



The Hilltop Institute

analysis to advance the health of vulnerable populations

Maryland's Kids First Act: The Use of Tax Forms to Identify Medicaid/CHIP-Eligible Children

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Why Use Tax Information to Identify Eligible Children?

- About 86 to 89 percent of uninsured children who qualify for Medicaid/CHIP live in households that file federal income taxes
- The federal Earned Income Tax Credit (EITC) provides an incentive for low-income earners to file taxes, even when they are not legally obligated to do so
- Nationally, low-income families with children receive the EITC more than any other means-tested benefit
- Maryland has a state EITC that supplements the federal EITC
- Linking Medicaid/Children's Health Insurance Program (CHIP) outreach may prove to be an efficient method for identifying and reaching most low-income families with children who are eligible but not enrolled

The Kids First Act

- Enacted by the Maryland legislature and signed by Governor O'Malley in May 2008
- Requires a Medicaid/CHIP outreach initiative, based on information from state income tax forms
- Requires coordination between the state Comptroller (who collects taxes and is an independently elected statewide official) and Medicaid/CHIP

2008 and 2009 Tax Years

- Per the law, the taxpayer shall report on the state tax return, “the presence or absence of **health care coverage**,” for each dependent child for whom an exemption is claimed
- The Comptroller, not the Medicaid agency, had the authority to create the exact wording on the tax return
- Based on the data on the tax return, the Comptroller **must send a Medicaid/SCHIP application and enrollment instructions** to taxpayers who indicate dependent children without health care coverage and whose reported income appears not to exceed Medicaid/CHIP financial eligibility limits (300% of the FPL)
- A taxpayer could not be penalized for failing to answer

2009 Maryland Individual Resident Income Tax Form

- Question on tax form
 - *“If Dependent Child under age 19 is checked, does child have health insurance now? Yes or no?”*

- Data collected on the tax return
 - First and last name of dependent child
 - Child’s and tax filers’ social security numbers
 - Relationship of dependent to taxpayer
 - Adjusted gross income
 - *If child is under age 19*
 - *If child had health insurance at the time of filing*

Medicaid/CHIP Notices Sent to Maryland Taxpayers

Tax Return Questions	Notices Sent to Taxpayers		
	< 116% FPL	< 300% FPL	Total
2007 Tax Return			
<input checked="" type="checkbox"/> Dependent's relationship to you?	154,709	291,881	446,590
2008 Tax Return			
<input checked="" type="checkbox"/> Is dependent a child?	62,566	89,999	152,565
<input checked="" type="checkbox"/> Does child have health care? Yes or no?			
2009 Tax Return			
<input checked="" type="checkbox"/> Is dependent under age 19?	61,869	84,108	145,977
<input checked="" type="checkbox"/> Does child have health insurance now? Yes or no?			
2010 Tax Return			
<input checked="" type="checkbox"/> Is dependent under age 19?			
<input checked="" type="checkbox"/> Does child have health insurance now? Yes or no?			
<input checked="" type="checkbox"/> Do you allow your tax information to be shared with the State Medicaid/CHIP agencies for the purpose of identifying and enrolling your eligible children in affordable health care programs? (Opt-in checkbox)	*	*	*

Kids First Act Evaluation

- The scope of the evaluation: a qualitative review of how key decisions were made, what created the momentum to pass the law, and what may be learned from the implementation of the initiative
- How the Maryland's Kids First Act may inform the federal health care reform

Medicaid/CHIP Enrollment Growth

- As of December 2010, Maryland's Medicaid/CHIP programs have added 63,000 children—a 14 percent increase in the past 2 years
- Cannot accurately measure the enrollment growth that can be attributed to the Kids First Act outreach

Lessons Learned So Far...

- Wording of question (“health care coverage” vs. “health insurance”)
- Sending applications to those who are income-ineligible (e.g., some self-employed)
 - Health care reform addresses this issue by allowing states to use Modified Adjusted Gross Income in making income eligibility determination
- Tax return filers opting not to answer the question
 - Because of the individual mandate, everyone will be required to provide health insurance information
- Applications received by individuals already enrolled in Medicaid/CHIP
- Concerns about various costs (e.g., mailings, changes in tax forms, updating the data collection system, and comptroller did not have a machine that accommodates a large mailer)

Lessons Learned continued

- Only reaches children whose parents file tax returns
- Small amount of space available on tax form
- Data sharing between the Comptroller and Medicaid was not permitted by the Attorney General
 - Legal issues concerning informed consent
- Unable to track cost-effectiveness or number of people whose enrollment resulted ***because*** of this outreach method

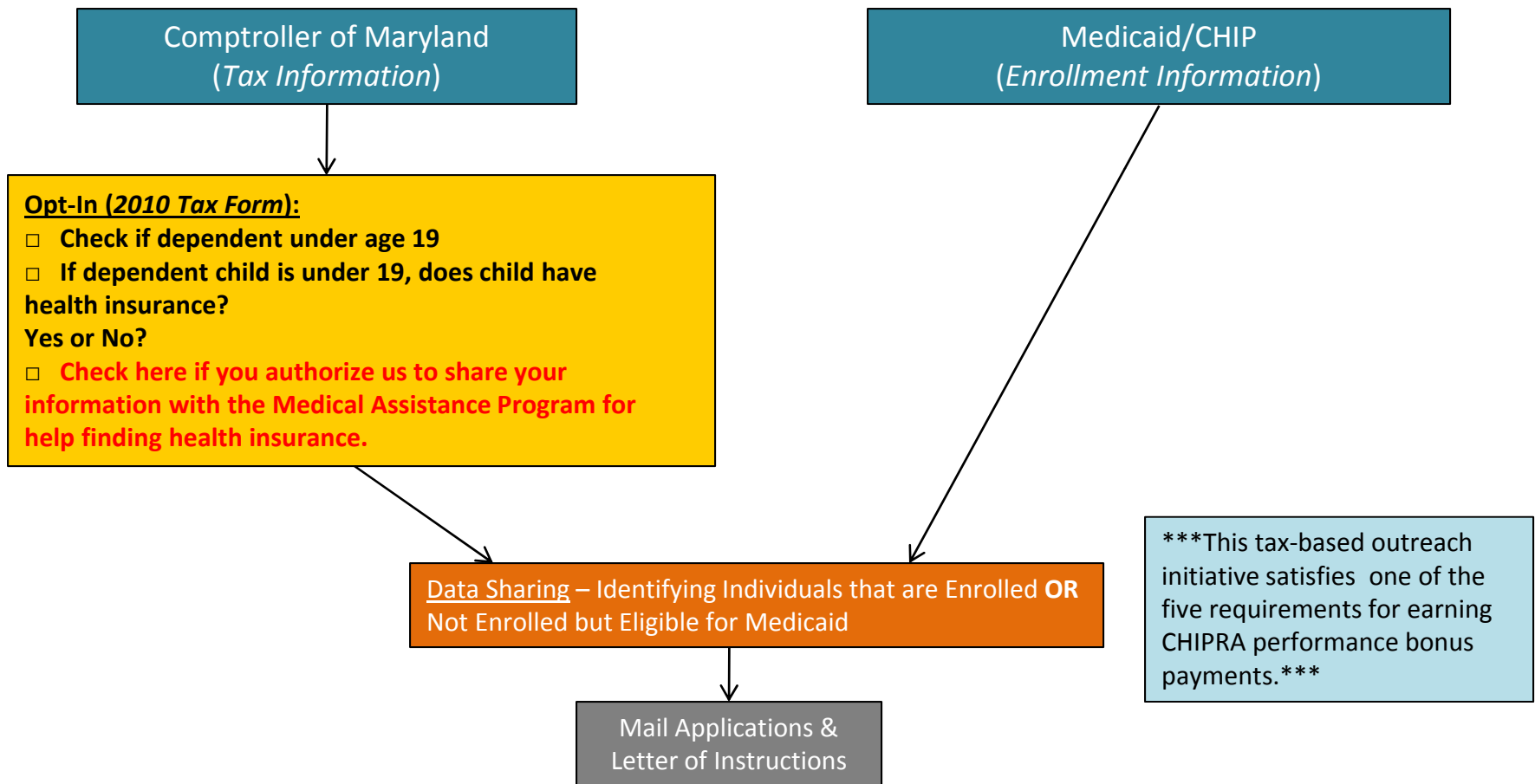
Advantages of Data Sharing

- Could reduce the size of the mailing by eliminating already-enrolled Medicaid/CHIP children from the outreach
- Could reduce the problems that occur when current Medicaid/CHIP enrollees receive the notice/application and become concerned and confused
- Could allow for better tracking of the individuals who applied **as a result of the mailing**

Kids First Express Lane Eligibility Act of 2010

- Passed in April 2010 by the Maryland General Assembly
- Requires the Medicaid agency and the Comptroller's Office to enter into an interagency agreement allowing the sharing of state income tax return information for Medicaid/CHIP eligibility determination
- Notice of this information sharing must be included on income tax return forms
- Comptroller must include a check box allowing individuals to opt in to participate

Kids First Eligibility Process - CY 2011



Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA)

- CHIPRA provides financial incentives for states to increase enrollment in Medicaid and CHIP
- CHIPRA performance bonuses provide states an enhanced Federal Medical Assistance Percentage (FMAP) if states:
 - Increase enrollment relative to their July 1, 2008, baseline level
 - Implement five of eight outreach and enrollment strategies specified in CHIPRA
- In Maryland, the tax-based outreach initiative satisfied one of the five requirements for earning CHIPRA performance bonus funds

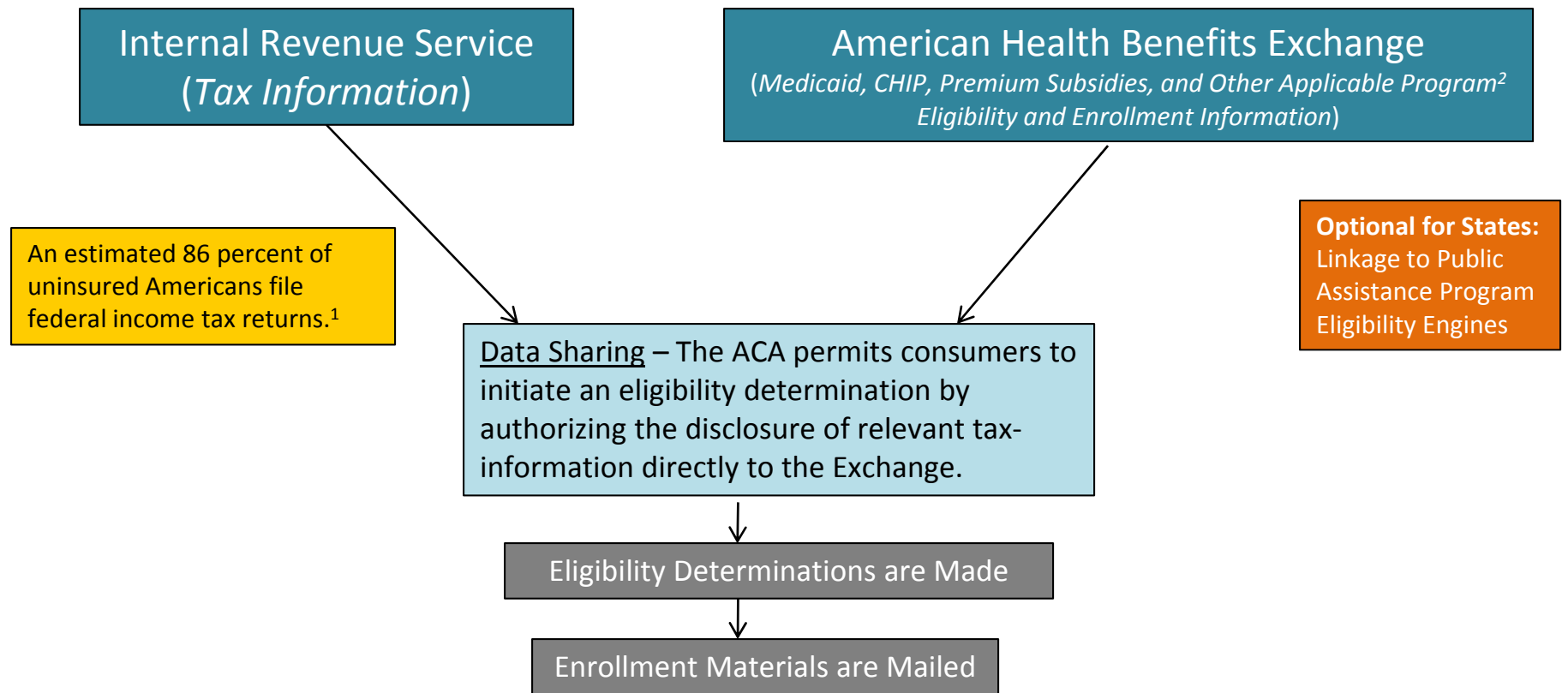
The Affordable Care Act (ACA): New Tax-Based Outreach Opportunities

- The ACA allows federal tax return information to be used for state Medicaid/CHIP outreach
- The ACA permits consumers to initiate an eligibility determination by authorizing the disclosure of relevant tax-information directly to the state Exchanges
- Section 1413 of the ACA allows data sharing between specified federal agencies, including the IRS, and “applicable state health subsidy programs,” such as Medicaid and CHIP
- Authorizes the Secretary of the U.S. Department of Health and Human Services to develop model data-sharing agreements and enter into agreements to facilitate data sharing

The ACA continued

- Data sharing is limited to the following data:
 - A taxpayer's identity
 - Filing status
 - Number of dependents claimed
 - Modified gross income
 - Tax year
- This information may be used only for purposes of determining eligibility for state Medicaid/CHIP programs
- Data sharing cannot occur until the administrative structures to support it are in place

Federal Eligibility Process



¹ Dorn, S (May 2011). *Implementing National Health Reform: A Five-Part Strategy for Reaching the Eligible Uninsured*. Urban Institute. Washington, D.C.

² Section 1413 of the ACA defines applicable state health programs as Medicaid, CHIP, Premium Tax Credits for Exchange Enrollment, or a Basic Health Option.

About The Hilltop Institute

The Hilltop Institute at the University of Maryland, Baltimore County (UMBC) is a nationally recognized research center dedicated to improving the health and wellbeing of vulnerable populations. Hilltop conducts research, analysis, and evaluations on behalf of government agencies, foundations, and nonprofit organizations at the national, state, and local levels.

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