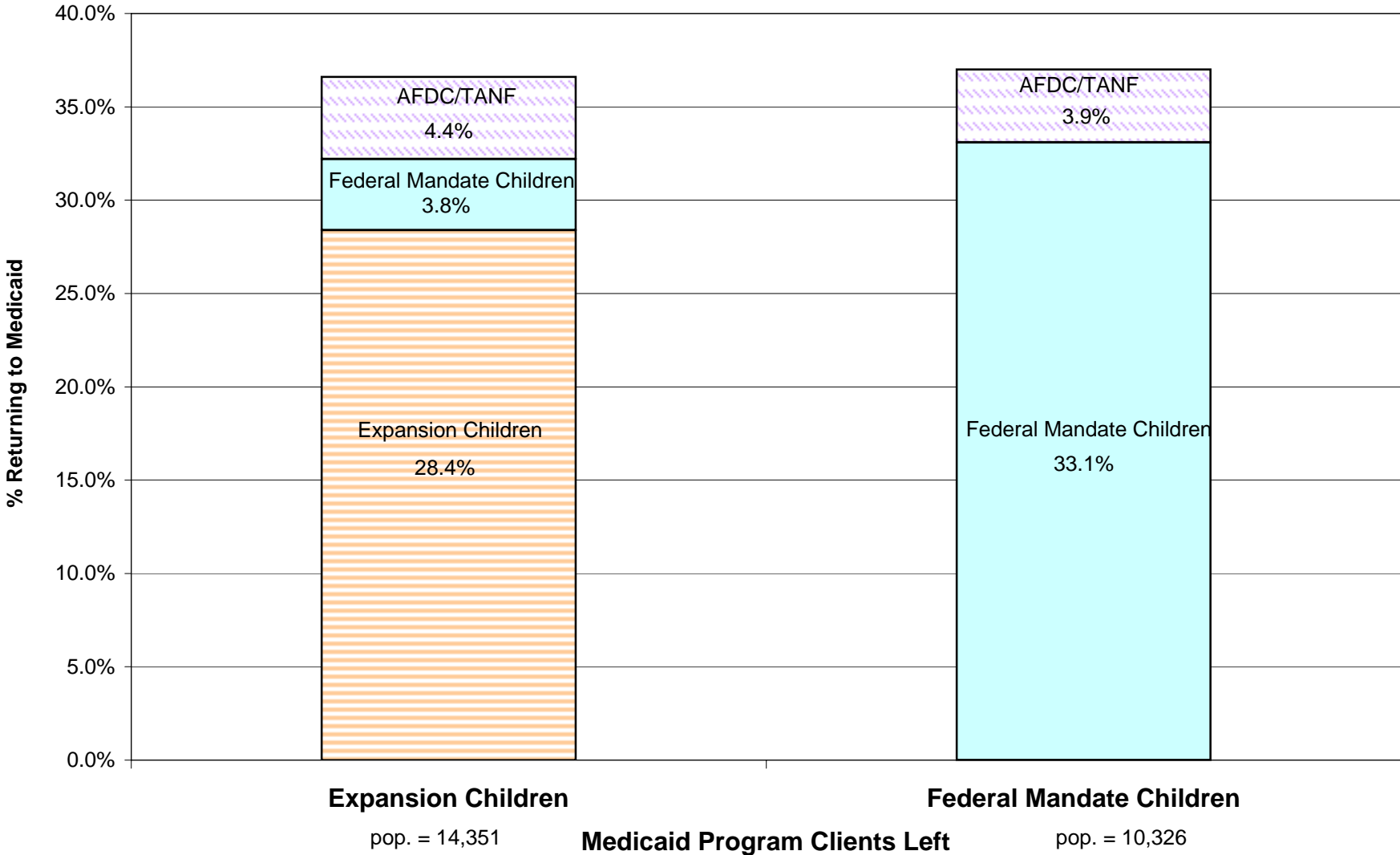
- **Within one year, 26% of former AFDC/TANF clients who did not utilize Transitional Medicaid had returned to AFDC/TANF, while an additional 15% had returned to Medicaid but in other programs.**
- **About 14% of former AFDC/TANF clients who utilized the Transitional Medicaid program returned to AFDC/TANF within one year while 22.9% returned to Medicaid but in other programs.**
- **Of clients who left the Expansion Children program, (children generally under age 6 but with exceptions), 28.4% returned back to the same program within one year while about 4% went onto AFDC/TANF and about another 4% went onto the Federal Mandate program (children ages 6 to 14). This was most probably because numerous children turned six years of age.**
- **Approximately 24% of clients served by the Medically Needy program had returned to Medicaid within one year. One quarter of those returning received cash assistance through AFDC/TANF.**
- **Nearly 36% of children served in the Newborn program returned to Medicaid in the Expansion Children program which serves older children. An additional 6% returned to AFDC/TANF.**

CHART 3a
AFDC/TANF and Transitional Medicaid Recidivists within 12 months
By Program Returned To



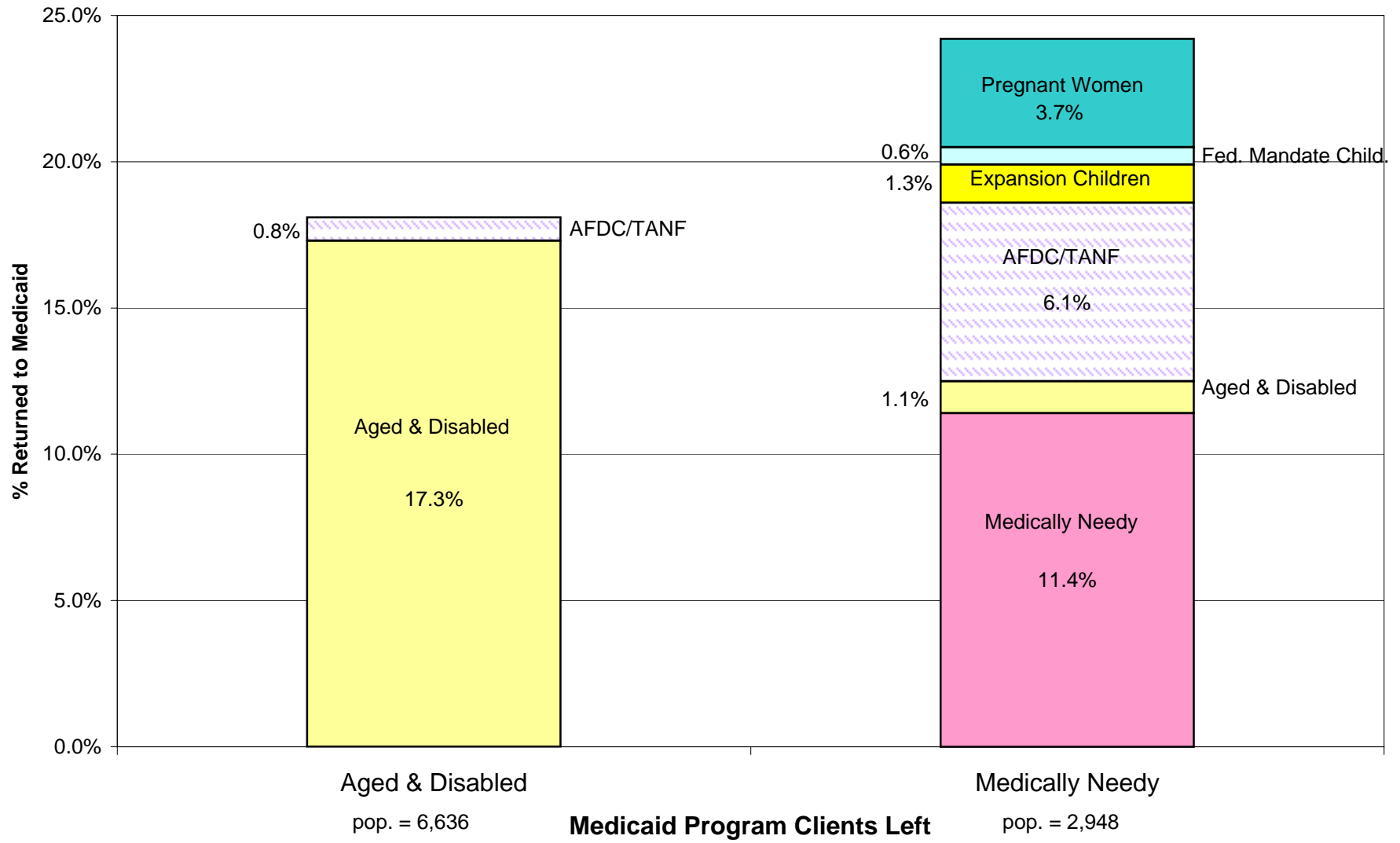
* Risk Groups to which less than 0.5% of pool returned to were excluded from this chart.

CHART 3b
Expansion and Federal Mandate Children Recidivists within 12 months
By Program Returned To



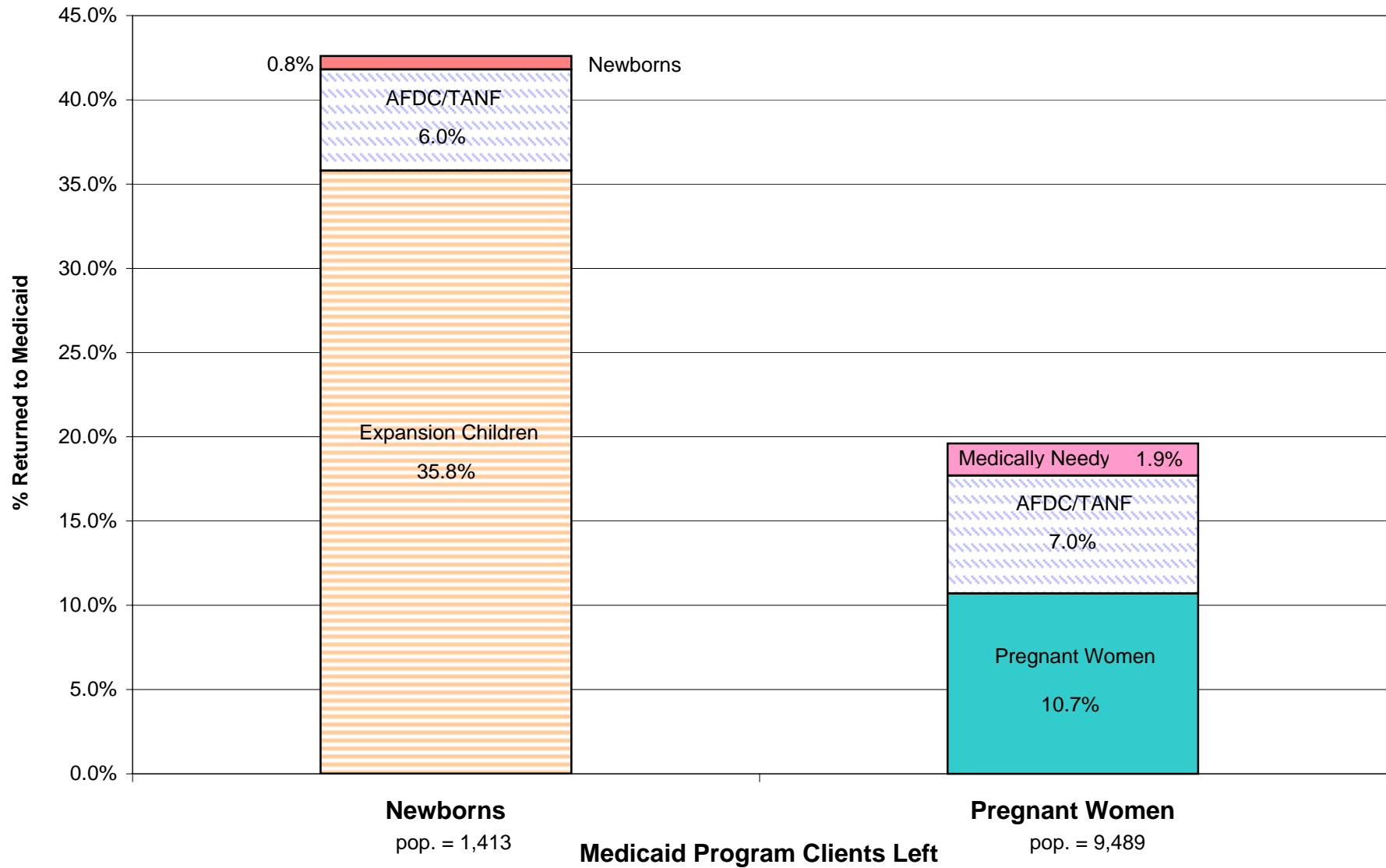
* Risk Groups to which less than 0.5% of pool returned to were excluded from this chart.

CHART 3c
Aged & Disabled and Medically Needy Recidivists within 12 months
By Program Returned To



* Risk Groups to which less than 0.5% of pool returned to were excluded from this chart.

CHART 3d
Newborns and Pregnant Women Recidivists within 12 months
By Program Returned To



* Risk Groups to which less than 0.5% of pool returned to were excluded from this chart.

II. AFDC/TANF Medicaid Recidivism

Chart 4: Cumulative Percent of Former AFDC/TANF Medicaid Clients Returning to AFDC/TANF by Month

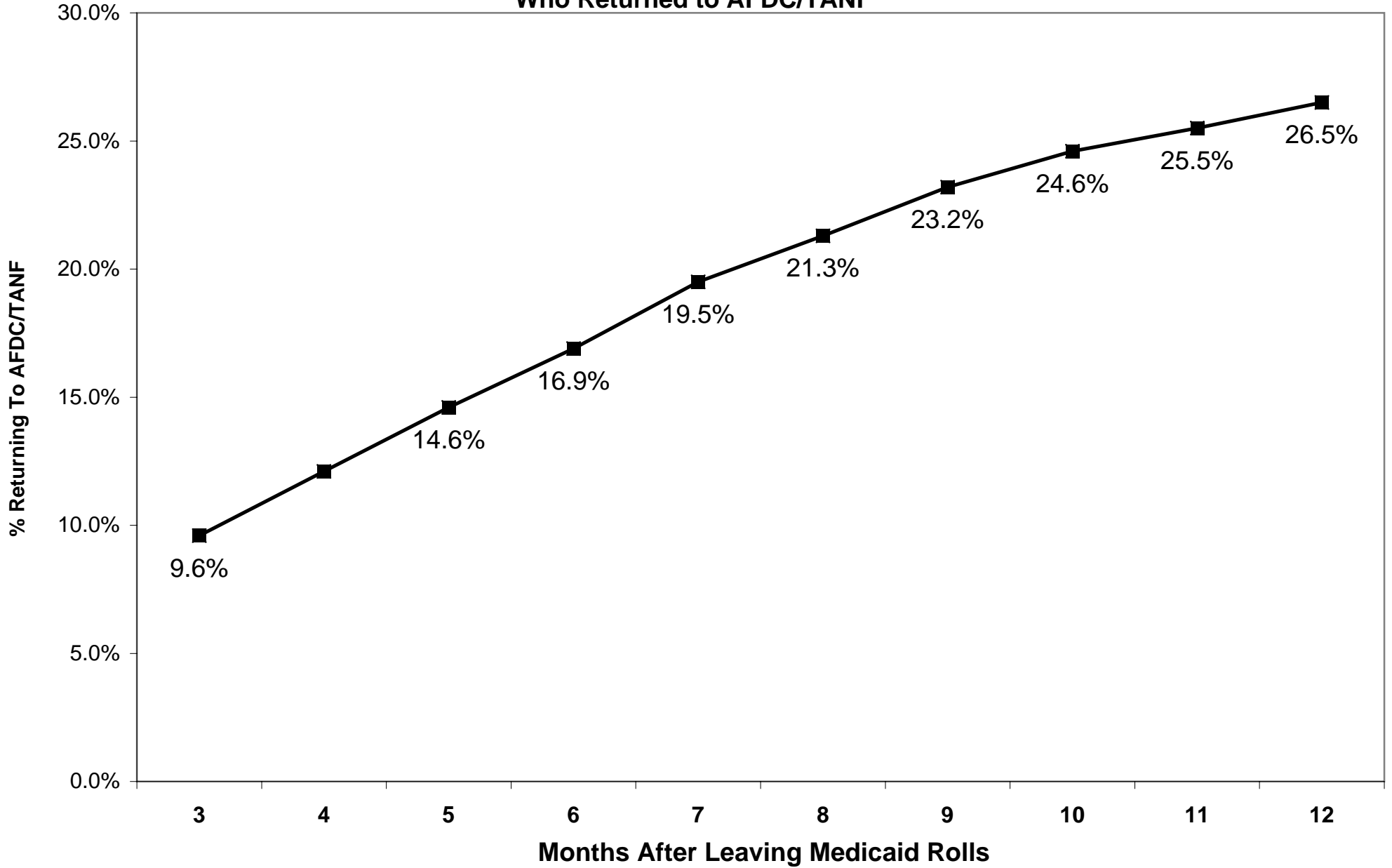
This chart follows clients who were eligible for AFDC/TANF Medicaid in November 1996 but who were off all Medicaid during both December 1996 and January 1997. All clients were tracked for twelve months.

The monthly percentages represent the proportion of ex-AFDC/TANF clients who returned to AFDC/TANF Medicaid. These percentages are cumulative in that they capture anyone who returned within each time period regardless of how long they remained on Medicaid after their return.

Highlights

- **9.6 % of clients who left AFDC/TANF Medicaid returned within three months.**
- **16.9 % of clients who left AFDC/TANF Medicaid returned within six months.**
- **26.5 % of clients who left AFDC/TANF Medicaid returned within one year.**

CHART 4
Cumulative Percent of Former AFDC/TANF Medicaid Clients
Who Returned to AFDC/TANF



II. AFDC/TANF Medicaid Recidivism

Chart 5: Medicaid Status of Clients that Left AFDC/TANF Medicaid By Month

This chart shows a monthly distribution among Medicaid programs of former AFDC/TANF clients who were off the welfare rolls in both December 1996 and January 1997. Unlike chart 4, this chart also includes clients who moved directly from AFDC/TANF Medicaid to other Medicaid programs. This was done to be able to quantify the proportion of clients utilizing Transitional and other Medicaid programs directly after they stopped receiving cash assistance through AFDC/TANF.

Highlights

- **Although this chart tracks clients who were off AFDC/TANF for two months, (December 1996 and January 1997), 36% were on another Medicaid Program within the first of those two months and 40% were eligible the second.**
- **Nearly 30% of clients leaving AFDC/TANF moved directly to Transitional Medicaid.**
- **The utilization of Transitional Medicaid by former AFDC/TANF clients tapered off to 6.3% by the end of the one year tracking period due to its time-limited eligibility (generally twelve months but with exceptions).**
- **Nearly 41% of clients leaving AFDC/TANF were on Medicaid one year later.**
- **Fourteen percent of clients leaving AFDC/TANF were on the Expansion Children or Federal Mandate Children Medicaid programs one year later.**

CHART 5
Medicaid Status of Clients that Left AFDC/TANF Medicaid
In December 1996 And Remained Off AFDC/TANF Medicaid in January 1997

Medicaid Status	12/1/96	1/1/97	*	3/1/97	*	5/1/97	6/1/97	7/1/97	8/1/97	9/1/97	10/1/97	11/1/97	12/1/97
AFDC / TANF	0.0%	0.0%		10.2%		15.2%	16.8%	18.2%	18.5%	18.7%	19.1%	18.4%	17.9%
Medicaid Only	35.9%	40.1%		37.9%		34.4%	32.8%	32.0%	31.0%	30.0%	28.5%	25.0%	22.6%
Aged & Disabled	0.0%	0.0%		0.6%		0.7%	0.6%	0.6%	0.7%	0.6%	0.7%	0.7%	0.7%
Expansion Children	3.4%	5.6%		6.6%		6.7%	6.4%	6.0%	5.8%	5.9%	6.1%	6.4%	6.9%
Fed. Mandate Child.	2.2%	3.9%		4.7%		5.3%	5.1%	5.0%	5.1%	5.3%	5.7%	6.3%	7.1%
Medically Needy	0.2%	0.3%		0.4%		0.5%	0.5%	0.5%	0.5%	0.4%	0.4%	0.5%	0.5%
Newborn	0.2%	0.2%		0.2%		0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Pregnant Women	0.3%	0.5%		0.8%		0.9%	0.9%	1.0%	1.0%	1.1%	1.1%	1.2%	1.3%
Transitional	29.6%	29.5%		24.7%		20.2%	19.3%	18.9%	17.9%	16.6%	14.5%	10.0%	6.3%
Other	0.0%	0.0%		0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
On Medicaid	35.9%	40.1%		48.1%		49.6%	49.6%	50.2%	49.6%	48.7%	47.6%	43.4%	40.5%

* Data for February and April 1997 were not available.

III. Program Transfers for a Typical Month

Chart 6: Medicaid Clients Leaving or Changing Programs Between November 1997 and December 1997

While the previous charts followed clients who remained off Medicaid for the purposes of tracking recidivism, these data instead capture the amount of movement among the different Medicaid programs between two consecutive months. This was done in order to show how caseload exits in one program result in caseload inflows in other programs. Also included are clients who left Medicaid completely in order to show what proportion of those exiting one program are actually transferring to another program.

This chart captures all transfers, either among Medicaid Risk Groups or off of Medicaid completely, which occurred between November 1997 and December 1997.

Highlights

- **Of all transfers that occurred between November and December 1997, 77.8% were off all programs and 22.2% were between programs.**
- **About 29% of clients transferring from AFDC/TANF Medicaid moved the next month to Transitional Medicaid.**
- **Over 30% of those transferring from Transitional Medicaid moved directly back onto AFDC/TANF.**
- **Twenty percent of transfers off of the Newborns program moved directly to the Expansion Children Medicaid Program. This was most probably due the children turning one year of age.**
- **Nearly nine percent of children transferring from the Expansion Children moved directly to the Federal Mandate Medicaid Program. This was most probably due to the children turning six years of age.**

CHART 6

Medicaid Clients Leaving or Changing Programs Between November 1997 and December 1997

November 1997 Program	December 1997 Program																		
	Total Changing or Leaving Programs	Those who left Medicaid Altogether		Those who moved to:															
				AFDC/TANF	Aged & Disabled	Expansion Children	Federal Mandate Children	Medically Needy	Newborns	Pregnant Women	Transitional								
AFDC/TANF	45,678	29,411	64.4%	-	0.0%	269	0.6%	1,437	3.1%	1,086	2.4%	109	0.2%	113	0.2%	170	0.4%	13,083	28.6%
Aged & Disabled	3,161	3,112	98.4%	16	0.5%	0	0.0%	12	0.4%	6	0.2%	7	0.2%	2	0.1%	4	0.1%	2	0.1%
Expansion Children	24,909	21,538	86.5%	1,089	4.4%	73	0.3%	-	0.0%	2,162	8.7%	11	0.0%	22	0.1%	4	0.0%	10	0.0%
Federal Mandate Child.	17,454	16,539	94.8%	843	4.8%	45	0.3%	19	0.1%	-	0.0%	1	0.0%	0	0.0%	0	0.0%	7	0.0%
Medically Needy	4,086	3,905	95.6%	78	1.9%	36	0.9%	31	0.8%	5	0.1%	0	0.0%	0	0.0%	31	0.8%	-	0.0%
Newborns	3,531	2,626	74.4%	141	4.0%	51	1.4%	705	20.0%	3	0.1%	1	0.0%	0	0.0%	0	0.0%	4	0.1%
Pregnant Women	11,908	11,568	97.1%	287	2.4%	8	0.1%	2	0.0%	-	0.0%	41	0.3%	2	0.0%	0	0.0%	-	0.0%
Transitional	12,661	7,354	58.1%	3,867	30.5%	21	0.2%	589	4.7%	690	5.4%	65	0.5%	2	0.0%	73	0.6%	-	0.0%
Total	123,388	96,053	77.8%	6,321	5.1%	503	0.4%	2,795	2.3%	3,952	3.2%	235	0.2%	141	0.1%	282	0.2%	13,106	10.6%

IV. Turnover of Medicaid Risk Group Caseloads

Chart 7: Medicaid Caseload Turnover During 12 Month Span Between November 1996 and November 1997

Related to the frequency of clients returning or recidivating to the various Medicaid programs is the amount of turnover or change in the client base that a program experiences. Caseload turnover is another way of measuring the amount of stability in each of the Medicaid Risk Groups. If turnover is high within a relatively short time period, it implies a short length of stay on Medicaid for a significant number of clients.

This chart measures the degree to which the Medicaid Risk Group caseloads changed due to movement on, off, or among Groups over a 12 month period. Two “snapshots” of the Medicaid population by Risk Group were compared for months one year apart, November 1996 and November 1997.

Highlights

- **Thirty-four percent of all Medicaid clients were no longer on Medicaid after one year.**
- **While 49% of those receiving AFDC/TANF were no longer in the program one year later, over one-third of those who left were on Medicaid in other programs.**
- **Clients in the Federal Mandate Children program (ages 6 to 14) had a higher rate of retention than did clients in the Expansion Children program (generally ages under 6 with exceptions), with rates of 55.9% and 43.5% respectively. Contributing to this disparity may be the fact that the age range in the Federal Mandate program is continually increasing and children currently enrolled will not age out until they turn 19.**
- **The Aged & Disabled clients had the most stability (78.9% were on the rolls after one year).**

CHART 7
Medicaid Caseload Turnover During 12 Month Span
Caseload Changes Between November 1996 and November 1997*

	Added to Group	Left Medicaid Altogether	Transferred to other Group	On Same Group
AFDC/TANF Medicaid	+32.7%	-30.4%	-18.2%	51.5%
Medicaid Only				
Aged & Disabled	+11.3%	-20.9%	-0.2%	78.9%
Expansion Children	+48.5%	-41.3%	-15.2%	43.5%
Fed. Mandate Child.	+50.9%	-37.9%	-6.3%	55.9%
Medically Needy	+77.4%	-63.2%	-13.1%	23.8%
Newborn	+119.1%	-46.6%	-53.1%	0.3%
Pregnant Women	+93.2%	-84.4%	-10.4%	5.2%
Transitional	+103.4%	-53.2%	-39.8%	7.0%
Total Medicaid Only	+40.8%	-35.7%	-9.1%	55.2%
All Medicaid Programs	+38.2%	-34.0%	-12.0%	54.0%

* Percentages are based upon November 1996 total caseloads by risk group

Conclusions

The data captured for this report on Medicaid dynamics reveal a substantial amount of recidivism in Medicaid as a whole and within many of the programs included in its coverage. The prevalence of recidivism suggests that even in the current economic expansion many who leave Medicaid return in order to cover health care costs for themselves or their family. Many of these past beneficiaries who return tap into the resources provided by Medicaid within a relatively short time.

Also suggested by the data is that many of those who were involved in the AFDC/TANF program had a significant need for Medicaid benefits as well as the small amount of cash assistance (relative to other states) which they receive. This was shown by the movement of clients who were eligible for AFDC/TANF Medicaid to other Medicaid programs. Additionally, as has been posited by some, the decrease in some Medicaid caseloads has not been entirely due to clients leaving the rolls but has been enhanced by a high number of transfers among programs.

Further, there is evidence from this study that there exists a significant amount of change or turnover in clients that makeup the different Medicaid Risk Groups. This high turnover points to relatively short lengths of stay for some clients served in many of the Medicaid Risk Groups.

Finally, it is hoped that the phenomenon captured in this report will stimulate further in-depth research into the dynamics of Medicaid enrollment in Texas.