

Notes and Brief Reports

Utilization of Medicaid Services by AFDC Recipients*

Recipients of assistance payments under Aid to Families with Dependent Children (AFDC) are also eligible for medical benefits under Medicaid (title XIX of the Social Security Act). Typically, persons who are certified as eligible for Medicaid receive an identifying card to present when they receive treatment or care. The provider, in turn, files a claim for payment with the State agency administering the program and is paid by the State agency from public funds. Similar to AFDC, Medicaid is an assistance program for the needy that is State-administered, with the Federal Government providing at least half the funds.

Under the Medicaid program, all States must provide inpatient hospital services, outpatient hospital services, laboratory and X-ray services, skilled nursing facility services for individuals over age 21, home health care services for individuals eligible for skilled nursing services, physicians' services, family planning services, and early periodic screening, diagnosis, and treatment services for individuals under age 21. States must provide these services to all AFDC and most Supplemental Security Income (SSI) recipients. Many States offer optional services such as prescribed drugs and cover optional groups of beneficiaries such as the medically needy (those whose incomes and resources are sufficient to provide for basic needs but are insufficient to meet their medical expenses).

Periodically, the States are surveyed by the Social Security Administration on the financial circumstances and demographic characteristics of their AFDC caseloads. Along with this information the States were asked in March 1977 to provide data on the use of Medicaid services. This note is based on the replies from 27 States, which contained 63 percent of the total AFDC population.

Survey Design

Each State drew a random sample of families receiving an AFDC money payment in March 1977. The size of the sample was the larger of (1) 1/3 of 1 percent of

the total caseload or (2) approximately 400 cases. The size of the sample and caseloads for the 27 participating States is shown in table 1. As in all sample surveys, the data are subject to sampling variability and, to some extent, errors of response.

The States were asked to provide data on the specific types of Medicaid services used by each family member for the 6-month period April–September 1977.¹ Data were based on claims processed or received during the period without regard to when the services were rendered.

About 65 percent of the AFDC recipients had Medicaid claims paid during the 6-month period, 23 percent had no Medicaid claims paid, and information was un-

¹ Data for this note were taken from **AFDC: 1977 Recipient Characteristics Study, Part 1—Demographic and Program Statistics**, September 1980, and **Part 2—Financial Circumstances of AFDC Families**, February 1981, Office of Research and Statistics, Office of Policy, Social Security Administration.

Table 1.—AFDC families and recipients in the Medicaid study, by State, 1977

State	Number of families in—		Number of recipients in universe
	Universe	Sample	
California	473,552	1,584	1,436,202
Delaware	10,433	391	30,983
District of Columbia	30,973	379	93,739
Hawaii	17,351	395	57,460
Illinois	219,480	825	755,545
Indiana	53,340	394	161,506
Iowa	31,187	407	97,546
Kansas	25,898	439	76,514
Kentucky	68,402	495	211,427
Louisiana	65,065	441	210,393
Maryland	71,970	594	223,537
Massachusetts	120,592	425	363,468
Minnesota	45,211	928	131,461
Mississippi	52,495	438	161,451
Nevada	4,219	376	11,863
New Jersey	136,183	454	448,437
New York	381,577	1,362	1,251,217
North Carolina	71,174	1,051	204,602
North Dakota	4,702	372	14,107
Oklahoma	28,886	409	88,286
South Carolina	47,076	410	137,433
South Dakota	7,869	406	24,087
Texas	96,191	410	316,739
Utah	10,259	413	31,100
Virginia	58,248	375	172,741
Washington	49,230	400	154,828
West Virginia	21,821	463	71,880

* By Henrietta J. Duvall, Division of Family Assistance Studies, Office of Research and Statistics, Office of Policy, Social Security Administration.

known or not found for an additional 12 percent (table 2). Fifty-eight percent of those receiving services had claims totalling less than \$100. The median amount paid by Medicaid per person using services was \$80, and the median for all persons in the study (including those not receiving services) was \$36. Claims for about 5 percent totaled \$5,000 or more.

Services Received

Only 8.6 percent² of the AFDC recipients had inpatient hospital services during the 6-month period. For these persons, the distribution of days of care is shown in the following tabulation.

Days of care	Percent of recipients
1-3	38.8
4-7	28.7
8-14	14.3
15-30	5.4
31 or more	1.9
Unknown	10.9

Median number of days = 4.8

More than half (51.7 percent) of the AFDC recipients

² Percentages in this section exclude the 12 percent for whom information is not known.

visited a physician, and more than 1 in 4 (26.9 percent) received services in clinics or as hospital outpatients. Most outpatient hospital services were emergency-room treatment or crisis care. Outpatient, clinic, and physicians' services have traditionally been the major sources of Medicaid treatment for AFDC recipients. The distribution of the number of visits to physicians and clinics and hospitals as outpatients is shown in the following tabulation.

Number of visits	Percent of recipients using—	
	Physicians' services	Clinics and hospital outpatient services
1	29.2	37.5
2-3	30.9	33.3
4-5	15.4	11.9
6-10	15.3	10.6
11 or more	8.4	4.8
Unknown	0.8	1.9

Median number of visits to physicians = 3.3

Median number of visits to clinics and outpatient facilities = 2.7

Nearly half (48 percent) the caseload had drug prescriptions filled by a pharmacist. Although most States provide for prescribed drugs under their Medicaid pro-

Table 2.—Number and percent of AFDC recipients who have had Medicaid claims paid in their behalf, by State, April-September 1977

State	Number				Percent		
	Total	With Medicaid claims	No Medicaid claims	Unknown	With Medicaid claims	No Medicaid claims	Unknown
Total (27 States)	6,938,552	4,508,210	1,613,063	817,279	65.0	23.2	11.8
California	1,436,202	828,999	418,548	188,655	57.7	29.1	13.1
Delaware	30,983	20,513	9,399	1,071	66.2	30.3	3.5
District of Columbia	93,739	46,500	38,246	8,993	49.6	40.8	9.6
Hawaii	57,460	44,551	11,986	923	77.5	20.9	1.6
Illinois	755,545	577,565	169,996	7,984	76.4	22.5	1.1
Indiana	161,506	115,739	33,450	12,317	71.7	20.7	7.6
Iowa	97,546	80,313	2,065	15,168	82.3	2.1	15.5
Kansas	76,514	54,036	13,864	8,614	70.6	18.1	11.3
Kentucky	211,427	158,234	51,123	2,070	74.8	24.2	1.0
Louisiana	210,393	81,295	126,439	2,659	38.6	60.1	1.3
Maryland	223,537	132,427	1,092	90,018	59.2	0.5	40.3
Massachusetts	363,468	287,710	54,477	21,281	79.2	15.0	5.9
Minnesota	131,461	101,103	30,358	0	76.9	23.1	...
Mississippi	161,451	89,788	40,268	31,395	55.6	24.9	19.4
Nevada	11,863	7,737	3,913	213	65.2	33.0	1.8
New Jersey	448,437	320,066	88,485	39,886	71.4	19.7	8.9
New York	1,251,217	759,790	118,237	373,190	60.7	9.4	29.8
North Carolina	204,602	110,339	93,111	1,152	53.9	45.5	0.6
North Dakota	14,107	9,797	3,918	392	69.4	27.8	2.8
Oklahoma	88,286	41,314	43,377	3,595	46.8	49.1	4.1
South Carolina	137,433	98,620	38,124	689	71.8	27.7	.5
South Dakota	24,087	41,143	9,826	118	58.7	40.8	.5
Texas	316,739	228,770	87,969	0	72.2	27.8	...
Utah	31,100	23,346	7,530	224	75.1	24.2	.7
Virginia	172,741	125,211	46,288	1,242	72.5	26.8	.7
Washington	154,828	102,526	47,624	4,678	66.2	30.8	3.0
West Virginia	71,880	47,778	23,350	752	66.5	32.5	1.0

grams, such prescriptions are optional. Frequently, recipients are required to make a nominal copayment—usually \$1 or less—for each prescription.

Dental care is another optional Medicaid service that is often very limited in scope and coverage. However, dental treatment must be provided to children who need it as a result of early periodic screening and diagnosis. Twelve percent of the AFDC recipients obtained dental care during the time frame, and 78 percent of these persons had fewer than 4 visits.

About 1 in 4 of the AFDC recipients had other services under Medicaid. Mandatory laboratory and X-rays were the most frequently used other services.

Accuracy of Data

The 1977 Recipient Characteristics Study represented a first attempt to collect disaggregated information on Medicaid utilization for a specific segment of the Medicaid caseload. Although the response rate was only fair, a comparison of the findings with annual aggregated Medicaid program reports reveals that the data were reasonable and representative. The comparisons are shown in table 3.

Theoretically, the annual reported data should be somewhat higher than the 6-month survey results because of the turnover rate in AFDC. However, families come and go from the rolls, and the annual data are based on an unduplicated count of all AFDC families.

A comparison of aggregated monthly reports³ for both the AFDC and Medicaid programs shows that of an average monthly number of 11.1 million eligible AFDC recipients, Medicaid claims were paid for 4.6 million—or 41 percent. This calculated monthly rate of Medicaid utilization may be greatly exaggerated because Medicaid claims from different providers arrive or are paid in different months for the same date of service. For example, the annual Medicaid reports for fiscal year

³ Henrietta J. Duvall, *Medicaid Statistics: Fiscal Year 1977*, Health Care Financing Administration, Department of Health, Education, and Welfare (Publication No. 78-03154), April 1978; and data cumulated from *Public Assistance Statistics*, various issues, for fiscal year 1977, Office of Research and Statistics, Social Security Administration.

Table 3.—Percentage distribution of AFDC recipients using Medicaid services, by type of service and source of data

Service	AFDC Recipient Characteristics Survey, April-September 1977	Annual Medicaid reports, fiscal year 1977
Inpatient hospital	11.6	14.0
Physicians'	70.3	73.4
Outpatient hospital	} 36.6	{ 39.5
Clinic		
Prescribed drugs	65.2	65.5
Dental	16.9	25.6
Other	33.4	...

1977 showed an unduplicated count of AFDC recipients using Medicaid services that was triple the monthly average. Thus, in this case, the survey result of a 6-month utilization rate of 65 percent—about 1 1/2 times the average monthly estimate of 41 percent—is clearly valid. Comparisons of other ratios and statistics derived from the survey reveal no inconsistencies with baseline information.

Medicaid Use: AFDC Recipients and Others

In a typical month in 1977, AFDC recipients comprised half the Medicaid caseload yet accounted for only one-fourth the Medicaid payments. In contrast, SSI recipients made up one-fourth of the caseload and accounted for a nearly equivalent amount of expenditures (even though some medical care is provided to some SSI recipients through Medicare). The residual quarter of the Medicaid caseload consisted of persons who did not receive money payments. This latter group accounted for nearly half the Medicaid funds. The following tabulation shows the distribution of the Medicaid caseload and expenditures:

Medicaid users	Percent of caseload	Percent of expenditures
AFDC recipients	50.4	25.9
SSI recipients	25.9	27.4
Others	23.8	46.6

In the "other" category were some optionally covered AFDC-related persons (about 27 percent), but more than half the other group were aged or disabled and accounted for nearly 40 cents of every Medicaid dollar spent. Many of these aged and disabled persons were institutionalized in skilled-nursing homes and in intermediate-care facilities, which both provide extended or long-term care. These persons often exhaust their resources and income to pay for their care and must turn to Medicaid for continued support.

AFDC recipients are younger and healthier and therefore more likely to receive outpatient services than the rest of the Medicaid population. Thus, their health expenditures are comparatively small.

In many States the Medicaid program meets all of the health care costs of AFDC families. Often a broad package of benefits is provided such as drug prescriptions, dental services, and eyeglasses. In States where the program is comprehensive, the family needs little of its cash benefits and income for medical care.

This study found that a majority of AFDC recipients received Medicaid services, but that the total cash value of these services was somewhat lower than the cash value of Medicaid services to other groups of beneficiaries. As income in kind, Medicaid represented about \$32 per month in additional benefits for the average AFDC recipient, little more than \$100 per family.