United States General Accounting Office

GAO

Report to the Honorable Ronnie G. Flippo, House of Representatives

August 1989

MEDICAID

States Expand Coverage for Pregnant Women, Infants, and Children

GAO/HRD-89-90

GAO

United States
General Accounting Office
Washington, D.C. 20548

Human Resources Division

B-236032

August 16, 1989

The Honorable Ronnie G. Flippo
House of Representatives

Dear Mr. Flippo:

This letter responds to your request for information on the extent to which states have expanded Medicaid eligibility for pregnant women, infants, and young children as a result of options provided in the Omnibus Budget Reconciliation Acts of 1986 and 1987 (OBRA-86 and OBRA-87).

Since the two laws were enacted, the majority of states have expanded their Medicaid programs for this population, using one or more of the options allowed by the laws. The impetus for the legislation was congressional concern about the nation's high rate of infant mortality and the need to improve the ability of low-income pregnant women, infants, and children to obtain adequate prenatal and preventive health care.

Background

Medicaid is a federally aided, state-administered medical assistance program that serves needy people. It became effective on January 1, 1966, under title XIX of the Social Security Act (42 U.S.C. 1396-1396s). The federal government currently provides from 50 to nearly 80 percent of a state's payments for services, depending on the state's per capita income. For fiscal year 1988, total Medicaid expenditures were estimated at $55.2 billion; the state and federal shares were estimated at $24.5 billion and $30.7 billion, respectively. Within broad federal guidelines, each state designs and administers its own Medicaid program and sets its own eligibility standards and coverage policies. Thus, Medicaid programs vary considerably from state to state.

Eligibility for Medicaid traditionally has been linked to actual or potential receipt of cash assistance under the Aid to Families with Dependent Children (AFDC) program or the Supplemental Security Income (SSI) program. States must, at a minimum, cover all categorically needy persons; that is, those receiving AFDC and most people receiving SSI.[1] To be eligible for these programs, income and assets cannot be above specified levels. On average across the states, a family's annual income in 1989 must fall below 48 percent of the federal poverty level to qualify for AFDC,[2] with

[1]Qualifying for AFDC is the primary means through which most pregnant women, infants, and children become eligible for Medicaid.

[2]The 1989 federal poverty level for a family of three is $10,060.

income limits ranging from a low of 14.0 percent ($1,416 for a family of three) in Alabama to 79.0 percent ($7,956) in California.

In addition, states can cover the medically needy under Medicaid. Thirty-six states have medically needy programs financed by both the state and federal governments. These programs must, at a minimum, cover pregnant women and children; however, most states also cover additional categories of individuals. The medically needy are persons who meet all the criteria for cash assistance, except that their income and assets are in excess of the standards for such coverage but below a state-established standard for the medically needy. Many who become medically needy do so only after they have incurred medical expenses significant enough to reduce their income and/or resources to the medically needy levels. Qualifying income limits in 1989 range from 27.7 percent of the federal poverty level ($2,796 for a family of three) in Tennessee to 106.4 percent ($10,704) in California (see app. I).

States require extensive documentation of income and assets from families applying for AFDC and, thus, Medicaid. The application process can be time-consuming and complex. Once an application is received, eligibility must be determined within 45 days. Eligibility for AFDC and Medicaid is not permanent; states must periodically redetermine eligibility for both programs and must also take action between redeterminations if they learn of changes in the recipient's circumstances. In general, if one is found no longer eligible for AFDC, Medicaid eligibility also is lost.

The Omnibus Budget Reconciliation Acts of 1986 and 1987 (P.L.99-509 and P.L.100-203, respectively) allow states to offer Medicaid to low-income pregnant women, infants, and children in families with incomes above the AFDC qualifying level; encourage early, uninterrupted prenatal care; and simplify the program's eligibility determination process. The federal government shares the cost of extending eligibility to these additional groups. By expanding Medicaid coverage under these laws, states are able to address the health care needs of these groups without also having to offer them AFDC payments, thus breaking the traditional link between these two programs for this population.

Objectives, Scope, and Methodology

To determine the extent to which states have adopted the OBRA-86 and OBRA-87 Medicaid options, we reviewed data collected by the National Governors' Association (NGA) and the Children's Defense Fund (CDF) on states' implementation of the various options permitted by these two

laws.[3] By comparing this information with infant mortality data from the National Center for Health Statistics, we could determine the degree to which states with high infant mortality rates have responded to the expanded Medicaid options. In addition, we reviewed data from the Alan Guttmacher Institute (AGI) on estimates of the number of newly eligible pregnant women under these laws.[4] We did not verify the accuracy of the reported data.

Most States Have Expanded Medicaid Coverage for Pregnant Women, Infants, and Children

Overall, states have responded quickly to the options offered by OBRA-86 and OBRA-87, and the majority (44, or 86 percent) have raised their income limits for Medicaid eligibility for pregnant women and infants. Of these 44 states, 41 have increased the qualifying income level to at least the federal poverty line. In addition to raising income levels, 36 states have adopted at least two of the other OBRA-86 options—dropping assets tests (see p. 7), guaranteeing continuous eligibility (see p. 8) and offering temporary (presumptive) eligibility (see p. 10) to pregnant women. Thirty states have raised income eligibility levels for children beyond infancy (see app. II).

Nearly all states with rates of infant mortality above the national average[5] (19 of 22) have raised Medicaid eligibility for pregnant women and infants to at least the federal poverty level (see app. III).

Income Eligibility Levels Increased

OBRA-86 permitted states to extend Medicaid coverage to two new groups of needy individuals: (1) pregnant women, until 60 days after delivery, and infants up to age 1, and (2) children up to age 5, with this coverage being phased in 1 year at a time. Family incomes for these two groups must be below a state-determined amount that is above the AFDC level but below the federal poverty level.[6]

[3]CDF is a national advocacy and research organization concerned with programs for children and youth.

[4]AGI conducts research and policy analysis in the fields of national and international reproductive health and other related areas of health and social policy.

[5]The 1986 infant mortality rate for the United States was 10.4 deaths per 1,000 live births.

[6]Coverage for pregnant women and infants could begin Apr. 1, 1987, while coverage for older children could be phased in on a yearly basis, beginning Oct. 1, 1987. To be eligible, children had to have been born on or after Oct. 1, 1983. OBRA-86 allowed pregnant women to be eligible for pregnancy-related services only, with coverage ending after 60 days following delivery. Infants and children are eligible for all Medicaid-covered services offered by the state.

OBRA-87 further expanded Medicaid eligibility for pregnant women, infants, and children by allowing states to:

1. Increase the income threshold level from 100 to 185 percent of the federal poverty level for establishing Medicaid eligibility for pregnant women and infants. States also can impose a premium for this coverage, not to exceed 10 percent of that portion of income, less child care expenses, that exceeds 150 percent of the federal poverty line.

2. Accelerate the coverage of children under age 5 living in families with incomes below the federal poverty line. This means that states can opt to cover these children immediately, rather than following the OBRA-86 schedule of phasing in the coverage on a yearly basis. In addition, the age limit was increased so that coverage can be offered to children up to age 8.

The Medicare Catastrophic Coverage Act of 1988 (P.L. 100-360) made mandatory the OBRA-86 Medicaid option that states cover pregnant women and infants with family incomes at or below the federal poverty level. This requirement will be phased in, beginning July 1, 1989, when all states must set income thresholds no lower than 75 percent of the federal poverty level. By July 1, 1990, income thresholds must be at least 100 percent of federal poverty.

State Responses to Increasing Income Eligibility Levels

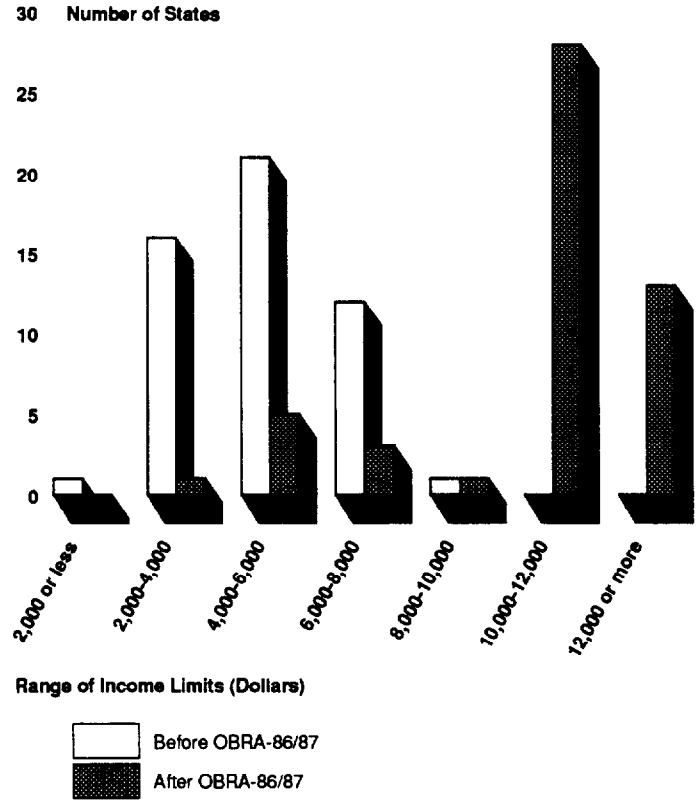
Most states have used the OBRA-86 and OBRA-87 optional authority to raise their income limits for Medicaid eligibility for the target population. The majority have increased their income limits to at least the federal poverty line (see fig. 1). Within the first year that the OBRA-86 options were available, almost half of the states (22 of 51,[7] or 43 percent) raised Medicaid eligibility levels for pregnant women and infants.[8] As of January 1989, this had increased to 86 percent (44 states). Of the seven states that have not raised income eligibility levels, only two have adopted any of the other OBRA-86 options (see app. II).

Forty-one states have raised income eligibility to at least the full federal poverty level. Of these, nine have increased their eligibility levels to the maximum allowed by OBRA-87, 185 percent of federal poverty. No state has opted to impose a premium for this coverage.

[7]Including the District of Columbia.

[8]The effective date of the OBRA-86 option to increase eligibility for pregnant women and infants was Apr. 1, 1987.

Figure 1: State Annual Medicaid Income Eligibility Limits Before and After OBRA-86/87



Note: Income limits based on family of three.
Source: NGA, Jan. 1989.

Of the 22 states with infant mortality rates above the national average, 21 have raised Medicaid eligibility levels for pregnant women and infants, using the OBRA-86 and OBRA-87 authorities. Nineteen (86 percent) have raised eligibility to at least the federal poverty line (see app. III).

The 41 states that have raised eligibility for pregnant women and infants to at least the federal poverty level already have met the mandate of the Medicare Catastrophic Coverage Act; 9 still must meet it.[9]

Estimates of Newly Eligible Pregnant Women

Up to 361,000 pregnant women will be newly eligible for Medicaid, according to researchers at AGI, when all states extend coverage to pregnant women with incomes below the federal poverty level. This coverage must be in place by July 1, 1990, under the Medicare Catastrophic Coverage Act. Births to these women would be in addition to the 630,000 births covered by Medicaid in 1985, just prior to the OBRA-86 legislation. If all eligible pregnant women actually enroll in Medicaid and participate in the program after 1990, between 23 and 26 percent of all births nationwide would be covered by Medicaid. If all states offered Medicaid to pregnant women with incomes below 185 percent of federal poverty, an additional 552,000 women would qualify, according to AGI researchers, for a total of 913,000 newly eligible pregnant women.[10]

State Responses to Increasing Eligibility for Children

Of the 44 states that have raised Medicaid income eligibility levels for pregnant women and infants, 30 (68 percent) also have increased eligibility for children beyond 1 year of age. Thirteen of these states have implemented maximum upper age limits, while 11 are phasing in coverage 1 year at a time, with authorized maximum upper limits of 5 years of age (see app. II). Six states have increased the age limit to 8, the maximum allowed by OBRA-87 (see fig. 2).[11]

Assets Tests Eliminated

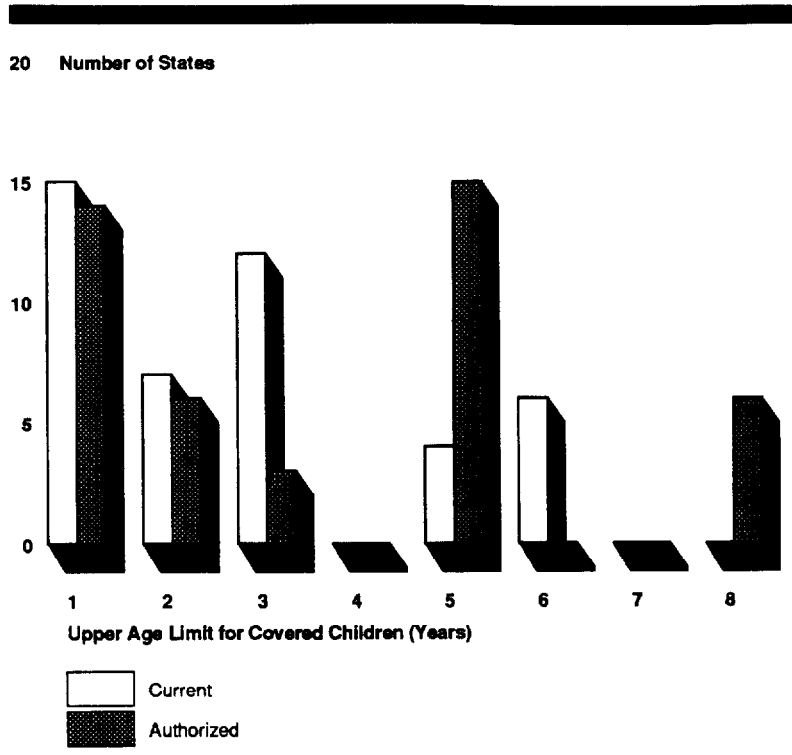
OBRA-86 gave states the option of not requiring assets tests for pregnant women, infants, and children as part of the process of determining eligibility for Medicaid. States exercising this option can determine eligibility by considering income only, not assets, thus ensuring that low-income families with modest resources are not denied coverage for their health care needs.

[9]Although Wisconsin has not raised Medicaid eligibility through the OBRA-86 or OBRA-87 authority, it will meet the requirement of this law because pregnant women and infants with incomes up to 120 percent of federal poverty are covered using state-only funds.

[10]Torres, Aida, and Asta M. Kenney, "Expanding Medicaid Coverage for Pregnant Women: Estimates of the Impact and Cost," Family Planning Perspectives, vol. 21, no. 1, Jan./Feb. 1989.

[11]To be eligible for coverage, children must have been born on or after Oct. 1, 1983. Therefore, while these states have authorized coverage up to age 8, the oldest children currently on Medicaid under OBRA-87 are between 5 and 6 years of age.

Figure 2: States' Current and Authorized Upper Age Limits for Children Covered Under OBRA-86/87



Source: CDF, Oct. 1988.

Thirty-five states have eliminated assets tests (see fig. 3). According to NGA, dropping this requirement has helped states develop simplified Medicaid application forms[12] and expedite the eligibility determination process.

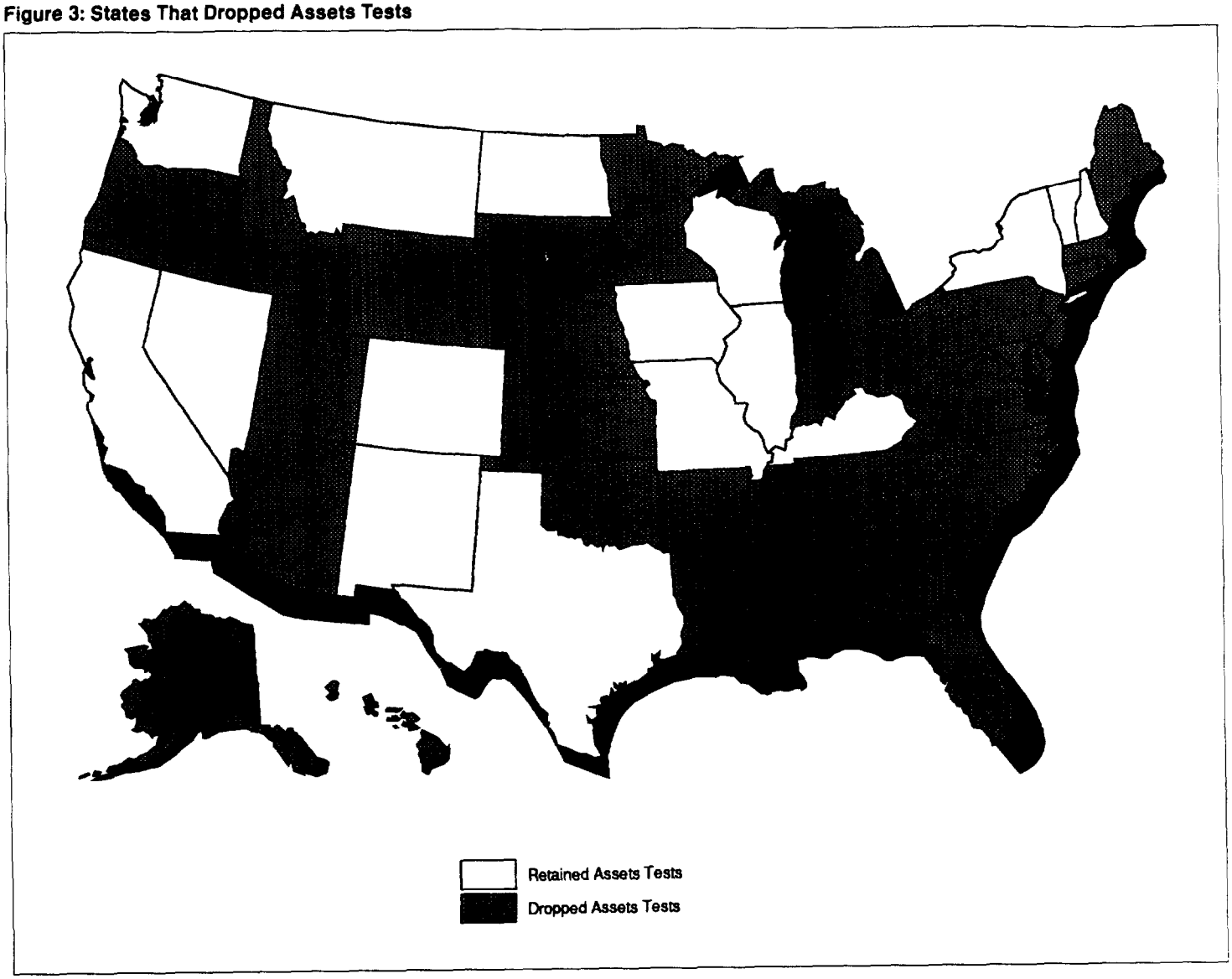
Continuous Eligibility Guaranteed

Another OBRA-86 option allowed states to guarantee continuous Medicaid eligibility to a woman throughout her pregnancy and for 60 days following delivery regardless of changes in income or assets.[13] If coverage is not guaranteed, an increase in earnings could put her family's income above the Medicaid eligibility threshold. Loss of coverage could result in her not receiving further prenatal care.

[12]NGA, Reaching Women Who Need Prenatal Care (Washington, D.C.: 1988).

[13]OBRA-87 clarified that post-delivery eligibility would last through the end of the month in which the 60-day period ends.

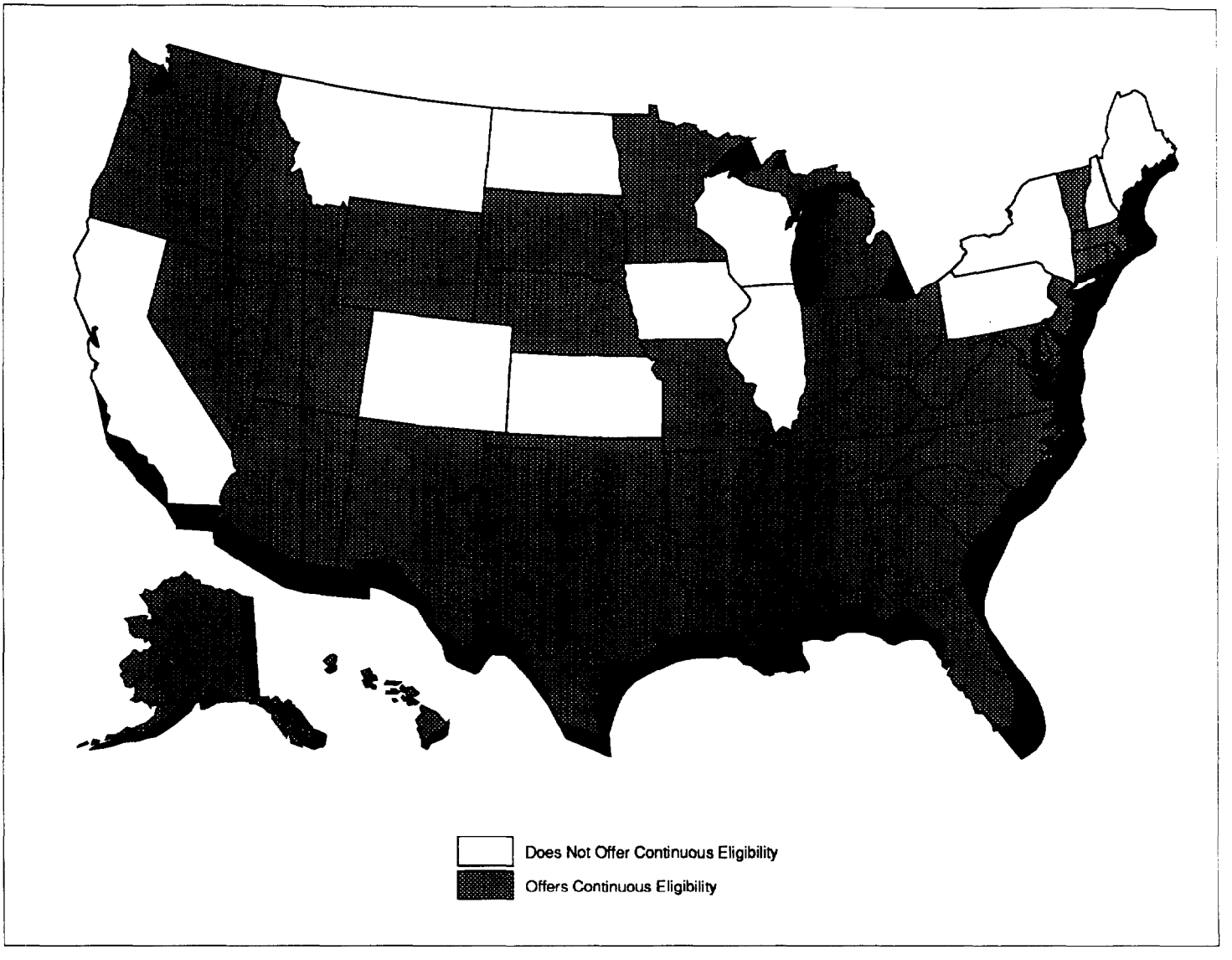
Figure 3: States That Dropped Assets Tests



Source: NGA, Jan. 1989.

Thirty-eight states have chosen to offer continuous Medicaid eligibility to pregnant women (see fig. 4). Thus, a pregnant woman can be assured of coverage and her maternity care provider of being paid, regardless of increases in income or assets that could otherwise disqualify her for Medicaid.

Figure 4: States That Offer Continuous Eligibility



Source: NGA, Jan. 1989.

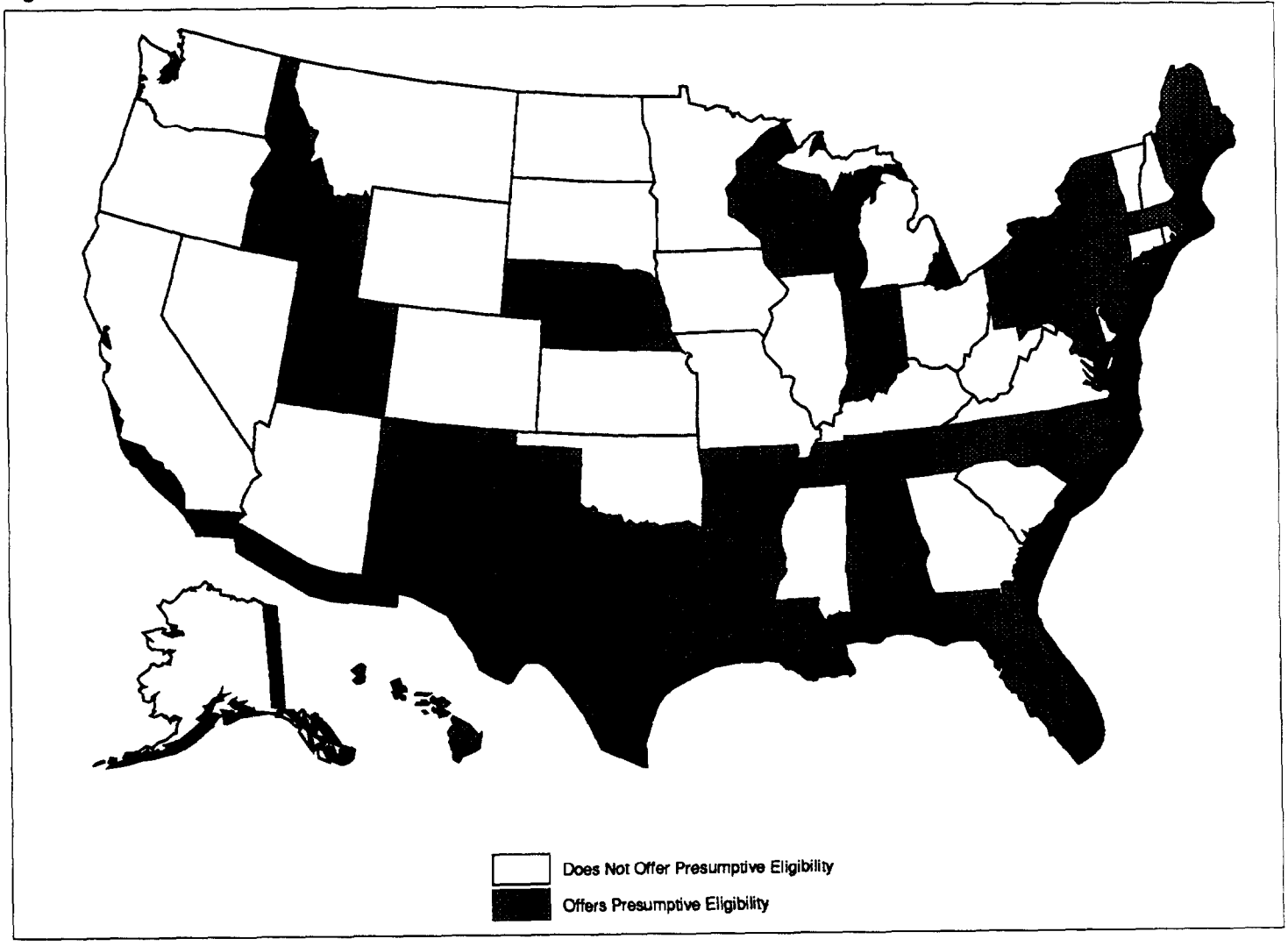
Presumptive Eligibility Allowed

Finally, OBRA-86 also allowed states to provide presumptive eligibility, giving a pregnant woman temporary Medicaid coverage for up to 45 days. During this time, she can immediately begin prenatal care while her formal application is being processed. Her maternity care provider

also can be assured of payment. Even if she ultimately is found ineligible, providers will be reimbursed for covered services rendered during the presumptive period.

States have been slower to adopt the presumptive eligibility option than the other OBRA-86 options. Twenty states have implemented presumptive eligibility and provide temporary coverage for prenatal care services (see fig. 5).

Figure 5: States That Offer Presumptive Eligibility



Source: NGA, Jan. 1989.

The rate at which states are picking up this option is increasing. During the first year of its availability, only 7 states had adopted presumptive eligibility[14] ; by January 1989, an additional 13 had done so.

GAO Observations

How well the OBRA-86 and OBRA-87 Medicaid eligibility expansions reach pregnant women, infants, and children in need of prenatal and other preventive health care varies from state to state. The potential for significantly increasing the numbers served may be greatest in those states that had the lowest AFDC and medically needy income thresholds before implementing OBRA-86 or OBRA-87 options (see app. I). Whether individuals are aware that they may be eligible and know how and where to apply for the program is another factor in how effective these expansions will be in reaching those in need. To help ensure that eligible populations actually enroll in Medicaid and receive needed services, initiatives that go beyond the OBRA-86 and OBRA-87 eligibility options may be necessary.

The eligibility options allowed by these two laws primarily focus on increasing financial access to care through Medicaid. As we reported earlier, however, while a lack of money is the most important obstacle to obtaining care, it is only one of many problems faced by pregnant women in need of services.[15] Others have reported on additional barriers, such as the overall inadequacy of the prenatal care system, administrative and institutional obstacles presented by the health care system, and personal and cultural factors.[16] These multiple obstacles also must be eliminated if access to care for pregnant women, infants, and children is to be further improved.

[14]The effective date of the presumptive eligibility option was Apr. 1, 1987.

[15]Prenatal Care: Medicaid Recipients and Uninsured Women Obtain Insufficient Care (GAO/HRD-87-137, Sept. 30, 1987).

[16]Institute of Medicine, Prenatal Care: Reaching Mothers, Reaching Infants (Washington, D.C.: National Academy Press, 1988); and National Commission to Prevent Infant Mortality, Death Before Life: The Tragedy of Infant Mortality (Washington, D.C.: Aug. 1988).

Unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from its issue date. At that time, we will make copies available to other interested parties. The report was prepared under the direction of Michael Zimmerman, Director of Medicare and Medicaid Issues. Other major contributors are listed in appendix IV.

Sincerely yours,

Lawrence H. Thompson

Lawrence H. Thompson
Assistant Comptroller General

Contents

Abbreviations

AFDC	Aid to Families with Dependent Children
AGI	Alan Guttmacher Institute
CDF	Children's Defense Fund
NGA	National Governors' Association
OBRA	Omnibus Budget Reconciliation Act
SSI	Supplemental Security Income

Annualized Medicaid Eligibility Thresholds for AFDC, Medically Needy, and Pregnant Women Under OBRA-86/87

State	AFDC family of 3	Percent of poverty ($10,060)	Medically needy, family of 3	Percent of poverty ($10,060)	OBRA-86/87, pregnant women family of 3	Percent of poverty ($10,060)
AL	$1,416	14			$10,060	100
AK	9,708	77[a]			12,580	100
AZ	3,516	35			10,060	100
AR	2,448	24	$3,300	33	10,060	100
CA	7,956	79	10,704	106	18,611	185
CO	5,052	50				
CT	6,408	64	8,520	85	18,611	185
DE	3,996	40			10,060	100
DC	4,716	47	5,820	58	10,060	100
FL	3,444	34	4,404	44	10,060	100
GA	4,512	45	4,404	44	10,060	100
HI	6,684	58[a]	6,684	58[a]	11,570	100
ID	3,648	36			6,740	67
IL	4,104	41	5,496	55	10,060	100
IN	3,456	34			5,030	50
IA	4,728	47	6,300	63	15,090	150
KS	4,812	48	5,760	57	10,060	100
KY	2,616	26	3,504	35	12,575	125
LA	2,280	23	3,096	31	10,060	100
ME	7,584	75	7,092	70	18,611	185
MD	4,524	45	5,304	53	10,060	100
MA	6,948	69	9,300	92	18,611	185
MI	6,864	68	6,588	65	18,611	185
MN	6,384	63	8,508	85	18,611	185
MS	4,416	44			18,611	185
MO	3,420	34			10,060	100
MT	4,308	43	4,896	49		
NE	4,368	43	5,904	59	10,060	100
NV	3,960	39				
NH	5,952	59	6,852	68		
NJ	5,088	51	6,792	68	10,060	100
NM	3,168	31			10,060	100
NY	6,468	64	8,508	85		
NC	3,192	32	4,296	43	10,060	100
ND	4,632	46	5,220	52		
OH	3,852	38			10,060	100
OK	5,652	56	5,196	52	10,060	100
OR	4,944	49	6,708	67	10,060	100

(continued)

State	AFDC family of 3	Percent of poverty ($10,060)	Medically needy, family of 3	Percent of poverty ($10,060)	OBRA-86/87, pregnant women family of 3	Percent of poverty ($10,060)
PA	4,608	46	5,400	54	10,060	100
RI	6,204	62	8,304	83	18,611	185
SC	4,836	48			10,060	100
SD	4,392	44			10,060	100
TN	4,380	44	2,796	28	10,060	100
TX	2,208	22	3,204	32	10,060	100
UT	6,024	60	6,012	60	10,060	100
VT	7,548	75	10,092	100	18,611	185
VA	3,492	35	4,296	43	10,060	100
WA	5,904	59	7,188	71	9,054	90
WV	2,988	30	3,480	35	15,090	150
WI	6,204	62	8,268	82		
WY	4,320	43			10,060	100
State average	**$4,887**	**48**	**$6,061**	**60**	**$11,974**	**116**

Note: The Medicaid eligibility thresholds for the AFDC and medically needy programs are current through Jan. 1989. Under AFDC, the term "threshold" refers to the income limit that truly drives program eligibility. In most states, this is the payment standard. In Colorado, Georgia, Maine, Michigan, Mississippi, Oklahoma, South Carolina, Tennessee, and Utah, the threshold is the state's need standard. In these nine states, the threshold that appears on the table is not what the state pays to AFDC recipients. These states' payment standards are actually significantly lower than the eligibility threshold.

[a]Poverty levels for Hawaii and Alaska differ from other states: For a family of three in Alaska, the poverty level is $12,580; in Hawaii, it is $11,570.

Source: NGA, Jan. 1989.

Summary of State Options Under OBRA-86/87

State	Percent of poverty[a]	Maximum age of children[b]	Dropped assets tests	Continuous eligibility	Presumptive eligibility	Effective date
AL	100	1	•	•	•	7/88
AK	100	1	•	•		1/89
AZ	100	5	•	•		1/88
AR	100	6(8)	•	•	•	4/87
CA	185	1				7/89
CO						
CT	185	1	•	•		4/88
DE	100	2	•	•		1/88
DC	100	3	•	•		4/87
FL	100	6(8)	•	•	•	10/87
GA	100	3(5)	•	•		1/89
HI	100	1(5)	•	•	•	1/89
ID	67	1	•	•	•	1/89
IL	100	1				7/88
IN	50	1	•	•	•	7/88
IA	150	3(5)				1/89
KS	100	2	•			7/88
KY	125	2		•		10/87
LA	100	6(8)	•	•	•	1/89
ME	185	5	•		•	10/88
MD	100	2	•	•	•	7/87
MA	185	5	•	•	•	7/87
MI	185	3(5)	•	•		1/88
MN	185	1	•	•		7/88
MS	185	3(5)	•[c]	•		10/87
MO	100	3(5)		•		1/88
MT						
NE	100	3(5)	•	•	•	7/88
NV						
NH						
NJ	100	2	•	•	•	7/87
NM	100	3(5)		•	•	1/88
NY					•	d
NC	100	3(5)	•	•	•	10/87
ND						
OH	100	1	•	•		1/89
OK	100	2	•	•		1/88
OR	100	3	•	•		11/87
PA	100	3(5)	•		•	4/88

(continued)

State	Percent of poverty[a]	Maximum age of children[b]	Dropped assets tests	Continuous eligibility	Presumptive eligibility	Effective date
RI	185	6(8)	•	•		4/87
SC	100	1	•	•		10/87
SD	100	1	•	•		7/88
TN	100	5	•	•	•[e]	7/87
TX	100	2(5)		•	•	9/88
UT	100	1	•	•	•	1/89
VT	185	6(8)		•		10/87
VA	100	1	•	•		7/88
WA	90	3		•		7/87
WV	150	6(8)	•	•		7/87
WI					•	4/88
WY	100	1	•	•		10/88
Total	**44**		**35**	**38**	**20**	

[a]Medicaid eligibility is available to children with family incomes up to 100 percent of the federal poverty level. Eligibility at higher income levels is available only to pregnant women and infants.

[b]Eligibility ends on the birthday that marks the age designated. Ages in parentheses indicate the authorized age limit in states phasing in coverage of children. States that have chosen to cover children up to age 8 currently are covering children only up to age 6 due to the requirement that eligible children must have been born on or after October 1, 1983.

[c]Effective date was 10/88.

[d]Effective date undecided.

[e]Effective date was 1/89.

Sources: NGA, Jan. 1989. CDF, Oct. 1988.

Infant Mortality Rates and OBRA-86/87 Coverage of Pregnant Women and Infants

Rank	State	Infant mortality rate, 1986 (per thousand)	Percent of poverty for OBRA-86/87 coverage
1	North Dakota	8.4	a
2	Massachusetts	8.5	185
3	Iowa	8.5	150
4	Utah	8.6	100
5	Colorado	8.6	a
6	Maine	8.8	185
7	Kansas	8.9	100
8	California	8.9	185
9	Connecticut	9.1	185
10	New Hampshire	9.1	a
11	Nevada	9.1	a
12	Minnesota	9.2	185
13	Wisconsin	9.2	a
14	Hawaii	9.3	100
15	Rhode Island	9.4	185
16	Arizona	9.4	100
17	Oregon	9.4	100
18	Texas	9.5	100
19	New Mexico	9.5	100
20	Montana	9.6	a
21	New Jersey	9.8	100
22	Washington	9.8	90
23	Kentucky	9.8	125
24	Vermont	10.0	185
25	Nebraska	10.1	100
26	Pennsylvania	10.2	100
27	West Virginia	10.2	150
28	Arkansas	10.3	100
29	Oklahoma	10.4	100
	United States	10.4	
30	Ohio	10.6	100
31	New York	10.7	a
32	Missouri	10.7	100
33	Alaska	10.8	100
34	Wyoming	10.9	100
35	Florida	11.0	100
36	Tennessee	11.0	100
37	Virginia	11.1	100

(continued)

Rank	State	Infant mortality rate, 1986 (per thousand)	Percent of poverty for OBRA-86/87 coverage
38	Indiana	11.3	50
39	Idaho	11.3	67
40	Michigan	11.4	185
41	Delaware	11.5	100
42	North Carolina	11.5	100
43	Maryland	11.7	100
44	Louisiana	11.9	100
45	Illinois	12.1	100
46	Mississippi	12.4	185
47	Georgia	12.5	100
48	South Carolina	13.2	100
49	Alabama	13.3	100
50	South Dakota	13.3	100
51	District of Columbia	21.1	100

[a]Has not adopted OBRA-86 or OBRA-87 income eligibility options.

Sources: National Center for Health Statistics, 1988. NGA, Jan. 1989.

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