

**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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## Preface

Many former TANF recipients enter low-paying jobs that do not offer health insurance. Receiving the food stamps and Medicaid for which they are eligible can make a critical difference in securing an adequate standard of living for families who have traded welfare for work. Yet nationwide, participation in the Food Stamp Program and in Medicaid dropped sharply between Fiscal Years 1996 and 1999. This report focuses on the practices in welfare offices — the actions welfare workers take and the information they give to recipients — to understand the reasons for this decline and to recommend measures that could reverse it.

The study, conducted in early 2000, found that welfare staff members did not routinely inform recipients that when they became employed, they would almost certainly be eligible for transitional Medicaid and possibly for food stamps as well. But if a welfare recipient let her worker know that she had found a job, the worker was likely to take the necessary steps to ensure her continued receipt of Medicaid and (if eligible) food stamps. Unfortunately, many welfare recipients leave welfare for work without informing the welfare agency; they simply fail to attend the next eligibility redetermination appointment. The study indicates that when this happened, the worker terminated both the recipient's cash assistance and her food stamps. The Medicaid story was similar at first. But after the Health Care Financing Administration (the federal agency that administers the program) encouraged states to make changes, the agencies we studied instituted new procedures to ensure that failure to attend redetermination did not automatically result in loss of Medicaid. Based on these findings, this report makes a number of recommendations to state and local welfare agencies and to the Food and Nutrition Service (which administers the Food Stamp Program) to improve program practice.

As we were putting the finishing touches on the report (a draft of which we shared with the Food and Nutrition Service), we learned that on November 18th, President Clinton, in his weekly radio address, announced new rules that would substantially address the problems we found. Among other things, the rules require states to inform households losing TANF benefits that they may continue to receive food stamps if they provide the needed information. They also give state agencies the option to suspend food stamp benefits for a month if the information does not arrive in time, rather than close the case altogether. And they allow states to provide a three-month transitional food stamp benefit to households leaving welfare for work, without requiring households to report income and other changes during this period and without the states themselves incurring quality control liability for such changes.

State welfare agencies must now decide whether to adopt the more liberal options. And they must put in place the training and procedures to make the new federal requirements and options a reality. We hope this report will provide some guidance about how states can take these steps — and why they should.

Gordon Berlin  
Senior Vice President

## **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/redermination 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 collocated, 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 re-

authorization 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 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.

## **I. Introduction**

If former recipients of Temporary Assistance for Needy Families (TANF) are not getting the food stamp and Medicaid benefits for which they are eligible, is this because of the practice (or “malpractice”) of workers in welfare offices? This is the question we address in this report. The report is one in a series of publications emerging from MDRC’s Project on Devolution and Urban Change (“Urban Change,” for short), an examination of welfare reform and its effects in four major urban centers across the country: Cuyahoga County (Cleveland), Los Angeles County, Miami-Dade County, and Philadelphia.<sup>1</sup> (Table 1 presents key features of the larger Urban Change project.) Our aim is to offer information and insights that policymakers and practitioners at the federal, state, and local levels can use to improve operations and to help ensure that former welfare recipients in particular and low-income people in general receive the benefits they want and for which they are eligible.

The short answer to the question posed above is that, as far as we can tell, welfare workers for the most part appear to be adhering to the rules. But policies in the four sites in the study are such that former TANF recipients who are eligible for these benefits are much more likely to receive Medicaid than food stamps. This is largely because food stamps are likely to be cut off when families are terminated from welfare for failing to appear for TANF eligibility redetermination. Medicaid also used to be cut off, but because of recent changes in state policies, former TANF recipients are now retained on Medicaid even after their cash and food stamps have been eliminated. The findings suggest further, however, that workers do not usually discuss the availability of post-TANF benefits in their interactions with recipients and that many TANF recipients are unaware of their eligibility for continued benefits. This may account in part for high rates of recipients’ nonappearance at redetermination.

We are aware that these findings are emerging in an ever-changing policy and regulatory context. The Health Care Financing Administration (HCFA), the federal agency that administers

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<sup>1</sup>For brevity’s sake, the sites (that is, the counties) are often referred to in this report by the names of their principal cities: Cleveland, Los Angeles, Miami, and Philadelphia. Only in the case of Philadelphia, however, are the city and county identical in their boundaries.

## The Project on Devolution and Urban Change

Table 1

### Key Features of the Urban Change Project

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#### Goal

To understand how state and local welfare agencies, poor neighborhoods, and low-income families are affected by the changes to the income support system in response to the passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996.

#### Locations (sites)

Four large urban counties: Cuyahoga (Cleveland, Ohio), Los Angeles, Miami-Dade, and Philadelphia

#### Time frame

1997–2002

#### Project components

The *Ethnographic Study* illuminates the effects of the changes by chronicling, in depth and over time, how 30 to 40 welfare-reliant families in each site cope with the new rules and policies.

The *Implementation Study* describes both the new welfare initiatives — rules, messages, benefits, and services — that are developed at the state and local levels and the experiences of the local welfare agencies in putting these new initiatives into practice.

The *Individual-Level Impact Study* measures the impact of the new policies on welfare, employment, earnings, and other indicators of individual and family well-being, via two components:

1. an *administrative records component*, for countywide samples of welfare recipients and other poor people
2. a *survey component* involving two waves of in-person interviews with a sample of residents of high-poverty neighborhoods

The *Institutional Study* examines how the new policies and funding mechanisms affect nonprofit institutions and neighborhood businesses.

The *Neighborhood Indicators Study* assesses changes in statistical indicators that reflect the social and economic vitality of urban counties and of neighborhoods within them where poverty and welfare receipt are concentrated.

#### Distinctive features

*Its urban focus.* The project examines the impacts of welfare reform in America's big cities.

*Its neighborhood focus.* All five components of the project will focus especially on residents of high-poverty neighborhoods, the public and nonprofit agencies that assist them, and the effects of welfare reform on the stability and vitality of their communities. Findings will also be reported at the county level.

*Its effort to integrate findings across the components.* The goal of the project is to bring multiple data sources and methodologies to bear in answering the questions of interest. The results of the separate studies are intended to illuminate, clarify, reinforce, and otherwise complement each other, as exemplified in this report.

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Medicaid, has issued several letters to state Medicaid directors containing guidance intended in part to help ensure that former TANF participants continue to receive Medicaid coverage. In its letter of April 7, 2000, for example, HCFA clarified federal eligibility redetermination requirements, which are less restrictive than those some states have utilized. HCFA further required states to identify and reinstate families who had been dropped from Medicaid without proper determination of eligibility or notification and to modify their computerized eligibility systems to ensure the correct results. Before this guidance letter was issued, state and local welfare agencies in California, Florida, Ohio, and Pennsylvania had initiated measures — some parallel to those required by HCFA — to ensure that households losing TANF assistance did not lose Medicaid as well. Their experiences in implementing these measures, documented here, may be interesting and instructive for other jurisdictions.

By and large, the agencies we studied have not made as great an effort to address the barriers — both procedural and informational — to assuring continuity of food stamp receipt among eligible families who leave TANF. As a Philadelphia welfare office director told us, “The issue is newer for food stamps; medical assistance has been a priority for years.” Legislation has recently been introduced into Congress aimed at reversing the substantial decline in the food stamp caseload. The Food and Nutrition Service (FNS) of the U.S. Department of Agriculture, which administers the Food Stamp Program, has initiated efforts aimed at expanding food stamp receipt; for example, in a July 12, 2000, letter to all state governors, the Secretary of Agriculture urged (but stopped short of requiring) welfare agency staff to review food stamp eligibility in the course of reinstating families wrongly terminated from Medicaid. FNS is also contemplating additional measures to help increase Food Stamp Program participation among needy individuals and families.<sup>2</sup> We hope that, by documenting what welfare agencies now do — what works well and what presents problems — we can help to inform the decision-making process.

This report focuses on receipt of food stamps and Medicaid among those who make the transition off of cash assistance. It does not consider families who receive food stamps or Medicaid but not cash (known as “food stamp-only” and “Medicaid-only” cases). Nonetheless, we suspect that former

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<sup>2</sup>On November 18, 2000, as this report was being put into final form, President Clinton announced new rules to facilitate food stamp receipt. The Executive Summary of this report provides further details.



cash recipients and nonrecipients often face common issues in securing and maintaining access to in-kind benefits.

## **II. The Problem**

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 has wrought sweeping changes in social policy. In part because of the law's strong emphasis on immediate employment, many former welfare recipients have entered jobs, which are often low paying and do not offer fringe benefits, including health insurance. One of the law's most controversial provisions has been the imposition of federal time limits on cash welfare to families aided under the Temporary Assistance for Needy Families (TANF) program. Because federal and state time limits on cash assistance have not yet gone into effect in many of the largest states, it is too early to be certain about the impact of these new policies on mothers and their children. But what is indisputable is that all these changes have highlighted the importance of the Medicaid and Food Stamp Programs in preserving a "social safety net" for low-income Americans, especially those who leave the TANF rolls.

PRWORA maintained the link between eligibility for food stamps and eligibility for cash welfare that existed under the Aid to Families with Dependent Children (AFDC) program; that is, TANF recipients are automatically eligible for food stamps as well as cash. TANF recipients who find jobs and are no longer eligible for cash may still get food stamps if their gross income does not exceed 130 percent of the federal poverty guideline and if they meet certain asset and other requirements. This means that, in FY (fiscal year) 2000, a household of three with a gross income of \$1,504 per month (\$18,048 a year) or less can get food stamps; another way of thinking about the eligibility limit is that a woman and her two children can receive food stamps if she works for 35 hours a week, 50 weeks a year, at a wage of \$10.31 or less an hour (and has no other income).

Unlike the case with food stamps, under PRWORA, the automatic linkage that had previously existed between eligibility for cash and eligibility for Medicaid was severed.<sup>3</sup> Instead, the law created a

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<sup>3</sup>In California and Pennsylvania, eligibility for cash welfare automatically means eligibility for Medicaid.

new Medicaid eligibility group for low-income families (whether or not these families also received TANF) based on the AFDC income limits and family composition standards in effect in July 1996. States were also permitted to increase these limits if they chose. As of this writing, in the Urban Change states, income eligibility levels for parents to receive Medicaid range from \$9,648 a year for a family of three (68 percent of the federal poverty guideline) in Florida to \$15,228 a year (108 percent of the poverty guideline) in California and Ohio (see Families USA, 2000).<sup>4</sup> In both Florida and Pennsylvania, a 40-hour-a-week job at the minimum wage would leave an adult parent in a three-person household ineligible for Medicaid. Expanded Medicaid provisions for children and the implementation of the State Children's Health Insurance Program, or SCHIP, mean that children in households with higher incomes can retain medical coverage when their parents lose Medicaid eligibility.

In addition, former welfare recipients can receive Medicaid under the transitional Medicaid category. The Family Support Act of 1988 had required states to extend transitional Medicaid to families leaving welfare for work, and this mandate was continued in PRWORA. Under the 1996 act, transitional Medicaid benefits are available to former TANF households that earn too much to be eligible for Medicaid under the July 1996 standards, provided that these households received Medicaid in three of the six months before they left welfare. Federal law requires a minimum of six to 12 months of transitional Medicaid, and states may opt to extend these benefits longer; of the Urban Change sites, only California has taken up this offer. Families are automatically eligible for the first six months of transitional Medicaid and are not required to reapply or to pay a premium for coverage. Thereafter, coverage is limited to families whose household incomes (disregarding child care expenses) do not exceed 185 percent of the federal poverty level, and states may charge a premium and limit the scope of coverage.

Despite the increased importance of Medicaid and food stamps in a world where ongoing welfare assistance is no longer an entitlement, the number of households receiving food stamps nationally has fallen steadily each year between FY 1995 and FY 1999, amounting to a total drop of 30 percent. Among the Urban Change states, the number of households receiving food stamps declined by between

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<sup>4</sup>These eligibility levels are calculated for a three-person family, with one wage-earner, who are applying for Medicaid. The calculations further assume that all income is from earnings and that only earned income disregards  
(continued)

27 percent (Florida) and 42 percent (Ohio) during this period. A recent report issued by the U.S. Department of Agriculture attributes the drop in Food Stamp Program participation both to changing economic conditions (including a decline in the number of eligible households) and to changes in welfare programs and political conditions (Wilde et al., 2000). Not only has the *number* of recipients fallen, but so has the *rate* of participation among those eligible for benefits (Schirm, 2000).

Medicaid enrollment patterns differ for low-income parents and children. A recent study by Families USA (2000) indicates that in the 15 states with the most uninsured low-income adults — including all four Urban Change states — Medicaid enrollment of parents fell by 27 percent between January 1996 and December 1999. Among the states with the Urban Change sites, the drop in the number of parents receiving Medicaid ranged between 19 percent (California) and 42 percent (Ohio). An earlier study by the same organization shows that, for children, a fall-off in Medicaid coverage associated with welfare reform was largely offset by expanded child Medicaid eligibility limits and by SCHIP, so that in the 12 states with the most uninsured children, combined child Medicaid and SCHIP enrollment dropped by 2 percent over the same three-year period (Families USA, 1999).

Declines in benefit receipt are a cause for concern because it appears that many people who may need transitional benefits aren't getting them. Early research on TANF leavers indicated that many former welfare recipients who on the basis of their earnings appeared to be eligible for food stamps were not receiving them, and that many were not covered either by an employer's medical plan or by Medicaid. For example, a six-month follow-up of families in Cuyahoga County who left welfare in the last quarter of 1998 and the first three quarters of 1999 (Coulton et al., 2000) found that although work participation levels were high, approximately half the respondents worked too few hours or had too low wages to lift a family of three above the poverty line. Moreover, only 38 percent of their current or most recent jobs offered health insurance. Most of the families in the sample would have continued to be eligible for food stamps as well as for Medicaid (the latter either as a transitional benefit or under Healthy Start, Ohio's SCHIP program) when they left welfare. Yet no more than 57 percent of the exiting families were receiving food stamps at that point, and a similar percentage of adults retained Medicaid cov-

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are applied. Higher income eligibility levels would apply if the household had previously been receiving TANF and  
(continued)

erage. (A slightly higher proportion of children — about 63 percent — were enrolled in Medicaid or Healthy Start when their families went off aid.) Findings from the 1997 National Survey of America's Families indicated that 41 percent of former welfare respondents had no health insurance (Garrett and Holahan, 2000) and that former welfare recipients left the Food Stamp Program at higher rates than families who had not been on welfare (Zedlewski and Brauner, 1999). (See also Dion and Pavetti, 2000; Parrott, 1998; and Primus, Rawlings, Larin, and Porter, 1999.)

Moreover, there is evidence of serious nutritional and health care problems among current and former welfare recipients. A soon-to-be-released report from the Urban Change project on the health status of poor urban women found that these women had much higher rates of health and mental health problems, and that their children also had many more health problems, than have been found in national samples (Polit, London, and Martinez, forthcoming, 2001). The Urban Change study subjects as a group were more likely to be food insecure and hungry, to be in poor physical and emotional health, to be overweight, to have visited the doctor many times in the prior year, and to have children in only fair or in poor health. Three out of four women in the study sample had at least one potential health barrier to employment, and 40 percent had two or more health problems. Those women in the sample who had left welfare — whether or not they were working — were significantly more likely than those still on welfare to have health care access problems, including lack of health insurance and lack of a regular health care provider; they were also more likely to report a need for health or dental care that had gone unmet because of financial constraints.

Finally, there is reason to believe that welfare recipients strongly value both Medicaid and food stamps — indeed, that some may regard them as just as important as cash, or more so.<sup>5</sup> This makes the failure to receive these benefits all the more puzzling.

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could thereby receive transitional Medicaid, as discussed below.

<sup>5</sup>For instance, one welfare recipient participating in the ethnographic study being conducted as part of the Urban Change project told her interviewer: "I'm not too concerned about the actual cash. Not that who doesn't need money. My concern will be with the food stamps and the medical. That would devastate me and my situation." (Her daughter had a seizure disorder.) The comment of another was even more pointed: "You know, welfare sucks, man, it does. If it weren't for the medical [Medicaid], I wouldn't even be dealing with it" (Polit, London, and Martinez, forthcoming, 2001).

Many explanations for the decline in benefit receipt have been advanced. These include the robust economy, the movement from welfare to work, and the eligibility restrictions imposed on immigrants and unemployed adults without dependents. (See Dion and Pavetti, 2000, for a useful review of the literature.) In this report, the focus is on what happens in welfare offices.

### **III. Our Approach**

To find out whether current policies and practices enable former TANF recipients in the Urban Change study sites to continue to receive Medicaid and food stamp benefits — and if not, why not — we wanted to get behind the statistics. The closing of every food stamp or Medicaid case is the result of an action by a welfare caseworker; statistics on case closings are merely what result when workers' individual actions are added up. So we wanted to hear from workers about the actions they take under various circumstances when TANF households lose their cash assistance but might or might not continue to receive food stamps and Medicaid. Further, some researchers (for example, Zedlewski and Brauner, 1999) have suggested that one reason for the drop in the food stamp and Medicaid rolls is that many TANF recipients don't realize that they can still get these benefits when they leave welfare. So we wanted to hear what workers told TANF participants about continued eligibility for these benefits if they got jobs. And we wanted to know from the recipients themselves what they understood about their eligibility for food stamps and Medicaid after going off welfare.<sup>6</sup>

To address these issues, between January and May 2000, MDRC staff members visited 12 welfare offices located in the four Urban Change study sites. Across the sites, we interviewed 49 line staff members (referred to here as “workers”) and 18 administrators about beliefs and practices regarding ongoing food stamp and Medicaid benefits. All the workers who were interviewed in Los Angeles,

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<sup>6</sup>Admittedly, by focusing on the circumstances and welfare office practices associated with welfare exits, this study does not address other possible administrative reasons for the drop in food stamp and Medicaid receipt. One such reason is sanctioning — reducing the cash grant, and sometimes food stamps as well — to penalize noncompliance with welfare regulations. Sanctioning may affect only the noncompliant individual in a welfare case or all the members of that case. Another factor is a welfare agency's policy of seeking to divert people from applying for welfare. While diversion has played an important role in some welfare reform programs, only Ohio, among the four Urban Change states, has mounted a significant diversion initiative.

Miami, and Philadelphia were “eligibility workers” — that is, primarily responsible for determining TANF applicants’ initial eligibility for benefits and/or recipients’ ongoing eligibility for assistance. In Cuyahoga County, in contrast, welfare reform brought a reorganization of staff responsibilities, and line workers in one agency, Cuyahoga Work & Training, are responsible both for determining TANF clients’ eligibility and for monitoring their participation in welfare-to-work activities. (A second agency, Cuyahoga Health & Nutrition, deals with recipients of Supplemental Security Income, or SSI, and with individuals and families — including former TANF households, as discussed below — who receive food stamps or Medicaid but not cash assistance.)

We also observed 28 interactions between workers and TANF clients. These were generally either “initial eligibility” interviews, at which an applicant’s eligibility for welfare and other benefits is assessed for the first time, or “redetermination” interviews, at which recipients’ ongoing eligibility for cash assistance is periodically reevaluated. Only rarely did we interview and observe the same workers.

These qualitative data are complemented by quantitative data from a staff survey that has been administered in all the Urban Change sites; at this point, results from surveys administered to 615 line staff members in Cleveland, Miami, and Philadelphia are available. Staff survey respondents include not only eligibility workers but also other staff members primarily responsible for overseeing TANF participants’ employment preparation activities (such as job search, work experience, and training). In Philadelphia, these welfare-to-work staff members are employees of the welfare agency and work alongside their eligibility counterparts; in Miami, they are employees of other agencies.<sup>7</sup>

Given the relatively small numbers of interviews and observations that were conducted, we cannot claim that the findings are representative of all workers’ practices. And when we identify problems, we cannot be sure just how widespread they are. But, especially in conjunction with the survey data, we think we can say something about broad *patterns* of communication and behavior.

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<sup>7</sup>The welfare-to-work functions in Miami-Dade County’s welfare reform initiative were initially carried out by the state Department of Labor and by a number of nonprofit and for-profit service providers, among which Lockheed Martin IMS figured most prominently. Responsibility for these activities was subsequently transferred to staff of the Miami-Dade County Public Schools and of Miami-Dade Community College.

Finally, to find out what recipients know about the benefits they can receive after leaving welfare, we drew on 50 interviews with recipients in Cuyahoga and Los Angeles Counties conducted as part of the Urban Change project's ethnographic study.<sup>8</sup> Again, we can't and don't claim that the ethnographic study participants are fully representative of all welfare recipients in their respective sites. But we think that their responses are illuminating — and that the gaps in their knowledge are sobering.

The findings follow. First, we describe workers' beliefs about transitional benefits and their assessments of the training they received about these benefits. Next, we review what they say they do in practice — in particular, how they say they handle five different scenarios under which TANF recipients could stop getting cash benefits. One of these scenarios involves recipients' failure to attend TANF eligibility redetermination interviews, and we offer some explanations for why recipients might not attend. We then consider what workers reported telling recipients about ongoing eligibility for Medicaid and food stamps — and what they actually were observed to say — as well as other ways that agencies try to get out the word about these benefits. We turn to ethnographic data for insights into what recipients themselves understand about their eligibility for benefits after they leave cash assistance. We also review what the welfare agencies have done to restore benefits to families whose Medicaid and food stamps were cut off. Finally, we suggest some measures that might help ensure that recipients know about and receive the food stamp and Medicaid benefits for which they are eligible when they leave welfare.

#### **IV. What Workers Think**

If workers believe that receipt of food stamps and Medicaid encourages former TANF recipients to remain dependent, they may do little (or as little as possible) to help recipients gain access to these benefits. The responses of staff members we interviewed reassure us that this is not the case.

- **Welfare agency personnel are aware that recipients are entitled to transitional Medicaid and food stamps, and they strongly endorse working-poor families' receiving these benefits.**

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<sup>8</sup>Participants in the ethnographic study were selected from among welfare recipients living in high-poverty neighborhoods in the Urban Change sites.

We asked the staff members whether they perceived any contradiction between urging recipients not to go on cash welfare or to go off as quickly as possible and encouraging them to receive non-cash benefits for which they were eligible. Only a handful reported such a conflict. Most workers appeared to view these benefits as useful income supplements for people working in low-wage jobs; one Los Angeles worker explained that “keeping her benefits would allow the client to establish herself financially.” Workers often empathized with recipients’ situations. As one Cuyahoga County worker put it:

A hundred dollars in food stamps can help a lot. I wouldn’t want to talk anybody out of that. . . . If I had a small income, I’d want to feed my children without using my small income when I’m eligible for things [that is, food stamp benefits].

Another worker noted that her personal experiences have prompted her to try to ensure that clients on her caseload get the benefits for which they are eligible:

When I was nine months pregnant, my husband worked a part-time job without medical coverage. My family struggled — we got food from relatives, and I went to the free clinic. We were eligible for benefits, but we didn’t know this and suffered immensely. I don’t want others to suffer in this way — I want people to be aware of what’s available to them. Maybe they’ll spend the money they would have spent for the doctor to take a class, or to buy a book for that class.

- **Staff members’ perceptions of the adequacy of their training on transitional benefits vary from site to site.**

It’s not enough for staff members to be convinced about the value of post-TANF benefits. They also need to know and follow the proper procedures for ensuring that clients get these benefits. We asked workers responding to the staff survey to rate the adequacy of the training they had gotten on transitional benefits (defined in the survey as “the non-cash benefits that TANF clients are eligible to receive when they leave welfare for work”); a scale of 1 to 7 was used, with 1 signifying “totally inadequate” and 7 signifying “totally adequate” training.

Over 80 percent of Cuyahoga County and Philadelphia survey respondents reported that the training they had received on transitional benefits was either very or fairly adequate. (At both sites, 44 percent of the respondents gave it a rating of 6 or 7, while 44 percent in Cuyahoga and 37 percent in Philadelphia gave it a rating of 4 or 5.) Twelve percent in Cuyahoga and 19 percent in Philadelphia re-



ported less than adequate training (a rating of less than 4) or no training at all. In Miami, a somewhat higher proportion (28 percent) of respondents reported that their training was inadequate or nonexistent, while 34 and 38 percent, respectively, rated it as very or fairly adequate.

The survey included a separate question asking eligibility workers to rate the training they had received on food stamps; this training covered a wide range of food stamp-related topics, not just the rules about post-TANF food stamp receipt. In both Miami and Philadelphia, fewer than 13 percent of the eligibility workers said that their training on food stamps was inadequate or that they had received no training, while about 60 percent reported that their training was totally or almost totally adequate. Fewer workers in Cuyahoga County (41 percent) said that their training was totally or almost totally adequate, while 45 percent rated it as moderately adequate; again, only a small percentage (14 percent) said that their training was inadequate or that they hadn't gotten any training at all.

## **V. What Workers Do**

We asked staff members how they would handle five specific scenarios presented to them in which, for different reasons, individuals leave cash assistance. These scenarios represent situations that frequently occur (for example, the client finds a job or fails to attend redetermination) or that have assumed special importance in the current policy environment (for example, the client leaves welfare to conserve months of eligibility).

Four broad lessons emerged from the study:

- **What workers say they are doing is generally what they are supposed to do according to policy.**
- **In general, whether or not a recipient continues to receive food stamps after her cash case closes is strongly associated with the closing reason; in particular, when a TANF case closes because the recipient has not attended eligibility redetermination, she loses both cash and food stamps at most sites.**
- **Medicaid is handled differently. Since early 1999, all the Urban Change states have put in place measures to promote continued Medicaid coverage, whatever the reason for closing a recipient's cash case — although there is**

**reason to question whether all staff members are following the new procedures.**

- **When procedures are computerized and the new rules are built into the system, workers are more likely to handle cases properly.**

The rest of the section reports in greater detail what workers had to say about how they would handle each of the scenarios presented to them.

***Scenario 1: A TANF recipient tells her worker, “I’ve got a job.”***

***What workers say happens: The worker determines eligibility for food stamps, and, if the recipient is eligible, sees that she secures them. The worker also arranges transitional Medicaid for the client.***

In all four Urban Change sites (as throughout the nation), a recipient who finds a job is required to report it promptly to her worker and to produce verification of her new income. This action triggers a redetermination of her continued eligibility for cash and food stamps. If employment verification is presented in a face-to-face meeting, the worker can tell the recipient then and there what she is eligible to receive.

Most of the eligibility workers we talked to have computer terminals at their desks and online connections to automated eligibility systems. (Los Angeles is the exception in this regard, but this is changing with the introduction of a new system.) Computerization makes it easy for welfare workers to ascertain whether a newly employed recipient will be eligible for cash and food stamps and to ensure continuity of benefits. For workers, figuring out an employed recipient’s continuing eligibility for cash assistance and food stamps is a matter of entering the amount of earnings and any other necessary information into fields on a computer screen. The computer does the rest. It is programmed to calculate whether the recipient will still be eligible for some welfare (as may be the case if she is working part time) and for food stamps and, if so, what the amount of each benefit will be. Virtually all the workers told us that their automated eligibility systems were easy to use.<sup>9</sup>

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<sup>9</sup>A number commented, though, that despite the general ease and accuracy of the systems, it is important for them to know the rules. As one worker put it: “You have to manipulate it [the system] based on your understanding of policy. You can’t just fill out the screens without any knowledge of policy because you can do something wrong.”

(continued)

If the individual's earnings leave her ineligible for TANF but eligible for food stamps, the worker can enter a code to close her cash case while leaving open, and modifying the amount of, her food stamp benefit. The client need not reapply for food stamp benefits. Responses to our staff survey indicate that this is the common practice: 73 percent of eligibility workers in Miami and 67 percent of workers in Cuyahoga County said they would assist in securing food stamps for most or all (that is, upward of 75 percent) of their clients who leave welfare for work. Asked a somewhat different question, 66 percent of their counterparts in Philadelphia said they would evaluate the eligibility for food stamps of all clients who started to work. Only about 15 percent said they would close the food stamp cases of over half such families.<sup>10</sup>

Complications and unnecessary cutoffs can occur, however, especially when procedures and functions have not been automated. For example, two agency administrators in Los Angeles told us that workers in their offices did not always check eligibility for food stamps when they closed a TANF case for excessive income, despite official policy that they do so. Instead, the workers simply assumed — sometimes rightly, sometimes not — that the client's income would be too high for her to be eligible for food stamps. If more Los Angeles workers had computers at their desks, and if in closing a case for excessive income the computer automatically redetermined eligibility for food stamps, mistakes of this kind would not be made.

Staff survey responses tend to confirm what workers told us in interviews: that when a recipient becomes employed and leaves welfare, they usually keep the client's Medicaid case open but reassign it to the "transitional Medicaid" category (rather than to the income-related category that applies to people who are still receiving TANF). Three-quarters of Cuyahoga County workers and two-thirds of Miami workers said they would assist most or all of their employed clients to receive transitional Medicaid. In Philadelphia, 59 percent of eligibility workers said they would arrange transitional Medicaid for most

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It is especially critical that workers understand the rules governing different categories of eligibility for Medicaid, since these have different income limits.

<sup>10</sup>It's not clear what workers were thinking when they answered the question this way — we don't know whether they didn't understand standard operating procedures or were estimating that this proportion of families would have earnings that brought them above the food stamp eligibility limit.

or all of their clients who left welfare for work. Perhaps more significantly, 64 percent of the Philadelphia workers said that they would not close the Medicaid cases of *any* such clients.

A potential problem is the relatively short time period within which recipients at some sites must produce verification of employment and earnings — 10 days in Miami-Dade County, for instance. Failure to comply with this requirement results in closing both the recipient’s cash case and her food stamps, although her Medicaid case remains open.

If regular line staff members kept on their caseloads all former TANF recipients who continued to receive transitional Medicaid and food stamps, their caseloads would go up and up. Over time, the extra workload might constitute a disincentive to these workers to secure continued benefits for their clients.

The Urban Change sites have sought to configure workloads to reduce such a disincentive. All sites except Philadelphia have special units of welfare agency employees (or, in Cuyahoga County, employees of a different agency than the one serving TANF recipients) who handle food stamp-only or Medicaid-only (that is, noncash) cases. To forestall transfers of cases that might quickly return to cash aid, in Cuyahoga County, the hand-off to the specialized workers is made after a former recipient has been off TANF for six months; in Miami-Dade County, too, the welfare agency has recommended transferring closed cases to other workers after six months. In Los Angeles, once a client finds employment, her case is typically transferred to an earned income unit, and if she leaves cash assistance altogether, it is transferred again to the food stamp and Medicaid unit. In Philadelphia, a recipient who is employed has her case moved from a regular unit to a “monthly reporting unit,” whose members have lower caseloads (although more work per case) than do staff in the regular units; if the client stops receiving TANF, the worker in the monthly reporting unit remains responsible for monitoring her food stamp and Medicaid receipt.<sup>11</sup>

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<sup>11</sup>Not all workers may be aware, however, that the incentives they face have changed. One welfare office director told us that it is important to change the “old” attitude of some staff members — who think that when they close a case, they need to “get rid” of it.

In the welfare offices we visited, food stamp workers and TANF workers occupied different areas in the same building; the exception was one office in Los Angeles County that did not house food stamp staff members. The experience of this office suggests that where collocation does not exist, there may be special issues involved in transferring cases between workers, and that recipients may lose out on benefits as a result. In order to close a client's cash case while allowing her to retain noncash benefits, workers at this office had to physically transfer the case to a different office, located some distance away. When interviewed, the workers generally said that, rather than transfer the case, they would simply close it, leaving it up to the client to reapply for food stamps at the second office. (This welfare office was further handicapped because it had not yet installed the county's new automated eligibility system, which prevents workers from closing a case when it should be transferred to another worker.)

***Scenario 2: A TANF recipient tells her worker, "I've got a job. Close my case."***

***What workers say happens: The worker questions the recipient closely and explains her eligibility for noncash benefits.***

Although a few workers we interviewed said they would go ahead and comply when recipients made such requests, a Los Angeles eligibility worker offered a more typical response: "I usually tell them not to."

Workers often said they would ask many questions in this scenario, or even actively discourage newly employed recipients from closing all benefits. In particular, workers said they would probe to determine whether the recipient understood that she could still receive Medicaid and sometimes food stamps and to identify continued need for these benefits. For instance, many workers said they would immediately ask whether the recipient's job offered medical coverage for both herself and her children. Workers also talked about the importance of making recipients aware of "the facts of life" on the job — for example, that medical coverage may not be available until a probationary period has been completed, or that it may cover the employee but not her dependents.

Effective March 20, 2000, written requests for closure that specifically mention termination of Medicaid benefits are now required in Florida. Some workers at all sites said that if a recipient wanted all her benefits terminated, they would ask her to put that in writing before they actually discontinued benefits, although only in Philadelphia were workers unanimous on this point.

***Scenario 3: A TANF recipient tells her worker, “Close my case. I want to bank my time.”***

***What workers say happens: The worker closes the individual’s cash but keeps open her food stamps and Medicaid.***

We realize that this isn’t the way this scenario usually unfolds — the client seldom takes the initiative in this regard. Rather, it’s generally the worker who urges a TANF recipient who has employment or other outside income and only a small cash grant to close her cash and save her months of eligibility for the proverbial “rainy day.” According to our interviews with workers, this scenario does happen from time to time in Cuyahoga County, Miami, and Philadelphia.

Sometimes workers aren’t successful in their effort to persuade clients to bank their time. One told us about a recipient on her caseload who, despite the worker’s exhortations, refused to relinquish a TANF check of \$16 a month. But sometimes they are successful; the same worker told us about another client who gave up a monthly check of \$96 to save her months of eligibility.

When workers try to persuade clients to forgo TANF assistance, one argument they use is the promise of continued food stamps and Medicaid receipt. As a Philadelphia worker we observed told a recipient:

It’s important for you to know that you only have two more years [of TANF eligibility]. At any time, if you want us to hold your check, if you feel it’s a small check, we can stop your time. Just let me know. You can still get medical and food stamps. You only have five years in your lifetime. It’s going fast.

Banking time is less of a consideration for either welfare staff or recipients in Los Angeles. One worker there said flatly: “It doesn’t happen. I’ve never heard of such a thing.” The nature of California’s time limit — the recipient’s TANF grant is discontinued, but her children continue to receive assistance — means that there is much less incentive for recipients to refuse cash welfare when they are eligible for it. And workers do not encourage them to do so. Indeed, one worker said that if the participant were nervous about the time limits, she would reassure her that it isn’t necessary to conserve time.<sup>12</sup>

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<sup>12</sup>For the record, procedures in Los Angeles County ask welfare-to-work staff to suggest to participants that they forgo cash assistance to preserve their months of eligibility if their grants fall below \$100 a month.

***Scenario 4: A recipient has reached her welfare time limit.***

***What workers say happens: The worker terminates the recipient's cash but keeps her food stamps and Medicaid open.***

At the time this research was conducted, Miami-Dade was the only Urban Change site where recipients had begun to hit time limits.<sup>13</sup> The Miami-Dade workers who were interviewed were thoroughly aware of the fact that while TANF benefits are time limited, Medicaid and food stamps are not. They noted that when they use a "time-limit" code to close a TANF case, the other benefits remain open. Miami staff survey data corroborate the interview findings. Survey respondents estimated that, on average, fewer than 6 percent of all clients had their food stamp cases closed when they reached the time limit, and 47 percent had the amount of their food stamp benefit increased.

***Scenario 5: A recipient does not come in for eligibility redetermination/recertification.***<sup>14</sup>

***What workers say happens: The worker closes the recipient's cash and food stamps; Medicaid is generally kept open for some period of time (though more training and supervision may be in order to ensure that this really happens).***

As welfare administrators, line workers, and others are well aware, recipients' failure to appear for redetermination of their eligibility for benefits is a leading reason for case closures. In October 1999, for example, twice as many Miami-Dade County TANF cases were closed for failure to attend redetermination as for employment.

Under the food stamp and Medicaid regulations, states have the authority (within limits) to specify the frequency with which eligibility for TANF, food stamp, and Medicaid benefits must be redetermined. The Urban Change sites have adopted different policies in this regard:

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<sup>13</sup>Florida imposes a limit of 24 months of continuous welfare receipt within any 60-month period on new welfare applicants and other relatively advantaged recipients, and a limit of 36 continuous months within a 72-month period for those who were already long-term recipients when the state welfare reform legislation was enacted. The 24-month time limit fell due in October 1998, although because of delays in getting needed services in place, the welfare-to-work agency freely granted extensions of up to a year; the three-year time limit for more disadvantaged recipients became operative a year later. Cuyahoga County's 36-month time limit went into effect in October 2000.

After the research took place, beginning in October 2000, TANF recipients in Cuyahoga County have begun to reach time limits as well. County agencies there have begun publicizing more widely the availability of food stamps and Medicaid for working-poor families.

<sup>14</sup>The term "redetermination" applies to reestablishment of eligibility for TANF and Medicaid; "recertification" is the term applied to food stamps.

- In Cleveland, households are redetermined for TANF and recertified for food stamps every three months if they have earnings; otherwise, redetermination and recertification take place every six months. The process requires an in-person interview. Redetermination of Medicaid eligibility takes place at six- or 12-month intervals.
- In Los Angeles, in-person redetermination of TANF, food stamp, and Medicaid eligibility takes place annually, although recipients who are working must send in a monthly income reporting form with their pay stubs as evidence.
- In Miami, eligibility for cash (and until recently Medicaid as well) is redetermined whenever eligibility for food stamps is recertified. For TANF recipients who are employed or considered employable, eligibility for food stamps and cash as well is reassessed every three months.
- In Philadelphia, eligibility for food stamps and Medicaid is reestablished annually, while eligibility for cash aid is redetermined semiannually. As in Los Angeles, TANF recipients who are working must report their income monthly.

In all the Urban Change sites, failure to come in for TANF eligibility redetermination is supposed to result in closing both a family's cash and their food stamp cases, and this, according to both our interviews and staff members' survey responses, is what usually happens. Localities vary, however, in the speed with which they close the cases of no-shows. In Miami, this happens the very next day after the scheduled redetermination interview, unless the recipient contacts her worker to explain her absence. In Cleveland and Los Angeles, in contrast, a participant who misses her first redetermination appointment gets a letter advising her that unless she comes in for a second appointment, her benefits will be terminated. In Philadelphia, failure to attend redetermination results in closing of the cash case. The consensus among interview respondents seemed to be that whether a client's food stamps would be cut as well would hinge on whether the semiannual TANF redetermination coincides with the annual food stamp recertification. If so, and she misses redetermination, both types of benefits would be cut. If, on the other hand, the client isn't scheduled to be recertified for food stamps for another six months, the worker, suspecting that she might be working, reschedules the recertification interview for the next month. If the individual misses this appointment as well, the worker would then terminate her food stamps. The interviews suggest that workers' practices in this area vary, however.



Until recently, workers used to handle Medicaid in the same way as food stamps — that is, they terminated Medicaid benefits when recipients failed to attend TANF redetermination. New procedures have been put in place at all sites to ensure that Medicaid is continued, even when other benefits are cut off.

Under guidelines issued to Cuyahoga County workers in October 1999, nonappearance for a recertification or redetermination for another benefit at a shorter interval than the Medicaid redetermination period is not considered sufficient reason to terminate Medicaid coverage. Instead, Medicaid is continued until it would otherwise expire, and the recipient is instructed to contact her worker if she wants to keep receiving Medicaid afterward. Moreover, before terminating any individual's Medicaid case, the worker must complete a Pre-Termination Review to determine whether the grantee or the other members of the case are eligible for Medicaid coverage under another Medicaid category. If the information in the case record is insufficient to make this determination, the worker is expected to contact the client in order to obtain the additional information.

In Los Angeles as well, failure to attend redetermination does not result in an automatic cut-off of Medi-Cal. That benefit is extended an additional three months (but is terminated thereafter if the individual still does not come in for redetermination).

At the time of our visit to Miami-Dade County in January 2000, almost all the staff members who were interviewed said they adhered to a policy that had been in effect since January 1999: When they closed a family's TANF case for any reason, they extended Medicaid coverage for 12 months for children age 5 or younger and for six months for children age 6 to 17. (One line worker acknowledged, however, that she had only recently learned about this policy.) Since then, in response to media attention, community concerns, and pressure from HCFA and the Legal Aid Society (including a court case), the state welfare agency has taken a number of additional steps to expand Medicaid coverage.<sup>15</sup>

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<sup>15</sup>These include: (1) delinking the annual eligibility reviews for Medicaid required under federal law from the more frequent eligibility reviews for other benefits; (2) extending Medicaid eligibility for redetermination "no-shows" until the next scheduled Medicaid eligibility review; (3) modifying income verification procedures to allow changes in income or assets reported between formal Medicaid redeterminations to be based on the client's statement (unless the changes are questionable or cause Medicaid ineligibility); (4) accepting an individual's statement of the beginning  
(continued)

Ever since the PRWORA reforms went into effect in 1997, Pennsylvania welfare officials have emphasized the need to ensure that eligible recipients receive medical assistance after their cash case has been closed. Changes in the automated eligibility system that facilitate this process were introduced only in 1999, however. Now, when a TANF case closes because of income, a Medicaid case is automatically opened, and if a TANF case is closed for any reason other than death or a move out of the area, the computer automatically creates a Medicaid application for that case and posts it to a pending status; supervisors regularly review pending cases to ensure their timely disposition.

At the time the survey was administered, however, it appeared that some staff members hadn't yet learned the new procedures or incorporated them in their routines. Thus, an alarming 40 percent of eligibility workers in one site said that they would close the Medicaid cases of most or all (more than 75 percent) of no-shows for redetermination, while only 23 percent said they wouldn't terminate Medicaid for any no-shows. This finding suggests that staff may need additional training and supervision to ensure that they carry out policies as they are supposed to.

## **VI. Why Recipients Don't Attend Redetermination Appointments**

As we have seen, continuation of food stamp benefits, and until recently Medicaid as well, depends on TANF recipients' "doing the right thing" — that is, promptly reporting income from employment and remaining in contact with their workers. If failure to do these things has such serious consequences, why is failure to attend TANF eligibility redetermination so common? Our investigations suggest two major explanations: inconvenience and recipients' lack of awareness that they can continue to receive noncash benefits if they report employment to their workers.

- **Attending an in-person redetermination is likely to be especially inconvenient for TANF recipients who have found daytime jobs.**

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date and amount of earnings as sufficient to inaugurate the first six months of transitional Medicaid; (5) requiring workers to determine children's eligibility for continuous coverage in cases where transitional Medicaid is closed; (6) mandating that clients' requests to have their cases closed be in writing and that the requests specifically state the clients' desire to have Medicaid benefits terminated; (7) notifying clients early on about the income verification requirements for transitional benefits that apply during the second six months; and (8) subjecting most Medicaid case closures to second-party review.

The welfare offices we visited were generally open during regular working hours (8:30 A.M. to 4:30 P.M. — with some interoffice variation — in Cuyahoga County, 7 A.M. to 3 P.M. in Los Angeles, 7 A.M. to 5 P.M. in Miami, and 8 A.M. to 5 P.M. in Philadelphia). Recipients who were employed during these hours would have to request time off to get to the welfare office, especially if they had to rely on public transportation.

Several offices have put in place or are contemplating extended hours, such as staying open one evening a week. But in at least one site, it was not clear how recipients would learn about the late hours so that they could take advantage of them. Although the welfare office was supposed to post signs announcing the late hours, no such notices were observed; and although the welfare agency sent out a mailing about the extended hours, for cost considerations the mailing was sent only to people already known to be working. Consequently, new hires who had not yet reported their employment to the welfare agency would have no way of knowing about the extended hours.

Extended hours are a step in the right direction in making redetermination more convenient for working recipients. Nonetheless, one high-level administrator acknowledged that attending redetermination entails juggling work, child care, transportation, and other factors. A Cleveland eligibility worker talked sympathetically about some of the difficulties recipients face:

You're going to learn far more through a face-to-face, but we may need to come up with some innovative ways of meeting the needs of those people [working recipients]. . . . Late hours may not cut it — if a woman gets off at 5 and has to pick her children up by 6, there won't be time to complete the interview despite the office being open late. . . . I'm a working mother, and late hours wouldn't meet my own needs unless I had someone who could help gather my children up or do whatever else is necessary.

The same worker noted that taking time off to attend redeterminations could create difficulties with clients' employers:

If I were an employer, an employee asking off even that regularly [every three months] would trouble me. If I were a small business owner, as many of the employers of welfare recipients are, I would worry about that employee's work ethic, and I couldn't afford to have them gone. Many times workers have to choose between the job and the welfare benefit, and don't show up for the reapplication [redetermination] appointment.

A number of office directors at different sites commented that their staff members would make special arrangements, such as home visits, if clients requested. Again, however, in order for clients to request such arrangements, they would have to know about their availability.

- **“Doing the right thing” may well depend on *knowing* the right things.**

There is evidence that many welfare recipients who don’t attend redetermination are working.<sup>16</sup> If employed recipients erroneously believe that there is no point in showing up for redetermination — that reporting a job will simply result in all their benefits being terminated — they will have little incentive to come to the welfare office, especially in view of the “hassles” associated with keeping welfare appointments while holding a job. Knowing about transitional Medicaid and the possibility of continued food stamp receipt gives recipients an incentive to play by the rules.

Most welfare administrators, we believe, will concur that informing recipients of the benefits to which they’re entitled is simply the right thing to do. But there is a second, more practical reason why recipients need to know about their continued eligibility for Medicaid and potential eligibility for food stamps *as early as possible in their TANF tenure*:

- **Recipients who know that they may be eligible for Medicaid and food stamps when they get a job may be more motivated to look for work, and they may be more willing to take entry-level positions and jobs with limited or no medical coverage.**

At a time when many experts believe that welfare recipients who can easily find work have already gotten jobs, those remaining on the rolls are likely to be harder to employ and, especially, harder to place in jobs that pay higher than entry-level wages and that offer medical and other benefits. Know-

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<sup>16</sup>For example, in a study of families in Cuyahoga County who had recently left welfare, Coulton et al. (2000) asked respondents, first, whether — in their own opinion — they had left cash assistance voluntarily or had been cut off by the welfare agency and, second, the main reason for either leaving or being cut off. Income, family, and earnings reasons predominated among both those who had left welfare voluntarily and those who had been cut off. Many of the latter explained that because they were working, they did not attend redetermination and subsequently received a letter informing them that their benefits had been terminated. In a similar vein, a Florida administrator also commented that the state’s Unemployment Insurance wages and earnings data confirmed — several months after the fact — that many cases which closed because of failure to attend redetermination contained a household member who was working at the time.

ing that they will get help with the basic necessities of food and medical care may change the incentive for recipients to accept such jobs.

## **VII. What Workers Tell — or Don't Tell — Participants**

This study focuses on what happens in welfare offices and, specifically, on what eligibility workers tell recipients. But it is important to note that this is not the only way welfare recipients can learn about their eligibility for benefits. Along with expecting that workers will discuss the availability of transitional Medicaid and food stamps in their interactions with recipients, the welfare agencies we studied have adopted other methods for getting the message across. In Los Angeles, for instance, the central welfare office has sent out mailings describing the benefits for which recipients are eligible. The agency has also launched a campaign to heighten public awareness of potential eligibility for food stamps; it has distributed educational posters, flyers, and brochures at community-based organizations, food pantries, grocery stores, and markets that serve low-income people.<sup>17</sup> In Philadelphia, television ads tell recipients that they may be eligible for benefits even when they go to work. Further, welfare-to-work staff sometimes discuss transitional Medicaid and food stamps in presentations to and other interactions with recipients. Nonetheless, it is eligibility workers with whom recipients first interact, and it is they who actually determine who gets which benefits.

Here is a summary of the main findings about what workers tell participants:

- **The line staff workers we interviewed generally said that they conveyed information about ongoing benefits to recipients on their caseloads, although problems surfaced in their descriptions of what they said and when they said it.**
- **Observations suggest that workers say they talk to recipients about ongoing Medicaid and food stamps more than they actually do.**

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<sup>17</sup>The agency has also created a Nutrition Access Subcommittee, composed of staff from the Departments of Public Social Services and Health Services and members of community advocacy groups, to identify and resolve barriers that prevent eligible households from participating in the Food Stamp Program. The agency has also instituted an outreach program to increase food stamp receipt among non-TANF households.

- **Even when staff do convey eligibility information clearly, this is only one of many topics they must cover during the course of any given interaction with a client; consequently, clients may not remember what they were told.**
- **Printed materials explaining food stamp and Medicaid eligibility were not always available, and when they were, workers in most sites did not routinely give them to recipients.**

Most workers said that they routinely told recipients about their eligibility for Medicaid and food stamps upon leaving welfare for work. Responses on the staff survey suggest, too, that line workers viewed informing recipients about transitional benefits as a fairly important part of their jobs. For example, almost three-quarters of eligibility workers in Miami said they discussed the transitional benefits that recipients could receive if they left welfare for work with over half the clients newly assigned to them; 44 percent of the workers said they discussed this topic with all new clients. In Cuyahoga County, 48 percent of the workers said they discussed transitional benefits with all new clients.

When workers talked more specifically about what they tell recipients, some issues became apparent. A few workers, for example, said that communicating about Medicaid was a higher priority than providing similar information about food stamps. One Los Angeles worker who said that she talks about Medi-Cal (the state's Medicaid program) but not food stamps explained, "Sometimes the participant will ask about food stamps, but most of them only want Medi-Cal." Similarly, a Philadelphia worker who emphasized medical benefits more than food assistance told us that, in his opinion, clients view health care as more important than food stamps (or than cash, for that matter).

Although staff members were asked more specifically about what they told recipients about getting Medicaid and food stamps when they left welfare for a job, it sometimes became apparent that they were talking not about *transitional* benefits but about the ongoing availability of Medicaid and food stamps in other situations. For example, some said they told recipients that, unlike cash, food stamps and Medicaid are not time-limited.

Still another issue is that many workers said that they tell recipients about ongoing Medicaid and food stamp eligibility — but only *after* recipients have informed them that they have gotten a job. This practice means that recipients who do inform their workers that they have secured employment will get

the benefits for which they are eligible (assuming they want to receive these benefits). But if eligibility workers defer providing information until employment, recipients will have less incentive either to look for a job or to report getting one.

Despite staff members' assurances that they covered transitional benefits, in observations of workers' interactions with clients, this was the exception rather than the rule. In one site, transitional benefits were mentioned specifically in only one of five eligibility interviews observed. In a second site, transitional benefits were discussed in only one of nine client-staff interactions — though workers took the proper action in readjusting the food stamps of a couple of cases that closed. In yet another site, these benefits were not mentioned in any of the six interviews that were observed. And in the fourth site, transitional Medicaid was mentioned in three of eight interviews, while ongoing food stamp benefits were mentioned in two of the eight.

As noted earlier, the same workers were seldom both interviewed and observed. It is possible that either those who were interviewed or those who were observed constitute exceptions to the norms of behavior in their offices. That seems doubtful, however. It seems much more likely that workers think they provide the requisite information during client interactions but then fail to do so in the press of other business.

As noted above, in a handful of interviews both transitional Medicaid and food stamps were discussed, and in one they were described in exemplary fashion. But it is important to understand that this information occupies a relatively small part of most interviews. For example, in one redetermination interview where transitional benefits were discussed, the worker told the client: "If you start working, you might be eligible for food stamps. Your Medicaid wouldn't be cut off; you'd get six to 12 months of transitional benefits. It's like they try to help you until you get on your feet real good." The worker's description was clear and succinct, and her brief mention of the rationale for continued benefits might help the recipient remember their existence. But the communication could not have taken more than one minute of a 50-minute meeting.

In fact, eligibility or redetermination interviews have multiple objectives. One, of course, is to establish or reconfirm eligibility for cash aid. This requires considerable time and attention. As noted

above, the eligibility process for the worker generally involves responding to numerous prompts on a computer screen. For the welfare applicant or recipient, on the other hand, it involves producing large amounts of paper required as documentation of need and compliance with welfare regulations. Depending on the location and the circumstances, these documents can include proof of citizenship, paycheck stubs, rent receipts, utility bills, bank statements, doctors' notes, children's birth certificates, children's report cards, children's immunization records, and so on. Much time is spent as even the best organized recipient searches her handbag or envelopes or banded-together papers for the particular item requested.

During these meetings, workers are also generally expected to reorient clients to program policies and regulations and to deliver a number of program messages, of which the message about transitional benefits is only one. The worker may also be expected to reinforce the importance of participating in welfare-to-work activities, remind the recipient about the number of months remaining on her time limit, urge her to take a job and explain how the earned income disregard creates a strong work incentive, and suggest that the recipient go off welfare to "bank" her time. Generally, the worker is also expected to learn about and respond to unmet child care needs and, increasingly, to be sensitive to possible mental health problems, substance abuse, and domestic violence.

In short, a great deal is being asked of both worker and recipient during a typical eligibility interview. It may not be realistic to expect the worker to remember to deliver the transitional benefits message without having an external prompt. And it may not be realistic to expect the client to absorb all the information that is being provided.

Printed materials can help fill the gap, but they were not always available in the welfare offices we visited. Posters in these offices often mentioned time limits — and sometimes warned recipients not to commit fraud — but they did not feature the availability of ongoing benefits. Workers sometimes said they gave clients brochures about food stamps and Medicaid when asked, but not as a matter of course. Los Angeles was an exception in this regard: There, both eligibility workers and welfare-to-work staff members routinely gave clients a handbook called *Reap Rewards Through Working* that



discusses former TANF recipients' eligibility for transitional Medi-Cal and their potential eligibility for food stamps.<sup>18</sup>

### **VIII. What Participants Understand**

To find out what welfare recipients understand about post-TANF benefits, we interviewed 50 women participating in the Urban Change ethnographic study who lived in high-poverty areas of Cuyahoga and Los Angeles Counties. We learned, first, that respondents attributed a range of changes in food stamps and Medicaid to welfare reform. The changes they mentioned related to time limits, work requirements, family caps, required enrollment in health maintenance organizations (HMOs), and the use of electronic benefit transfer cards for food stamps. Some of the changes that study participants identified did not originate with PRWORA. And sometimes the women were completely wrong about the changes they did cite. (For instance, many Cuyahoga County study participants asserted that Ohio has a family cap; it does not.) Nonetheless, the variety of responses the women offered demonstrate the breadth of information and changes that welfare recipients are currently expected to absorb — as well as the misinformation they sometimes do absorb.

With respect to transitional Medicaid and post-TANF food stamp receipt, the news is not good:

- **The majority of the ethnographic study participants who were interviewed either said that they didn't know about the current rules for food stamps and/or Medicaid or referred to time limits for these benefits.**
- **In both sites, women usually reported receiving their information about food stamps and Medicaid from one or two sources, although as a group they mentioned a wide range of sources. No particular source of information or combination of sources was generally associated with a better understanding of the local policies regarding food stamps or Medicaid than any of the other sources.**

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<sup>18</sup>Printed materials, however, may be of limited use to clients who have difficulty reading.

Time limits for food stamps and Medicaid were mentioned more frequently in Cleveland than in Los Angeles; respondents in Los Angeles were more likely to express general confusion. One woman from Cleveland said the following about food stamps:

A lot of people are scared about that. They think that if they, you're talking about food stamps, right? That was the question, right? Some people think that if they use their months up, they don't get food stamps from welfare.

[Interviewer:] Okay. And what do you think? Do you know about that? Is that true?

Yeah.

Another woman said she believed that, depending on income level, the welfare department would “probably try to help you out in some kind of way, you know, after the thirty-six month period is over.” She didn't seem to understand, however, that food stamps and Medicaid are an important part of this help.

Even some women who had left welfare for employment and continued to receive food stamps and Medicaid — those who might be expected to best understand current policies — expressed confusion about benefits available to them. For example, one woman raised concerns about what might happen after her 12 months of transitional Medicaid ended, because her job didn't have a family health insurance plan. When asked if former welfare recipients and their children could qualify for food stamps or Medicaid, she responded:

I think that some of them can, but probably don't want to risk using up their time. I know that if I were eligible, say next year, if I wanted to use my time, I could still receive, I don't know if this is even possible, or plausible, but if I could receive my medical, like I'm receiving it now? I could possibly use up my time just to get that free medical.

This woman is actually in a relatively good situation, because after her transitional Medicaid runs out, she will be covered by her employer's health insurance, and Healthy Start (the name of Ohio's Children's Health Insurance Program) will cover her children. However, if she is unaware of this option, she may seek to return to welfare in order to regain Medicaid coverage, or her children may go without health insurance.

While women in the ethnographic study sample may not be fully representative of all welfare recipients at the four sites, the finding that misconceptions about ongoing Medicaid are widespread is substantiated by a survey administered to welfare recipients in the four sites between March 1998 and March 1999. The survey asked 2,550 people who were either current TANF recipients or had left the rolls within the previous 12 months, “If you left welfare for work, would you continue getting Medicaid?”<sup>19</sup> The responses were almost evenly split: 48 percent said “No” or “It depends,” while 52 percent said “Yes.” Recent welfare leavers were more likely to say that they would continue getting Medicaid (57 percent) than those still on the rolls (51 percent). But what is striking is the large number of women in both groups who were apparently unaware that they could continue to receive Medicaid coverage.

Women in Cleveland and Los Angeles mentioned a wide variety of sources of information about food stamps and Medicaid. These included caseworkers and other welfare staff, official letters and brochures from the welfare office, newspapers and television, service providers, and word of mouth (from friends, family, neighbors, and other welfare recipients). Women from Los Angeles mentioned printed materials from the welfare office much more frequently than interactions with individual staff members. This makes sense, because recipients in Los Angeles are assigned to a unit of workers, rather than one particular caseworker, and much of the communication from the welfare office is handled through the mail to make it easier to deal with the huge volume of cases.<sup>20</sup> Printed materials have certain advantages: All recipients get the same information (whereas different staff members may say somewhat different things), and the materials can be referred to at a later time. Unfortunately, though, the women who relied primarily on printed materials didn’t seem to be particularly well informed about the issues.

Women in Cleveland mentioned caseworkers as the information source much more frequently, reflecting the importance of this position in the revamped Cuyahoga County welfare system. One advantage of making caseworkers the principal providers of information is that recipients can come back to

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<sup>19</sup>The survey also included respondents who had received welfare in the past, but not in the previous 12 months, as well as a small group who had received food stamps but not cash assistance.

<sup>20</sup>Thus, a unit of six workers may handle 2,500 to 3,000 cases. This strategy, known as “banking,” has proved to be a viable way of keeping the paperwork on a case up to date. But it also means that a recipient who wants to find out about her status vis -à-vis the new welfare rules may speak to a different worker each time she calls.

them with questions, as illustrated by the following example of a woman who was working and receiving transitional Medicaid and food stamps, and who seemed quite clear about the benefits available to her family:

You hear stories, you know, different ways of doing things. What I do is when I hear something, if I want to get involved with it, I just call my caseworker and, you know, ask her.

[Interviewer:] So you may hear it from neighbors or friends or something?

Yeah. You know, like the, well I did this, that, and the other thing, and I had this problem, but it's like, nine times out of ten, I just call her up. And I'll ask her, because she's gonna be the one that will actually know, if these programs even working.

Still, most of the women who relied primarily on a caseworker expressed some form of confusion about food stamps and Medicaid.

These examples suggest that different methods of communication may work better for different people. Although verbal information from a caseworker worked well for the woman in the example above, another client may forget everything her caseworker told her and may need something in writing to refer to; still another may distrust the welfare department and may need to hear the policies confirmed by a local community agency. The data suggest both that there is a real need for information on food stamps and Medicaid and that providing this information through multiple channels would allow welfare agencies to reach the greatest number of their clients most effectively.

## **IX. Restoring Wrongly Closed Cases to the Rolls**

Along with procedures to ensure that recipients who leave welfare retain Medicaid coverage, the Urban Change sites have put in place measures to reinstate benefits for people who lost them when their TANF cases were closed.

During the summer of 1999, Pennsylvania undertook a large-scale effort to restore former Medicaid cases to the rolls, simply by reauthorizing for 60 days some 32,000 Medicaid cases across the state that had been closed. Reauthorized cases were advised by mail of their renewed Medicaid eli-

gibility. If they wanted to continue eligibility beyond the 60 days, they had to detach a “tear-off” slip on the notice and return it with a pay stub as proof of income; other household characteristics — size, composition, and so on — were assumed to be the same.

Pennsylvania has also been at the forefront of efforts to return former food stamp recipients to the rolls, although, unlike the case with Medicaid, it did not simply restore eligibility for this benefit. Instead, the state sent a mailing to all households that received food stamps between 1997 and the end of 1999. The flyer specifically addressed possible misconceptions about food stamp eligibility, reading in part: “Did you know food stamps benefits are not limited to 24 months or five years [the interim and lifetime time limits in Pennsylvania]?” It also noted that food stamps can stretch recipients’ earnings: “Do you want to buy more food for your family and have more income available for other uses? For information about the food stamp program, call your local county assistance office or this toll-free number.” Those who contacted the welfare office could then have their eligibility for food stamps reassessed.

Miami has also taken steps to make sure that closed cases receive the correct benefits, sending computerized lists of such cases to welfare agency staff for review and possible reinstatement of benefits. It has not, however, contacted former recipients directly.

Cuyahoga County’s past outreach to former TANF recipients largely centered on enrolling eligible children in SCHIP. To this end, among other initiatives, it set up a “Kids’ Healthmobile” and contracted with Catholic Charities to work with Spanish-speaking families. More recent outreach efforts have been broader in focus. The county published a comprehensive *Working Family Resource Guide*, with information on food stamps, child care, and many other services. Under one initiative scheduled to begin soon, staff of community-based organizations will counsel households that have left Medicaid or CHIP about their possible eligibility for continued benefits and will assist them in applying for health care; under another, an agency will work through employers to sign families up for health care and child care and promote awareness of other possible benefits.

One Cleveland welfare office also undertook a special informational campaign to let neighborhood residents know about all the services it offered (not just food stamps and Medicaid). A community organization was hired to hand out literature on various programs; to make sure that people read the

materials, the literature packet included inspirational messages and such “freebies” as a sewing kit. The first 100 people who came to the center received a prize.

## **X. What State and Local Welfare Agencies Can Do**

Below are some suggested steps that state and local welfare agencies can take to facilitate ongoing receipt of food stamps and Medicaid on the part of former welfare recipients and other working-poor citizens. We have tried to ground these recommendations in our research and in a feel for what is feasible, and, where possible, we have noted sites’ success in implementing the approach.

### **Steps to Facilitate Food Stamp and Medicaid Receipt**

To facilitate food stamp receipt on the part of former TANF recipients and other working-poor citizens, states 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 “hassles” 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 (discussed below).
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/redermination 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.<sup>21</sup>
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.

### **Steps to Improve the Information Flow**

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.

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<sup>21</sup>According to a welfare office administrator, the processes of application approval and recertification have been sped up as a result, and underpayments have been reduced (since, in the past, without proof of rent and utilities costs, workers could have entered \$0 into these fields). Requiring fewer documents is also likely to speed the process for those applying for food stamps or Medicaid only.

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.

## **XI. What the Food and Nutrition Service Can Do**

As noted above, the Food and Nutrition Service (FNS) has taken a number of steps to facilitate and promote food stamp participation. It has given states the option of pursuing a waiver to report changes in the circumstances of households with earnings on a quarterly basis rather than as changes occur. It has raised the “reporting threshold” (the point at which a family is required to report a change in income) from \$25 to \$100. And it has increased the “error dollar tolerance level” (the threshold amount above which an overpayment is counted as an error) from \$5 to \$25.<sup>22</sup>

Following are two additional ways by which FNS might increase continued food stamp receipt among former TANF households.

1. Take additional steps to promote information dissemination. To achieve this objective, we suggest that FNS:
  - a. Seek congressional authorization to increase the federal share of funding (now set by law at 50 percent) for continued outreach to TANF and working-poor families to inform them about their potential eligibility for food stamps.

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<sup>22</sup>As noted above and discussed in the Executive Summary, in November 2000, President Clinton announced new rules to ease access to food stamps.



- b. Encourage states to experiment with innovative ways of publicizing information about benefit eligibility, and serve as a clearinghouse for such techniques.
2. Relax the food stamp quality control regulations. Accordingly, FNS may want to:
- a. Make quarterly reporting of income the norm rather than a waiver available to the states.
  - b. Seek congressional authorization to reduce the financial penalties imposed on states for overpayments made to working families.

Although this second set of suggestions is likely to be controversial, we believe that there may well be a trade-off between lower levels of overpayment and expanded benefit receipt.

According to Department of Agriculture statistics, the food stamp combined error rate rose from 9.75 percent in FY 1997 to 10.69 percent in FY 1998, an increase largely due to variations in the incomes of welfare leavers (Dorsey, 1999). Because many former TANF recipients find jobs in which they are asked to work a different number of hours each week, and their wages reflect this fluctuation in hours, variable monthly incomes are likely to be a permanent “fact of life” of welfare reform. Food stamp quality control regulations may need to be adjusted to reflect this new reality.

Our investigations indicate that states remain very concerned about error rates and the financial penalties that are attached. This concern drives them to adopt policies aimed at keeping error rates low but that also interfere with food stamp receipt (for example, requiring frequent face-to-face recertification). While states can take the steps noted above to make eligibility recertification less arduous for food stamp recipients — and for welfare staff — the willingness of states to adopt such measures may be compromised if their food stamp error rates increase and they incur financial penalties as a result. Relaxing these penalties can be predicted to have a “trickle-down” effect, thereby limiting the kinds of requirements that state and local welfare agencies put in place to avoid making mistakes and, ultimately, reducing the “hassle factor” for food stamp recipients.

We acknowledge that many of the actions FNS can take are mandated or restricted by Congress and that, as part of the Food Stamp Program reauthorization debate, legislators will need to grapple with some difficult choices. But we suggest that FNS, Congress, the 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.

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